

Comprehensive Annual Financial Report



City of Temple, Texas

**For the year ended
September 30, 2013**

**Prepared by:
Finance Department**

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

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

**Stacey Reisner, CPA
Treasury/Grants Manager**

**Jennifer Emerson
Senior Accountant**



**CITY OF TEMPLE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended September 30, 2013**

TABLE OF CONTENTS

	<u>Table</u>	<u>Page</u>
INTRODUCTORY SECTION:		
Letter of Transmittal		9
Certificate of Achievement for Excellence in Financial Reporting		27
Organizational Chart		29
List of Principal Officials		30
FINANCIAL SECTION:		
Independent Auditors' Report		33
Management's Discussion and Analysis		37
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position		52
Statement of Activities		53
Fund Financial Statements:		
Balance Sheet – Governmental Funds		54
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position		55
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds		56
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		57
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund		58
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Pass-Through Financing Project Fund		59
Statement of Net Position – Proprietary Funds		60
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds		63
Statement of Cash Flows – Proprietary Funds		64
Statement of Fiduciary Net Position		67
Statement of Changes in Fiduciary Net Position		68
Notes to the Financial Statements		69

**CITY OF TEMPLE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended September 30, 2013**

TABLE OF CONTENTS, Continued

	<u>Table</u>	<u>Page</u>
FINANCIAL SECTION, Continued:		
Required Supplementary Information		
Schedule of Funding Progress and Employer Contributions		125
Combining and Individual Fund Financial Statements and Schedules		
Nonmajor Governmental Funds:		
Combining Balance Sheet – Nonmajor Governmental Funds		128
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds		129
Discretely Presented Component Unit-Reinvestment Zone No. 1:		
Comparative Balance Sheets		132
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual		133
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:		
Debt Service Fund		136
Hotel-Motel Fund		137
Federal/State Grant Fund		138
Drainage Fund		139
Supplementary Individual Fund Financial Schedules – General Fund:		
Comparative Balance Sheets		142
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual		144
Schedule of Revenues – Budget and Actual		145
Schedule of Expenditures – Budget and Actual		147
Detailed Schedule of Expenditures – Budget and Actual		148
Supplemental Schedules:		
Schedule of Expenditures of Federal Awards		152
Notes to Schedule of Expenditures of Federal Awards		153

**CITY OF TEMPLE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended September 30, 2013**

TABLE OF CONTENTS, Continued

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION (UNAUDITED):		
Financial Trends		
Net Position by Component	I	156
Changes in Net Position	II	157
Fund Balances of Governmental Funds	III	159
Changes in Fund Balances of Governmental Funds	IV	160
Revenue Capacity		
General Governmental Tax & Franchise Revenues by Source	V	162
Assessed Value and Estimated Actual Value of Taxable Property	VI	163
Property Tax Rates Direct and Overlapping Governments	VII	164
Principal Property Taxpayers	VIII	165
Property Tax Levies and Collections	IX	166
Taxable Sales by Category	X	167
Debt Capacity		
Ratios of Outstanding Debt by Type	XI	168
Ratios of Net General Bonded Debt Outstanding	XII	169
Direct and Overlapping Governmental Activities Debt	XIII	170
Computation of Legal Debt Margin	XIV	171
Pledged-Revenue Coverage	XV	172
Demographic and Economic Information		
Demographic and Economic Statistics	XVI	173
Principal Employers	XVII	174
Operating Information		
Full-time Equivalent City Government – Employees by Function/Program	XVIII	175
Operating Indicators by Function/Program	XIX	180
Capital Asset Statistics by Function/Program	XX	182
Other Information		
<u>Retirement –</u>		
Analysis of Funding Progress and Contribution Rates – Texas Municipal Retirement System	XXI	184
Temple Firefighters’ Relief and Retirement Fund	XXII	185
Active and Retiree Health Insurance Costs	XXIII	186

**CITY OF TEMPLE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended September 30, 2013**

TABLE OF CONTENTS, Continued

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION (UNAUDITED), Continued:		
Other Information, Continued		
<u>Water and Wastewater –</u>		
Average Daily Treated Water vs. Average Daily Treatment Capacity	XXIV	187
Annual Treated Water vs. Total Available Water	XXV	188
Schedule of Water Pumped to Town vs. Water Billed	XXVI	189
Schedule of Water Customers – Residential and Commercial	XXVII	190
Average Daily Treated Wastewater vs. Average Daily Treatment Capacity	XXVIII	191
Schedule of Sewer Customers – Residential and Commercial	XXIX	192
Top 10 Water and Wastewater Customers	XXX	193
<u>Other –</u>		
Insurance Coverage	XXXI	194
Fast Facts/Miscellaneous Statistical Data	XXXII	196

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

COMPLIANCE SECTION:

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		207
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance With OMB Circular A-133		209
Schedule of Findings and Questioned Costs		211
Summary Schedule of Prior Audit Findings		213

Introductory Section





February 6, 2014

Honorable Mayor and City Council
City of Temple
Temple, Texas

Dear Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Temple, Texas for the fiscal year ended September 30, 2013, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

Brockway, Gersbach, Franklin & Niemeier, P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Temple financial statements for the year ended September 30, 2013. The independent auditors' report is located at the front of the financial section of this report.

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

GENERAL INFORMATION – CITY OF TEMPLE

Temple is located near the geographic and population center of the State of Texas, 67 miles north of Austin, 130 miles north of San Antonio, 160 miles northwest of Houston, and 120 miles south of the Dallas-Fort Worth Metroplex. There are approximately 69 square miles in the City's corporate boundary.

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

Temple's location close to the geographic center of the State of Texas provides a strategic location in the State and has been important for economic development. Temple continues to be a regional center for manufacturers, distribution centers and medical facilities in the Central Texas area. Temple's location is enhanced being located at the intersection of Interstate Highway 35 (NAFTA link with Mexico and the U.S.), State Highways 36, 190, 53, 93, and 95. Additionally, major rail services intersect within Temple's city limits. During the past year, the City has experienced a steady increase in economic development. New construction permits of \$ 82,383,536 for fiscal year 2013 underscore the continued steady expansion of our residential base. Sales tax receipts of \$ 18,017,575 show an increase of 6.19% over fiscal year 2012. Local unemployment is currently 5.53%, representing one of the lowest rates in the State of Texas.

After experiencing the first decline in taxable assessed property value in twenty consecutive years in FY 2011, the City experienced a 2.01% increase in FY 2013 to the current value of \$ 3,377,876,619. The census figures for 2010 of 66,102 residents show an average growth of over 2% per year over the past ten years.

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

- Panda Temple Power, L.L.C. continued to construct the company's 758-megawatt natural gas-fueled, combined-cycle power plant in southeast Temple. On November 5, 2009, Council authorized a 30-year development agreement with Panda Temple Power, L.L.C. that commits the City to sell effluent water from the City's Doshier Farm Wastewater Treatment Plant to provide water for the operation of the electric generation facility. The proposed plant uses gas turbines to generate electricity and uses water (effluent) to generate steam and cool the system. Preliminary data suggests that they will need somewhere between 4-5 million gallons of water per day for peak operations. The City commitment is on average no more than 4 million gallons of effluent or potable water per day. Their actual usage will vary from day to day depending on weather and demand for electricity. Panda Temple Power, L.L.C. closed on 250 acres in January 2011. Phase I of the construction of the facility is expected to be complete by the summer of 2014. It is anticipated that Phase II will be completed by the end of the year in 2015.
- May 5, 2011, Council authorized an economic development agreement with Panda Temple Power, L.L.C. As part of the project, Panda proposes to build: 1) an extension of Lorraine Drive (approximately 2,050 feet) to serve their facility; 2) associated storm water improvements associated with Lorraine Drive; 3) an eight inch wastewater line; and 4) a twelve inch water line to serve their facility. The City's share of over sizing/bettering the wastewater and water improvements is the not to exceed amount of \$ 564,580, and payment of the City's share is due one year after Panda's power plant becomes operational. Panda estimates that their investment will be approximately \$ 500 million with about \$ 130 million of that amount tax exempt in the form of required emissions control equipment. In addition, the Council authorized a tax abatement agreement which gives the company 10 years of 50% tax abatement on the increased taxable value of real property improvements. Construction of the Phase II 758-megawatt natural gas-fueled, combined-cycle power plant in southeast Temple began during 2013.
- In January 2012, the Temple Economic Development Corporation (TEDC) announced that a \$ 6 million entertainment venue, Sparetime Family Entertainment, would open in Temple. Sparetime's operating partner anticipated that the unique family entertainment venue would be a "destination" that attracts people from all over the region, which has more than 450,000 residents in Temple, Belton, Killeen, Harker Heights and rural Bell County, combined. The business, which would employ approximately 25 full-time and 55 part-time employees, is expected to draw \$ 5 million in annual sales, according to recent feasibility studies. The facility was completed and opened for business in February 2013.

- In September 2012, Cinemark Holdings, Inc. announced plans to construct a 12-screen, all-digital movie theatre in Temple, Texas that will feature the company's new Cinemark NextGen design concept. The theatre will anchor the redevelopment of the Outdoor America Mall to be renamed Gateway Center, strategically located along Interstate 35, just south of the intersection of I-35 and SW HK Dodgen Loop. The theatre opened for business in December 2013.
- In April 2013, Council authorized an economic development agreement between the City, Temple Economic Development Corporation and Buc-ee's, LTD. Buc-ee's, LTD will construct a 60,000 square foot Travel Center to be located at the southeast corner of north Loop 363 and IH-35. Property improvements are estimated to be at least \$16,000,000 and will employ at least 150 full or part time employees. The City's obligations include to provide and incentive in an amount not to exceed 75% of the sales tax earned by Buc-ee's during the calendar year of the agreement, construct public utility improvements to provide water and sewer service to the Travel Center, and to enter into a tax abatement agreement to provide 50% tax abatement for the next 10 years. The Temple Economic Development Corporation (TEDC) will provide a one-time grant of \$500,000 to be tendered to Buc-ee's upon receipt of a temporary or permanent Certificate of Occupancy.
- Don-Nan Pump & Supply will expand to Temple with a new \$ 25 million, 45,000 square foot manufacturing warehouse, and distribution center. The company will be in operation by the end of 2014 and will be located on an 8 acre tract in the Enterprise Park.

The City of Temple is recognized by the medical community in the United States as a leading medical provider with two major hospitals located within Temple. Scott & White Hospital (S&W) and the Olin E. Teague Veterans Hospital, combined, employ approximately 9,000 full time positions. The hospitals provide medical care to the surrounding local, state, and international community. Texas A&M University School of Medicine in conjunction with S&W and Veterans Hospital provide the four years of medical school as well as research and development.

In August 2012, Scott & White Healthcare broke ground on a \$ 32 million, five story pediatric clinic adjacent to the McLane Children's Hospital. The 112,000 square foot facility will coordinate both outpatient and inpatient pediatric specialty services with physicians in one location. The clinic building will office more than 80 highly specialized physicians and providers, residents, fellows and approximately 200 support staff. The building will have 135 exam rooms, 13 treatment rooms and eight infusion rooms. It will feature a drive-through outpatient pharmacy, diagnostic x-ray, and laboratory services. The facility is scheduled for opening in February 2014.

In December 2012, the boards of Baylor Health Care System and Scott & White Healthcare approved the signing of an agreement of intent to combine the strengths of their two health systems to create a \$ 8.3 billion organization with the vision and resources to offer its patients continued exceptional care while creating a model system for an industry undergoing fundamental transformation. The completion of the merger occurred in September 2013.

The new system, named Baylor Scott & White Health, will include the organizations' combined 43 hospitals, more than 500 patient care sites, more than 6,000 active physicians, 34,000 employees and the Scott & White Health Plan. It will be guided by a combined team of leaders from both Baylor and Scott & White. It would be the largest not-for-profit health system in Texas and one of the largest in the United States.

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

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

The City of Temple also operates the Frank Mayborn Civic and Convention Center which can accommodate both small activities and major conventions. There are sixty-one public parks and special use areas, ranging from small neighborhood parks to major sport activity facilities; such as, Lions Park which hosts major intra-mural softball events for teams throughout the State of Texas. The City has four swimming pools/water parks. The Hardin Swim Center, owned and operated by the Temple Independent School District, is a heated indoor junior Olympic size pool that hosts statewide high school and intra-mural competitions. The City has several neighborhood and recreational centers which provide day-time activities for the youths of Temple. There are three golf facilities; the Temple College Golf Course (9 holes), the City owned Sammons Park (18 holes), and the private Wildflower Country Club (18 holes).

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

LONG-TERM FINANCIAL PLANNING

The City of Temple is currently managing the largest capital improvement program in the history of the community. As of September 30, 2013, a total of \$ 159,151,297 has been allocated for various capital projects including such improvements as water and sewer infrastructure, transportation infrastructure, parks improvements and public safety infrastructure. Funding sources for these projects can be identified in eight major areas:

- ▶ Utility Revenue Bonds
- ▶ General Obligation Bonds
- ▶ Certificates of Obligation
- ▶ General Operating Budget Funding
- ▶ Limited Tax Notes
- ▶ TxDOT Pass Through Financing Agreement & Other TxDOT Agreements
- ▶ Grants
- ▶ Reinvestment Zone No. 1

During FY 2013, several major capital projects are underway or have been completed such as the Amphitheater at Lions Park, Jackson Park and Woodbridge Park Bridge Improvements, City Hall Renovations, Land acquisition for the Landfill Expansion, Fire Engine #8, Water Treatment Plant Module Upgrade, Taylor Tank and Nugent Tank Rehabilitation, Water Treatment Plan Generator Project, NW Loop 363 Utility Relocation, Pea Ridge Lift Station Expansion, and Bird Creek Phase 2A Wastewater Project.

During FY 2013, the City of Temple began construction on the single largest capital improvement project ever undertaken by the community which is the expansion of the NW Loop 363. This is a significant project for the City and one that has been a desire of the community for many decades. The project includes upgrading approximately four miles of the existing two lane NW Loop from just west of the BNSF railroad crossing to FM 2305. This will create a continuous four lane highway from the NW Loop at I-35 to the SW Loop at I-35. The project includes grade separated interchanges at both SH 36/Airport Road and Wendland Road.

Current project cost estimates are \$ 53,541,208, with approximately \$ 36.5 million funded through TxDOT (Category 12 and Pass-Through Financing funds) and approximately \$ 17 million funded through the City of Temple. The project is scheduled to be completed in the fall of 2014.

The FY 2013 Budget includes \$ 6,005,363 for routine capital for the general operating budget which includes equipment and public infrastructure projects that are underway and/or planned for this fiscal year. In accordance with current fiscal and financial policies, \$ 2,600,684 of the routine capital is funded with fund balance or retained earnings. The breakdown of this amount is as follows:

- ▶ \$ 773,400 – General Fund
- ▶ \$ 1,827,284 – Reinvestment Zone No. 1

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

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

Budgetary control is maintained at the department level, and encumbrances are entered at the time a purchase order is issued. Open encumbrances are recorded as reservations of fund balance as of September 30 of each year, and the subsequent year's budget is increased to reflect these carried-forward encumbrances. Unspent and unencumbered appropriations lapse at the end of the fiscal year.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's financial management staff, and expenditure estimates by each City department. Budgets are reviewed by the Director of Finance. The City Manager makes final decisions and submits a recommended budget to the City Council. The proposed budget is reviewed extensively by the City Council, a process which includes a Charter-mandated public hearing, in addition to work sessions, which are open to the public. The City Charter requires adoption of the City budget by no later than September 15.

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

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

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

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

General Governmental Functions

Tax Rates

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

The allocation of the property tax rate by purpose (General Fund operations and Debt Service) for fiscal year 2012-13 and the preceding four fiscal years is reflected in the following table:

Purpose	Fiscal Year				
	2013	2012	2011	2010	2009
General Fund	\$ 0.3300	\$ 0.3240	\$ 0.3300	\$ 0.3173	\$0.3322
Debt Service	0.2564	0.2439	0.2379	0.2473	0.2273
Total Tax Rate	<u>\$ 0.5864</u>	<u>\$ 0.5679</u>	<u>\$ 0.5679</u>	<u>\$ 0.5646</u>	<u>\$0.5595</u>

Tax Appraisal/Collection Responsibilities

Under Texas law enacted in 1979, and subsequent revisions to the State Property Tax Code, the appraised value of taxable property in Temple is established by the Tax Appraisal District of Bell County. The City of Temple and other taxing jurisdictions in Bell County pay a pro rata share of the budgeted expenditures incurred by the Appraisal District, based upon individual levy. In fiscal year 2012-13, the City’s payment to the Appraisal District for tax collection and appraisal services was \$ 229,662, an increase of \$ 21,552 from the amount paid by the City in fiscal year 2011-12.

Debt Administration

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

Outstanding General Bonded Debt at 9-30-13 (Net of Debt Service)	\$ 143,992,235
Estimated Population	70,274
Net Bonded Debt per Capita	\$ 2,049
Net Bonded Debt per Assessed Value	4.26%

The City’s latest bond issues received the rating of “AA” from Standard & Poor’s.

Cash Management

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

Safety

Safety is insured in several ways: investing only in securities allowed by state statute and the City’s investment policy; using delivery versus payment for all security transactions; requiring all cash in the bank be collateralized with government securities pledged to the City and

safekept at a third party institution; and diversifying investment purchases to minimize individual security market risk. In addition, the City uses an approved list of security brokers when making investment transactions.

The City's bank deposits are secured by \$ 1,908,270 in government securities at market value held as collateral at the Bank of New York Mellon.

Liquidity

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

At September 30, 2013, the weighted average maturity of the City's investment portfolio was 76 days.

Yield

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

The City of Temple uses the 91-day T-bill rate as a yield benchmark. The City's portfolio average yield was 0.13 % in 2013, which was above the T-bill yield of 0.02%.

As of September 30, 2013, the City's cash and investment resources were divided between cash on hand of \$ 13,095, deposits of \$ 41,532,269, and investments of \$ 71,276,770.

MAJOR INITIATIVES

Budget Development & Background

Budget Process- The budget is now a year round process and the framework for the development of this budget continued to be very similar to previous budgets. Planning and work for the budget began in late 2012 with the City Manager working on timelines and issue identification. Through late 2012 and early 2013, the Manager worked with Finance to develop the budget calendar and process for the FY 2014 Budget.

In January, the City Manager held a planning retreat with Departments to identify and discuss issues for the upcoming budget and in February, the City Manager and Finance staff met with Departments to conduct a status review of current year budget and performance indicators and provide initial direction regarding issues identified in the planning retreat.

In mid-February, the City Council held a strategic planning retreat to review and, as might be needed, update the City's strategic plan, "Temple Tomorrow: Strategic Vision and Plan". This plan establishes the mission and vision of the City, identifies four major areas of focus, and establishes the City's goals and objectives. The areas of focus identified in the Plan were: Expand the Tax Base, Grow Health and Bioscience, Improve our Infrastructure, and Serve our Community. These focus areas and their associated goals and objectives guided the development of the FY 2014 Budget. During the planning retreat, Council also reviewed the budget calendar and parameters and received information regarding potential budget issues identified by staff.

The City has invested almost \$ 60,000,000 over the past 5 years in improving and extending our water and sewer infrastructure. The FY 2014 Budget includes an additional \$ 33,645,000 over the next 5 years to continue this work. Our utility infrastructure, no less so than our transportation infrastructure, is extremely important to our ability to deliver services in one of our core mission areas. I believe your strategic plan, our strategic focus areas, and our community expectations relative to the services we provide, should reflect this.

From February through the delivery of the FY 2014 Budget, staff has worked countless hours on preparing, reviewing, researching and responding to questions from Finance and the Manager relating to the programs and services the budget recommends.

Budget Approach- The FY 2014 Budget continues the "activity-based" perspective began in FY 2010. Each Department was asked to identify each and every activity that they provide. They were also asked to identify the cost for providing each activity. This "activity-based" approach allows for better identification of the services and service levels that we provide.

Budget "Fence Posts"- This year's budget, as with every budget we have presented you, has been developed within the framework of the strategic plan priorities adopted by the City Council and the budget parameters, or "fence posts", that were briefed to the Council at the February 14 planning retreat and the April 4 and May 16, 2013 work sessions. Those 'fence posts' are:

1. Maintain fiscal soundness;
2. Maintain tax rate;
3. Focus on people;
4. Improve core services;
5. Alignment of strategic, financial & tactical plans.

Financial Highlights

The FY 2014 Budget authorizes and allocates a total \$ 113,367,180. Of this amount, \$ 106,949,273 is allocated for the operations and maintenance budget which includes debt service and transfers and \$ 6,417,907 is allocated for routine capital for the general operating budget which includes equipment and public infrastructure projects. In accordance with current fiscal and financial policies, \$ 2,242,808 of the routine capital is funded with fund balance or retained earnings. The breakdown of this amount is as follows:

- ▶ \$ 1,150,000 – General Fund
- ▶ \$ 135,380 – Drainage Fund
- ▶ \$ 130,000 – Hotel/Motel Fund
- ▶ \$ 827,428 – Reinvestment Zone No. 1

As in previous years, the FY 2014 Budget is a balanced budget under the policies and parameters discussed in earlier planning sessions with the City Council.

In addition, \$ 16,285,000 is included for capital improvements programs (CIP). The CIP allocated in FY 2014 can be divided into three categories:

- ▶ Multi-year Non-Routine Capital Recommended for Utility Revenue Bond Funding (C.O. CIP) - \$ 16,285,000

City Manager's Highlights

With the above background in mind, I would like to highlight a few areas of general priority and significance in the FY 2014 Budget.

Serving our Community-

On May 2, 2013, City Council approved implementation of a ***City-wide residential curbside recycling program***. The City will receive \$5 per ton (\$.0025 per pound) for recyclable materials, which based on volumes realized in pilot program, is estimated to be approximately \$ 15,000 paid to the City annually (3,000 tons per year). The estimated savings of diverting the 3,000 tons out of the landfill is approximately \$ 65,000. Additional recycling containers will be funded using a short-term financing arrangement. It is anticipated that the additional administrative expenditures required to successfully implement the City-wide program will be offset by the revenues received for the recyclable materials along with the reduction in landfill tipping fees as a result of the waste being diverted from the landfill.

In FY 2013, Council authorized construction of a ***compressed natural gas ("CNG") fueling station***. Construction of the facility is scheduled to be completed by October 2013. In addition to the construction of the facility, Council also authorized the purchase of fourteen (14) and will consider two (2) additional CNG garbage trucks in July 2013. The fueling station, building improvements and sixteen (16) CNG solid waste trucks will be financed with Limited Tax Notes. The payback for the notes will be from the combination of fuel savings recognized as a result of the use of CNG and sanitation system revenue. This includes a .40¢ increase in the residential base rate.

The FY 2014 Budget also includes funding to address needs identified in the recent community meetings relating to East Temple redevelopment. While the Council has not adopted a specific redevelopment plan for East Temple, there has been significant planning and discussion by a stakeholder group and Council work shop discussions. These discussions have provided the

basis for the recommendations within the FY 2014 Budget for various projects and proposals relating to the redevelopment of East Temple.

Among the key items recommended in the FY 2014 Budget relating to East Temple redevelopment are:

- Greenfield Housing Development ('GHD'). The FY 2014 Budget recommends reallocation of a portion of the Water/Sewer Extension Fund to fund a yet-to-be defined project and process for a major, new GHD in East Temple. The FY 2014 Budget envisions a 2 year commitment by the City of \$ 400,000 each year for the next two fiscal years, combined with an additional \$ 200,000 from the TCIP over the same 2 fiscal years, for a total of \$ 1,000,000 toward this GHD. These funds would be available contingent upon a successful process and project being identified and approved by the City Council. The GHD will be entirely dependent upon a successful public/private partnership.

- Code Enforcement. The FY 2014 Budget includes the addition of a new code enforcement position. Not only will the position be new, but it is intended that, with the addition of this new position, a new operational strategy for code enforcement can be deployed. The strategy will define and assign the code enforcement officer to a specific geographical area (East Temple). The strategy will also be for the officer to be more proactive in our code enforcement efforts, to include education and outreach about community programs and processes that should help our overall code enforcement efforts. The cost for this initiative is \$ 67,420.

- Neighborhood Programs. In addition the FY 2014 Budget continues our investment in East Temple redevelopment thru existing programs like the home down payment assistance program partnership with the Central Texas Housing Consortium. Over the years the City and the Housing Consortium have partnered to provide down payment assistance for qualified individuals. The FY 2014 Budget continues our 'Tree for Me' program and our 'Neighborhood Clean Up' program. The FY 2014 Budget allocates \$ 20,000 for neighborhood improvement and cleanup in East Temple. In addition, the FY 2014 Budget continues our demolition and public infrastructure investment efforts thru our Community Development Block Grant Action Plan. All total, these efforts amount to \$ 587,420 in the FY 2014 Budget.

- Finally, the FY 2014 Budget envisions additional potential partnerships and collaborative efforts with regard to East Temple redevelopment. Discussions are active at the time of the preparation of this letter with multiple entities for programs and projects relating to a property tax foreclosure acquisition fund and a work force training center. While these programs and projects are not specifically recommended for funding at this time, I do believe they have merit and should be considered when more specific proposals are presented.

You have heard me say many times that our most important asset isn't our brick and mortar, it isn't our trucks or tools, it is our people. Our ability to provide and deliver services is dependent upon our employees.

Accordingly, the FY 2014 Budget includes the continuation of a multi-year plan to enhance police services. In FY 2011, we added 1 police officer (a school resource officer position). In FY 2012, we added 2 more police officers (additions to the traffic unit). In FY 2013, we added 2 police officers for the purpose of enhancing our Criminal Investigations Division ('CID'). The FY 2014 Budget includes 2 more police officers to continue our efforts to improve service delivery for police services.

In regard to our Parks & Leisure Services Department, the FY 2014 Budget provides for \$ 3,330,047 in overall spending in Parks. Of that, \$ 579,579 is allocated for capital improvement projects and repair and maintenance in our Parks. The allocation represents an increase of \$ 178,000 over the FY 2013 Budget.

With regard to new positions being recommended, the FY 2014 Budget also recommends adding a Fleet Services Shop Foreman as part of a succession plan. This position was added with the condition that the current Fleet Services Assistant Director position will be eliminated once the succession has taken place. The cost for this position is \$ 54,989.

A CIP R.O.W. Agent position is also recommended for FY 2014. This position will be funded with bond funds from the T.C.I.P., utility bonds and drainage funds. I consider this position perhaps the most critical position being recommended in the FY 2014 Budget. The cost for this position is \$ 78,339.

A Management Analyst position is also being recommended to assist the City Manager's Office in various departments. It is anticipated that the position will be deployed to departments on a case-by-case basis and for extended periods of time working on projects and processes of strategic significance. The cost for implementing this position is \$ 52,955.

In addition, a Recycling position is recommended as part of the approved City-wide curbside recycling program. The cost for implementing this position is \$ 103,086.

With regard to focusing on our primary assets, our people, the FY 2014 Budget also provides \$ 488,821 for a Compensation Study implementation for the civil service pay plans. These pay plan adjustments are based on an updated study which included multiple factors in comparison to market cities such as sales tax revenue, population, calls for service, per capita income, and geographic proximity. The pay plan adjustments vary between the two civil service pay plans based upon the market data.

The offering of group health insurance is a key and critical benefit for the organization. The City has provided for a group health insurance plan for many years. The plan design has been modified many times over the years, and for the past three years the City has been self-funded. As we do each year, we initiated a process for competitive bidding for our health insurance business. We received proposals for both self-funded and fully-insured plans, and the most cost effective option was a fully-insured plan. Accordingly, the FY 2014 Budget recommends that we enter into a two year contract with the Scott & White Health Plan for a fully-insured medical and prescription plan. As mentioned, this was the most cost-effective option for FY 2014 and Scott & White Health Plan is guaranteeing a premium increase not to

exceed 9% for FY 2015. As an element of the agreement, Scott & White Health Plan will be implementing an onsite VitalityCare program, which will provide for preventative care services to employees.

Finally, the FY 2014 Budget includes \$ 290,000 for lump sum performance pay for General Government employees.

Improving our Infrastructure

In FY 2010, Temple's Street Department completed a comprehensive Pavement Condition Assessment ('PCA') for all city streets and alleys. The PCA found the overall condition of our streets to be in good condition. The PCA, and a 2012 Mobility Report which included a listing of street projects, also found significant challenges ahead for the City to maintain the overall good condition of the majority of our streets. The reports identified almost \$ 1 billion dollars in maintenance and project needs. The streets project listing alone identified approximately \$ 200 million in projects. Also recommended was a more comprehensive street maintenance program that includes more aggressive approaches for crack seal, seal coat, overlay, and reconstruction.

The FY 2011 Budget funded the first phase of a multi-year approach to work toward the recommended maintenance strategy. The first phase of that strategy was the establishment of a five member year-round crack sealing crew. The second phase, an enhanced seal coat program in the amount of \$ 1,000,000 from unreserved fund balance designated for capital expenditures was funded in the FY 2012 Budget. This funding allowed for approximately 60 additional lane miles of streets to be seal coated.

With the completion of the 2012 Mobility Report, a better, more comprehensive view of our transportation needs and issues was provided. This report provides a compilation of existing master plans, transportation studies, thoroughfare plans, capital improvement projects, inspection reports, and local policies related to Temple's transportation system and identifies specific transportation project recommendations to address needs in the categories of connectivity, congestion, capacity, condition, and multi-modal options.

The FY 2013 Budget includes a multi- year capital improvement program to focus on reconstruction, capacity, and connectivity transportation projects. All total, \$ 60,180,000 worth of transportation projects are recommended. The FY 2014 Budget includes a continuation of this multi-year program.

The cost for this transportation initiative to the tax rate is 1.25 cents.

Financial Highlights by Fund

General Fund Revenues- Total revenues for the FY 2014 General Fund Budget are presented at \$ 60,684,031, an increase of 5.33% compared to the FY 2013 Adopted Budget. The three largest sources of revenue for the General Fund are sales tax, property tax, and solid waste charges.

Property Tax- In the FY 2014 Budget, property tax accounts for 20.3% of the General Fund budgeted revenues and is the second largest revenue source of the General Fund. The tax rate for FY 2014 is 58.64¢ per \$100 valuation, which is the same tax rate as FY 2013.

We think it is worth noting that the FY 2014 tax rate is lower than the tax rate that was set in 2001. This speaks volumes about our economic development policies and strategies.

This rate is based on an assessed taxable value of \$ 3,589,339,096 (net taxable value not adjusted for frozen values). The tax rate is comprised of two components, the Maintenance and Operations rate (M&O) and the Interest Sinking rate (I&S). This year's tax rate is 33.24¢ for the M&O rate and 25.40¢ for the I&S rate.

Sales Tax- While much attention is focused on the property tax rate number, our single largest source of revenue for the General Fund continues to be sales tax revenue. In the FY 2014 Budget, sales tax is projected to account for 30.2% of the General Fund budgeted revenues and continues to be the single largest revenue source of the General Fund.

The FY 2014 Budget estimates \$ 18,300,000 in sales tax revenue, a 9.78% increase in sales tax revenue over budgeted FY 2013 sales tax revenue.

Solid Waste Rates- Charges associated with solid waste services represent the third largest source of revenue for the General Fund and are projected to account for 14.3% of total General Fund revenues. \$ 8,703,942 in solid waste revenue is projected for FY 2014, representing a 2.4% increase from the FY 2013 solid waste revenue adopted budget of \$ 8,503,630. These revenues are based on an increased monthly residential base rate from \$15.80 to \$16.20 due to the implementation of the City-wide residential curbside recycling program and unchanged commercial rates.

General Fund Expenditures- Total expenditures for the FY 2014 General Fund Budget are presented at \$ 64,009,031, an increase of 8.36% compared to the FY 2013 adopted budget. As noted above, a significant area of emphasis in the FY 2014 Budget that has contributed to this increase includes the following:

- Civil Service Compensation Plans
- Curbside Recycling Program
- East Temple Redevelopment Plan
- Public Safety Staffing

The FY 2014 Budget continues to provide funding to Public Service Agencies ('PSAs'). As you are aware, our PSAs provide much needed services to the community and our support to them "leverages" their resources with ours. The FY 2014 Budget includes \$ 379,795 in funding for thirteen organizations. Many of these organizations are funded through the City's General

Fund. Organizations whose services are eligible for funding by hotel/motel tax revenues are funded through the City's Hotel/Motel Tax Fund.

One of the strategic focus areas identified in our Strategic Plan is to "expand the tax base". In order for us to continue to meet the demands for current service, and in order for us to meet the needs of projected growth and development, it is critical that this objective be met. As Council will recall, the FY 2008 Budget included a funding commitment to a "matrix incentive pool" at \$ 800,000. This "matrix incentive pool" was intended to provide funding for economic development incentives relating to economic development agreements with new and/or expanding businesses. The FY 2014 Budget continues that commitment and includes a \$ 1,825,000 "placeholder" investment to maintain the matrix funding level.

Water and Wastewater Fund- Total revenues for the FY 2014 Water and Wastewater Fund Budget are presented at \$ 31,050,159, an increase of 8.25% compared to the FY 2013 adopted budget.

Expenses, capital improvements, and debt service for the FY 2014 Water and Wastewater Fund Budget are presented at \$ 30,020,581, an increase of 5.96% compared with prior year. Cost drivers for this increase include: 1) updating our cost accounting recovery methodology; 2) cash capital outlays; and 3) debt service associated with the water & sewer CIP. The capital improvements include the allocation of \$ 16,285,000 to continue the long-term replacement program of water and sewer infrastructure and equipment needs. A 6.39% rate increase for water and wastewater service is included in the FY 2013 Budget to support these operational and capital programs.

Hotel and Motel Fund- Total revenues for the Hotel/Motel Fund Budget are presented at \$1,752,700, an increase of 2.92% compared to the FY 2013 adopted budget. Expenditures for the Hotel/Motel Fund Budget are presented at \$ 1,882,700, an increase of 10.56% compared to the FY 2013 adopted budget. Funding for the Mayborn Center, Tourism/Marketing, and Railroad & Heritage Museum are funded through the Hotel/Motel Tax Fund. Public Service Agencies whose services are eligible for funding by hotel/motel tax revenues are also funded through the Hotel/Motel Tax Fund.

In FY 2013, the City resumed the management and operation of the Temple Railroad and Heritage Museum previously operated by the non-profit.

Federal and State Grant Fund- Total revenues and expenditures for Federal and State Grant Fund Budget are presented at \$ 408,865, an increase of 5.67% compared to the FY 2013 adopted budget. Total revenues include the award of the Community Development Block Grant (CDBG) at \$ 408,865. The allocation of CDBG funds are as follows: public service agencies \$ 57,000, demolition \$ 85,000, sidewalk improvements \$ 200,000, MLK, Jr. Park \$ 9,865, and general administration \$ 57,000.

Drainage Fund- Total revenues are presented at \$ 1,078,803, a 0.07% decrease from prior year. Expenditures are presented at \$ 1,1214,183, an increase of 12.47% compared to the FY

2013 adopted budget. The expenditures of the drainage fund represent personnel, operational, and capital cost related to maintenance of existing drainage systems.

OTHER INFORMATION

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

It should be noted that the auditors included all funds in their audit, performed their audit in accordance with auditing standards generally accepted in the United States of America and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the City at September 30, 2013, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Temple for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Temple has received a Certificate of Achievement for the last thirty-two consecutive years (Fiscal Years ended 1981-2012). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation Award For the fiscal year 2012-13 Budget document, the City received, for the eighteenth consecutive year, the distinguished Budget Presentation Award from the Governmental Finance Officers Association (GFOA).

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff in the Finance Department. We would like to express our appreciation to all the staff of the Finance Department who assisted and

contributed to the preparation of this report. In particular, we would like to thank Assistant Director of Finance, Melissa Przybylski, CPA, Treasury/Grants Manager, Stacey Reisner, CPA, Senior Accountant, Jennifer Emerson, and Senior Accountant, Stacey Hawkins, for their exemplary efforts in assuming primary responsibility for producing this document.

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

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

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

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

Respectfully submitted,



Traci L. Barnard, CPA
Director of Finance



David Blackburn
City Manager



Government Finance Officers Association

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**City of Temple
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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

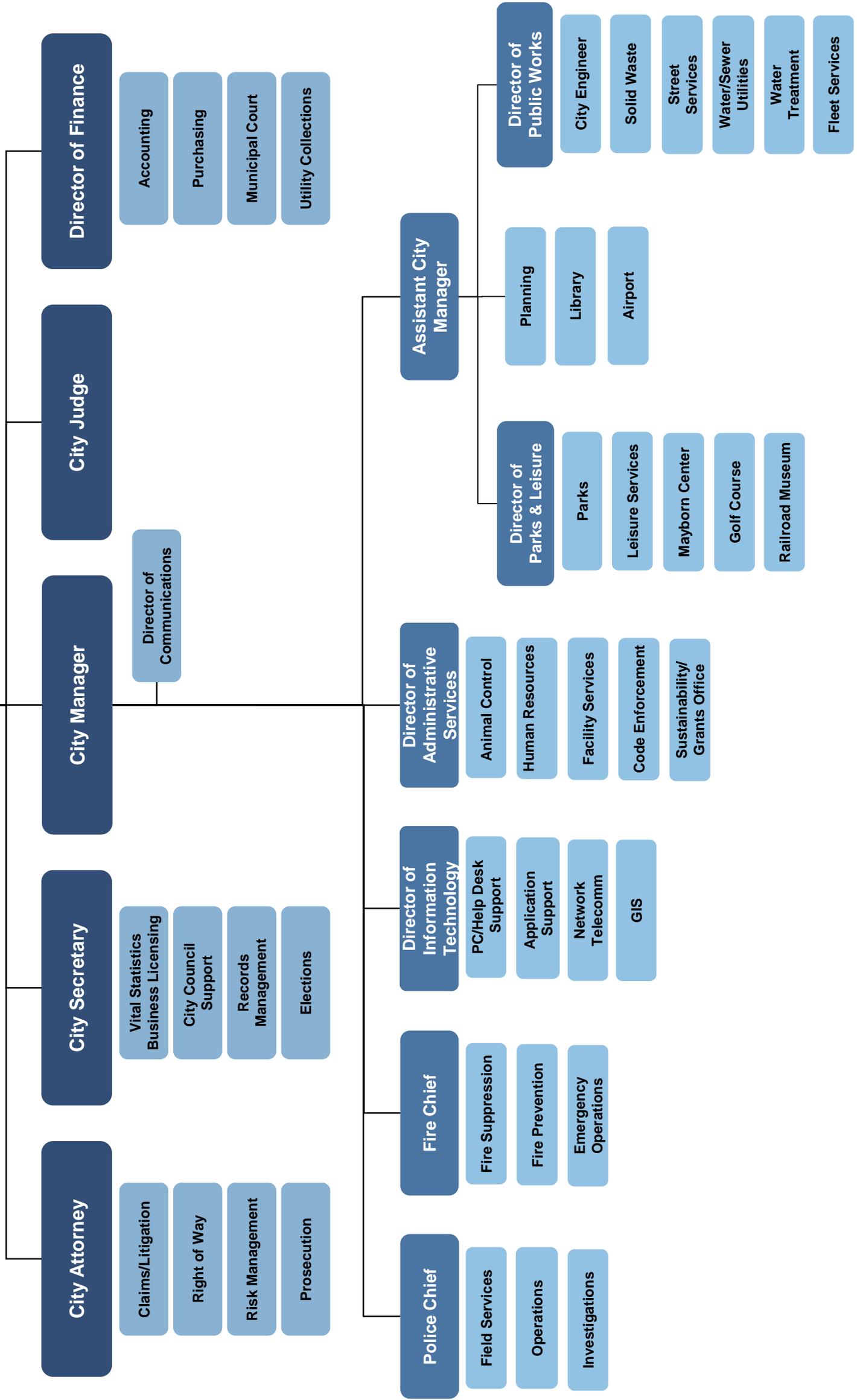
Executive Director/CEO





Citizens of Temple

Mayor and City Council



**CITY OF TEMPLE
PRINCIPAL OFFICIALS**

MAYOR
DANIEL A. DUNN

MAYOR PRO-TEMPORE
JUDY MORALES

COUNCILMEMBER
RUSSELL T. SCHNEIDER

COUNCILMEMBER
TIMOTHY DAVIS

COUNCILMEMBER
PERRY T. CLOUD

D. A. BLACKBURN, *CITY MANAGER*

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

JONATHAN GRAHAM, *CITY ATTORNEY*

LACY BORGESON, *CITY SECRETARY*

Financial Section





Independent Auditors' Report

The Honorable Mayor and
City Council
City of Temple, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Temple, Texas (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Independent Auditors' Report (Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Temple, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress and employee contribution on pages 37 through 50 and pages 125 and 126 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section on pages 9 through 30, 128 through 150 and 156 through 203, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 152 and 153 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

**Independent Auditors' Report
(Continued)**

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's' internal control over financial reporting and compliance.

Brockway, Gersbach, Franklin & Niemeier, P.C.



Temple, Texas
January 31, 2014



CITY OF TEMPLE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2013

Our discussion and analysis of the City of Temple's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2013. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net position of the primary government was \$ 167,682,935 at September 30, 2013. Of this amount, \$ 44,208,563 is unrestricted and may be used to meet the City's future obligations. Of the \$ 44 million unrestricted net position, \$ 19,413,974 is related to governmental activities, which includes the General Fund. The \$ 24,794,589 remaining balance of unrestricted net position is related to Business-type activities, which is the City's enterprise fund (water and sewer).
- The City of Temple's total net position increased by \$ 8,941,522 during the current fiscal year. Net position of governmental activities increased \$ 4,083,096 from \$ 68,887,821. Net position of business-type activities increased \$ 4,858,426 from \$ 89,853,592. This increase is attributable to an increase in the City's investment in capital assets.
- As of September 30, 2013, the City of Temple's governmental funds reported combined ending fund balances of \$ 74,136,533, an increase of \$ 13,413,841 in comparison with the prior fiscal year. The majority of this increase, \$ 9,169,946, was due to the issuance of the Certificate of Obligation bonds in the capital projects fund to fund the first phase of the Transportation Capital Improvement Program. In addition, the net increase was also attributable to a net increase in the debt service fund of \$ 4,396,090 due to the settlement of lawsuit related to the Police Headquarters, a decrease of \$ 1,859,427 in the pass-through financing project fund related to the spend down of bond proceeds, and increases in fund balances in the general fund of \$ 1,609,093 and non-major governmental funds of \$ 98,139.
- At the end of the current fiscal year, assigned/unassigned fund balance for the general fund was \$ 24,568,441 or approximately 42.91% percent of total general fund expenditures.
- The City's total net bonded debt increased by \$ 9,100,230 during the current fiscal year. This net increase was primarily due to the issuance of the Certificate of Obligation bonds (taxable and non-taxable series) and the issuance of Limited Tax Notes.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013

incremental financing unit. Although legally separate, these "component units" are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

- Proprietary funds – The City of Temple maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements. The City uses an enterprise fund to account for its water and sewer utility. Internal service funds are an accounting

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013

device used to accumulate and allocate costs internally among the City's various programs. The City uses an internal service fund to account for its self-funded health insurance program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements.

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

- Fiduciary funds – fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The City's fiduciary fund consists of the City of Temple Employee Benefits Trust which accounts for the activities of the trust to provide City officers, employees, qualified retirees, and their dependents with life, disability, dental, accident and other health related benefits through the purchase of insurance.

The City's agency fund is used to account for assets held by the City, as an agent for the Health & Bioscience Economic Development District.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 69-124 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees and the City's contributions related to the Temple Firefighters' Relief and Retirement Fund. Required supplementary information can be found on page 125-126 of this report.

**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013**

THE CITY AS A WHOLE – Government-Wide Financial Analysis

The City's combined net position (assets exceeding liabilities) were \$ 167,682,935 as of September 30, 2013. The following tables focus on the net position (Table I) and general revenues and significant expenses of the City's governmental and business-type activities (Table II).

By far the largest portion of the City's net position (69.14 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 87,438,257	\$ 70,263,996	\$ 38,204,685	\$ 42,195,456	\$ 125,642,942	\$ 112,459,452
Capital assets	125,677,285	120,127,229	121,870,481	117,497,641	247,547,766	237,624,870
Total assets	213,115,542	190,391,225	160,075,166	159,693,097	373,190,708	350,084,322
Long-term liabilities outstanding	127,844,257	112,919,253	62,944,848	67,438,091	190,789,105	180,357,344
Other liabilities	12,034,969	8,584,151	2,418,300	2,401,414	14,453,269	10,985,565
Total liabilities	139,879,226	121,503,404	65,363,148	69,839,505	205,242,374	191,342,909
Net Position:						
Invested in capital assets, net of related debt	46,940,042	48,379,646	68,992,370	65,054,555	115,932,412	113,434,201
Restricted	6,616,901	2,205,455	925,059	2,723,415	7,541,960	4,928,870
Unrestricted	19,413,974	18,302,720	24,794,589	22,075,622	44,208,563	40,378,342
Total net position	\$ 72,970,917	\$ 68,887,821	\$ 94,712,018	\$ 89,853,592	\$ 167,682,935	\$ 158,741,413

An additional portion of the City of Temple's net position (4.50 percent) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net assets*, \$ 44,208,563, may be used to meet the government's ongoing obligations to citizens and creditors.

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

**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013**

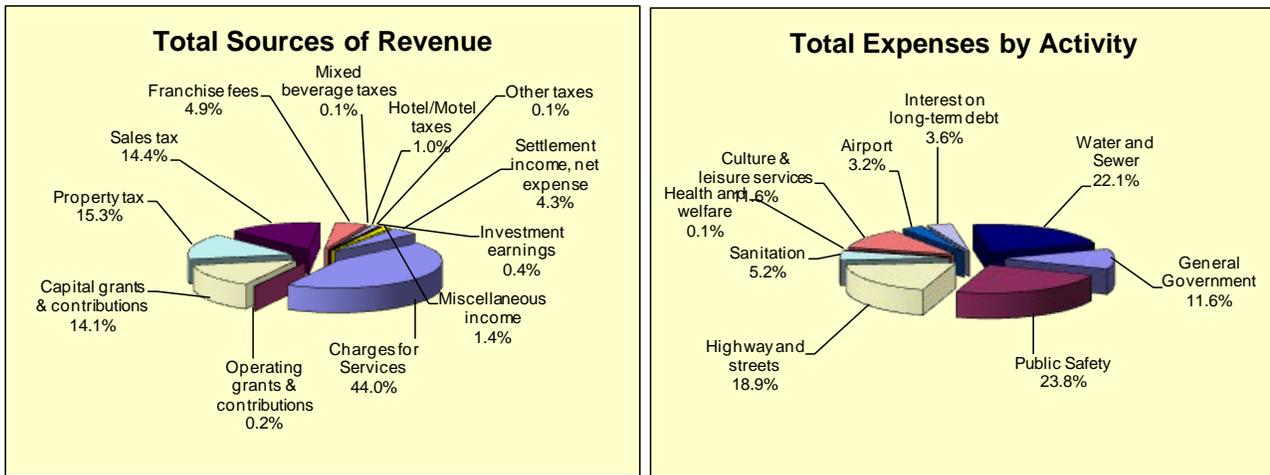
There was a decrease of \$ 1,798,356 in restricted net position reported in connection with the City of Temple's business-type activities. The decrease resulted from the release of restrictions associated with the refunding of utility revenue bonds.

Governmental and business-type activities increased the City's net position by \$ 8,941,522. The key elements of this increase are as follows:

**Table II
Statement of Activities, Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 25,150,626	\$ 24,225,263	\$ 30,046,938	\$ 28,645,921	\$ 55,197,564	\$ 52,871,184
Operating grants and contributions	225,720	517,463	-	-	225,720	517,463
Capital grants and contributions	17,403,845	1,558,087	248,996	74,735	17,652,841	1,632,822
General revenues:						
Property tax	19,195,036	18,195,808	-	-	19,195,036	18,195,808
Sales tax	18,017,575	16,967,401	-	-	18,017,575	16,967,401
Franchise fees	6,178,547	6,260,051	-	-	6,178,547	6,260,051
Mixed beverage taxes	110,409	100,164	-	-	110,409	100,164
Hotel/Motel taxes	1,306,257	1,223,910	-	-	1,306,257	1,223,910
Other taxes	80,817	77,451	-	-	80,817	77,451
Investment earnings	122,330	81,493	323,317	358,235	445,647	439,728
Miscellaneous income	1,762,894	1,422,379	-	-	1,762,894	1,422,379
Settlement income, net expense	5,350,000	-	-	-	5,350,000	-
Transfers	47,492	-	(47,492)	-	-	-
Total revenues	94,951,548	70,629,470	30,571,759	29,078,891	125,523,307	99,708,361
Expenses:						
General government	13,493,386	12,308,008	-	-	13,493,386	12,308,008
Public safety	27,732,226	26,988,933	-	-	27,732,226	26,988,933
Highway and streets	22,080,671	10,413,550	-	-	22,080,671	10,413,550
Sanitation	6,039,912	5,469,440	-	-	6,039,912	5,469,440
Health and welfare	93,539	244,943	-	-	93,539	244,943
Culture & leisure services	13,471,535	11,463,800	-	-	13,471,535	11,463,800
Airport	3,725,020	3,980,015	-	-	3,725,020	3,980,015
Interest on long-term debt	4,232,163	2,690,036	-	-	4,232,163	2,690,036
Water and sewer	-	-	25,713,333	24,220,726	25,713,333	24,220,726
Total expenses	90,868,452	73,558,725	25,713,333	24,220,726	116,581,785	97,779,451
Increase (decrease) in net position	4,083,096	(2,929,255)	4,858,426	4,858,165	8,941,522	1,928,910
Net position - beginning, as restated	68,887,821	71,817,076	89,853,592	84,995,427	158,741,413	156,812,503
Net position - ending	\$ 72,970,917	\$ 68,887,821	\$ 94,712,018	\$ 89,853,592	\$ 167,682,935	\$ 158,741,413

**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013**



For fiscal year 2013, revenues from governmental activities totaled \$ 94,951,548. Property taxes and sales tax are the largest components of revenues (39.19 percent). Charges for services account for 26.49 percent of total governmental revenue.

For fiscal year 2013, expenses for governmental activities totaled \$ 90,868,451. The City's five largest funded programs are for public safety, general government, highways and streets, sanitation, and culture and leisure services.

For governmental activities, the Statement of Activities on page 52 shows that \$ 25,150,626 was financed by those receiving services, \$ 225,720 from operating grants and contributions, \$ 17,403,845 from capital grants and contributions, with the City's general revenues financing \$ 52,171,357 of the remaining program expenses.

The debt service fund has a total fund balance of \$ 7,356,612, all of which is reserved for the payment of debt service. The increase in fund balance during the current year in the debt service fund was attributable to the settlement of a lawsuit related to the Police headquarters facility. The lawsuit settlement received will be used to pay off the debt issued for the repairs made to the facility.

The capital projects fund has a total fund balance of \$ 16,500,420. The fund balance increased by \$ 9,169,946 during the current fiscal year. This net increase is due to the expenditure of the various bond proceeds and to the issuance of debt during the year.

The pass through financing project fund has a total fund balance of \$ 21,208,309. This major fund was new in FY 2012 and was derived from the issuance of pass-through agreement revenue & limited tax bonds. The majority of those bonds will be spent during FY 2014.

**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013**

Business-type Activities

Revenues of the City's business-type activities were \$ 30,619,251 for the fiscal year ended September 30, 2013. Revenues increased approximately \$ 1,540,360 as compared to the prior fiscal year. Expenses for the City's business-type activities were \$ 25,751,933, an increase of \$ 1,580,701, or 6.14%, compared to the prior fiscal year. The increase in revenues is the net result of the rate increase implemented in FY 2013 and a decrease in consumption. Water consumption decreased 2.97% in fiscal year 2013 compared to the prior fiscal year. Unrestricted net assets of the water and sewer fund were \$ 24,794,589. The water and sewer fund unrestricted net assets increased in the current fiscal year by \$ 2,718,967 due to the release of restrictions associated with the refunding of utility revenue bonds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2013, the City had \$ 247,547,766 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges and water and sewer lines.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 13,973,094	\$ 13,330,439	\$ 690,295	\$ 652,271	\$ 14,663,389	\$ 13,982,710
Construction in progress	11,613,802	3,571,200	5,945,632	10,165,419	17,559,434	13,736,619
Buildings	43,472,330	44,710,669	23,134,345	21,961,704	66,606,675	66,672,373
Infrastructure	41,155,315	44,552,090	89,192,613	81,420,114	130,347,928	125,972,204
Furniture & equipment	4,550,232	5,113,236	308,790	401,998	4,859,022	5,515,234
Machinery & equipment	10,912,512	8,849,595	2,598,806	2,890,135	13,511,318	11,739,730
	<u>\$ 125,677,285</u>	<u>\$120,127,229</u>	<u>\$ 121,870,481</u>	<u>\$ 117,491,641</u>	<u>\$247,547,766</u>	<u>\$237,618,870</u>

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

- Water Treatment Plant Generator - \$ 3,773,882
- Compressed Natural Gas Solid Waste Vehicles - \$ 3,292,387
- NW Loop 363 Utility Relocation- \$ 2,562,871
- Birdcreek Phase 2A Sewer Improvements - \$ 1,771,983
- Marlandwood/Canyon Creek Sewer Line Replacement - \$ 1,076,423
- 6th Street/Jackson Trunk Sewer Line Replacement - \$ 796,715
- Taylor Tank Refurbishment - \$ 701,551

**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013**

- Nugent Tank Rehabilitation - \$ 668,215
- Property Acquisition for Landfill Expansion - \$ 642,655
- Fire Engine #8 - \$ 627,726
- Outer Loop, 2305-I-35 Design - \$ 603,442
- City Hall Renovations - \$ 441,012

Additional information on the City of Temple's capital assets can be found in note III on pages 87-89 of this report.

Debt

At year-end, the City had \$ 174,692,235 in bonds and notes payable outstanding as shown in Table IV.

**Table IV
Outstanding Debt, at Year-End**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 44,990,000	\$ 48,315,000	\$ 31,230,000	\$ 32,390,000	\$ 76,220,000	\$ 80,705,000
Certificate of obligation	30,150,000	17,160,000	-	-	30,150,000	17,160,000
Contractual obligations	11,455,000	5,745,000	-	-	11,455,000	5,745,000
Revenue bonds	1,330,000	1,730,000	30,700,000	34,110,000	32,030,000	35,840,000
Pass-through revenue & limited tax bonds	24,700,000	24,700,000	-	-	24,700,000	24,700,000
Notes payable	137,235	455,915	-	104,018	137,235	559,933
Totals	\$ 112,762,235	\$ 98,105,915	\$ 61,930,000	\$ 66,604,018	\$ 174,692,235	\$ 164,709,933

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

The City is permitted by State law and provisions of the City Charter to levy taxes up to \$ 1.20 per \$ 100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is 4.26%.

Additional information on the City of Temple's long term debt can be found in note III on pages 93-101 of this report.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

At the end of the current fiscal year, the City of Temple's governmental funds reported combined ending fund balances of \$ 74,136,533. Approximately 42.91% of this total amount, \$ 24,568,441, constitutes assigned/unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is nonspendable for inventory and prepaid items \$ 467,223; has already been restricted 1) to pay for debt service, \$ 7,356,612; 2) to pay for drug enforcement, \$ 329,651; 3) to pay for library collection enhancement and other, \$ 764,285; 4) to pay for bond-funded construction projects, \$ 37,708,729; 5) to pay for museum expenditures \$ 8,348; 6) to pay for promotion of tourism \$ 1,077,954 or 8) committed to drainage in the amount of \$ 1,855,290.

In the general fund, the City budgeted for a decrease in the fund balance of \$ 5,869,383, which was primarily resulting from transfers of \$ 2,643,385 to capital project funds and to the health insurance fund. An additional \$ 1,455,120 was to fund capital and economic development matrix incentives. This decrease was a reduction of excess fund balance to fund "pay as you go" capital projects and economic development matrix incentives. The actual fund balance increased for fiscal year 2013 by \$ 1,609,093. This increase was due to a net variance with the final adopted budget of \$ 7,478,476. This increase was comprised of the following: sales tax for the City came in \$ 1,347,575 over the budgeted amount, franchise fees were \$ 61,151 over budget, licenses and permits were \$ 222,549 over budget, charges for services were \$ 42,109 over budget, and fines were \$ 177,279 over budget. All other revenues netted together came in over budget in an amount of \$ 93,647. In addition, total expenditures in the General Fund came in \$ 5,071,295 under budget. Expenditures coming in under budget falls in line with our budgetary philosophy of "estimating expenditures high". Hiring lag was one reason that expenditures came in under budget. Other expenditures that came in under budget were tipping fees, electricity, fuel, Airport cost of goods sold, and golf course. Across the board expenditures spread across all departments accounted for \$ 1,217,414 of expenditures that came in under budget.

Debt service fund balance increased in 2013 by \$ 4,396,090 for an ending balance of \$ 7,356,612. The net increase in the debt service fund balance was attributable to the settlement of a lawsuit related to the Police facility headquarters. Those funds will be used to pay off the debt associated with the repairs to the facility. Capital projects fund balance had a net increase in 2013 of \$ 9,169,946 due to the issuance of bonds and the expenditure of bond proceeds. Pass-through financing project fund balance decreased by \$ 1,859,427 due to the expenditure of bond proceeds issued in 2012.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013

Proprietary funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer fund are \$ 24,794,589, an increase of \$ 2,718,967. The water and sewer fund unrestricted net position increased in the current fiscal year due to the release of restrictions associated with the refunding of utility revenue bonds and due to the rate increase implemented in FY 2013.

General Fund Budgetary Highlights – The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in an increase in budgeted expenditures from the original budget of 9.99% or \$ 5,902,444. A significant portion of the increase was due to increases in transfers out of \$ 1,219,755 to the capital projects fund, \$ 318,292 in transfers to the health insurance fund, \$ 507,050 in transfers to the grant fund, and \$ 190,345 in transfers to the bond programs.

During the year there was a \$ 3,563,524 increase in appropriations between the original operating budget and final amended budget. Following are the main components of the increase:

- \$ 1,047,013 increase in personnel services for various departments. Of this amount, \$ 254,977 was re-appropriated from contingency (capital) to the individual department personnel accounts to cover a 2% Performance Pay lump sum payment made to employees during FY 2013. \$291,902 was re-appropriated from contingency (capital) to the individual department personnel accounts to fund the implementation of the General Government pay plan effective January 4, 2013.
- \$ 365,000 was supplemental funding to cover additional cost in the Fire Department related to the change from a 27-day to a 14-day FLSA cycle on April 27, 2012, that was not included in the adopted budget.
- \$ 160,000 supplemental funding in Special Services to cover the additional separation pay for General Fund employees in FY 2013.
- \$ 670,761 supplemental funding in operations to various departments within the General Fund for projects that were not completed in the previous year.
- \$ 1,034,067 supplemental funding in capital to various departments within the General Fund for projects that were not completed in the previous year.
- \$ 375,404 supplemental funding in economic development to fund additional amount needed for the FY 2013 "Incentive Matrix Component" to TEDC.
- \$ 190,000 supplemental funding in street capital from a state grant to fund I-35 Gateway monument.
- \$ 352,128 supplemental funding to airport capital to fund replacement roofs for hangers located at the airport.
- \$ 36,355 supplemental appropriation to finance to fund consulting contract with Valley View Consulting for investment advisory services.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013

- \$ 90,000 supplemental appropriation for a Chapter 380 agreement between the City and Scott & White to demolish a structure on South 5th Street. Additional funds were needed to fully fund the City's obligation.

The increase in expenditure appropriations was partially possible because of additional anticipated revenues. Increases in revenues were from an increase in various charges for services to cover increases in services provided (\$ 335,052), increase in insurance proceeds (\$ 362,369), increase in appropriation of intergovernmental revenues (\$ 190,000), and an increase in other income from various sources (\$ 332,873). The remaining increases in expenditure appropriations were funded with Assigned General Fund Balance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2014 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The population growth experienced by the City has stimulated local business and development activity, and the community has placed additional demands on the City to maintain or enhance services provided to our citizens. Temple's greatest economic strength is the diversified employment base. The three largest job sectors are health and medical, distribution and manufacturing. It is anticipated that future growth for the region will focus on healthcare and small businesses. The City has one of the lowest unemployment rates at 5.53% as compared to the State of Texas, which is 6.37%. The reasonable costs of living and homes priced below the national average continue to make Temple an attractive area for new business locations and re-locations. The City continues to attract new and existing companies due to the strategy of working diligently with corporations on relocation incentives.

These indicators are taken into account when adopting the General Fund budget for fiscal year 2014. The total 2013-2014 combined budget appropriation totals \$ 107,511,883 for seven operating funds.

The 2013-2014 General Fund Budget of \$ 64,009,031 represents an 8.36% increase or \$ 4,939,386 from the adopted 2012-2013 budget. With regard to the FY 2013-2014 budget, the general priorities in the O&M area are as follows:

1. Serving our community;
2. Improving our infrastructure;
3. Expanding the tax base;
4. Growing the health and bioscience industries;

These were the general priorities and parameters used in the development of the FY 2012-2013 budget. As always, the preparation of the budget must also take into consideration our ability to pay for the programs and services that were proposed.

**CITY OF TEMPLE, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013**

Overall, the City Council has been presented with a budget that requires \$ 3.325 million from fund balance to assist in the funding of \$ 1,400,000 in capital outlay, \$ 1,825,000 for TEDC Matrix allocation, and \$ 100,000 for Strategic Investment Corridor (SIZ) to be funded with Undesignated Fund Balance – Capital Projects. The budget assesses a tax rate of \$ 0.5864 per \$100 valuation, unchanged from last year’s actual rate of \$ 0.5864 per \$ 100. The budget recognizes increases in sales tax, solid waste charges for services, culture & recreation charges for services, and licenses and permits.

The General Fund’s largest revenue source in fiscal year 2012-2013 is charges for services. For the fiscal year ending 2011-2012, the General Fund’s largest revenue source was also charges for services.

As a cost of service Enterprise Fund, Water & Wastewater rates must be sufficiently set to pay the total operations and maintenance, debt and depreciation, and meet bond covenant coverage requirements. During FY 2012, Staff engaged the services of a consultant to develop a five-year cost of service study. One of the key elements of the study was to develop the revenue requirement for a five-year capital improvement program to construction, replace or rehab numerous components in the City of Temple distribution and collection systems, address additional staffing needs for the operations and maintenance of the water treatment plant, and other operations and maintenance cost of the system.

Multiple scenarios were considered. The rate proposal chosen includes all of the rate adjustment in FY 2013 which achieves the lowest rate at the end of the five-year period. The rate schedule adjusts the minimum bill by meter size in proportion to the ability of the meter to demand water from the system. There are no additional rate increases reflected in the FY 2014 budget.

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

The rate structure implemented in FY 2013 meets the estimated revenue requirement for the FY 2014 budget of \$ 30,020,581, an increase of 5.96% compared with the prior year. Cost drivers for this increase include cash capital outlays and debt service associated with the water and sewer capital improvement plan. The capital improvements include the allocation of \$ 16,285,000 to continue the long-term replacement program of water and sewer infrastructure and equipment needs. The table below reflects the capital improvement plan over the next 5 years.

	2013	2014	2015	2016	Total
Water	\$ -	\$ 6,825,000	\$ -	\$ 4,250,000	\$11,075,000
Wastewater	-	9,460,000	-	13,110,000	22,570,000
Total	\$ -	\$ 16,285,000	\$ -	\$17,360,000	\$33,645,000

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2013

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

CITY OF TEMPLE, TEXAS
STATEMENT OF NET POSITION
September 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Reinvestment Zone No. 1	Temple Economic Development Corporation
ASSETS					
Cash	\$ 8,595	\$ 4,500	\$ 13,095	\$ -	\$ 1,518,441
Investments	76,133,273	25,344,236	101,477,509	6,217,631	-
Property taxes, net of allowance for uncollectibles	407,886	-	407,886	42,468	-
Receivables, net of allowance for uncollectibles	3,158,507	2,118,933	5,277,440	8,882	93,000
Due from other governments	4,821,586	-	4,821,586	50,000	-
Internal balances	-	-	-	-	-
Inventories	362,939	319,815	682,754	-	-
Prepays	104,284	206,571	310,855	-	1,000
Deferred charges	808,582	470,834	1,279,416	149,443	-
Other assets	40,871	-	40,871	-	-
Restricted assets:					
Permanently restricted:					
Cash and investments	1,591,734	9,739,796	11,331,530	26,469,218	1,169,505
Capital assets not being depreciated:					
Land	13,973,094	690,295	14,663,389	6,416,484	3,025,962
Construction in progress	11,613,802	5,945,632	17,559,434	6,572,061	-
Capital assets, net of accumulated depreciation:					
Buildings	43,472,330	23,134,345	66,606,675	871,595	339,942
Infrastructure	41,155,315	89,192,613	130,347,928	35,543,310	-
Furniture and equipment	4,550,232	308,790	4,859,022	-	19,291
Machinery and equipment	10,912,512	2,598,806	13,511,318	26,009	-
Total assets	<u>213,115,542</u>	<u>160,075,166</u>	<u>373,190,708</u>	<u>82,367,101</u>	<u>6,167,141</u>
LIABILITIES					
Vouchers and contracts payable	5,610,251	990,504	6,600,755	207,573	276,437
Retainage payable	952,369	127,483	1,079,852	75,754	-
Accrued payroll	1,859,867	188,772	2,048,639	-	5,908
Deposits	176,807	-	176,807	-	-
Unearned revenues	2,695,965	70,641	2,766,606	-	-
Accrued interest payable	739,710	376,667	1,116,377	323,966	-
Liabilities payable from restricted assets	-	664,233	664,233	-	-
Noncurrent liabilities:					
Due within one year	6,713,410	3,291,237	10,004,647	2,555,000	92,700
Due in more than one year	121,130,847	59,653,611	180,784,458	50,694,103	6,375
Total liabilities	<u>139,879,226</u>	<u>65,363,148</u>	<u>205,242,374</u>	<u>53,856,396</u>	<u>381,420</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - ad valorem taxes - delinquent	265,399	-	265,399	42,468	-
Total inflows of resources	<u>265,399</u>	<u>-</u>	<u>265,399</u>	<u>42,468</u>	<u>-</u>
NET POSITION					
Invested in capital assets, net of related debt	46,940,042	68,992,370	115,932,412	21,605,533	359,233
Restricted for:					
Debt service	6,616,901	925,059	7,541,960	1,631,833	-
Economic development incentives	-	-	-	-	915,251
Unrestricted	19,413,974	24,794,589	44,208,563	5,273,339	4,511,237
Total net position	<u>\$ 72,970,917</u>	<u>\$ 94,712,018</u>	<u>\$ 167,682,935</u>	<u>\$ 28,510,705</u>	<u>\$ 5,785,721</u>

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

CITY OF TEMPLE, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2013

Functions/Programs Primary government:	Program Revenues			Net (Expense) Revenue and Changes in Net Position				Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Reinvestment Zone No. 1	Temple Economic Development Corp.	Railroad and Heritage Museum
					Governmental Activities	Business-type Activities			
Governmental activities:									
General government	\$ 13,493,386	\$ 3,691,433	\$ 55,524	\$ 74,363	\$ (9,672,066)	\$ -	\$ -	\$ -	\$ -
Public safety	27,732,226	3,140,024	161,844	12,997	(24,417,361)	-	-	-	-
Highways and streets	22,080,671	1,202,744	8,352	15,065,179	(5,804,396)	-	-	-	-
Sanitation	6,039,912	10,509,545	-	493,397	4,963,030	-	-	-	-
Health and welfare	93,539	-	-	249,711	156,172	-	-	-	-
Culture and leisure services	13,471,535	3,759,669	-	1,489,024	(8,222,842)	-	-	-	-
Airport	3,725,020	2,847,211	-	19,174	(858,635)	-	-	-	-
Interest on long-term debt	4,232,163	-	-	-	(4,232,163)	-	-	-	-
Total governmental activities	90,868,452	25,150,626	225,720	17,403,845	(48,088,261)	-	-	-	-
Business-type activities:									
Water and sewer	25,713,333	30,046,938	-	248,996	-	4,582,601	-	-	-
Total business-type activities	25,713,333	30,046,938	-	248,996	-	4,582,601	-	-	-
Total primary government	\$ 116,581,785	\$ 55,197,564	\$ 225,720	\$ 17,652,841	(48,088,261)	4,582,601	-	-	-
Component units:									
Reinvestment Zone No. 1	\$ 4,485,065	\$ 55,615	\$ -	\$ 50,000	-	-	(4,379,450)	-	-
Temple Economic Development Corporation	2,188,822	-	2,157,155	-	-	-	-	(31,667)	-
Railroad and Heritage Museum	-	-	-	-	-	-	-	-	-
Total component units	\$ 6,673,887	\$ 55,615	\$ 2,157,155	\$ 50,000	-	-	(4,379,450)	(31,667)	-
General Revenues:									
Property taxes					19,195,036	-	4,769,518	-	-
Sales taxes					18,017,575	-	-	-	-
Franchise fees					6,178,547	-	-	-	-
Mixed beverage taxes					110,409	-	-	-	-
Hotel/Motel taxes					1,306,257	-	-	-	-
Other taxes					80,817	-	-	-	-
Investment income					122,330	323,317	17,802	1,904	-
Miscellaneous income					1,762,894	-	14,963	19,387	-
Settlement income, net expense					5,350,000	-	-	-	-
Transfers					47,492	(47,492)	-	-	(242,656)
Total general revenues					52,171,357	275,825	4,802,283	21,291	(242,656)
Change in net position					4,083,096	4,858,426	422,833	(10,376)	(242,656)
Net position-beginning, as restated					68,887,821	89,853,592	28,087,872	5,796,097	242,656
Net position-ending					\$ 72,970,917	\$ 94,712,018	\$ 28,510,705	\$ 5,785,721	\$ -

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

CITY OF TEMPLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013

	General	Debt Service	Capital Projects	Pass-Through Financing Project	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 5,045	\$ -	\$ -	\$ -	\$ 3,550	\$ 8,595
Investments	28,206,201	6,830,396	17,345,623	20,244,609	3,181,414	75,808,243
Property taxes, net	230,312	177,575	-	-	-	407,887
Due from other funds	1,198,826	-	-	-	-	1,198,826
Due from other governments	38,119	-	-	3,393,206	1,390,261	4,821,586
Other receivables, net	2,607,451	40,000	7,198	-	238,459	2,893,108
Inventories, at cost	351,032	-	-	-	11,907	362,939
Prepaid items	100,664	-	-	-	3,620	104,284
Restricted cash and investments	1,116,718	475,015	-	-	-	1,591,733
Museum collection	-	-	-	-	18,561	18,561
Total assets	<u>\$ 33,854,368</u>	<u>\$ 7,522,986</u>	<u>\$ 17,352,821</u>	<u>\$ 23,637,815</u>	<u>\$ 4,847,772</u>	<u>\$ 87,215,762</u>
LIABILITIES						
Vouchers and contracts payable	\$ 2,439,540	\$ -	\$ 693,016	\$ 1,661,233	\$ 469,122	\$ 5,262,911
Retainage payable	-	-	155,792	768,273	28,304	952,369
Accrued payroll	1,792,342	-	3,593	-	63,931	1,859,866
Vacation and sick leave payable	545,039	-	-	-	18,344	563,383
Deposits and refundable contracts	64,799	-	-	-	112,009	176,808
Due to other funds	-	-	-	-	1,198,826	1,198,826
Unearned revenues	2,695,848	-	-	-	117	2,695,965
Total liabilities	<u>7,537,568</u>	<u>-</u>	<u>852,401</u>	<u>2,429,506</u>	<u>1,890,653</u>	<u>12,710,128</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - ad valorem taxes	202,727	166,374	-	-	-	369,101
Total inflows of resources	<u>202,727</u>	<u>166,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,101</u>
FUND BALANCES						
Fund Balances:						
Nonspendable:						
Inventories and prepaid items	451,696	-	-	-	15,527	467,223
Restricted for:						
Debt service	-	7,356,612	-	-	-	7,356,612
Drug enforcement	329,651	-	-	-	-	329,651
Library and other	764,285	-	-	-	-	764,285
Construction	-	-	16,500,420	21,208,309	-	37,708,729
Museum	-	-	-	-	8,348	8,348
Promotion of tourism	-	-	-	-	1,077,954	1,077,954
Committed to:						
Drainage	-	-	-	-	1,855,290	1,855,290
Assigned to:						
Capital technology acquisition-General Fund	390,979	-	-	-	-	390,979
Capital projects-General Fund	5,431,542	-	-	-	-	5,431,542
Self-funded health insurance-General Fund	-	-	-	-	-	-
Encumbrances	1,960,290	-	-	-	-	1,960,290
Unassigned	16,785,630	-	-	-	-	16,785,630
Total fund balances	<u>26,114,073</u>	<u>7,356,612</u>	<u>16,500,420</u>	<u>21,208,309</u>	<u>2,957,119</u>	<u>74,136,533</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 33,854,368</u>	<u>\$ 7,522,986</u>	<u>\$ 17,352,821</u>	<u>\$ 23,637,815</u>	<u>\$ 4,847,772</u>	<u>\$ 87,215,762</u>

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

CITY OF TEMPLE, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2013

Total fund balances-governmental funds \$ 74,136,533

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

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

Land	\$	13,973,094	
Construction in progress		11,613,802	
Buildings		72,930,583	
Infrastructure		121,545,681	
Furniture and equipment		22,458,503	
Machinery and equipment		31,408,607	
Accumulated depreciation		(148,252,985)	
Total capital assets	\$	<u>125,677,285</u>	125,677,285

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

Maintenance & operations taxes not collected	\$	202,727	
Interest & sinking fund taxes not collected		166,374	
Total deferred revenue reclassified	\$	<u>369,101</u>	369,101

Internal service funds are used by management to charge the cost of self-funded insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position (net of amount allocated to business-type activities).

Current assets	\$	347,340	
Current liabilities		(347,340)	
Net amount allocated to business-type activities		-	
	\$	<u>-</u>	-

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

Accrued interest	\$	739,710	
Compensated absences		6,341,324	
Other post-employment benefits		2,046,080	
Net pension obligation		2,447,498	
Long-term debt, including premium/discount and deferred charges		115,637,390	
Total long-term liabilities	\$	<u>127,212,002</u>	<u>(127,212,002)</u>

Net position of governmental activities \$ 72,970,917

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

CITY OF TEMPLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended September 30, 2013

	General	Debt Service	Capital Projects	Pass-Through Financing Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 29,756,777	\$ 7,616,512	\$ -	\$ -	\$ 1,306,256	\$ 38,679,545
Franchise fees	6,178,547	-	-	-	-	6,178,547
Licenses and permits	738,449	-	-	-	-	738,449
Intergovernmental	166,959	-	-	14,407,005	3,055,600	17,629,564
Drainage fees	-	-	-	-	1,098,165	1,098,165
Charges for services	20,432,764	-	-	-	474,161	20,906,925
Fines	2,185,239	-	-	-	-	2,185,239
Interest and other	1,394,440	658,351	18,489	33,212	55,815	2,160,307
Total revenues	<u>60,853,175</u>	<u>8,274,863</u>	<u>18,489</u>	<u>14,440,217</u>	<u>5,989,997</u>	<u>89,576,741</u>
Expenditures:						
Current:						
General government	12,244,780	-	1,282,101	-	133,935	13,660,816
Public safety	24,894,611	-	821,430	-	27,360	25,743,401
Highways and streets	2,914,374	-	4,276,759	16,299,644	1,423,044	24,913,821
Sanitation	5,172,168	-	5,018,185	-	-	10,190,353
Health and welfare	-	-	-	-	249,711	249,711
Culture and leisure services	9,075,281	-	186,916	-	3,675,231	12,937,428
Airport	2,904,032	-	-	-	488,574	3,392,606
Debt service:						
Principal retirement	45,692	5,064,954	-	-	-	5,110,646
Interest and fiscal charges	6,471	4,581,298	209,568	-	-	4,797,337
Total expenditures	<u>57,257,409</u>	<u>9,646,252</u>	<u>11,794,959</u>	<u>16,299,644</u>	<u>5,997,855</u>	<u>100,996,119</u>
Excess (deficiency) of revenues over expenditures	<u>3,595,766</u>	<u>(1,371,389)</u>	<u>(11,776,470)</u>	<u>(1,859,427)</u>	<u>(7,858)</u>	<u>(11,419,378)</u>
Other financing sources (uses):						
Transfers in	193,840	5,768,003	1,523,825	-	627,303	8,112,971
Transfers out	(2,180,513)	(524)	(5,868,892)	-	(521,306)	(8,571,235)
Issuance of loans and bonds	-	-	19,775,000	-	-	19,775,000
Original issue premium	-	-	385,580	-	-	385,580
Discount on bond issuance	-	-	(219,097)	-	-	(219,097)
Claims Settlement	-	-	7,250,000	-	-	7,250,000
Attorney Fees	-	-	(1,900,000)	-	-	(1,900,000)
Total other financing sources (uses)	<u>(1,986,673)</u>	<u>5,767,479</u>	<u>20,946,416</u>	<u>-</u>	<u>105,997</u>	<u>24,833,219</u>
Net change in fund balances	1,609,093	4,396,090	9,169,946	(1,859,427)	98,139	13,413,841
Fund balances, beginning of year	24,504,980	2,960,522	7,330,474	23,067,736	2,858,980	60,722,692
Fund balances, end of year	<u>\$ 26,114,073</u>	<u>\$ 7,356,612</u>	<u>\$ 16,500,420</u>	<u>\$ 21,208,309</u>	<u>\$ 2,957,119</u>	<u>\$ 74,136,533</u>

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

CITY OF TEMPLE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2013

Net change in fund balances-total governmental funds \$ 13,413,841

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

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

Capital outlay expenditures	\$ 15,122,317	
Depreciation expense	(9,518,123)	
Net adjustment	\$ 5,604,194	5,604,194

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals and donations) is to increase net position. (54,137)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in "unavailable" revenues. Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period; accrual-basis recognition is not limited to availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. 30,548

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

Issuance of certificate of obligation bonds	\$ (14,065,000)	
Issuance of limited tax notes	(5,710,000)	
Discount/(Premium) on issuance	(110,201)	
To bondholders	5,110,646	
Payment to escrow agent for refunding	8,033	
Amortization of deferred charges	19,162	
Amortization of bond premiums/discounts	597,493	
Amortization of bond refunding losses	(131,152)	
Net adjustment	\$ (14,281,019)	(14,281,019)

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

Decrease in compensated absences liability	\$ 261,501	
Increase in other post-employment benefits liability	291,404	
Increase in net pension obligation liability	51,666	
Total adjustment	\$ 604,571	(604,571)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. This amount is the change in accrued interest. 15,360

Internal service funds are used by management to charge the costs of self-funded insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities net of amount allocated to business-type activities.

Change in net position	\$ (50,012)	
Net amount allocated to business-type activities	8,892	
	\$ (41,120)	(41,120)

Change in net position of governmental activities \$ 4,083,096

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

**CITY OF TEMPLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended September 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 28,334,410	\$ 28,334,410	\$ 29,756,777	\$ 1,422,367
Franchise fees	6,102,396	6,117,396	6,178,547	61,151
Licenses and permits	512,100	515,900	738,449	222,549
Intergovernmental	183,786	373,786	166,959	(206,827)
Charges for services	20,055,603	20,390,655	20,432,764	42,109
Fines	1,952,714	2,007,960	2,185,239	177,279
Interest and other	473,516	1,168,758	1,394,440	225,682
Total revenues	57,614,525	58,908,865	60,853,175	1,944,310
Expenditures:				
Current:				
General government:				
City council	231,517	232,213	173,182	59,031
City manager	723,470	747,525	716,728	30,797
Administrative services	159,769	183,645	183,614	31
Finance	1,178,857	1,255,584	1,200,775	54,809
Purchasing	305,082	312,745	304,442	8,303
City secretary	315,179	345,526	314,194	31,332
Special services	1,352,431	1,284,656	955,790	328,866
Legal	645,155	656,528	639,904	16,624
City planning	628,950	683,580	521,576	162,004
Information technology services	2,111,868	2,191,863	2,097,604	94,259
Human resources	632,087	672,036	600,601	71,435
Economic development	2,286,245	2,661,649	2,648,354	13,295
Garage	1,061,536	1,072,149	836,961	235,188
Facility services	1,348,917	1,499,044	1,051,055	447,989
Total general government	12,981,063	13,798,743	12,244,780	1,553,963
Public safety:				
Municipal court	641,619	656,903	618,593	38,310
Police	13,154,653	13,346,934	12,652,511	694,423
Animal control	469,374	494,179	450,589	43,590
Fire	9,402,316	9,884,592	9,757,988	126,604
Communications	718,388	718,388	718,388	-
Inspections	906,520	904,372	696,542	207,830
Total public safety	25,292,870	26,005,368	24,894,611	1,110,757
Highways and streets:				
Street	2,246,390	2,518,695	2,185,988	332,707
Traffic signals	262,012	294,462	256,133	38,329
Engineering	561,180	567,647	472,253	95,394
Totals highways and streets	3,069,582	3,380,804	2,914,374	466,430
Sanitation:	4,949,078	5,710,051	5,172,168	537,883
Culture and leisure services:				
Parks	3,011,231	3,344,592	3,186,416	158,176
Leisure services	2,984,294	3,128,236	2,813,046	315,190
Parks & Leisure services administration	479,547	490,136	429,903	60,233
Golf course	1,285,889	1,295,567	1,096,827	198,740
Education	1,605,069	1,649,507	1,549,089	100,418
Total culture and leisure services	9,366,030	9,908,038	9,075,281	832,757
Airport:	3,054,392	3,473,535	2,904,032	569,503
Debt service:				
Principal	45,693	45,693	45,692	1
Interest	6,472	6,472	6,471	1
Total debt service	52,165	52,165	52,163	2
Total expenditures	58,765,180	62,328,704	57,257,409	5,071,295
Excess (deficiency) of revenues over expenditures	(1,150,655)	(3,419,839)	3,595,766	7,015,605
Other financing sources (uses):				
Transfers in	-	193,841	193,840	(1)
Transfers out	(304,465)	(2,643,385)	(2,180,513)	462,872
Total other financing sources (uses)	(304,465)	(2,449,544)	(1,986,673)	462,871
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,455,120)	(5,869,383)	1,609,093	7,478,476
Fund balance, beginning of period	24,504,980	24,504,980	24,504,980	-
Fund balance, end of period	\$ 23,049,860	\$ 18,635,597	\$ 26,114,073	\$ 7,478,476

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

**CITY OF TEMPLE, TEXAS
PASS-THROUGH FINANCING PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)**

	2013			2012	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Interest and other	\$ -	\$ -	\$ 33,212	\$ 33,212	\$ 10,838
Intergovernmental	19,809,810	19,809,810	14,407,005	(5,402,805)	190,190
Total revenues	<u>19,809,810</u>	<u>19,809,810</u>	<u>14,440,217</u>	<u>(5,369,593)</u>	<u>201,028</u>
Expenditures:					
Highways and streets:	42,867,895	42,867,895	16,299,644	26,568,251	2,900,188
Debt Service:					
Interest and fiscal charges	-	-	-	-	121,288
Total expenditures	<u>42,867,895</u>	<u>42,867,895</u>	<u>16,299,644</u>	<u>26,568,251</u>	<u>3,021,476</u>
Excess (deficiency) of revenues over expenditures	<u>(23,058,085)</u>	<u>(23,058,085)</u>	<u>(1,859,427)</u>	<u>21,198,658</u>	<u>(2,820,448)</u>
Other financing sources (uses):					
Issuance of bonds	-	-	-	-	24,700,000
Original issue premium	-	-	-	-	1,388,247
Discount on bond issue	-	-	-	-	(200,063)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,888,184</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(23,058,085)</u>	<u>(23,058,085)</u>	<u>(1,859,427)</u>	<u>21,198,658</u>	<u>23,067,736</u>
Fund balance, beginning of year	<u>23,067,736</u>	<u>23,067,736</u>	<u>23,067,736</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,651</u>	<u>\$ 9,651</u>	<u>\$ 21,208,309</u>	<u>\$ 21,198,658</u>	<u>\$ 23,067,736</u>

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

CITY OF TEMPLE, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
September 30, 2013

	Business-type Activities - Water and Sewer Fund	Governmental Activities - Internal Service Fund
ASSETS		
Current assets:		
Cash	\$ 4,500	\$ -
Investments	25,344,236	325,030
Restricted cash and investments:		
Revenue bond reserve fund	-	-
Revenue bond debt service	925,059	-
Customer deposits	664,233	-
Construction account	8,150,504	-
Customer receivables	1,529,280	-
Accounts receivable	589,653	22,310
Inventories	319,815	-
Prepaid items	206,571	-
Total current assets	<u>37,733,851</u>	<u>347,340</u>
Noncurrent assets:		
Deferred cost-bond issue	470,834	-
Capital assets:		
Land	690,295	-
Buildings	47,774,342	-
Improvements other than buildings	149,904,411	-
Furniture and equipment	1,806,899	-
Machinery	5,925,436	-
	206,101,383	-
Less accumulated depreciation	(90,176,534)	-
Construction in progress	5,945,632	-
Total capital assets (net of accumulated depreciation)	<u>121,870,481</u>	<u>-</u>
Total noncurrent assets	<u>122,341,315</u>	<u>-</u>
Total assets	<u>\$ 160,075,166</u>	<u>\$ 347,340</u>

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

	Business-type Activities - Water and Sewer Fund	Governmental Activities - Internal Service Fund
LIABILITIES		
Current liabilities:		
Vouchers and contracts payable	\$ 990,504	\$ -
Claims payable	-	347,340
Retainage payables	127,483	-
Accrued payroll	188,772	-
Unearned revenues	70,641	-
Customer deposits	664,233	-
Accrued interest - revenue bonds	376,667	-
Current maturities of long-term liabilities	<u>3,291,237</u>	<u>-</u>
Total current liabilities	<u>5,709,537</u>	<u>347,340</u>
Noncurrent liabilities:		
Revenue bonds payable	58,449,014	-
Compensated absences payable	347,636	-
Other postemployment benefits payable	481,881	-
Net pension benefit obligation	<u>375,080</u>	<u>-</u>
Total noncurrent liabilities	<u>59,653,611</u>	<u>-</u>
Total liabilities	<u>65,363,148</u>	<u>347,340</u>
NET POSITION		
Invested in capital assets, net of related debt	68,992,370	-
Restricted for:		
Debt service	925,059	-
Unrestricted	<u>24,794,589</u>	<u>-</u>
Total net position	<u>94,712,018</u>	<u>\$ -</u>
Reconciliation to government-wide statement of net position:		
Adjustment to reflect the consolidation of internal service fund activity related to the enterprise fund	-	-
Net position of business-type activities	<u>\$ 94,712,018</u>	

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



CITY OF TEMPLE, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended September 30, 2013

	Business-type Activities - Water and Sewer Fund	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Operating revenues:		
Charges for sales and services:		
Water service	\$ 16,968,854	\$ -
Sewer service	11,744,753	-
Other	<u>1,333,331</u>	<u>3,064,695</u>
Total operating revenues	<u>30,046,938</u>	<u>3,064,695</u>
Operating expenses:		
Personnel services	4,320,589	-
Supplies	1,607,336	-
Repairs and maintenance	1,363,857	-
Depreciation	5,884,348	-
Other services and charges	10,213,950	613,966
Insurance claims and expenses	-	<u>3,007,048</u>
Total operating expenses	<u>23,390,080</u>	<u>3,621,014</u>
Operating income (loss)	<u>6,656,858</u>	<u>(556,319)</u>
Nonoperating revenues (expenses):		
Intergovernmental revenues	27,136	
Interest income	323,317	551
Interest expense	<u>(2,314,361)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(1,963,908)</u>	<u>551</u>
Income (loss) before transfers and contributions	4,692,950	(555,768)
Contributions-TxDot	221,860	-
Transfer in	-	505,756
Transfer out	<u>(47,492)</u>	<u>-</u>
Change in net position	4,867,318	(50,012)
Total net position - beginning	<u>89,844,700</u>	<u>50,012</u>
Total net position - ending	<u>\$ 94,712,018</u>	<u>\$ -</u>
Reconciliation to government-wide statement of activities:		
Change in net position	\$ 4,867,318	
Adjustment to reflect the consolidation of internal service fund activity related to the enterprise fund	<u>(8,892)</u>	
Change in net position of business-type activities	<u>\$ 4,858,426</u>	

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

CITY OF TEMPLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2013

	Business-type Activities - Water and Sewer Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from customers	\$ 30,415,488	\$ -
Cash received from employees for services	-	1,020,740
Cash received from other funds for services	-	2,043,955
Cash paid to suppliers	(8,826,992)	-
Cash paid to employees	(4,191,679)	-
Cash paid for loss claims	-	(3,688,091)
Cash paid to other funds for administration, franchise fees and data processing	(4,549,652)	-
Net cash provided (used) by operating activities	<u>12,847,165</u>	<u>(623,396)</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	-	505,756
Transfers to other funds	(47,492)	-
Subsidy from federal grants	27,136	-
Net cash provided (used) by noncapital financing activities	<u>(20,356)</u>	<u>505,756</u>
Cash flows from capital and related financing activities:		
Capital expenses	(10,309,748)	-
Interest paid on debt	(2,202,266)	-
Debt principal payments	(4,674,019)	-
Proceeds from other governmental entities	192,973	-
Net cash (used) by capital and related financing activities	<u>(16,993,060)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received on investments	323,317	551
Net cash provided by investing activities	<u>323,317</u>	<u>551</u>
Net change in cash and cash equivalents	(3,842,934)	(117,089)
Cash and cash equivalents, beginning of year	38,931,466	442,119
Cash and cash equivalents, end of year	<u>\$ 35,088,532</u>	<u>\$ 325,030</u>

CITY OF TEMPLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2013

	Business-type Activities - Water and Sewer Fund	Governmental Activities - Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 6,656,858	\$ (556,319)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,884,348	-
Change in assets and liabilities:		
Change in accounts receivable	121,471	(22,310)
Change in inventory	(29,937)	-
Change in prepaids	(18,212)	-
Change in vouchers payable	58,832	246,467
Change in estimated claims payable	-	(291,234)
Change in accrued liabilities	15,293	-
Change in opeb liability	83,313	-
Change in net pension obligation liability	7,583	-
Change in customer deposits	44,895	-
Change in accrued vacation and sick leave	22,721	-
Total adjustments	<u>6,190,307</u>	<u>(67,077)</u>
Net cash provided (used) by operating activities	<u>\$ 12,847,165</u>	<u>\$ (623,396)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION		
Cash	\$ 4,500	\$ -
Investments	25,344,236	325,030
Restricted assets - debt service, and bond proceeds:		
Cash and investments	<u>9,739,796</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 35,088,532</u>	<u>\$ 325,030</u>

During the fiscal year ended September 30, 2013 the Water and Sewer Fund received \$ 0 in noncash contributions of infrastructure contributed by developers.

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



CITY OF TEMPLE, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2013

	<u>City of Temple Employee Benefits Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 110,560	\$ 2,371,671
Investments		-
Property taxes receivable	-	19,234
Other assets	-	12,496
Total assets	<u>110,560</u>	<u>2,403,401</u>
LIABILITIES		
Vouchers payable	110,560	188
Unearned revenue	-	19,109
Other	-	2,384,104
Total liabilities	<u>110,560</u>	<u>2,403,401</u>
NET POSITION		
Held in trust for benefits and other purposes	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF TEMPLE, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the year ended September 30, 2013

	<u>City of Temple Employee Benefits Trust</u>
Additions:	
Contributions:	
Employer	\$ 225,409
Employee	453,141
Retiree	95,122
Cobra	341
Total contributions	<u>774,013</u>
Total additions	<u>774,013</u>
Deductions:	
Benefits	<u>774,013</u>
Total deductions	<u>774,013</u>
Change in net position	-
Net position held in trust for benefits and other purposes	
Beginning of year	-
End of year	<u><u>\$ -</u></u>

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING MODEL AND ENTITY

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

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

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

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

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING MODEL AND ENTITY (Continued)

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

Financial Reporting Entity

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

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

Discretely Presented Component Units

Temple Economic Development Corporation (TEDC) is a legally separate entity from the City. TEDC was created for the purpose of promoting economic development within the City of Temple. The Board of Directors consist of fifteen voting members appointed by the City, acting through its City Council. The Mayor and one other council member periodically designated by resolution of the City Council, the City Manager, and the Chairman of the Board of Directors for the City of Temple Reinvestment Zone No. 1 are voting members of the Board. Of the remaining eleven positions on the TEDC Board (the "Public Directors"), the City Council appoints four voting members from the membership of Board of Directors of the Temple Chamber of Commerce, and four voting members from the membership of the Board of Directors of Temple Industrial Foundation. The remaining three Public Directors are chosen by the City Council from the public at large. The Bell County Judge, the President of Temple College, and the Superintendents of the Temple and Belton Independent School Districts are ex officio (non-voting) members of the Board of Directors with the right to have notice of, to attend, and to speak at all meetings of the TEDC Board of Directors. TEDC has been included in the reporting entity as a non-major discretely presented component unit of the City because the City appoints a voting majority of the board, provides 100% of funding for the board and maintains the ability to impose its will on the board.

Separately issued audited financial statements are available from TEDC, 2 North 5th Street, Temple, Texas 76501.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING MODEL AND ENTITY (Continued)

Discretely Presented Component Units (Continued)

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

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

Related Organizations

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The City's fiduciary fund is presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, this fund is not incorporated into the government-wide statements.

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

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

D. FUND ACCOUNTING

The government reports the following major governmental funds:

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

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

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

The *pass-through financing project fund* is used to account for financial resources to be used for the construction of the Northwest Loop 363 project. This project is substantially funded with funds from the Texas Department of Transportation.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

The government reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

Nonmajor Governmental Funds:

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

Fiduciary Funds:

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's accounts for two fiduciary funds, one is a trust fund and one is an agency fund. The trust fund is the City of Temple Employee Benefits Trust which accounts for the activities of the trust to provide City officers, employees, and qualified retirees and their dependents with life, disability, sickness, accident and other health benefits through the purchase of insurance. The agency fund is used to account for assets held by the City, as an agent for the Health & Bioscience Economic Development District.

Internal Service Funds:

Internal Service Funds are used to account for the financing of services provided by one department to other City departments on a cost-plus basis. The City Internal Service Fund is the Self-Funded Health Insurance Fund, which is used to account for the activities of the City's self-funded health insurance program.

Reconciliation of Government-wide and Fund Financial Statements

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

Reconciliation of Government-wide and Fund Financial Statements (Continued)

statement of revenues, expenditures, and changes in fund balances. The revenue and expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

E. ASSETS, LIABILITIES, AND NET POSITION

1. Deposits and Investments

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

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION (Continued)

2. Receivables

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

General Fund	\$ 2,155,273
Special Revenue Funds	47,885
Debt Service Fund	90,057
Enterprise Fund	450,956

3. Inventories and Prepaid Items

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

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

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

4. Restricted Assets

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION (Continued)

5. Capital Assets (Continued)

incurred by the City during the current fiscal year was \$ 7,432,892. Of this amount, \$ 530,762 was included as part of the cost of capital assets during FY 2013.

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

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

6. Compensated Absences

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

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

7. Net Pension Obligation

In the government-wide and proprietary fund financial statements, net pension obligations are reported as liabilities for the amount that the annual required contribution exceeds the amount funded by the City on a cumulative basis.

8. Other Post-Employment Benefits

In the government-wide and proprietary fund financial statements, other post-employment benefit (OPEB) liabilities are reported as liabilities for the amount that the annual required contribution exceeds the amount funded by the City on a cumulative basis. The City began reporting this liability for fiscal year 2009 on a prospective basis.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION (Continued)

9. Interfund Transactions

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

10. Long-term Obligations

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

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

11. Net Position

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

12. Fund Balance

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

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

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION (Continued)

12. Fund Balance (Continued)

Assigned Fund Balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or body to which the governing body delegates the authority, specifically the city manager.

Unassigned Fund Balance – amounts that are available for any purpose; positive amounts are reported in the General Fund.

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

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

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

13. Comparative Data/Reclassification

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

14. Estimates

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

F. NEW GASB PRONOUNCEMENTS

GASB Statement No. 60, *Accounting and Financial Reporting of Service Concession Arrangements*, is effective for periods beginning after December 15, 2011. This standard is to improve financial reporting for service concession arrangements. This statement required the City to add a note to the financial statements related to the service concession arrangement for the City's landfill (see note IV, A) but did not require any changes to the accounting for this arrangement.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. NEW GASB PRONOUNCEMENTS (Continued)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The City implemented this reporting for the year ended September 30, 2013. The components of net position were renamed to reflect the requirement of this statement.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

- Prior to August 1, the City Manager submits a proposed operating budget to the Director of Finance, who in turn submits it to the City Council for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- On or before September 15, the budget is legally adopted by the Council.
- The City Manager has the authority to transfer appropriation balances from one expenditure category to another within a department. The City Council must approve transfers of appropriations between departments, and any revisions that alter the total expenditures of any fund. Although costs are monitored on an expenditure category level, legal level of control (level at which expenditures may not exceed budget) is the department level. The reported budgetary data has been revised for amendments authorized during the year. Significant amendments were to provide: carry forwards from previous year for projects not complete, appropriations offset by revenues, and capital projects funds from designated fund balance to project funds.
- Formal budgetary integration is employed as a management control device by expenditure category during the year for the general fund, special revenue funds, and debt service fund. Formal budgetary integration is not employed for the capital projects fund because effective budgetary control is provided by the small number of contracts and projects in this fund, significant costs are subject to bidding, and projects usually span more than one fiscal year.
- Budgets for the general fund, special revenue funds and debt service fund are adopted on a basis consistent with the modified accrual basis of accounting.

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. BUDGETARY INFORMATION (Continued)

Major Funds:	<u>Encumbrances</u>
General Fund	\$ 1,960,290
Capital Projects Fund	2,495,611
Pass-Through Financing Project	26,203,796
Nonmajor Funds:	<u>562,651</u>
Totals	<u><u>\$31,222,348</u></u>

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Deposits

As of September 30, 2013, the City's deposit balances were as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
Total Deposits	<u>\$ 42,317,152</u>	<u>\$ 17,103,101</u>	<u>\$59,420,253</u>
Carrying Amount	<u>\$ 41,532,269</u>	<u>\$ 17,059,891</u>	<u>\$58,592,160</u>
Petty Cash	<u>\$ 13,095</u>	<u>\$ -</u>	<u>\$ 13,095</u>

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

Custodial Credit Risk – The City's policy is to be collateralized. The City was fully collateralized during the year for deposits. The policies of the Temple Economic Development Corporation, discretely presented component unit, also require full collateralization. As of September 30, 2013, the Temple Economic Development Corporation had a total of \$ 2,647,959 in deposits. Of this amount, \$ 431,290 was insured, and \$ 2,216,669 was collateralized with securities held by pledging financial institution's agent in the entity's name.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Investments

As of September 30, 2013, the City had the following investments:

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Primary Government</u>		
Investment pools:		
Texpool	\$ 5,558,164	\$ 5,558,164
TexSTAR	59,121,859	59,121,859
Texas CLASS	6,596,747	6,596,747
Total investment in pools:	<u>71,276,770</u>	<u>71,276,770</u>
 Total investments	 <u>\$ 71,276,770</u>	 <u>\$ 71,276,770</u>
<u>Discretely Presented Component Units</u>		
Investment pools:		
Texpool	\$ 1,270,565	\$ 1,270,565
TexSTAR	16,345,532	16,345,532
Texas CLASS	698,807	698,807
Total investment in pools:	<u>18,314,904</u>	<u>18,314,904</u>
 Total investments	 <u>\$ 18,314,904</u>	 <u>\$ 18,314,904</u>
<u>Reporting Entity</u>		
Total investments	<u>\$ 89,591,674</u>	<u>\$ 89,591,674</u>

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

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

Interest Rate Risk – In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than nine months. As of September 30, 2013, the weighted average maturity of the City’s investment portfolio was 76.00 days.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2013, the City minimized credit risk losses due to default of a security issuer or backer, by; limiting investments to the safest types of securities; limiting Certificates of Deposit that are insured by the Federal Deposit Insurance Corporation (FDIC); limiting the City’s investments to obligations issued, guaranteed, insured by or backed by the full faith and credit of the United States or its agencies and instrumentalities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized.

TexPool has been established for governmental entities in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. Finally, TexPool is rated AAAM by Standard & Poor’s. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as the office of the Comptroller of Public Accounts for review. The City’s fair value position is stated at the value of the position upon withdrawal.

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexSTAR’s governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor’s. The City’s fair value position is stated at the value of the position upon withdrawal.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas CLASS has been established for governmental entities pursuant to the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust and enters into contracts and agreements on behalf of the Trust in order to effectuate the terms of the Trust Agreement. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian. Texas CLASS is rated AAAM. The City's fair value position is stated at the value of the position upon withdrawal.

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

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

	Primary Government	Discretely Presented Component Units	Total Reporting Entity
Cash and investments (from above):			
Cash on hand	\$ 13,095	\$ -	\$ 13,095
Carrying amount of deposits	41,532,269	17,059,891	58,592,160
Carrying amount of investments	<u>71,276,770</u>	<u>18,314,904</u>	<u>89,591,674</u>
Total	<u>\$ 112,822,134</u>	<u>\$ 35,374,795</u>	<u>\$ 148,196,929</u>
Statement of Net Position:			
Cash	\$ 13,095	\$ 1,518,441	\$ 1,531,536
Investments	101,477,509	6,217,631	107,695,140
Restricted cash and investments	<u>11,331,530</u>	<u>27,638,723</u>	<u>38,970,253</u>
Total	<u>\$ 112,822,134</u>	<u>\$ 35,374,795</u>	<u>\$ 148,196,929</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. PROPERTY TAXES AND RECEIVABLES

The City's property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real and business personal property located in the City. The assessed value at January 1, 2012, upon which the fiscal year 2013 levy was based, was \$ 3,025,014,305. This amount is the net taxable value adjusted for frozen taxable value. The amount of the levy attributable to frozen taxes was \$ 1,795,796. The total levy assessed was \$19,534,480. The total taxable value before the adjustment for frozen taxable value was \$ 3,377,876,619.

The tax assessment of October 1, 2012 set a tax levy at \$ 0.5864 per \$ 100 of assessed valuation at 100 percent of assumed market value. The City may levy a tax of up to \$ 1.20 per \$ 100 of assessed valuation.

Taxes are due by January 31 following the October 1 levy date, at which time a lien attaches to the property.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue. At September 30, 2013, delinquent property taxes receivable are \$ 407,887, net of an allowance for doubtful accounts of \$ 265,399.

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance 10/1/12	Additions Net of CIP Reclassifications	Transfers/ Retirements	Balance 9/30/13
Primary government:				
Governmental Activities:				
Capital Assets not being depreciated				
Land	\$ 13,330,439	\$ 642,655	\$ -	\$ 13,973,094
Construction in Progress	3,571,200	9,791,056	(1,748,454)	11,613,802
Total Capital Assets not being depreciated	<u>16,901,639</u>	<u>10,433,711</u>	<u>(1,748,454)</u>	<u>25,586,896</u>
Capital Assets being depreciated				
Buildings	72,445,345	485,238	-	72,930,583
Infrastructure	120,564,475	981,206	-	121,545,681
Furniture & Equipment	22,035,499	493,293	(70,289)	22,458,503
Machinery & Equipment	27,532,046	4,477,322	(600,761)	31,408,607
Total Capital Assets being depreciated	<u>242,577,365</u>	<u>6,437,059</u>	<u>(671,050)</u>	<u>248,343,374</u>
Less Accumulated Depreciation for:				
Buildings	(27,734,676)	(1,723,577)	-	(29,458,253)
Infrastructure	(76,012,385)	(4,377,981)	-	(80,390,366)
Furniture & Equipment	(16,922,263)	(1,033,085)	47,077	(17,908,271)
Machinery & Equipment	(18,682,451)	(2,383,480)	569,836	(20,496,095)
Total Accumulated Depreciation	<u>(139,351,775)</u>	<u>(9,518,123)</u>	<u>616,913</u>	<u>(148,252,985)</u>
Total Capital Assets being depreciated, net	<u>103,225,590</u>	<u>(3,081,064)</u>	<u>(54,137)</u>	<u>100,090,389</u>
Governmental Activities Capital Assets, net	<u>\$ 120,127,229</u>	<u>\$ 7,352,647</u>	<u>\$ (1,802,591)</u>	<u>\$ 125,677,285</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS (Continued)

	Balance 10/1/12	Additions	Transfers/ Retirements	Balance 9/30/13
Business-type Activities:				
Capital Assets not being depreciated				
Land	\$ 652,271	\$ 38,024	\$ -	\$ 690,295
Construction in Progress	10,165,419	6,147,775	(10,367,562)	5,945,632
Total Capital Assets not being depreciated	<u>10,817,690</u>	<u>6,185,799</u>	<u>(10,367,562)</u>	<u>6,635,927</u>
Capital Assets being depreciated				
Buildings	45,210,191	2,564,151	-	47,774,342
Infrastructure	138,292,683	11,611,728	-	149,904,411
Furniture & Equipment	1,764,422	42,477	-	1,806,899
Machinery & Equipment	5,887,725	226,595	(188,884)	5,925,436
Total Capital Assets being depreciated	<u>191,155,021</u>	<u>14,444,951</u>	<u>(188,884)</u>	<u>205,411,088</u>
Less Accumulated Depreciation for:				
Buildings	(23,248,487)	(1,391,510)	-	(24,639,997)
Infrastructure	(56,872,569)	(3,839,229)	-	(60,711,798)
Furniture & Equipment	(1,362,424)	(135,685)	-	(1,498,109)
Machinery & Equipment	(2,997,590)	(517,924)	188,884	(3,326,630)
Total Accumulated Depreciation	<u>(84,481,070)</u>	<u>(5,884,348)</u>	<u>188,884</u>	<u>(90,176,534)</u>
Total Capital Assets being depreciated, net	<u>106,673,951</u>	<u>8,560,603</u>	<u>-</u>	<u>115,234,554</u>
Business-type Activities Capital Assets, net	<u>\$ 117,491,641</u>	<u>\$ 14,746,402</u>	<u>\$ (10,367,562)</u>	<u>\$ 121,870,481</u>

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

Governmental activities:	
General Government	\$ 634,123
Public Safety	2,490,589
Highways and Streets	2,197,345
Sanitation	757,492
Health and Welfare	56,992
Culture and Leisure Services	2,567,711
Airport	813,871
Total depreciation expense - Governmental activities	<u>\$ 9,518,123</u>
Business-type activities:	
Water and sewer	\$ 5,884,348
Total depreciation expense - Business-type activities	<u>\$ 5,884,348</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS (Continued)

The City has active construction projects as of September 30, 2013. Total accumulated commitments for ongoing capital projects are composed of the following:

Capital Projects Fund	\$ 25,243,697
Water and Sewer Fund	510,166
Special Revenue Fund	<u>132,824</u>
Total	<u>\$ 25,886,687</u>

	Balance 10/1/12	Additions	Transfers/ Retirements	Balance 9/30/13
Discretely presented component units:				
Reinvestment Zone No 1:				
Capital Assets not being depreciated				
Land	\$ 6,416,484	\$ -	\$ -	\$ 6,416,484
Construction in Progress	3,644,244	3,191,194	(263,377)	6,572,061
Total Capital Assets not being depreciated	<u>10,060,728</u>	<u>3,191,194</u>	<u>(263,377)</u>	<u>12,988,545</u>
Capital Assets being depreciated				
Buildings	1,103,035	-	-	1,103,035
Infrastructure	49,865,306	263,377	-	50,128,683
Machinery & Equipment	<u>42,559</u>	<u>-</u>	<u>-</u>	<u>42,559</u>
Total Capital Assets being depreciated	<u>51,010,900</u>	<u>263,377</u>	<u>-</u>	<u>51,274,277</u>
Less Accumulated Depreciation for:				
Buildings	(201,007)	(30,433)	-	(231,440)
Infrastructure	(12,413,315)	(2,172,058)	-	(14,585,373)
Machinery & Equipment	<u>(13,713)</u>	<u>(2,837)</u>	<u>-</u>	<u>(16,550)</u>
Total Accumulated Depreciation	<u>(12,628,035)</u>	<u>(2,205,328)</u>	<u>-</u>	<u>(14,833,363)</u>
Total Capital Assets being depreciated, net	<u>38,382,865</u>	<u>(1,941,951)</u>	<u>-</u>	<u>36,440,914</u>
Reinvestment Zone No.1 Capital Assets, net	<u>\$ 48,443,593</u>	<u>\$ 1,249,243</u>	<u>\$ (263,377)</u>	<u>\$ 49,429,459</u>
Temple Economic Development Corporation:				
Buildings & Improvements	\$ 413,931	\$ -	\$ -	\$ 413,931
Office Equipment	<u>175,347</u>	<u>-</u>	<u>-</u>	<u>175,347</u>
Total Capital Assets being depreciated	<u>589,278</u>	<u>-</u>	<u>-</u>	<u>589,278</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	(63,375)	(10,614)	-	(73,989)
Office Equipment	<u>(139,328)</u>	<u>(16,728)</u>	<u>-</u>	<u>(156,056)</u>
Total Accumulated Depreciation	<u>(202,703)</u>	<u>(27,342)</u>	<u>-</u>	<u>(230,045)</u>
Temple Economic Development Corp. Capital Assets, net	<u>\$ 386,575</u>	<u>\$ (27,342)</u>	<u>\$ -</u>	<u>\$ 359,233</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at September 30, 2013 were:

	Due from Other Funds	Due to Other Funds
Major Funds:		
General Fund	\$ 1,198,826	\$ -
Nonmajor Funds:		
Special Revenue Fund - Federal/State Grant	-	1,198,826
Totals	<u>\$ 1,198,826</u>	<u>\$ 1,198,826</u>

Interfund receivables represent advances to special revenue funds to be repaid with future grant revenues and future operating revenues. Interfund receivables also represent advances to capital projects fund to be repaid with future bond proceeds.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2013, in the Statement of Net Position were as follows:

	Property (Net of Allowance)	Other (Net of Allowance)	Other Governments	Total Receivables
General Fund	\$ 230,312	\$ 2,607,451	\$ 38,119	\$ 2,875,882
Debt Service Fund	177,575	40,000	-	217,575
Capital Projects Fund	-	7,198	-	7,198
Pass-Through Financing Project	-	-	3,393,206	3,393,206
Nonmajor Governmental Funds	-	238,459	1,390,261	1,628,720
Water & Sewer Fund	-	2,118,933	-	2,118,933
Total	<u>\$ 407,887</u>	<u>\$ 5,012,041</u>	<u>\$ 4,821,586</u>	<u>\$ 10,241,514</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES (Continued)

Payables at September 30, 2013, in the Statement of Net Position were as follows:

	Vouchers & Contracts	Retainages	Accrued Payroll	Deposits	Total Payables
General Fund	\$ 2,439,540	\$ -	\$ 1,792,342	\$ 64,799	\$ 4,296,681
Capital Projects Fund	693,016	155,792	3,593	-	852,401
Pass-Through Financing Project	1,661,233	768,273	-	-	2,429,506
Nonmajor Governmental Funds	469,122	28,304	63,931	112,009	673,366
Internal Service Fund	347,340	-	-	-	347,340
Water and Sewer Fund	990,504	127,483	188,772	-	1,306,759
Total	<u>\$ 6,600,755</u>	<u>\$ 1,079,852</u>	<u>\$ 2,048,638</u>	<u>\$ 176,808</u>	<u>\$ 9,906,053</u>

Liabilities payable from restricted assets at September 30, 2013, in the Statement of Net Position were as follows:

	<u>Water & Sewer Fund</u>
Customer Deposits	<u>\$ 664,233</u>
	<u>\$ 664,233</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. DEFERRED INFLOWS OF RESOURCES/UNEARNED REVENUE

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

	<u>Deferred Inflows</u>	<u>Unearned</u>	<u>Total</u>
Governmental activities			
General Fund:			
Delinquent property taxes	\$ 202,727	\$ -	\$ 202,727
Street escrow	-	381,769	381,769
Parks escrow	-	353,607	353,607
Police escrow	-	117,942	117,942
Child safety fees	-	42,707	42,707
Animal shelter	-	815	815
Electric franchise	-	1,386,459	1,386,459
Gas franchise	-	275,811	275,811
Development agreement	-	104,267	104,267
Other	-	32,471	32,471
Debt Service Fund:			
Delinquent property taxes	166,374	-	166,374
Nonmajor governmental funds:			
Grant draw downs prior to meeting all eligibility requirements	<u>-</u>	<u>117</u>	<u>117</u>
Total Governmental Funds	<u>\$ 369,101</u>	<u>\$2,695,965</u>	<u>\$3,065,066</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT

The following is a summary of long-term debt transactions, including current portion of the City for the year ended September 30, 2013:

	Balance October 1, 2012	Additions	Retirements	Balance September 30, 2013	Due within one year
<u>Governmental Activities</u>					
General obligation bonds	\$ 48,315,000	\$ -	\$ 3,325,000	\$ 44,990,000	\$ 3,350,000
Certificates of obligations	17,160,000	14,065,000	1,075,000	30,150,000	1,125,000
Contractual obligations	5,745,000	5,710,000	-	11,455,000	645,000
Revenue bonds	1,730,000	-	400,000	1,330,000	420,000
Pass-through agreement revenue & limited tax bonds	24,700,000	-	-	24,700,000	-
Notes payable	455,915	-	318,680	137,235	137,235
Plus deferred amount:					
Issuance premium	5,831,738	385,580	645,419	5,571,899	660,398
Issuance discount	(522,061)	(275,379)	(47,925)	(749,515)	(56,452)
Deferred amount on refunding	(1,269,799)	-	(131,152)	(1,138,647)	(131,154)
Compensated absences	6,622,992	756,782	475,067	6,904,707	563,383
Net pension obligation	2,395,832	4,052,695	4,001,029	2,447,498	-
OPEB liability	1,754,676	509,485	218,081	2,046,080	-
Total governmental activities	<u>112,919,293</u>	<u>25,204,163</u>	<u>10,279,199</u>	<u>127,844,257</u>	<u>6,713,410</u>
<u>Business-Type Activities</u>					
General obligation bonds	32,390,000	-	1,160,000	31,230,000	1,350,000
Revenue bonds	34,110,000	-	3,410,000	30,700,000	1,890,000
Notes payable	104,018	-	104,018	-	-
Plus deferred amount:					
Issuance premium	2,817,069	-	276,444	2,540,625	276,444
Issuance discount	(448,855)	-	(51,974)	(396,881)	(223,380)
Deferred amount on refunding	(2,669,426)	-	(288,529)	(2,380,897)	(49,232)
Compensated absences	369,220	71,231	45,411	395,040	47,405
Net pension obligation	367,497	575,335	567,752	375,080	-
OPEB liability	398,568	83,313	-	481,881	-
Total business-type activities	<u>67,438,091</u>	<u>729,879</u>	<u>5,223,122</u>	<u>62,944,848</u>	<u>3,291,237</u>
<u>Component Units</u>					
Reinvestment Zone No. 1	30,541,007	25,313,032	2,604,936	53,249,103	2,555,000
Temple Economic Development Corp.	5,683	93,392	-	99,075	92,700
Total component units	<u>30,546,690</u>	<u>25,406,424</u>	<u>2,604,936</u>	<u>53,348,178</u>	<u>2,647,700</u>
Total government	<u>\$ 210,904,074</u>	<u>\$ 51,340,466</u>	<u>\$ 18,107,257</u>	<u>\$ 244,137,283</u>	<u>\$ 12,652,347</u>

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

Long-term debt at September 30, 2013 is comprised of the following:

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>
General obligation bonds:		
\$ 13,960,000 2005 refunding bonds due in annual installments of \$ 10,000 to \$ 2,215,000 through 2016; interest at 2.50% to 5.00%	\$ 2,580,000	\$ -
\$ 9,660,000 2008 bonds due in annual installments of \$ 50,000 to \$ 845,000 through 2028; interest at 3.50% to 5.25%	9,170,000	-
\$ 13,995,000 2009 bonds due in annual installments of \$ 190,000 to \$ 1,130,000 through 2029; interest at 2.50% to 4.25%	12,865,000	-
\$ 3,950,000 2009 refunding bonds due in annual installments of \$ 395,000 to \$ 625,000 through 2017; interest at 2.00% to 3.00%	1,915,000	-
\$ 24,120,000 2011 refunding bonds due in annual installments of \$ 245,000 to \$ 3,250,000 through 2023; interest at 2.00% to 4.00%	9,310,000	13,885,000
\$ 3,045,000 2011A refunding bonds due in annual installments of \$ 40,000 to \$ 785,000 through 2017; interest at 2.00% to 4.255%	3,005,000	-
\$ 24,895,000 2012 refunding bonds due in annual installments of \$ 10,000 to \$ 3,820,000 through 2026; interest at 2.00% to 5.00%	6,145,000	17,345,000
	<u>44,990,000</u>	<u>31,230,000</u>
Certificates of obligation:		
\$ 10,220,000 2006 certificates due in annual installments of \$ 80,000 to \$ 910,000 through 2026; interest at 4.00% to 4.50%	3,400,000	-
\$ 13,520,000 2008 certificates due in annual installments of \$ 35,000 to \$ 1,155,000 through 2028; interest at 3.0% to 5.25%	12,685,000	-
\$ 9,420,000 2012 certificates due in annual installments of \$ 400,000 to \$ 685,000 through 2033; interest at 2.00% to 3.00%	9,420,000	-
\$ 4,645,000 2012 taxable certificates due in annual installments of \$ 50,000 to \$ 410,000 through 2032; interest at 1.50% to 3.50%	4,645,000	-
	<u>30,150,000</u>	<u>-</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

	Governmental Activities	Business - Type Activities
Contractual obligations:		
\$ 5,745,000 2011 limited tax notes due in annual installments of \$ 1,350,000 to \$ 1,530,000 through 2018; interest at 3.00% to 5.00%	\$ 5,745,000	\$ -
\$ 5,710,000 2013 limited tax notes due in annual installments of \$ 645,000 to \$ 970,000 through 2020; interest at 1.00% to 2.00%	5,710,000	-
	<u>11,455,000</u>	<u>-</u>
Revenue bonds:		
\$ 3,550,000 2005 bonds due in annual installments of \$ 110,000 to \$ 465,000 through 2015; interest at 5.27%	1,330,000	-
\$ 20,510,000 2006 bonds due in annual installments of \$ 150,000 to \$ 3,330,000 through 2026; interest at 4.00% to 5.00%	-	2,215,000
\$ 15,030,000 2008 bonds due in annual installments of \$ 445,000 to \$ 1,125,000 through 2028; interest at 3.50% to 5.25%	-	12,385,000
\$ 17,210,000 2010 bonds due in annual installments of \$ 550,000 to \$ 1,925,000 through 2030; interest at 2.25% to 3.75%	-	16,100,000
	<u>1,330,000</u>	<u>30,700,000</u>
Pass-through agreement revenue & limited tax bonds:		
\$ 24,700,000 2012 bonds due in annual installments of \$ 120,000 to \$ 2,310,000 through 2034; interest at 2.00% to 5.00%	24,700,000	-
	<u>24,700,000</u>	<u>-</u>
Notes Payable:		
\$ 175,426 2004 loan agreement due in quarterly installments of \$ 3,777 to \$ 5,055 through 2014; interest at 3.0%	24,900	-
\$ 265,371 2009 capital lease due in monthly installments of \$ 3,313 to \$ 3,951 through 2014; interest at 4.88%	112,335	-
	<u>137,235</u>	<u>-</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

	Governmental Activities	Business - Type Activities
Issuance premium	\$ 5,571,899	\$ 2,540,625
Issuance discount	(749,515)	(396,881)
Deferred amount on refunding	(1,138,647)	(2,380,897)
Accrual for compensated absences	6,904,707	395,040
Accrual for net pension obligation	2,447,498	375,080
Accrual for OPEB liability	2,046,080	481,881
	<u>15,082,022</u>	<u>1,014,848</u>
Total primary government debt	<u>127,844,257</u>	<u>62,944,848</u>
Component Units:		
Reinvestment Zone No 1:		
\$ 10,875,000 2009 general obligation bonds due in annual installments of \$ 100,000 to \$ 1,440,000 through 2019, interest at 2.00% to 3.125%; guaranteed by the City of Temple	8,130,000	-
\$ 10,405,000 2011A general obligation bonds due in annual installments of \$ 145,000 to \$ 2,405,000 through 2022, interest at 2.00% to 5.00%; guaranteed by the City of Temple	10,260,000	-
\$ 480,000 2012 general obligation bonds due in annual installments of \$ 10,000 to \$ 75,000 through 2022, interest at 2.00% to 5.00%; guaranteed by the City of Temple	470,000	-
\$ 10,365,000 2008 taxable revenue bonds due in annual installments of \$ 215,000 to \$ 1,180,000 through 2022, interest at 5.29%; guaranteed by the City of Temple	8,705,000	-
\$ 25,260,000 2013 certificates of obligation due in annual installments of \$ 1,110,000 to \$ 2,010,000 through 2033, interest at 2.00% to 4.125%; guaranteed by the City of Temple	25,260,000	-
Issuance premium	1,484,972	-
Issuance discount	(660,142)	-
Deferred amount on refunding	(400,727)	-
Temple Economic Development Corporation:		
\$ 92,700 note due in one payment in November 2013, interest at 3.00%	92,700	-
Accrual for compensated absences	6,375	-
Total component units debt	<u>53,348,178</u>	<u>-</u>
Total debt - reporting entity	<u>\$ 181,192,435</u>	<u>\$ 62,944,848</u>

The annual requirements to amortize debt outstanding as of September 30, 2013, follow. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable and have not been included in the following summary.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

General Obligation Bonds

Year Ending September 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Units</u>		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2014	\$ 3,350,000	\$ 1,763,851	\$ 1,350,000	\$ 1,123,225	\$ 1,775,000	\$ 637,569	\$ 9,999,645
2015	3,455,000	1,666,279	1,390,000	1,096,225	1,835,000	596,919	10,039,423
2016	3,600,000	1,564,635	1,435,000	1,068,425	1,955,000	550,025	10,173,085
2017	3,465,000	1,448,425	2,260,000	1,032,600	2,000,000	498,750	10,704,775
2018	3,195,000	1,323,375	2,325,000	964,800	2,045,000	431,700	10,284,875
2019-2023	17,265,000	4,683,400	13,015,000	3,517,800	9,250,000	954,950	48,686,150
2024-2028	9,530,000	1,471,944	9,455,000	635,050	-	-	21,091,994
2029-2033	1,130,000	48,025	-	-	-	-	1,178,025
Total	\$ 44,990,000	\$ 13,969,934	\$ 31,230,000	\$ 9,438,125	\$ 18,860,000	\$ 3,669,913	\$122,157,972

Certificates of Obligations

Year Ending September 30	<u>Governmental Activities</u>		<u>Component Units</u>		Total
	Principal	Interest	Principal	Interest	
2014	\$ 1,125,000	\$ 1,119,933	\$ -	\$ 906,910	\$ 3,151,843
2015	1,170,000	1,075,195	-	924,894	3,170,089
2016	1,690,000	1,028,670	-	924,894	3,643,564
2017	1,185,000	968,882	1,110,000	924,894	4,188,776
2018	1,260,000	931,808	1,145,000	902,693	4,239,501
2019-2023	7,610,000	3,941,326	6,265,000	3,939,368	21,755,694
2024-2028	11,370,000	2,103,368	7,510,000	2,727,544	23,710,912
2029-2033	4,740,000	429,484	9,230,000	1,152,163	15,551,647
Total	\$ 30,150,000	\$ 11,598,666	\$ 25,260,000	\$ 12,403,360	\$ 79,412,026

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

Contractual Obligations

Year Ending September 30	Governmental Activities		Total
	Principal	Interest	
2014	\$ 645,000	\$ 334,755	\$ 979,755
2015	2,000,000	330,400	2,330,400
2016	2,070,000	263,400	2,333,400
2017	2,370,000	193,900	2,563,900
2018	2,455,000	102,700	2,557,700
2019-2020	1,915,000	57,700	1,972,700
Total	<u>\$ 11,455,000</u>	<u>\$ 1,282,855</u>	<u>\$ 12,737,855</u>

Pass-Through Agreement Revenue & Limited Tax Bonds

Year Ending September 30	Governmental Activities		Total
	Principal	Interest	
2014	\$ -	\$ 1,139,875	\$ 1,139,875
2015	-	1,139,875	1,139,875
2016	120,000	1,139,875	1,259,875
2017	895,000	1,137,475	2,032,475
2018	925,000	1,110,625	2,035,625
2019-2023	5,160,000	5,007,675	10,167,675
2024-2028	7,215,000	3,606,125	10,821,125
2029-2033	8,450,000	1,712,475	10,162,475
2034	1,935,000	96,750	2,031,750
Total	<u>\$ 24,700,000</u>	<u>\$ 16,090,750</u>	<u>\$ 40,790,750</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

Revenue Bonds

Year Ending September 30	Governmental Activities		Business-type Activities		Component Units		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2014	\$ 420,000	\$ 59,024	\$ 1,890,000	\$ 1,187,000	\$ 780,000	\$ 460,494	\$ 4,796,518
2015	445,000	36,231	1,940,000	1,116,800	820,000	419,232	4,777,263
2016	465,000	12,253	1,995,000	1,043,150	865,000	375,854	4,756,257
2017	-	-	1,285,000	967,413	910,000	330,096	3,492,509
2018	-	-	1,330,000	922,113	960,000	281,958	3,494,071
2019-2023	-	-	7,460,000	3,850,788	4,370,000	593,010	16,273,798
2024-2028	-	-	11,025,000	2,146,142	-	-	13,171,142
2029-2030	-	-	3,775,000	211,438	-	-	3,986,438
Total	\$ 1,330,000	\$ 107,508	\$ 30,700,000	\$ 11,444,844	\$ 8,705,000	\$ 2,460,644	\$ 54,747,996

Notes Payable

Year Ending September 30	Governmental Activities		Component Units Activities		Total
	Principal	Interest	Principal	Interest	
2014	\$ 137,235	\$ 1,384	\$ 92,700	\$ -	\$ 231,319
Total	\$ 137,235	\$ 1,384	\$ 92,700	\$ -	\$ 231,319

(1) General Obligation Bonds and Certificates of Obligation -

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

(2) Revenue Bonds -

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

The Revenue Bonds are collateralized by the revenue of the water and sewer system established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2013.

(3) Taxable Revenue Bonds -

Taxable Revenue Bonds constitute special obligations of the City and are payable from and secured by an irrevocable first lien on and pledge of the net revenues of the Airport, and said net revenues are further pledged irrevocably to the establishment and maintenance of the funds.

The Taxable Revenue Bonds, Series 2005, are collateralized by the net revenue of the Airport established by the bond ordinance. The ordinance provides that the revenue of the Airport is to be used first to pay operating and maintenance expenses of the Airport and second to establish and maintain the Taxable Revenue Bond funds. The ordinance also contains provisions which, among other items, restrict the issuance of additional debt, unless the City has sufficient funds to establish and maintain funds for the payment thereof. The City is in compliance with all significant requirements as of September 30, 2013.

The Taxable Revenue Bonds, Series 2008, are collateralized by the tax increment generated by the Reinvestment Zone No.1 (a discretely presented component unit) by the First Supplemental Ordinance to the Master Ordinance Establishing the City of Temple, Texas Reinvestment Zone Number One Tax Increment Revenue Financing Program. The ordinance provides that the revenue of the Reinvestment Zone No. 1 be used to meet all financial obligations related to the bonds. The City is in compliance with all significant requirements as of September 30, 2013.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

(4) 2013 Issuances -

On November 1, 2012, the City issued \$ 4,645,000 of Combination Tax and Revenue Certificates of Obligation taxable bonds. The interest rate of the bonds range from 1.5% to 3.0% and the maturity date of the bonds is August 1, 2025. These bonds were issued for the permitting, construction, and other costs related to the expansion of the City's landfill including land acquisition.

On November 1, 2012, the City issued \$ 9,420,000 of Combination Tax and Revenue Certificates of Obligation bonds. The interest rate of the bonds range from 2.0% to 3.0% and the maturity date of the bonds is August 1, 2025. These bonds were issued to fund constructing, reconstructing, improving, extending, expanding, upgrading and/or developing streets bridges, sidewalks, intersections, traffic signalization, and other traffic improvement projects as part of the first phase of the City's Transportation Capital Improvement Program.

On August 8, 2013, the City issued \$ 5,710,000 of Limited Tax Notes. The interest rate of the notes range from 1.0% to 2.0% and the maturity date of the notes is August 1, 2020. The notes were issued to fund the purchase of Solid Waste trucks and to fund the construction of a compressed natural gas (CNG) fueling station for the Solid Waste trucks.

On August 8, 2013, the City issued \$ 25,260,000 of Combination Tax and Revenue Certificates of Obligation bonds. The interest rate of the bonds range from 2.0% to 4.125% and the maturity date of the bonds is August 1, 2033. The bonds were issued to fund infrastructure projects identified in the Master Plan of the Reinvestment Zone No. 1.

In the debt service fund, a fund balance of \$ 7,356,612 is available to service general long-term debt. There is also a reserve fund in the Reinvestment Zone No. 1 (a discretely presented component unit) of \$ 1,955,799 available to pay principal and interest on certificates of obligation bonds issued by the Reinvestment Zone No. 1.

The bond indentures require the establishment and maintenance of interest and sinking funds and reserve funds in varying amounts. Restricted cash on the accompanying combined balance sheet represents these amounts. The enterprise fund has restricted cash of \$ 9,739,796, of which \$ 925,059 will be used to pay accrued interest and current maturities of bond indentures, \$ 8,150,504 represents remaining bonds proceeds, and the remaining \$ 664,233 represents customer security deposits. In addition, there are restrictions concerning the maintenance of sufficient rates charged for services to users to generate enough funds for debt service requirements, the maintenance of accounting records and insurance as well as reporting the results of the City's operations to specified major bondholders. The City is in compliance with all significant requirements and restrictions contained in the bond indentures.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2013 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General	\$ 193,840	\$2,180,513
Debt Service	5,768,003	524
Capital Projects	1,523,825	5,868,892
Nonmajor Governmental Funds:		
Special Revenue	<u>627,303</u>	<u>521,306</u>
Subtotal of Governmental Funds	<u>8,112,971</u>	<u>8,571,235</u>
Water and Sewer Fund	-	47,492
Internal Service Fund	<u>505,756</u>	-
Total	<u><u>\$8,618,727</u></u>	<u><u>\$8,618,727</u></u>

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

IV. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government. The City discovered mold in our Police headquarters facility. In the course of investigating the extent of the mold and the causes of the mold, the City identified a number of defects in the design and construction of the building. The City has engaged design professionals and a construction manager at risk to address defects in design and construction of the building, to eliminate mold, and to correct other design and construction defects in the building as it was constructed. The renovations to the building will also improve the operating efficiency of the building in the future. The costs of repairs are \$ 5,440,552 and were completed in January 2012. The City filed a lawsuit against the original project architect, a HVAC design firm that assisted the architect, and the original contractor, to recover all of the costs of remediating mold in the building and curing any other design or construction related defects in the building. The City sought to recover of all costs associated with renovations to include but are not limited to design, construction, relocation, legal, and other related expenditures. On February 7,

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

A. COMMITMENTS AND CONTINGENCIES (Continued)

Litigation (Continued)

2013, the City authorized a settlement agreement with the defendants to resolve the lawsuit filed by the City. The total settlement amount was \$ 7,250,000. The City directly received \$ 5,350,000, and the City's attorney received \$ 1,900,000.

Grants

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

Long-Term Agreements

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

Operation of Doshier Farm Wastewater Treatment Plant - A commercial entity has provided operations and maintenance of the Doshier Farm Wastewater Plant (WWTP), twenty-four (24) lift stations (serving the Doshier Farm WWTP and the Temple-Belton BRA WWTP), and the City's industrial pretreatment program since October 1, 1994. In September 2003, the City added the operations and maintenance of the reuse system that delivers treated wastewater effluent to irrigate City owned ball fields. The City entered into another agreement with the same commercial entity to provide the operations listed above for the period October 1, 2004 through September 30, 2010. On May 21, 2009, the City renewed the agreement with commercial entity to provide same operations listed above and added three (3) additional lift stations that were not part of the current agreement for the period October 1, 2009 through September 30, 2014.

The City retains ownership of the Doshier Farm WWTP and its associated equipment. The City also retains all relevant permits in its name.

The City's major responsibility is paying the contractor the agreed annual compensation in monthly installments due on the first of each month. The base fee for the remaining years of the new agreement is \$ 1,311,557 (2014).

Landfill Operations - On March 16, 2011, the City renegotiated its agreement with the commercial entity to operate the City's solid waste landfill. Under the terms of the new agreement, the contractor pays the City \$ 634,856 annually (\$ 52,904.70 per month). In addition, the contractor pays a fee for each ton of solid waste disposed at the landfill, regardless of the source or point of origin of the waste, with a guaranteed minimum surcharge equivalent to 200,000 tons per year. The fee per ton is calculated as follows on waste disposed at the landfill each year:

\$ 2.67/ton up to 200,000 tons
\$ 3.33/ton over 200,000 tons

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

A. COMMITMENTS AND CONTINGENCIES (Continued)

Long-Term Agreements (Continued)

Landfill Operations (Continued) - The new agreement is for a period of thirty years, or the life of the landfill, if less and may be extended by mutual agreement of the parties for additional ten (10) year period. Under the terms of the agreement, the City is obligated to deliver all solid waste from its sanitation operation to the landfill. The City pays a fee at delivery which was \$24.05 per ton during the period through September 30, 2013.

The contractor is responsible for all costs of operating the landfill, including the costs of closure, post-closure care cost and compliance with federal and state requirements.

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

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

Future Commitments

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

The total project cost is currently budgeted at \$ 53,541,208. The Department will fund \$ 20,000,000 with Category 12 funds to be reimbursed to the City for eligible construction expenditures. These payments will be made prior to the Department's pass-through reimbursements and be made at the time of construction. The maximum amount to be paid in annual installments under the pass-through reimbursements will begin after construction is completed and shall not exceed \$ 16,555,000.

Under no circumstances will the annual payment be less than \$ 752,500 over 20 years or more than \$ 1,505,000 over 10 years. The City's share of the project of \$ 16,686,208 plus financing costs will be funded by Pass-Through Agreement Revenue and Limited Tax Bonds in order to fund the amount needed. Other funding sources that are included in the City's share include currently issued and available Certificate of Obligation funds, Utility Revenue bonds, and Reinvestment Zone No. 1 funds.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

A. COMMITMENTS AND CONTINGENCIES (Continued)

Future Commitments (Continued)

On May 24, 2012, the City authorized a construction contract with James Construction Group, LLC in an amount not to exceed \$ 39,883,619 for the construction of this project. Construction is estimated to be completed in early summer 2014. The bonds to fund the construction were sold on May 24, 2012, as well.

A. RISK MANAGEMENT

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

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

B. SELF-FUNDED HEALTH INSURANCE

The City is self-insured for medical claims. The self-insurance program is maintained in the Self-Funded Health Insurance Internal Service Fund. This program provides health benefit coverage in accordance with a pre-approved plan that establishes coverage limits per employee per year with an unlimited lifetime maximum per employee. The City purchases commercial insurance for claims in excess of a contractual City liability limit which is \$125,000 per member. Additionally, commercial insurance covers claims in excess of an aggregate amount for the City up to 120% of the expected medical claims per plan year. Settled claims have not exceeded the commercial coverage during the year. The liability is estimated based upon claims settled within the next three months. Fiscal year 2011 was the first year of the plan. Effective October 1, 2013, the City elected to terminate the self-insurance program and offer a fully insured plan to its employees. An analysis of claims activity is presented below:

Plan Year Ended	Beginning Liability	Claims and Changes in Estimates	Actual Claims Payments	Balance at Year-End
9/30/2011	\$ -	\$ 2,212,562	\$ 2,050,531	\$ 162,031
9/30/2012	162,031	2,881,942	2,752,739	291,234
9/30/2013	291,234	3,007,048	2,950,942	347,340

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

D. TAX ABATEMENTS

The City has entered into contractual agreements with property owners (or lessee's) in which the City has agreed to reduce the amount of ad valorem taxes payable on certain improvements constructed after the date the agreement was reached. The property owner, in return for the abatement, contractually agreed to construct and maintain certain identifiable improvements within a definite period or repay the abated taxes if the improvements are not maintained. The following is a list of property owners (or lessee's) with which the City has entered into tax abatement agreements.

Date of Abatement Agreement	Effective Tax Year	Firm	2013 Abated Value	Term of Abatement	Abatement Percentage
7/06	Jan-07	McLane Group, LP	\$ 2,027,825	10 years	10% to 100%
12/06	Jan-08	Oro Holdings, Ltd. Dba Gidden Distributing, Inc.	688,996	5 years	75%
03/07	Jan-08	Celedonio and Adela Hernandez	98,303	5 years	75%
06/07	Jan-08	Pactiv Corporation	3,630,819	5 years	100%
05/08	Jan-09	Jencer Investments, Inc. {Computer Service Center}	492,896	5 years	75%
08/09	Jan-10	Texquest Investments LLC	175,105	5 years	100%
02/09	Jan-11	H.E. Butt Grocery	29,844,124	10 years	100%
09/10	Jan-11	Akzo Nobel Paints LLC - Liquid Nails Division	2,665,480	5 years	50%
01/11	Jan-12	Fikes Wholesale, Inc.	3,320,247	5 years	100%
05/11	TBD	Panda Temple Power, LLC	-	10 years	50%
06/11	Jan-12	LJT Texas Realty, Inc.	1,054,342	5 years	50%
06/11	Jan-12	Reynolds Consumer Products, Inc. {Pactiv Corporation}	1,983,542	5 years	80%
01/12	Jan-13	Spartime Entertainment, LLC	-	5 years	100%
10/12	TBD	Don-Nan Pump & Supply Company	-	5 years	50%
12/12	TBD	Panda Temple Power II, LLC	-	10 years	12% to 65%
05/13	TBD	Buc-ee's, LTD	-	10 years	50%

During fiscal year 2013, the total amount of abated property value was \$ 45,981,679. Based on the city tax rate of \$ 0.5864 per \$ 100 of value, the foregone tax levy due to abatement agreements was \$ 239,637.

E. EMPLOYEE BENEFITS

(1) Retirement Plans

Plan Description

The City participates in two retirement plans. The Texas Municipal Retirement System covered 618 employees as of December 31, 2012. The Temple Firefighter's Relief and Retirement Fund covered 114 employees as of September 30, 2012.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

The Texas Municipal Retirement System The City provides pension benefits for all of its full time and benefits eligible part-time employees, except fire fighters, through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 849 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing statutes of TMRS.

Benefits - Upon retirement, benefits depend on the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. City financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to establishment of the plan. Monetary credits for service since the plan began (or current service credits) are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, either annually or on an annually repeating basis, another type of monetary credit referred to as an Updated Service Credit. This monetary credit is determined by hypothetically recomputing the member's account balance by assuming that the current member deposit rate of the currently employing city has always been in effect. The computation also assumes that the member's salary has always been the member's average salary, using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, not the actual interest credited to member accounts in previous years, and increased by the city match currently in effect. The resulting sum is then compared to the member's actual account balance increased by the actual city match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or Updated Service Credit) equal to the difference between the hypothetical calculation and the actual calculation. At retirement, the benefit is calculated as if the sum of the employee's contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members may choose to receive their retirement in one of seven payment options: retiree life only; one of three lifetime survivor options; or one of three guaranteed term options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution (PLSD) in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75% of the total member deposits and interest. The City has elected to increase the annuities of its retirees on an annually repeating basis, effective January 1 of a calendar year. The City has adopted annuity increases at a rate equal to 70% of the increase (if any) of the Consumer Price Index – all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Members may work for more than one TMRS city during their career. If an individual has become vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows:

Employee Deposit Rate:	7 %
Matching Ratio (City to Employee)	2 to 1
A member is vested after	5 years

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the city are: 5 years/age 60, 20 years/any age.

Temple Firefighters' Relief and Retirement Fund The Board of Trustees of the Temple Firefighters' Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. The Fund has separately issued audited financial statements for the year ended September 30, 2013. Firefighters in the Temple Fire Department are covered by the Temple Firefighters' Relief and Retirement Fund. The table below summarizes the membership of the fund included in the audited financial statements as of September 30, 2013.

	September 30, 2013
a. Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	65
b. Current employees	<u>115</u>
c. Total	<u><u>180</u></u>

The Temple Firefighters' Relief and Retirement Fund provided service retirement, death, disability and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 20 years of service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a partially vested benefit, he may retire starting on the date he would have both completed 20 years of service if he had remained a Temple firefighter and attained age 50. As of the September 30, 2012 actuarial valuation date, the plan effective April 9, 2009, the fund provided a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 65.75% of Highest Five Year Average Salary plus \$ 90 per month for each year of service in excess of 20.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Temple Firefighters' Relief and Retirement Fund (continued) There is no provision for automatic postretirement benefit increases. The fund has the authority to provide, and has periodically in the past provided for, ad hoc post-retirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA). TLFFRA provided the authority and procedure to amend benefit provisions.

Contribution Method and Benefits

a. Texas Municipal Retirement System -

Under the state law governing TMRS, the contribution rate for the City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded actuarial liability over 25.2 years using a closed amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and annuity increases. The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2012 valuation is effective for rates beginning January 2014).

The annual pension cost and net pension obligation are as follows:

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Annual required contribution	\$ 4,032,332	\$ 572,211	\$ 4,604,543
Interest on prior year net pension obligation	167,708	25,725	193,433
Adjustment to ARC	<u>(147,345)</u>	<u>(22,601)</u>	<u>(169,946)</u>
Annual pension cost	4,052,695	575,335	4,628,030
Contribution made	<u>(4,001,029)</u>	<u>(567,752)</u>	<u>(4,568,781)</u>
Increase in net pension obligation	51,666	7,583	59,249
Net pension obligation - beginning of year	<u>2,395,832</u>	<u>367,497</u>	<u>2,763,329</u>
Net pension obligation - end of year	<u>\$ 2,447,498</u>	<u>\$ 375,080</u>	<u>\$ 2,822,578</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Contribution Method and Benefits (Continued)

b. Temple Firefighters' Relief and Retirement Fund -

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

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age actuarial cost method the plan's normal cost contribution rate is

determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability, and the number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using an open, level percentage of payroll method.

The costs of administering the plan are financed from the trust.

The funding policy of the Temple Firefighters' Relief and Retirement Fund requires contributions equal to 15.00% of pay by the firefighters. The City of Temple contributes the lesser of the rate the City contributes to the Texas Municipal Retirement System for the retirement cost portion of the rate or the rate the firefighters contribute to the Firefighter's Pension and Retirement Fund for the retirement cost portion of the rate. The City contributed 15.24% as of September 30, 2013, which includes the rate the firefighters contribute plus an additional .24% of salary.

These disclosures are based on the actuarial valuation of the fund by the prior actuary.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Contribution Method and Benefits (Continued)

b. Temple Firefighters' Relief and Retirement Fund – (Continued)

A summary of actuarial assumptions is as follows:

	<u>Texas Municipal Retirement System</u>	<u>Temple Firefighters' Relief and Retirement Fund</u>
Actuarial Valuation Date	December 31, 2012	September 30, 2012
Actuarial Cost Method	Projected Unit Credit	Entry Age
Amortization Method	Level Percent of Payroll	Level Percent of Payroll, open
Remaining Amortization Period	25.2 Years - Closed Period	31 years
Asset Valuation Method	10-year smoothed market	Market value smoothed by a five-year deferred recognition method with a 90%/110% corridor on market
Investment Rate of Return	7.0%	8.00%
Projected Salary Increases	Varies by age and service	4.00% to 9.20% per year
Includes Inflation At	3.00%	4.00%
Cost-of-Living Adjustments	2.10% (70% of CPI)	None
Payroll Growth Rate	3.00%	4.00%

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Schedule of Funding Progress:

Texas Municipal Retirement System

Actuarial Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Value of Assets	\$102,715,806	\$110,135,037	\$ 118,079,941
Actuarial Accrued Liability (AAL)	132,228,203	138,612,957	144,378,679
Funded Ratio	77.7%	79.5%	81.8%
Unfunded AAL (UAAL)	29,512,397	28,477,920	26,298,738
Covered Payroll	25,450,326	26,260,983	24,546,516
UAAL as a Percentage of Covered Payroll	116.0%	108.4%	107.1%

Temple Firefighters' Relief and Retirement Fund

Actuarial Valuation Date	9/30/2008	9/30/2010	9/30/2012
Actuarial Value of Assets	\$ 30,270,841	\$ 33,272,723	\$ 34,400,736
Actuarial Accrued Liability (AAL)	39,027,627	43,373,453	45,148,511
Funded Ratio	77.6%	76.7%	76.2%
Unfunded AAL (UAAL)	8,756,786	10,100,730	10,747,775
Covered Payroll	6,176,101	6,164,329	6,503,608
UAAL as a Percentage of Covered Payroll	141.8%	163.9%	165.3%

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of contributions, benefits and actuarial methods and assumptions used by the System. The 2012 TMRS Comprehensive Annual Financial Report may be obtained from TMRS' website at www.TMRS.com.

The Temple Firefighters' Relief and Retirement Fund financial statements and required supplementary information are contained in the 2013 Temple Firefighters' Relief and Retirement Fund's separately issued audited financial statements are available from the Board of Trustees, Temple Firefighters' Relief and Retirement Fund, c/o Extraco Trust Services, P. O. Box 6101, Temple, Texas 76503-6101.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

	Texas Municipal Retirement System	Temple Firefighters' Relief and Retirement Fund
Authority establishing contributions obligation	State legislation	State legislation
Frequency of contribution (percent of earnings)	Monthly	Biweekly
Employee's contribution	7.00%	14.69%
City's contribution (percent of earnings)	17.51%	14.93%
Period required to vest	5 years	20 years
Eligibility for distribution of retirement benefits to member or beneficiary	Age 60 with 5 or more years of credible service, or 20 years credible service, regardless of age	Age 50 with 20 years of credible service, or Partial benefit with at least 10 years of service, but less than 20 years of service, or Actuarially reduced early service retirement benefits with 20 years of service and attainment of age 45.

**CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013**

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

	Texas Municipal Retirement System	Temple Firefighters' Relief and Retirement Fund
	At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and employer financed monetary credits with interest were used to purchase an annuity.	The monthly benefit at normal retirement, payable in joint and 2/3 to spouse form of annuity, is equal to 65.75% of highest 60-month average salary plus \$ 90 per month for each year of service in excess of 20 years.
		The Deferred Retirement Option Plan (DROP) is eligible to members after 23 years of service and attained age at 53.
Funding of administrative costs	Investment earnings	Investment earnings
Updated Service Credit	100% Repeating, Transfers	N/A
Increases in Benefits	Annual increase equal to 70% of CPI	None
Terms of Benefits	For both plans, terms of benefits are determined by certain elections made by the member, the member's level of earnings and length of service.	
	Benefits are distributed in equal monthly installments over a period of time, or in a lump sum in the event of death. Distributions are also available in the event of total permanent disability.	

Temple Firefighters' Relief and Retirement Fund

The Deferred Retirement Option Plan (DROP)

A member is eligible to participate in the DROP program after he has both completed 23 years of service and attained age 53. A member's benefit under the DROP option is based on his DROP eligibility date. The DROP eligibility date is the later of (i) the date the member met the DROP eligibility requirements, above; or (ii) the date two years prior to the date he actually retires.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Temple Firefighters' Relief and Retirement Fund (Continued)

The Deferred Retirement Option Plan (DROP) (Continued)

Amount of Monthly Retirement Income to DROP Program Participants

The amount of monthly retirement income that is payable to a member who retires after electing the DROP option will equal the monthly service retirement benefit that the member had earned under the fund as of his DROP eligibility date. The benefit formula used, however, will be the service retirement formula in effect on the member's date of retirement.

Upon retirement, the member will receive – in addition to his monthly retirement benefit – a DROP payment equal to the sum of:

- (a) the amount of monthly contributions that the member has made to the fund during the time he participated in the DROP, plus
- (b) the total of the monthly retirement benefits the member would have received between the time he entered the DROP and the time he retired under the plan.

Current Year Annual Pension Cost and Net Pension Obligation

Current year annual pension costs for the Texas Municipal Retirement System and Firefighter's Relief and Retirement Fund are shown on the following page. Beginning with contributions in January 2009, TMRS approved an optional eight-year phase in period which allows the City the opportunity to increase their contribution gradually to their required contribution rate. The City's annual pension costs, actual contributions, and net pension obligations for 2013, 2012 and 2011 are shown on the following page.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Current Year Annual Pension Cost and Net Pension Obligation (Continued)

The annual pension costs and net pension obligations are as follows:

Texas Municipal Retirement System

<u>Year End</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
9/30/2011	\$ 4,778,509	\$ 3,961,947	83%	\$ 2,412,473
9/30/2012	4,716,407	4,365,552	93%	2,763,329
9/30/2013	4,604,543	4,568,781	99%	2,822,578

Temple Firefighters' Relief and Retirement Fund

<u>Year End</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
9/30/2011	\$ 928,242	100%	-
9/30/2012	1,013,050	100%	-
9/30/2013	1,040,053	100%	-

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for the Firefighter's Relief and Retirement Fund. The Firefighter's Relief and Retirement Fund held no individual investments (other than U.S. government guaranteed obligations) whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

(2) Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1, of any year to be effective the following January 1.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(2) Supplemental Death Benefits Fund (Continued)

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). Retired employees are insured for \$ 7,500; this coverage is an "other postemployment benefit" or OPEB.

Contributions

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

The City's contributions to the TMRS SBDF for the fiscal years ended 2013, 2012, and 2011 were \$ 18,037, \$ 15,148, and \$ 12,082 respectively, which equaled the required contributions each year.

A summary of the annual required contributions is as follows:

**Texas Municipal Retirement System
Supplemental Death Benefits Fund**

<u>Plan Year Ended</u>	<u>Total Annual Contribution as a Percentage of Payroll</u>	<u>Required Annual Contribution as a Percentage of Payroll</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of Required Contribution Contributed</u>
9/30/2011	0.05%	0.05%	\$ 12,082	100%
9/30/2012	0.06%	0.06%	15,148	100%
9/30/2013	0.07%	0.07%	18,037	100%

(3) Deferred Compensation Fund

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(3) Deferred Compensation Fund (Continued)

the plan in these Financial Statements. Deferred compensation investments are held by an outside trustee. Plan investments are chosen by the individual (employee) participant and include mutual funds whose focus is on stocks, bonds, treasury securities, money market-type investments or a combination of these.

The plan, available to all permanent City employees, permits them to defer until future years up to 100% of annual gross earnings not to exceed \$ 17,500. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

F. OTHER POST- EMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits, the City provided certain other post-employment benefits to its retirees. Other post-employment benefits include health and dental insurances for the retiree and the retiree's family. The benefits described below represent the benefits currently in place and projected to be in place in the future. However, the projected future benefits do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. These benefits are part of a single-employer benefit OPEB plan. The plan does not issue a publicly available financial report.

Opportunity to Purchase Health and/or Dental Insurance

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

F. OTHER POST- EMPLOYMENT BENEFITS (Continued)

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

Employees who retire prior to May 1, 2007:

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

F. OTHER POST- EMPLOYMENT BENEFITS (Continued)

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

Employees who retire on or after May 1, 2007:

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

Provisions Regarding Medicare for Retirees Over the Age of 65

- a. An individual who retires from the City of Temple, and who informed the City not later than their date of retirement, upon attaining age 65 is no longer eligible for benefits under the City-sponsored plan for employees. Upon attaining age 65, such retiree is eligible to enroll in the Medicare Supplement Plan adopted by the City as a substitute for coverage under the Plan offered to employees. If a retiree attains age 65, and had coverage for a dependent that has not attained age 65, the dependent will be eligible to continue coverage, at 100% the retiree's cost, under the City Plan for employees until attaining age 65. The dependent, upon attaining age 65, will be eligible to enroll in the substitute Medicare Supplement adopted by the City at 100% the retiree's cost. The City will pay an amount to be determined each fiscal year for retirees selecting one of the City adopted substitute Medicare Supplement Plans not to exceed 50% of the City adopted standard option substitute Medicare Supplement for retirees who had at least 25 years of continuous service with the City of Temple.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

F. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Provisions Regarding Medicare for Retirees Over the Age of 65 (Continued)

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

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

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

Expenditures for other post-employment benefits are recognized on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as payroll expenditures within the Human Resources Department. The cost of providing these benefits for the year ended September 30, 2013 for one hundred-nine (106) retirees was \$ 281,987.

In the fiscal year 2009, the City implemented GASB Statement No. 45. The following liability is recognized in the government-wide financial statements as of September 30, 2013.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets held in an irrevocable trust is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

F. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual Other Post-Employment (OPEB) Cost and Net OPEB Obligation

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2013, is as follows.

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Annual required contribution	\$ 503,682	\$ 81,994	\$ 585,676
Interest on prior year net OPEB obligation	78,960	17,936	96,896
Adjustment to ARC	<u>(73,156)</u>	<u>(16,617)</u>	<u>(89,773)</u>
Annual OPEB cost	509,486	83,313	592,799
Contributions made	<u>(218,082)</u>	<u>-</u>	<u>(218,082)</u>
Estimated increase in net OPEB obligation	291,404	83,313	374,717
Net OPEB obligation - beginning of year	<u>1,754,676</u>	<u>398,568</u>	<u>2,153,244</u>
Estimated net OPEB obligation - end of year	<u><u>\$ 2,046,080</u></u>	<u><u>\$ 481,881</u></u>	<u><u>\$ 2,527,961</u></u>

Plan Year Ended	Assumed Annual Contribution	Annual OPEB Benefit Cost (ABC)	Percentage of Required Contribution Contributed	Net OPEB Obligation
9/30/2011	\$ 154,160	\$ 577,265	27%	\$ 1,843,060
9/30/2012	290,240	600,424	48%	2,153,244
9/30/2013	218,082	598,798	36%	2,527,961

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value for Assets	Actuarial Accrued Liability (AAL) Unit Credit	Percentage Funded (1)/(2)	Unfunded Actuarial Liability (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Payroll (4)/(5)
9/30/2008	\$ -	\$ 11,917,175	0.0%	\$ 11,917,175	\$ 29,453,274	40.5%
9/30/2010	-	7,402,254	0.0%	7,402,254	30,223,689	24.5%
9/30/2012	-	7,406,228	0.0%	7,406,228	32,051,174	23.1%

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

F. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual Other Post-Employment (OPEB) Cost and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method and significant assumptions underlying the actuarial calculation are as follows:

Summary of Actuarial Valuations

Actuarial Valuation Date	<u>9/30/2008</u>	<u>9/30/2010</u>	<u>9/30/2012</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level annual	Level as a percentage employee payroll	Level as a percentage employee payroll
Amortization Period	30 years, open	30 years, open	30 years, open
Asset Valuation Method	Market Value, if any	Market Value, if any	Market Value, if any
Investment Rate of Return	3.50%	4.50%	4.50%
Inflation Rate	N/A	3.00%	3.00%
Salary Growth	N/A	3.00%	3.00%
Health Care Cost Trend Rate	10.5% in 2008, decreasing 0.50% per year for 11 years to an ultimate trend of 4.75% in years 2020-2023	Initial rate of 9% declining to an ultimate rate of 4.50% after 9 years	Initial rate of 8.5% declining to an ultimate rate of 4.50% after 8 years

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

IV. OTHER INFORMATION (Continued)

G. SUBSEQUENT EVENTS

On December 20, 2012, the City entered into a contract with the Brazos River Authority and the City of Belton to transfer title of all real and personal property of the Temple-Belton Regional Sewerage System (TBP). The City will own a 75% interest and Belton will own a 25% interest in all of the real and personal property. The Brazos River Authority will continue to manage the plant for the cities. Under the terms of the contract, the Brazos River Authority retained all responsibility and liability for any pre-existing conditions at the TBP, whether or not discovered, that was caused by the Brazos River Authority's negligence, recklessness, or intentional acts and which results in any damage, loss, cost, expense, claim, demand, penalty, order or liability against the Brazos River Authority or the Cities. The transfer of all real and personal property occurred on October 1, 2013.

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

**SCHEDULE OF FUNDING PROGRESS
(unaudited)**

Texas Municipal Retirement System

Actuarial Valuation Date	Actuarial Value for Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Percentage Funded (1)/(2)	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Payroll (4)/(5)
12/31/2010	\$ 102,715,806	\$ 132,228,203	77.7%	\$ 29,512,397	\$ 25,450,326	116.0%
12/31/2011	110,135,037	138,612,957	79.5%	28,477,920	26,260,983	108.4%
12/31/2012	118,079,941	144,378,679	81.8%	26,298,738	24,546,516	107.1%

Temple Firefighters' Relief and Retirement Fund

Actuarial Valuation Date	Actuarial Value for Assets	Actuarial Accrued Liability (AAL) Entry Age	Percentage Funded (1)/(2)	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Payroll (4)/(5)
9/30/2008	\$ 30,270,841	\$ 39,027,627	77.6%	\$ 8,756,786	\$ 6,176,101	141.8%
9/30/2010	33,272,723	43,373,453	76.7%	10,100,730	6,164,329	163.9%
9/30/2012	34,400,736	45,148,511	76.2%	10,747,775	6,503,608	165.3%

Other-Post Employment Benefits

Actuarial Valuation Date	Actuarial Value for Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Percentage Funded (1)/(2)	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Payroll (4)/(5)
9/30/2008	\$ -	\$ 11,917,175	0.0%	\$ 11,917,175	\$ 29,453,274	40.5%
9/30/2009	-	-	Not Available	-	-	-
9/30/2010	-	7,402,254	0.0%	7,402,254	30,223,689	24.5%
9/30/2011	-	-	Not Available	-	-	-
9/30/2012	-	7,406,228	0.0%	7,406,228	32,051,174	23.1%
9/30/2013	-	-	Not Available	-	-	-

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(unaudited)**

Temple Firefighters' Relief and Retirement Fund

Plan Year Ended	Annual Contribution as a Percentage of Payroll (1)	Annual Required Contribution (ARC)	Percentage of Required Contribution Contributed
9/30/2008	13.85%/14.31%	\$ 839,038	100%
9/30/2009	14.31%/14.69%	870,987	100%
9/30/2010	14.69%/14.93%	918,703	100%
9/30/2011	14.93%/14.93%	928,242	100%
9/30/2012	14.93%/14.93%	1,013,050	100%
9/30/2013	14.93%/15.24%	1,040,053	100%

(1) The first percentage was the rate contributed for the first three months October through December, while the second percentage was the rate contributed for the last nine months January through September.

Other-Post Employment Benefits

Plan Year Ended	Estimated Annual Contribution	Annual OPEB Benefit Cost (ABC)	Percentage of Required Contribution Contributed	Net OPEB Obligation
9/30/2009	\$ 247,571	\$ 1,235,677	20%	\$ 988,106
9/30/2010	146,488	578,338	25%	1,419,956
9/30/2011	154,160	577,265	27%	1,843,060
9/30/2012	290,240	600,424	48%	2,153,244
9/30/2013	218,082	592,799	37%	2,527,961

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

CITY OF TEMPLE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	Hotel- Motel	Federal/State Grant	Drainage	
ASSETS				
Cash	\$ 3,550	\$ -	\$ -	\$ 3,550
Investments	1,322,590	-	1,858,824	3,181,414
Due from other governments	-	1,390,261	-	1,390,261
Receivables, net	190,935	-	47,524	238,459
Inventories	11,907	-	-	11,907
Prepaid items	3,620	-	-	3,620
Other assets - museum collection	18,561	-	-	18,561
Total assets	<u>\$ 1,551,163</u>	<u>\$ 1,390,261</u>	<u>\$ 1,906,348</u>	<u>\$ 4,847,772</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers and contracts payable	\$ 264,316	\$ 191,318	\$ 13,488	\$ 469,122
Retainage payable	28,304	-	-	28,304
Accrued payroll	36,886	-	27,045	63,931
Vacation and sick leave payable	7,819	-	10,525	18,344
Deposits	112,009	-	-	112,009
Due to other funds	-	1,198,826	-	1,198,826
Unearned revenues	-	117	-	117
Total liabilities	<u>449,334</u>	<u>1,390,261</u>	<u>51,058</u>	<u>1,890,653</u>
Fund Balances:				
Nonspendable:				
Inventory and prepaid items	15,527	-	-	15,527
Restricted for:				
Museum	8,348	-	-	8,348
Promotion of tourism	1,077,954	-	-	1,077,954
Committed to:				
Drainage	-	-	1,855,290	1,855,290
Total fund balances	<u>1,101,829</u>	<u>-</u>	<u>1,855,290</u>	<u>2,957,119</u>
Total liabilities and fund balances	<u>\$ 1,551,163</u>	<u>\$ 1,390,261</u>	<u>\$ 1,906,348</u>	<u>\$ 4,847,772</u>

CITY OF TEMPLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2013

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>Hotel- Motel</u>	<u>Federal/State Grant</u>	<u>Drainage</u>	
Revenues:				
Taxes	\$ 1,306,256	\$ -	\$ -	\$ 1,306,256
Intergovernmental	-	3,055,600	-	3,055,600
Drainage fees	-	-	1,098,165	1,098,165
Charges for services	474,161	-	-	474,161
Interest and other	33,262	-	22,553	55,815
Total revenues	<u>1,813,679</u>	<u>3,055,600</u>	<u>1,120,718</u>	<u>5,989,997</u>
Expenditures:				
General government	-	133,935	-	133,935
Public safety	-	27,360	-	27,360
Highways and streets	-	658,174	764,870	1,423,044
Health and welfare	-	249,711	-	249,711
Culture and leisure services	2,043,479	1,631,752	-	3,675,231
Airport	-	488,574	-	488,574
Total expenditures	<u>2,043,479</u>	<u>3,189,506</u>	<u>764,870</u>	<u>5,997,855</u>
Excess (deficiency) of revenues over expenditures	<u>(229,800)</u>	<u>(133,906)</u>	<u>355,848</u>	<u>(7,858)</u>
Other financing sources (uses):				
Transfers in - General Fund	-	627,303	-	627,303
Transfers out - Health Insurance Fund	(3,015)	-	(4,523)	(7,538)
Transfers out - Capital Projects Fund	-	(493,397)	-	(493,397)
Transfers out - Debt Service Fund	(20,371)	-	-	(20,371)
Total other financing sources (uses)	<u>(23,386)</u>	<u>133,906</u>	<u>(4,523)</u>	<u>105,997</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(253,186)</u>	<u>-</u>	<u>351,325</u>	<u>98,139</u>
Fund balances, beginning of year	<u>1,355,015</u>	<u>-</u>	<u>1,503,965</u>	<u>2,858,980</u>
Fund balances, end of year	<u>\$ 1,101,829</u>	<u>\$ -</u>	<u>\$ 1,855,290</u>	<u>\$ 2,957,119</u>



**DISCRETELY PRESENTED
COMPONENT UNIT
FINANCIAL STATEMENTS**

Reinvestment Zone No. 1

CITY OF TEMPLE, TEXAS
REINVESTMENT ZONE NO. 1
BALANCE SHEET
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Investments	\$ 6,217,631	\$ 8,275,256
Receivables (net of allowance for estimated uncollectible):		
Ad valorem taxes	42,468	43,869
Accounts receivable	8,882	2,087
Due from other governments--airport grant	50,000	-
Total current assets	<u>6,318,981</u>	<u>8,321,212</u>
Restricted assets:		
Reserve for debt service	885,063	884,225
Bond proceeds	25,584,155	1,151,936
Total restricted assets	<u>26,469,218</u>	<u>2,036,161</u>
Total assets	<u><u>\$32,788,199</u></u>	<u><u>\$10,357,373</u></u>
LIABILITIES		
Current liabilities:		
Vouchers and contracts payable	\$ 87,817	\$ 142,882
Retainage payable	36,532	57,966
Total current liabilities	<u>124,349</u>	<u>200,848</u>
Liabilities from restricted assets:		
Vouchers and contracts payable	119,756	11,731
Retainage payable	39,222	-
Total liabilities from restricted assets	<u>158,978</u>	<u>11,731</u>
Total liabilities	<u>283,327</u>	<u>212,579</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - ad valorem taxes - delinquent	42,468	43,869
Total inflows of resources	<u>42,468</u>	<u>43,869</u>
FUND BALANCES		
Fund Balance:		
Restricted for:		
Debt service	1,955,799	3,717,664
Construction	25,425,177	1,140,205
Committed to:		
Reinvestment Zone No. 1 Projects	5,081,428	5,243,056
Total fund balance	<u>32,462,404</u>	<u>10,100,925</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$32,788,199</u></u>	<u><u>\$10,357,373</u></u>

CITY OF TEMPLE, TEXAS
REINVESTMENT ZONE NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

	2013			2012	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Taxes	\$ 4,220,824	\$ 4,786,213	\$ 4,770,918	\$ (15,295)	\$ 4,475,690
Intergovernmental	-	50,000	50,000	-	50,000
Licenses and permits	36,000	36,000	55,615	19,615	40,226
Payment in lieu of taxes	-	-	-	-	1,300,000
Interest and other	450,000	613,000	32,765	(580,235)	248,720
Total revenues	<u>4,706,824</u>	<u>5,485,213</u>	<u>4,909,298</u>	<u>(575,915)</u>	<u>6,114,636</u>
Expenditures:					
General government	555,802	980,746	830,904	149,842	1,275,526
Capital outlay	2,191,881	32,702,760	3,178,306	29,524,454	3,087,805
Debt service:					
Principal retirement	2,570,000	2,570,000	2,570,000	-	2,645,000
Interest and fiscal charges	1,216,425	1,182,210	1,181,791	419	1,160,047
Bond issuance costs	-	104,695	99,850	4,845	166,702
Total expenditures	<u>6,534,108</u>	<u>37,540,411</u>	<u>7,860,851</u>	<u>29,679,560</u>	<u>8,335,080</u>
Excess (deficiency) of revenues over expenditures	<u>(1,827,284)</u>	<u>(32,055,198)</u>	<u>(2,951,553)</u>	<u>29,103,645</u>	<u>(2,220,444)</u>
Other financing sources (uses):					
Bond proceeds	-	25,260,000	25,260,000	-	-
Refunding bonds issued	-	-	-	-	10,885,000
Original issue premium	-	652,695	652,695	-	1,021,712
Bond discount	-	(599,663)	(599,663)	-	-
Payment to refunded bond escrow agent	-	-	-	-	(11,748,311)
Total other financing sources	<u>-</u>	<u>25,313,032</u>	<u>25,313,032</u>	<u>-</u>	<u>158,401</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(1,827,284)</u>	<u>(6,742,166)</u>	<u>22,361,479</u>	<u>29,103,645</u>	<u>(2,062,043)</u>
Fund balance, beginning of year	10,100,925	10,100,925	10,100,925	-	12,162,968
Fund balance, end of year	<u>\$ 8,273,641</u>	<u>\$ 3,358,759</u>	<u>\$32,462,404</u>	<u>\$ 29,103,645</u>	<u>\$ 10,100,925</u>



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

CITY OF TEMPLE, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

	2013			2012	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Taxes	\$ 7,686,137	\$ 7,686,137	\$ 7,616,512	\$ (69,625)	\$ 7,125,377
Interest and other	608,154	623,487	658,351	34,864	747,431
Total revenues	8,294,291	8,309,624	8,274,863	(34,761)	7,872,808
Expenditures:					
Debt Service:					
Principal	5,073,011	5,073,011	5,064,954	8,057	5,361,971
Interest and fiscal charges	4,652,704	4,770,990	4,581,298	189,692	3,013,359
Refunding bond issuance costs	-	-	-	-	46,741
Total expenditures	9,725,715	9,844,001	9,646,252	197,749	8,422,071
Excess (deficiency) of revenues over expenditures	(1,431,424)	(1,534,377)	(1,371,389)	162,988	(549,263)
Other financing sources (uses):					
Transfers in - General Fund	122,745	226,223	193,284	(32,939)	98,438
Transfers in - Hotel/Motel Fund	20,371	20,371	20,371	-	20,371
Transfers in - Capital Projects Fund	-	5,554,350	5,554,348	(2)	-
Transfers out - General Fund	-	(525)	(524)	1	(515)
Refunding bonds issued	-	-	-	-	9,290,000
Bond discount	-	-	-	-	(56,354)
Original issue premium	-	-	-	-	3,276,037
Payment to refunded bond escrow agent	-	-	-	-	(10,482,241)
Total other financing sources (uses)	143,116	5,800,419	5,767,479	(32,940)	2,145,736
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,288,308)	4,266,042	4,396,090	130,048	1,596,473
Fund balance, beginning of year	2,960,522	2,960,522	2,960,522	-	1,364,049
Fund balance, end of year	\$ 1,672,214	\$ 7,226,564	\$ 7,356,612	\$ 130,048	\$ 2,960,522

CITY OF TEMPLE, TEXAS
HOTEL-MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

	2013			2012	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Taxes	\$ 1,190,500	\$ 1,190,500	\$ 1,306,256	\$ 115,756	\$ 1,223,910
Charges for services:					
Civic center	369,200	372,700	389,975	17,275	401,321
Railroad Museum	141,700	143,700	83,182	(60,518)	-
Visitor center	300	300	1,004	704	972
Interest and other	1,200	1,200	33,262	32,062	26,169
Total revenues	<u>1,702,900</u>	<u>1,708,400</u>	<u>1,813,679</u>	<u>105,279</u>	<u>1,652,372</u>
Expenditures:					
Civic center	1,022,785	1,014,513	830,588	183,925	903,418
Railroad museum	333,739	1,121,638	894,676	226,962	227,331
Tourism marketing	324,357	327,057	318,215	8,842	290,159
Total expenditures	<u>1,680,881</u>	<u>2,463,208</u>	<u>2,043,479</u>	<u>419,729</u>	<u>1,420,908</u>
Excess (deficiency) of revenues over expenditures	<u>22,019</u>	<u>(754,808)</u>	<u>(229,800)</u>	<u>525,008</u>	<u>231,464</u>
Other financing sources (uses):					
Transfers out - Health Insurance Fund	(1,648)	(4,535)	(3,015)	1,520	(9,696)
Transfers out - Debt Service Fund	(20,371)	(20,371)	(20,371)	-	(20,371)
Total other financing sources (uses)	<u>(22,019)</u>	<u>(24,906)</u>	<u>(23,386)</u>	<u>1,520</u>	<u>(30,067)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>(779,714)</u>	<u>(253,186)</u>	<u>526,528</u>	<u>201,397</u>
Fund balance, beginning of year	<u>1,355,015</u>	<u>1,355,015</u>	<u>1,355,015</u>	<u>-</u>	<u>1,153,618</u>
Fund balance, end of year	<u>\$ 1,355,015</u>	<u>\$ 575,301</u>	<u>\$ 1,101,829</u>	<u>\$ 526,528</u>	<u>\$ 1,355,015</u>

**CITY OF TEMPLE, TEXAS
FEDERAL/STATE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)**

	2013			2012	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
Revenues:					
Intergovernmental	\$ 386,943	\$ 11,480,929	\$ 2,980,600	\$ (8,500,329)	\$ 1,863,636
Other	-	-	75,000	75,000	-
Total revenues	<u>386,943</u>	<u>11,480,929</u>	<u>3,055,600</u>	<u>(8,425,329)</u>	<u>1,863,636</u>
Expenditures:					
General government	55,186	161,881	133,935	27,946	208,219
Public safety	-	49,068	27,360	21,708	34,637
Highways and streets	-	765,500	658,174	107,326	549,195
Health and welfare	331,757	761,179	249,711	511,468	170,125
Culture and leisure services	-	1,803,817	1,631,752	172,065	765,212
Airport	-	8,003,579	488,574	7,515,005	511,554
Total expenditures	<u>386,943</u>	<u>11,545,024</u>	<u>3,189,506</u>	<u>8,355,518</u>	<u>2,238,942</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(64,095)</u>	<u>(133,906)</u>	<u>(69,811)</u>	<u>(375,306)</u>
Other financing sources :					
Transfers in - General Fund	-	628,279	627,303	(976)	375,306
Transfers out - Cap Projects	-	(564,184)	(493,397)	70,787	-
Total other financing sources	<u>-</u>	<u>64,095</u>	<u>133,906</u>	<u>69,811</u>	<u>375,306</u>
Excess of revenues and other financing sources over expenditures and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TEMPLE, TEXAS
DRAINAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

	<u>2013</u>			<u>2012</u>	
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Drainage fees	\$ 1,077,603	\$ 1,077,603	\$ 1,098,165	\$ 20,562	\$ 1,084,423
Interest and other	1,920	1,920	22,553	20,633	35,351
Total revenues	<u>1,079,523</u>	<u>1,079,523</u>	<u>1,120,718</u>	<u>41,195</u>	<u>1,119,774</u>
Expenditures:					
Highways and streets:					
Personnel services	604,886	629,986	559,013	70,973	486,673
Operations	373,965	388,168	194,462	193,706	175,935
Capital outlay	98,200	81,318	11,395	69,923	224,435
Total expenditures	<u>1,077,051</u>	<u>1,099,472</u>	<u>764,870</u>	<u>334,602</u>	<u>887,043</u>
Excess (deficiency) of revenues over expenditures	<u>2,472</u>	<u>(19,949)</u>	<u>355,848</u>	<u>375,797</u>	<u>232,731</u>
Other financing sources (uses):					
Transfers out-Health Insurance Fund	<u>(2,472)</u>	<u>(6,803)</u>	<u>(4,523)</u>	<u>2,280</u>	<u>(7,834)</u>
Total other financing sources (uses)	<u>(2,472)</u>	<u>(6,803)</u>	<u>(4,523)</u>	<u>2,280</u>	<u>(7,834)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(26,752)	351,325	378,077	224,897
Fund balance, beginning of year	<u>1,503,965</u>	<u>1,503,965</u>	<u>1,503,965</u>	-	<u>1,279,068</u>
Fund balance, end of year	<u>\$ 1,503,965</u>	<u>\$ 1,477,213</u>	<u>\$ 1,855,290</u>	<u>\$ 378,077</u>	<u>\$ 1,503,965</u>



Supplementary Individual Fund Financial Schedules

General Fund

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

**CITY OF TEMPLE, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2013 and 2012**

ASSETS	2013	2012	Increase (Decrease)
Current Assets:			
Cash	\$ 5,045	\$ 4,845	\$ 200
Investments	28,206,201	27,069,439	1,136,762
Receivables (net of allowance for estimated uncollectible):			
Ad valorem taxes - delinquent	230,312	216,406	13,906
State sales tax	1,480,015	1,387,390	92,625
Accounts	939,654	854,781	84,873
Franchise fees	187,782	194,838	(7,056)
Due from other funds	1,198,826	319,255	879,571
Due from other governments	38,119	80,516	(42,397)
Inventories	351,032	406,729	(55,697)
Prepaid items	100,664	90,684	9,980
Total current assets	<u>32,737,650</u>	<u>30,624,883</u>	<u>2,112,767</u>
Restricted Assets:			
Drug enforcement	329,651	321,867	7,784
Public safety	36,321	37,480	(1,159)
R.O.W. escrow	381,769	381,407	362
Parks escrow	353,607	304,540	49,067
Rob Roy MacGregor Trust - Library	15,370	16,151	(781)
Total restricted assets	<u>1,116,718</u>	<u>1,061,445</u>	<u>55,273</u>
 Total assets	 <u>\$ 33,854,368</u>	 <u>\$ 31,686,328</u>	 <u>\$ 2,168,040</u>

**CITY OF TEMPLE, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
LIABILITIES			
Vouchers payable	\$ 2,439,540	\$ 2,111,588	\$ 327,952
Accrued payroll	1,792,342	1,546,865	245,477
Vacation and sick leave payable	545,039	526,064	18,975
Deposits	64,799	53,339	11,460
R.O.W. escrow	381,769	381,407	362
Parks escrow	353,607	304,540	49,067
Electric franchise	1,386,459	1,370,458	16,001
Gas franchise	275,811	266,750	9,061
Other	<u>298,202</u>	<u>431,516</u>	<u>(133,314)</u>
Total liabilities	<u>7,537,568</u>	<u>6,992,527</u>	<u>545,041</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - ad valorem taxes - delinquent	<u>202,727</u>	<u>188,821</u>	<u>13,906</u>
Total inflows of resources	<u>202,727</u>	<u>188,821</u>	<u>13,906</u>
FUND BALANCES			
Fund Balance:			
Nonspendable:			
Inventories and prepaid items	451,696	498,812	(47,116)
Restricted for:			
Drug enforcement	329,651	321,867	7,784
Public safety	36,321	37,480	(1,159)
Rob Roy MacGregor Trust - Library	15,370	16,151	(781)
Municipal court restricted fees	414,575	295,114	119,461
Vital statistics preservation fund	35,505	45,394	(9,889)
Public education channel	262,514	235,653	26,861
Assigned to:			
Technology replacement	390,979	315,618	75,361
Capital projects	5,431,542	4,277,846	1,153,696
Self-funded health insurance	-	300,000	(300,000)
Encumbrances	1,960,290	2,060,396	(100,106)
Unassigned	<u>16,785,630</u>	<u>16,100,649</u>	<u>684,981</u>
Total fund balance	<u>26,114,073</u>	<u>24,504,980</u>	<u>1,609,093</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 33,854,368</u>	<u>\$ 31,686,328</u>	<u>\$ 2,168,040</u>

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

	<u>2013</u>			<u>2012</u>	
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Taxes	\$ 28,334,410	\$ 28,334,410	\$ 29,756,777	\$ 1,422,367	\$ 28,265,985
Franchise fees	6,102,396	6,117,396	6,178,547	61,151	6,260,051
Licenses and permits	512,100	515,900	738,449	222,549	377,290
Intergovernmental	183,786	373,786	166,959	(206,827)	211,915
Charges for services	20,055,603	20,390,655	20,432,764	42,109	20,020,074
Fines	1,952,714	2,007,960	2,185,239	177,279	2,133,078
Interest and other	473,516	1,168,758	1,394,440	225,682	852,000
Total revenues	<u>57,614,525</u>	<u>58,908,865</u>	<u>60,853,175</u>	<u>1,944,310</u>	<u>58,120,393</u>
Expenditures:					
General government	12,981,063	13,798,743	12,244,780	1,553,963	11,166,805
Public safety	25,292,870	26,005,368	24,894,611	1,110,757	24,971,496
Highways and streets	3,069,582	3,380,804	2,914,374	466,430	3,807,113
Sanitation	4,949,078	5,710,051	5,172,168	537,883	4,893,208
Culture and leisure services	9,366,030	9,908,038	9,075,281	832,757	8,729,435
Airport	3,054,392	3,473,535	2,904,032	569,503	3,114,535
Debt Service:					
Principal	45,693	45,693	45,692	1	43,592
Interest	6,472	6,472	6,471	1	8,571
Total expenditures	<u>58,765,180</u>	<u>62,328,704</u>	<u>57,257,409</u>	<u>5,071,295</u>	<u>56,734,755</u>
Excess (deficiency) of revenues over expenditures	<u>(1,150,655)</u>	<u>(3,419,839)</u>	<u>3,595,766</u>	<u>7,015,605</u>	<u>1,385,638</u>
Other financing sources (uses):					
Transfers in (out):					
Transfers in - Debt Service Fund	-	525	524	(1)	515
Transfers in - Bond Programs	-	193,316	193,316	-	-
Transfers out - Grant Fund	-	(507,050)	(506,075)	975	(375,218)
Transfers out - Capital Projects	-	(1,219,755)	(1,030,428)	189,327	(805,619)
Transfers out - Debt Service Fund	(122,745)	(226,223)	(193,284)	32,939	(98,439)
Transfers out - Bond Programs	-	(190,345)	-	190,345	(30,105)
Transfers out - Health Insurance Fund	(181,720)	(500,012)	(450,726)	49,286	(497,964)
Total other financing sources (uses)	<u>(304,465)</u>	<u>(2,449,544)</u>	<u>(1,986,673)</u>	<u>462,871</u>	<u>(1,806,830)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(1,455,120)</u>	<u>(5,869,383)</u>	<u>1,609,093</u>	<u>7,478,476</u>	<u>(421,192)</u>
Fund balance, beginning of period	<u>24,504,980</u>	<u>24,504,980</u>	<u>24,504,980</u>	<u>-</u>	<u>24,926,172</u>
Fund balance, end of period	<u>\$ 23,049,860</u>	<u>\$ 18,635,597</u>	<u>\$ 26,114,073</u>	<u>\$ 7,478,476</u>	<u>\$ 24,504,980</u>

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

	2013			2012	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Taxes:					
Ad valorem:					
Property, current year	\$ 11,292,776	\$ 11,292,776	\$ 11,367,533	\$ 74,757	\$ 10,907,032
Property, prior year	117,783	117,783	93,948	(23,835)	121,056
Penalty and interest	91,851	91,851	86,495	(5,356)	92,881
Total ad valorem taxes	<u>11,502,410</u>	<u>11,502,410</u>	<u>11,547,976</u>	<u>45,566</u>	<u>11,120,969</u>
Non-property taxes:					
City sales	16,670,000	16,670,000	18,017,575	1,347,575	16,967,401
Mixed beverage	95,000	95,000	110,409	15,409	100,164
Occupation	27,000	27,000	34,268	7,268	30,670
Bingo	40,000	40,000	46,549	6,549	46,781
Total non-property taxes	<u>16,832,000</u>	<u>16,832,000</u>	<u>18,208,801</u>	<u>1,376,801</u>	<u>17,145,016</u>
Total taxes	<u>28,334,410</u>	<u>28,334,410</u>	<u>29,756,777</u>	<u>1,422,367</u>	<u>28,265,985</u>
Franchise Fees:					
Electric franchise	2,825,000	2,825,000	2,943,324	118,324	3,015,797
Gas franchise	542,500	542,500	472,154	(70,346)	542,536
Telephone franchise	475,000	475,000	457,996	(17,004)	469,003
Cable franchise	702,592	717,592	730,452	12,860	747,051
Water/Sewer franchise	1,434,204	1,434,204	1,434,204	-	1,342,363
Other	123,100	123,100	140,417	17,317	143,301
Total franchise fees	<u>6,102,396</u>	<u>6,117,396</u>	<u>6,178,547</u>	<u>61,151</u>	<u>6,260,051</u>
Licenses and permits:					
Building permits	325,000	325,000	360,490	35,490	138,958
Electrical permits and licenses	42,000	42,000	81,538	39,538	56,059
Mechanical	38,000	38,000	65,120	27,120	44,297
Plumbing permit fees	55,000	55,000	112,558	57,558	73,763
Other	52,100	55,900	118,743	62,843	64,213
Total licenses and permits	<u>512,100</u>	<u>515,900</u>	<u>738,449</u>	<u>222,549</u>	<u>377,290</u>
Intergovernmental revenues:					
Federal grants	138,680	138,680	120,488	(18,192)	165,919
State grants	-	190,000	-	(190,000)	-
State reimbursements	8,351	8,351	8,352	1	8,352
Department of Civil Preparedness	36,755	36,755	38,119	1,364	37,644
Total intergovernmental revenues	<u>\$ 183,786</u>	<u>\$ 373,786</u>	<u>\$ 166,959</u>	<u>\$ (206,827)</u>	<u>\$ 211,915</u>

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

(Continued)

	2013			2012	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Charges for services:					
Library fees	\$ 31,500	\$ 31,500	\$ 34,900	\$ 3,400	\$ 35,829
Recreational entry fees	131,200	137,200	133,153	(4,047)	136,498
Summit recreational fees	776,000	776,300	627,333	(148,967)	751,824
Golf course revenues	1,260,250	1,260,250	950,200	(310,050)	1,017,595
Swimming pool	35,170	35,170	42,845	7,675	33,169
Lions Junction water park	299,500	299,500	300,008	508	259,976
Sammons indoor pool	59,000	59,000	93,645	34,645	82,530
Vital statistics	112,000	112,000	126,605	14,605	124,135
Police revenue	160,188	285,625	344,477	58,852	228,156
Contractual services					
-proprietary fund	3,229,811	3,229,811	3,251,073	21,262	3,063,081
County fire protection	2,500	3,583	3,583	-	3,988
Curb and street cuts	40,000	40,000	23,292	(16,708)	69,762
Other	195,000	195,000	151,617	(43,383)	183,078
Solid waste collection - residential	3,776,630	3,776,630	3,824,407	47,777	3,731,899
Solid waste collection - commercial	2,830,000	2,830,000	2,849,455	19,455	2,844,135
Solid waste collection - roll-off	1,897,000	1,897,000	2,061,942	164,942	1,894,753
Landfill contract	1,549,883	1,599,856	1,773,741	173,885	1,674,726
Airport sales and rental	2,864,871	2,913,918	2,847,211	(66,707)	3,037,702
Recreational services	789,100	875,934	953,425	77,491	819,626
Fire department	1,000	17,378	14,128	(3,250)	11,964
Subdivision fees	15,000	15,000	25,724	10,724	15,648
Total charges for services	20,055,603	20,390,655	20,432,764	42,109	20,020,074
Fines:					
Court	1,523,167	1,578,103	1,571,382	(6,721)	1,535,404
Animal pound	62,000	62,000	44,905	(17,095)	57,408
Overparking	9,000	9,000	11,469	2,469	11,161
Administrative fees	358,547	358,857	557,483	198,626	529,105
Total fines	1,952,714	2,007,960	2,185,239	177,279	2,133,078
Interest and other:					
Interest	40,000	76,355	57,671	(18,684)	47,307
Lease and rental	181,319	271,319	367,701	96,382	208,105
Sale of fixed assets	32,000	36,775	130,268	93,493	176,020
Insurance claims	35,000	397,369	536,223	138,854	77,498
Payment in lieu of taxes	11,427	11,427	11,312	(115)	11,427
Building rental -					
BOA bldg.	78,820	82,688	83,276	588	90,098
Other	94,950	292,825	207,989	(84,836)	241,545
Total Interest and other	473,516	1,168,758	1,394,440	225,682	852,000
Total revenues	\$ 57,614,525	\$ 58,908,865	\$ 60,853,175	\$ 1,944,310	\$ 58,120,393

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

	2013			2012	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
General government:					
City council	\$ 231,517	\$ 232,213	\$ 173,182	\$ 59,031	\$ 177,401
City manager	723,470	747,525	716,728	30,797	732,601
Administrative services	159,769	183,645	183,614	31	-
Finance	1,178,857	1,255,584	1,200,775	54,809	1,051,921
Purchasing	305,082	312,745	304,442	8,303	295,647
City secretary	315,179	345,526	314,194	31,332	271,275
Special services	1,352,431	1,284,656	955,790	328,866	863,100
Legal	645,155	656,528	639,904	16,624	629,368
City planning	628,950	683,580	521,576	162,004	357,389
Information technology services	2,111,868	2,191,863	2,097,604	94,259	1,763,446
Human resources	632,087	672,036	600,601	71,435	564,972
Economic development	2,286,245	2,661,649	2,648,354	13,295	2,379,699
Garage	1,061,536	1,072,149	836,961	235,188	812,225
Facility services	1,348,917	1,499,044	1,051,055	447,989	1,267,761
	<u>12,981,063</u>	<u>13,798,743</u>	<u>12,244,780</u>	<u>1,553,963</u>	<u>11,166,805</u>
Public safety:					
Municipal court	641,619	656,903	618,593	38,310	605,471
Police	13,154,653	13,346,934	12,652,511	694,423	12,941,318
Animal control	469,374	494,179	450,589	43,590	392,867
Fire	9,402,316	9,884,592	9,757,988	126,604	9,371,712
Communications	718,388	718,388	718,388	-	680,612
Inspections	906,520	904,372	696,542	207,830	979,516
	<u>25,292,870</u>	<u>26,005,368</u>	<u>24,894,611</u>	<u>1,110,757</u>	<u>24,971,496</u>
Highways and streets:					
Street	2,246,390	2,518,695	2,185,988	332,707	3,009,092
Traffic signals	262,012	294,462	256,133	38,329	286,653
Engineering	561,180	567,647	472,253	95,394	511,368
	<u>3,069,582</u>	<u>3,380,804</u>	<u>2,914,374</u>	<u>466,430</u>	<u>3,807,113</u>
Sanitation:	<u>4,949,078</u>	<u>5,710,051</u>	<u>5,172,168</u>	<u>537,883</u>	<u>4,893,208</u>
Culture and leisure services:					
Parks	3,011,231	3,344,592	3,186,416	158,176	2,963,622
Leisure services	2,984,294	3,128,236	2,813,046	315,190	2,713,589
PALS administration	479,547	490,136	429,903	60,233	404,580
Golf course	1,285,889	1,295,567	1,096,827	198,740	1,122,107
Library	1,605,069	1,649,507	1,549,089	100,418	1,525,537
	<u>9,366,030</u>	<u>9,908,038</u>	<u>9,075,281</u>	<u>832,757</u>	<u>8,729,435</u>
Airport:	<u>3,054,392</u>	<u>3,473,535</u>	<u>2,904,032</u>	<u>569,503</u>	<u>3,114,535</u>
Debt service:	<u>52,165</u>	<u>52,165</u>	<u>52,163</u>	<u>2</u>	<u>52,163</u>
Totals	<u>\$ 58,765,180</u>	<u>\$ 62,328,704</u>	<u>\$ 57,257,409</u>	<u>\$ 5,071,295</u>	<u>\$ 56,734,755</u>

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

	2013			2012	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
General government:					
City council:					
Personnel services	\$ 20,409	\$ 20,409	\$ 2,392	\$ 18,017	\$ 978
Operations	211,108	211,804	170,790	41,014	176,423
	<u>231,517</u>	<u>232,213</u>	<u>173,182</u>	<u>59,031</u>	<u>177,401</u>
City manager:					
Personnel services	661,757	667,938	649,564	18,374	682,184
Operations	61,713	79,587	67,164	12,423	50,417
	<u>723,470</u>	<u>747,525</u>	<u>716,728</u>	<u>30,797</u>	<u>732,601</u>
Administrative services:					
Personnel services	144,883	168,759	175,073	(6,314)	-
Operations	14,886	14,886	8,541	6,345	-
	<u>159,769</u>	<u>183,645</u>	<u>183,614</u>	<u>31</u>	<u>-</u>
Finance:					
Personnel services	796,224	809,583	783,750	25,833	706,751
Operations	382,633	446,001	417,025	28,976	345,170
	<u>1,178,857</u>	<u>1,255,584</u>	<u>1,200,775</u>	<u>54,809</u>	<u>1,051,921</u>
Purchasing:					
Personnel services	288,566	293,286	290,642	2,644	282,463
Operations	16,516	19,459	13,800	5,659	13,184
	<u>305,082</u>	<u>312,745</u>	<u>304,442</u>	<u>8,303</u>	<u>295,647</u>
City secretary:					
Personnel services	229,052	252,222	247,889	4,333	227,462
Operations	86,127	93,304	66,305	26,999	43,813
	<u>315,179</u>	<u>345,526</u>	<u>314,194</u>	<u>31,332</u>	<u>271,275</u>
Special services:					
Personnel services	350,000	510,000	480,648	29,352	458,484
Operations	519,431	734,515	475,142	259,373	404,616
Contingency	483,000	40,141	-	40,141	-
	<u>1,352,431</u>	<u>1,284,656</u>	<u>955,790</u>	<u>328,866</u>	<u>863,100</u>
Legal:					
Personnel services	588,620	599,947	593,720	6,227	595,147
Operations	56,535	56,581	46,184	10,397	34,221
	<u>645,155</u>	<u>656,528</u>	<u>639,904</u>	<u>16,624</u>	<u>629,368</u>
City planning:					
Personnel services	443,798	448,313	372,694	75,619	326,250
Operations	60,152	110,267	43,704	66,563	31,139
Capital outlay	125,000	125,000	105,178	19,822	-
	<u>628,950</u>	<u>683,580</u>	<u>521,576</u>	<u>162,004</u>	<u>357,389</u>
Information technology services:					
Personnel services	1,068,744	1,083,156	1,031,458	51,698	1,051,341
Operations	1,021,624	1,041,967	1,019,374	22,593	704,606
Capital outlay	21,500	66,740	46,772	19,968	7,499
	<u>2,111,868</u>	<u>2,191,863</u>	<u>2,097,604</u>	<u>94,259</u>	<u>1,763,446</u>
Human resources:					
Personnel services	525,017	531,373	500,150	31,223	485,095
Operations	107,070	140,663	100,451	40,212	79,877
	<u>632,087</u>	<u>672,036</u>	<u>600,601</u>	<u>71,435</u>	<u>564,972</u>
Economic development:					
Operations	2,286,245	2,661,649	2,648,354	13,295	2,379,699
	<u>2,286,245</u>	<u>2,661,649</u>	<u>2,648,354</u>	<u>13,295</u>	<u>2,379,699</u>
Garage:					
Personnel services	830,202	838,372	772,274	66,098	749,574
Operations	70,334	72,777	54,475	18,302	62,651
Capital outlay	161,000	161,000	10,212	150,788	-
	<u>1,061,536</u>	<u>1,072,149</u>	<u>836,961</u>	<u>235,188</u>	<u>812,225</u>

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

(Continued)

	2013			2012	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Facility services:					
Personnel services	\$ 603,609	\$ 532,059	\$ 451,671	\$ 80,388	\$ 512,555
Operations	610,308	611,390	489,554	121,836	529,384
Capital outlay	135,000	355,595	109,830	245,765	225,822
	<u>1,348,917</u>	<u>1,499,044</u>	<u>1,051,055</u>	<u>447,989</u>	<u>1,267,761</u>
Total general government	<u>12,981,063</u>	<u>13,798,743</u>	<u>12,244,780</u>	<u>1,553,963</u>	<u>11,166,805</u>
Public safety:					
Municipal court:					
Personnel services	578,605	588,871	568,264	20,607	524,288
Operations	63,014	63,324	50,329	12,995	68,691
Capital outlay	-	4,708	-	4,708	12,492
	<u>641,619</u>	<u>656,903</u>	<u>618,593</u>	<u>38,310</u>	<u>605,471</u>
Police:					
Personnel services	11,219,391	11,328,635	11,155,392	173,243	10,918,073
Operations	1,400,362	1,429,274	1,271,806	157,468	1,275,202
Capital outlay	534,900	589,025	225,313	363,712	748,043
	<u>13,154,653</u>	<u>13,346,934</u>	<u>12,652,511</u>	<u>694,423</u>	<u>12,941,318</u>
Animal control:					
Personnel services	323,592	336,525	325,335	11,190	289,579
Operations	102,782	114,654	85,877	28,777	83,868
Capital outlay	43,000	43,000	39,377	3,623	19,420
	<u>469,374</u>	<u>494,179</u>	<u>450,589</u>	<u>43,590</u>	<u>392,867</u>
Fire:					
Personnel services	8,618,252	9,023,344	8,986,054	37,290	8,592,382
Operations	784,064	837,490	751,485	86,005	758,332
Capital outlay	-	23,758	20,449	3,309	20,998
	<u>9,402,316</u>	<u>9,884,592</u>	<u>9,757,988</u>	<u>126,604</u>	<u>9,371,712</u>
Communications:					
Operations	718,388	718,388	718,388	-	680,612
	<u>718,388</u>	<u>718,388</u>	<u>718,388</u>	<u>-</u>	<u>680,612</u>
Construction safety:					
Personnel services	703,839	697,352	583,693	113,659	691,593
Operations	202,681	207,020	112,849	94,171	287,923
	<u>906,520</u>	<u>904,372</u>	<u>696,542</u>	<u>207,830</u>	<u>979,516</u>
Total public safety	<u>25,292,870</u>	<u>26,005,368</u>	<u>24,894,611</u>	<u>1,110,757</u>	<u>24,971,496</u>
Highways and streets:					
Street :					
Personnel services	905,826	968,407	910,468	57,939	788,288
Operations	1,240,564	1,260,288	1,177,964	82,324	2,167,854
Capital outlay	100,000	290,000	97,556	192,444	52,950
	<u>2,246,390</u>	<u>2,518,695</u>	<u>2,185,988</u>	<u>332,707</u>	<u>3,009,092</u>
Traffic signals:					
Personnel services	172,699	177,870	177,709	161	156,910
Operations	53,313	61,948	43,860	18,088	39,422
Capital outlay	36,000	54,644	34,564	20,080	90,321
	<u>262,012</u>	<u>294,462</u>	<u>256,133</u>	<u>38,329</u>	<u>286,653</u>
Engineering:					
Personnel services	417,250	423,461	381,704	41,757	386,932
Operations	135,930	136,186	84,154	52,032	83,796
Capital outlay	8,000	8,000	6,395	1,605	40,640
	<u>561,180</u>	<u>567,647</u>	<u>472,253</u>	<u>95,394</u>	<u>511,368</u>
Total highways and streets	<u>3,069,582</u>	<u>3,380,804</u>	<u>2,914,374</u>	<u>466,430</u>	<u>3,807,113</u>

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2013
(With comparative amounts for the year ended September 30, 2012)

(Continued)

	2013			2012	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Sanitation:					
Personnel services	\$ 1,731,356	\$ 1,807,343	\$ 1,872,501	\$ (65,158)	\$ 1,706,887
Operations	3,217,722	3,295,208	3,299,667	(4,459)	3,158,221
Capital outlay	-	607,500	-	607,500	28,100
Total sanitation	<u>4,949,078</u>	<u>5,710,051</u>	<u>5,172,168</u>	<u>537,883</u>	<u>4,893,208</u>
Culture and leisure services:					
Parks					
Personnel services	1,379,066	1,477,131	1,450,537	26,594	1,263,808
Operations	1,491,665	1,523,748	1,442,458	81,290	1,339,177
Capital outlay	140,500	343,713	293,421	50,292	360,637
Parks	<u>3,011,231</u>	<u>3,344,592</u>	<u>3,186,416</u>	<u>158,176</u>	<u>2,963,622</u>
Leisure services					
Personnel services	1,959,490	1,984,432	1,822,413	162,019	1,765,104
Operations	1,024,804	1,136,663	983,492	153,171	901,601
Capital outlay	-	7,141	7,141	-	46,884
Leisure services	<u>2,984,294</u>	<u>3,128,236</u>	<u>2,813,046</u>	<u>315,190</u>	<u>2,713,589</u>
Parks & leisure services administration					
Personnel services	348,641	353,358	345,384	7,974	314,741
Operations	130,906	136,778	84,519	52,259	89,839
Parks & leisure services administration	<u>479,547</u>	<u>490,136</u>	<u>429,903</u>	<u>60,233</u>	<u>404,580</u>
Golf course					
Personnel services	604,064	604,064	593,272	10,792	574,456
Operations	647,325	589,589	417,354	172,235	463,492
Capital outlay	34,500	101,914	86,201	15,713	84,159
Golf course	<u>1,285,889</u>	<u>1,295,567</u>	<u>1,096,827</u>	<u>198,740</u>	<u>1,122,107</u>
Library:					
Personnel services	1,088,874	1,114,061	1,055,432	58,629	1,028,780
Operations	516,195	517,993	476,204	41,789	496,757
Capital outlay	-	17,453	17,453	-	-
Library	<u>1,605,069</u>	<u>1,649,507</u>	<u>1,549,089</u>	<u>100,418</u>	<u>1,525,537</u>
Total culture & leisure services	<u>9,366,030</u>	<u>9,908,038</u>	<u>9,075,281</u>	<u>832,757</u>	<u>8,729,435</u>
Airport:					
Personnel services	755,719	764,287	710,173	54,114	728,349
Operations	2,298,673	2,351,446	2,179,988	171,458	2,367,319
Capital outlay	-	357,802	13,871	343,931	18,867
Airport	<u>3,054,392</u>	<u>3,473,535</u>	<u>2,904,032</u>	<u>569,503</u>	<u>3,114,535</u>
Debt service:					
Principal	45,693	45,693	45,692	1	43,592
Interest	6,472	6,472	6,471	1	8,571
Debt service	<u>52,165</u>	<u>52,165</u>	<u>52,163</u>	<u>2</u>	<u>52,163</u>
Total	<u>\$ 58,765,180</u>	<u>\$ 62,328,704</u>	<u>\$ 57,257,409</u>	<u>\$ 5,071,295</u>	<u>\$ 56,734,755</u>

Supplemental Schedules

CITY OF TEMPLE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2013

<u>Federal Grantor</u> Agency or Pass-Through Program Title	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Grant</u> <u>Number</u>	<u>Program</u> <u>or Award</u> <u>Amount</u>	<u>Program</u> <u>Expenditures</u>
Federal Assistance:				
<u>U.S. Department of H.U.D.</u>				
CDBG 2011	14.218	B-11-MC-48-0021	\$ 466,842	\$ 210,299
CDBG 2012	14.218	B-12-MC-48-0021	386,943	-
				<u>210,299</u>
<u>U.S. Department of Education</u>				
Temple Independent School District:				
Safe Schools Healthy Students Initiative	84.184L	Q184L080238-09	83,214	60,435
Safe Schools Healthy Students Initiative - Teen Court	84.184L	Q184L080238-09	40,000	26,485
				<u>86,920</u>
<u>U.S. Department of Energy</u>				
Energy Efficiency and Conservation Block Grant (American Recovery and Reinvestment Act)	81.128	DE-SC0002958	593,200	19,936
State Energy Conservation Office				
Alternative Fuels Initiatives Grant	81.041	CM1369	191,422	189,714
Texas Railroad Commission				
Texas Alternative Fuel Fleet Pilot Program (American Recovery and Reinvestment Act)	81.086	168663	62,763	62,230
Texas State Technical College				
CleanStart Program-Propane Conversion	81.086	-	2,000	2,000
Texas State Technical College				
CleanStart Program	81.086	EE-0002550	99,499	99,499
				<u>373,379</u>
<u>U.S. Department of Homeland Security</u>				
Safe Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2008-FF-00936	433,520	26,040
				<u>26,040</u>
Texas Department of Public Safety:				
Civil Defense	97.042	13TX-EMPG-1142	38,120	38,120
				<u>38,120</u>
Texas Engineering Extension Service				
Urban Search and Rescue	97.025	2013-DJ-BX-3016	2,709	2,709
				<u>2,709</u>
				<u>66,869</u>
<u>U.S. Department of Justice</u>				
2008 Bullet Proof Vests Grant	16.607	2008-DU-BX-08042182	20,635	72
2011 Bullet Proof Vests Grant	16.607	2011-DU-BX-08042182	3,750	200
2012 Bullet Proof Vests Grant	16.607	2012-DU-BX-08042182	6,035	6,035
				<u>6,307</u>
Equitable Sharing Program	16.922	TX0140700	18,530	18,530
				<u>18,530</u>
Killeen Police Department:				
2009 American Recovery and Reinvestment Act Edward				
Byrne Justice Assistance Grant	16.804	2009-SB-B-93128	92,568	2,182
2011 Edward Byrne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-3016	21,101	-
2012 Edward Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-0407	18,679	10,815
2013 Edward Byrne Memorial Justice Assistance Grant	16.738	-	17,852	-
				<u>12,997</u>
				<u>37,834</u>
<u>U.S. Department of Transportation</u>				
Texas Department of Transportation:				
Safe Routes to School - Lakewood	20.205	0909-36-131	617,245	255,445
Safe Routes to School - Bonham	20.205	0909-36-130	604,779	402,729
Surface Transportation Enhancement Program (STEP)	20.205	0909-36-133	2,155,000	1,484,031
Category 12 Pass-Through Financing	20.205	0320-06-001	20,000,000	14,407,005
				<u>16,549,210</u>
				<u>16,549,210</u>
<u>U.S. Secret Service</u>				
North Texas Electronic Crimes Task Force	-	-	15,000	1,750
				<u>1,750</u>
Total Expenditures of Federal Awards				<u>\$ 17,326,261</u>

CITY OF TEMPLE, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2013

General - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Temple, Texas. The City's reporting entity is defined in Note I to the City's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

Basis of Accounting - The accompanying schedule of federal financial assistance is presented using the modified accrual basis of accounting, which is described in Note I to the City's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

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

<u>Subrecipient</u>	<u>Community Development Block Grant</u>
Families in Crisis	\$ 10,000
Family Promise of East Bell County, Inc.	15,000
Hill Country Community Action Association	14,000
Temple HELP Center	<u>15,000</u>
	<u>\$ 54,000</u>

Program Income – In accordance with terms of the Community Development Block Grant Program, program income totaling \$ 75,000 was used to reduce the amount of federal funds in conjunction with the program's objective.



Statistical Section (Unaudited)

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

Contents	Page
Financial Trends	156
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	162
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	168
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	173
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	175
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
Other Information	184
<i>These schedules contain other information related to government's operations.</i>	

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

Table I

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

	2004	2005	2006	2007	Fiscal Year 2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 47,765,568	\$ 50,462,877	\$ 52,774,867	\$ 52,985,354	\$ 52,489,279	\$ 52,235,300	\$ 55,403,473	\$ 52,200,366	\$ 48,379,646	\$ 46,940,042
Restricted	116,314	6,472	644,563	1,130,345	1,744,532	1,538,432	1,758,817	854,162	2,205,455	6,616,901
Unrestricted, as restated	17,935,737	16,628,128	17,924,900	19,846,723	17,283,475	17,387,358	17,244,063	18,762,548	18,302,720	19,413,974
Total governmental activities net position	\$ 65,817,619	\$ 67,097,477	\$ 71,344,330	\$ 73,962,422	\$ 71,517,286	\$ 71,161,090	\$ 74,406,353	\$ 71,817,076	\$ 68,887,821	\$ 72,970,917
Business-type activities										
Invested in capital assets, net of related debt	\$ 34,927,445	\$ 41,177,470	\$ 47,403,033	\$ 49,636,049	\$ 50,857,397	\$ 54,645,573	\$ 56,948,517	\$ 62,157,571	\$ 65,054,555	\$ 68,992,370
Restricted	2,788,145	3,213,322	3,737,718	3,876,084	3,973,724	3,951,535	4,433,417	4,559,630	2,723,415	925,059
Unrestricted	12,946,802	10,959,630	9,259,983	12,398,097	16,447,880	18,016,855	17,483,818	18,278,226	22,075,622	24,794,589
Total business-type activities net position	\$ 50,662,392	\$ 55,350,422	\$ 60,400,734	\$ 65,910,230	\$ 71,279,001	\$ 76,613,963	\$ 78,865,752	\$ 84,995,427	\$ 89,853,592	\$ 94,712,018
Primary government										
Invested in capital assets, net of related debt	\$ 82,693,013	\$ 91,640,347	\$ 100,177,900	\$102,621,403	\$ 103,346,676	\$ 106,880,873	\$ 112,351,990	\$ 114,357,937	\$ 113,434,201	\$ 115,932,412
Restricted	2,904,459	3,219,794	4,382,281	5,006,429	5,718,256	5,489,967	6,192,234	5,413,792	4,928,870	7,541,960
Unrestricted	30,882,539	27,587,758	27,184,883	32,244,820	33,731,355	35,404,213	34,727,881	37,040,774	40,378,342	44,208,563
Total primary government net position	\$ 116,480,011	\$ 122,447,899	\$ 131,745,064	\$139,872,652	\$ 142,796,287	\$ 147,775,053	\$ 153,272,105	\$ 156,812,503	\$ 158,741,413	\$ 167,682,935

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 8,444,895	\$ 9,160,395	\$ 9,227,610	\$ 11,021,864	\$ 12,399,274	\$ 11,973,280	\$ 11,469,892	\$ 12,099,128	\$ 12,308,008	\$ 13,493,386
Public safety	19,097,710	20,262,540	21,711,235	22,895,298	23,967,943	25,002,639	24,674,521	29,791,300	26,988,933	27,732,226
Highways and streets	5,717,697	5,426,993	5,623,378	5,131,500	8,605,895	6,307,841	6,090,841	7,155,289	10,413,550	22,080,671
Sanitation	2,696,315	4,550,576	5,100,633	5,646,430	5,578,902	4,945,085	5,241,149	5,131,467	5,469,440	6,039,912
Health and welfare	359,268	379,522	739,750	349,971	272,490	220,728	318,782	273,641	244,943	93,539
Cultural and leisure services	6,792,607	8,044,765	8,646,296	9,352,959	10,593,111	10,556,001	10,659,300	10,908,726	11,463,800	13,471,535
Education										
Airport	2,029,872	2,497,712	2,701,816	2,775,654	3,719,181	3,068,653	3,178,623	3,791,164	3,980,015	3,725,020
Transportation										
Interest on long term debt	2,431,352	2,381,878	2,439,715	2,707,472	2,433,438	3,246,906	3,421,182	3,039,907	2,690,036	4,232,163
Total governmental activities expenses	47,569,716	52,704,381	56,190,433	59,881,148	67,570,234	65,321,133	65,054,290	72,190,622	73,558,725	90,868,452
Business-type activities:										
Water and sewer	15,376,592	16,708,201	18,379,522	19,355,126	20,852,467	22,293,459	23,926,631	23,384,255	24,220,726	25,713,333
Total business-type activities expenses	15,376,592	16,708,201	18,379,522	19,355,126	20,852,467	22,293,459	23,926,631	23,384,255	24,220,726	25,713,333
Total primary government expenses	62,946,308	69,412,582	74,569,955	79,236,274	88,422,701	87,614,592	88,980,921	95,574,877	97,779,451	116,581,785
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government	3,057,487	3,094,289	3,177,892	3,365,992	3,357,505	3,447,523	3,432,373	3,285,507	3,359,920	3,691,433
Public safety	2,507,755	2,478,352	2,516,712	2,584,509	2,875,433	2,418,173	2,501,244	2,886,737	2,756,996	3,140,024
Highways and streets	673,494	695,188	725,052	729,368	802,199	1,111,834	1,111,434	1,127,601	1,235,792	1,202,744
Sanitation	4,898,019	7,832,529	8,118,865	8,807,165	8,972,328	9,398,631	10,045,117	10,065,522	10,145,513	10,509,545
Cultural and leisure services	1,230,952	1,802,270	2,172,190	2,371,659	2,662,145	2,807,967	3,157,108	2,935,299	3,689,340	3,759,669
Education										
Airport	1,661,659	2,035,667	2,412,573	2,388,479	3,175,668	2,224,004	2,311,344	2,874,462	3,037,702	2,847,211
Operating grants and contributions	827,188	849,828	1,311,852	461,062	562,086	482,504	732,270	867,166	517,463	225,720
Capital grants and contributions	470,486	234,923	2,628,486	971,480	899,528	1,202,640	3,249,962	978,717	1,558,087	17,403,845
Total governmental activities program revenues	15,327,040	19,023,046	23,063,622	21,679,714	23,306,892	23,093,276	26,540,852	25,021,011	26,300,813	42,780,191
Business-type activities:										
Charges for services:										
Water and sewer	19,645,941	20,944,907	22,770,255	21,815,931	25,014,928	27,390,285	25,929,814	29,387,212	28,645,921	30,046,938
Operating grants and contributions			3,130							
Capital grants and contributions	105,280	22,539	22,773,385	1,366,031	564,609	2,763	106,221		74,735	248,996
Total business-type activities program revenues	19,751,221	20,967,446	22,773,385	23,181,962	25,579,537	27,393,048	26,036,036	29,387,212	28,720,656	30,295,934
Total primary government program revenues	\$ 35,078,261	\$ 39,990,492	\$ 45,837,007	\$ 44,861,676	\$ 48,886,429	\$ 50,486,324	\$ 52,576,887	\$ 54,408,223	\$ 55,021,469	\$ 73,076,125

(continued)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense) Revenue										
Governmental activities	\$ (32,242,676)	\$ (33,661,335)	\$ (33,126,811)	\$ (38,201,434)	\$ (44,263,342)	\$ (42,227,857)	\$ (38,513,438)	\$ (47,169,611)	\$ (47,257,912)	\$ (48,088,261)
Business-type activities	4,374,629	4,259,245	4,393,863	3,826,836	4,727,070	5,099,589	2,109,404	6,002,957	4,499,930	4,582,601
Total primary government net expense	\$ (27,868,047)	\$ (29,422,090)	\$ (28,732,948)	\$ (34,374,598)	\$ (39,536,272)	\$ (37,128,268)	\$ (36,404,034)	\$ (41,166,654)	\$ (42,757,982)	\$ (43,505,660)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Ad valorem	\$ 12,689,681	\$ 13,662,218	\$ 13,801,987	\$ 14,788,877	\$ 15,825,309	\$ 16,837,010	\$ 17,655,483	\$ 17,582,789	\$ 18,195,808	\$ 19,195,036
Sales	12,508,790	13,022,243	13,934,218	14,933,628	15,510,913	15,238,812	15,134,138	16,125,862	16,967,401	18,017,575
Franchise	6,029,662	5,152,165	5,562,043	5,855,401	6,066,459	6,373,864	6,152,140	6,216,239	6,260,051	6,178,547
Hotel/Motel	866,299	1,005,483	1,028,787	1,029,398	1,210,494	1,067,836	1,104,894	1,215,396	1,223,910	1,306,257
Mixed beverage	73,281	81,641	89,878	96,724	108,764	106,387	106,418	123,581	100,164	110,409
Other taxes	54,665	54,651	53,087	52,539	54,077	54,198	55,750	70,191	77,451	80,817
Investment earnings	605,287	1,106,674	1,590,252	2,319,714	1,487,908	464,244	164,385	88,140	81,493	122,330
Miscellaneous	1,099,057	876,118	1,477,057	1,743,245	1,554,282	1,729,310	1,385,493	3,150,409	1,422,379	1,762,894
Settlement income, net expense	-	-	-	-	-	-	-	-	-	5,350,000
Transfers	-	-	-	-	-	-	-	-	-	47,492
Total governmental activities	33,926,722	34,961,193	37,537,309	40,819,526	41,818,206	41,871,661	41,758,701	44,572,607	44,328,657	52,171,357
Business-type activities:										
Investment earnings	188,074	428,785	656,449	932,660	641,701	235,373	142,385	126,718	358,235	323,317
Transfers	-	-	-	-	-	-	-	-	-	(47,492)
Total business-type activities	188,074	428,785	656,449	932,660	641,701	235,373	142,385	126,718	358,235	275,825
Total primary government	34,114,796	35,389,978	38,193,758	41,752,186	42,459,907	42,107,034	41,901,086	44,699,325	44,686,892	52,447,182
Changes in Net Position										
Governmental activities	1,684,046	1,279,858	4,410,498	2,618,092	(2,445,136)	(356,196)	3,245,263	(2,597,004)	(2,929,255)	4,083,096
Business-type activities	4,562,703	4,688,030	5,050,312	4,759,496	5,368,771	5,334,962	2,251,789	6,129,675	4,858,165	4,858,426
Total primary government	\$ 6,246,749	\$ 5,967,888	\$ 9,460,810	\$ 7,377,588	\$ 2,923,635	\$ 4,978,766	\$ 5,497,052	\$ 3,532,671	\$ 1,928,910	\$ 8,941,522

Table III

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

	Fiscal Year ⁽¹⁾									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable:										
Inventories and prepaid items	\$ 207,628	\$ 342,875	\$ 384,880	\$ 360,101	\$ 389,222	\$ 361,371	\$ 375,993	\$ 448,025	\$ 498,812	\$ 451,696
Restricted for:										
Drug enforcement	217,805	252,071	280,045	197,743	304,931	298,679	329,408	384,797	321,867	329,651
Library, museum, and other	231,016	348,942	528,054	575,459	642,816	368,817	469,706	636,101	629,792	764,285
Assigned to:										
Capital technology acquisition	1,058,416	641,052	621,000	526,345	349,587	569,240	231,207	329,162	315,618	390,979
Capital projects	5,931,395	4,794,405	5,648,213	5,924,986	3,793,396	4,634,697	5,630,052	6,375,154	4,277,846	5,431,542
Self-funded health insurance	-	-	-	-	-	-	-	275,000	300,000	-
Encumbrances	2,058,558	2,090,952	1,237,527	1,482,391	1,135,807	1,951,008	1,532,988	1,109,456	2,060,396	1,960,290
Unassigned	12,285,253	12,943,446	13,274,017	14,478,768	15,048,035	15,048,035	15,050,138	15,368,477	16,100,649	16,785,630
Total general fund	\$ 21,990,071	\$ 21,413,743	\$ 21,973,736	\$ 23,545,793	\$ 21,663,794	\$ 23,231,847	\$ 23,619,492	\$ 24,926,172	\$ 24,504,980	\$ 26,114,073
All other governmental funds										
Nonspendable:										
Prepaid items	\$ 93	\$ 547	\$ 2,072	\$ 2,000	\$ 2,000	\$ 5,098	\$ 4,581	\$ 4,555	\$ 4,203	\$ 15,527
Restricted for:										
Debt service	116,314	6,472	644,563	1,130,345	1,744,532	1,538,432	1,758,817	1,364,049	2,960,522	7,356,612
Construction, as restated	9,286,333	1,982,879	1,536,715	7,443,797	22,212,809	9,310,110	15,349,088	4,585,041	30,398,210	37,708,729
Museum	-	-	-	-	-	-	-	-	-	8,348
Promotion of tourism	339,797	663,878	909,574	970,497	1,208,688	1,027,344	913,293	1,149,063	1,350,812	1,077,954
Committed to:										
Drainage	505,595	411,002	500,117	766,162	558,905	999,253	1,265,722	1,279,068	1,503,965	1,855,290
Total all other governmental funds, as restated	\$ 10,248,132	\$ 3,064,778	\$ 3,593,041	\$ 10,312,801	\$ 25,726,934	\$ 12,880,237	\$ 19,291,501	\$ 8,381,776	\$ 36,217,712	\$ 48,022,460

1 - The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Fiscal years 2003 through 2010 have been reclassified with the implementation of GASB Statement No. 54.

Table IV

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES:										
Taxes:										
Ad valorem	\$ 12,720,902	\$ 13,659,452	\$ 13,835,799	\$ 14,749,272	\$ 15,821,743	\$ 16,741,749	\$ 17,617,718	\$ 17,647,927	\$ 18,246,346	\$ 19,164,488
Sales	12,508,790	13,022,243	13,934,218	14,933,628	15,510,913	15,238,812	15,134,138	16,125,862	16,967,401	18,017,575
Hotel/Motel	866,299	1,005,483	1,028,787	1,029,398	1,210,494	1,067,836	1,104,894	1,215,396	1,223,910	1,306,256
Mixed beverage	73,281	81,641	89,878	96,724	108,764	106,387	106,418	123,581	100,164	110,409
Other taxes	54,665	54,651	53,087	52,539	54,077	54,198	55,751	70,191	77,451	80,817
Franchise fees	6,029,662	5,152,165	5,562,043	5,855,403	6,066,459	6,373,864	6,152,141	6,216,239	6,260,051	6,178,547
Licenses and permits	303,168	336,506	424,378	419,367	407,634	333,085	323,817	448,076	377,290	738,449
Intergovernmental	1,320,232	1,084,752	3,940,238	1,432,542	1,461,614	1,685,144	3,982,232	1,847,522	2,265,741	17,629,564
Drainage fees	609,476	615,738	636,108	638,591	685,848	981,950	999,274	1,016,748	1,084,423	1,088,165
Charges for services:										
Library fees	43,906	43,310	43,363	43,295	48,070	46,664	37,678	40,202	35,829	34,900
Recreational entry fees	121,792	134,509	158,834	168,358	171,812	162,965	168,238	154,637	136,498	133,153
Summit recreational fees	368,549	428,084	448,170	460,064	469,840	468,832	624,394	773,341	751,824	627,333
Golf course revenues	-	589,011	891,829	931,270	1,017,243	911,780	788,981	239,610	1,017,595	960,200
Swimming pool	75,317	-	80,480	87,268	-	275,978	270,067	37,922	33,169	42,845
Lions Junction water park	-	-	-	-	-	10,507	60,445	72,336	82,530	93,645
Sammons indoor pool	-	-	-	-	-	224,293	174,537	138,342	124,135	126,605
Vital statistics	115,705	127,329	194,531	229,874	228,691	224,293	277,769	278,136	228,156	344,477
Police revenue	193,719	197,068	246,981	250,619	466,471	268,804	277,769	278,136	228,156	344,477
Contractual services - proprietary fund	2,249,706	2,392,450	2,415,086	2,564,022	2,815,038	2,916,744	2,965,786	2,968,883	3,063,081	3,251,073
County fire protection	4,233	2,225	1,389	1,084	1,353	5,007	2,058	4,095	3,988	3,583
Curb and street cuts	34,691	24,919	27,092	32,043	36,925	51,896	42,658	42,745	69,762	23,292
Other	152,543	149,086	131,421	116,099	115,091	107,866	173,520	177,315	183,078	151,617
Solid waste collection - residential	2,312,997	2,367,375	2,437,511	2,721,927	2,832,858	3,178,301	3,572,061	3,658,361	3,731,899	3,824,407
Solid waste collection - commercial	1,057,637	2,273,836	2,371,563	2,556,689	2,639,211	2,798,689	2,842,700	2,845,635	2,844,135	2,849,455
Solid waste collection - roll-off	489,424	1,888,941	1,119,593	2,305,986	2,203,748	1,904,049	2,016,329	1,820,793	1,894,753	2,061,942
Temporary fuel surcharge	-	-	92,569	-	-	-	-	-	-	-
Landfill contract	1,037,961	1,302,376	2,097,627	1,222,563	1,296,510	1,517,583	1,614,027	1,640,732	1,674,726	1,773,741
Airport sales and rental	1,661,659	2,035,667	2,412,574	2,388,479	3,175,668	2,224,005	2,311,344	2,874,462	3,037,702	2,847,211
Recreational services	296,863	270,462	278,963	376,134	537,091	550,001	728,785	760,084	819,626	983,425
Fire department	122,032	29,524	8,219	19,804	11,812	6,079	10,981	17,636	11,964	14,128
Subdivision fees	18,554	21,451	22,789	17,788	20,533	12,201	17,975	21,818	15,648	25,724
Civic center & railroad museum revenues	249,525	190,616	195,551	230,271	249,930	254,882	298,504	408,671	402,293	474,161
Fines	1,842,055	1,869,776	1,811,931	1,890,845	1,985,417	1,801,732	1,883,604	2,136,454	2,133,078	2,185,239
Interest and other	2,282,631	2,497,593	3,516,112	4,516,612	3,662,986	2,536,426	1,884,590	1,866,347	1,700,329	2,160,307
Total revenues	49,217,974	53,919,517	60,508,714	62,338,556	65,407,004	64,869,676	68,273,430	68,088,596	70,858,551	89,576,741
EXPENDITURES:										
Current:										
General government	8,157,197	8,724,300	9,309,505	10,388,342	12,486,714	10,996,117	11,408,326	11,324,780	11,703,131	13,660,816
Public safety	27,425,138	27,143,513	21,435,743	22,407,229	23,983,300	24,608,006	28,959,139	31,542,542	27,628,257	25,743,401
Highways and streets	6,131,449	4,112,820	3,668,866	6,417,838	9,932,915	6,250,717	4,435,722	5,908,288	9,204,905	24,913,821
Sanitation	4,290,608	4,758,194	5,014,310	5,764,373	5,516,414	4,471,564	5,188,280	5,391,763	5,056,524	10,190,353
Health and welfare	164,976	248,098	2,139,818	236,520	620,472	130,494	238,743	461,209	205,125	249,711
Culture and leisure services	7,112,033	7,572,315	8,527,394	9,482,059	12,211,783	18,805,709	11,965,596	11,183,792	10,978,275	12,937,428
Education	-	-	-	-	-	-	-	-	-	-
Airport	1,836,487	2,578,064	6,274,987	3,305,438	3,724,449	3,504,554	5,153,234	3,273,341	3,626,089	3,382,606
Debt service:										
Principal retirement	3,483,392	4,198,715	4,077,148	4,026,314	4,338,388	4,332,453	4,868,482	4,772,004	5,405,563	5,110,646
Interest and fiscal charges	2,508,587	2,472,470	2,359,042	2,554,604	2,708,182	3,314,077	3,381,115	3,244,597	3,236,670	4,797,337
Total expenditures	\$ 61,109,867	\$ 61,808,489	\$ 62,806,813	\$ 64,562,717	\$ 75,520,617	\$ 76,413,691	\$ 75,498,637	\$ 77,102,296	\$ 77,044,539	\$ 100,986,119

(continued)

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

Table IV
 (continued)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (11,891,893)	\$ (7,888,972)	\$ (2,298,099)	\$ (2,244,161)	\$ (10,113,613)	\$ (11,544,015)	\$ (7,225,207)	\$ (9,013,700)	\$ (6,185,988)	\$ (11,419,378)
OTHER FINANCING SOURCES (USES):										
Transfer in	3,651,356	2,753,523	3,780,514	2,123,769	2,261,777	1,206,082	1,240,854	1,042,837	1,330,355	8,112,971
Transfer out	(3,651,356)	(2,753,523)	(3,780,514)	(2,123,769)	(2,261,777)	(1,206,082)	(1,240,854)	(1,692,472)	(1,845,849)	(8,571,235)
Issuance of loans and bonds	-	-	3,550,000	10,635,000	23,180,000	265,371	13,995,000	-	30,445,000	19,775,000
Original issue premium	-	-	-	(99,022)	(155,766)	-	-	(68,241)	(291,156)	385,580
Discount on bond issuance	-	-	-	-	-	-	3,950,000	9,820,000	9,290,000	(219,097)
Issuance of refunding bonds	-	14,526,582	-	-	-	-	-	-	-	-
Issuance of debt	1,923,079	(14,397,292)	-	-	-	-	(3,926,713)	(9,903,444)	(10,482,241)	-
Payment to refunded bond escrow agent	-	-	-	-	621,513	-	5,829	204,248	5,154,623	-
Premium on bond issuance	-	-	-	-	-	-	-	-	-	7,250,000
Claims settlement	-	-	-	-	-	-	-	-	-	(1,900,000)
Attorney fees	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,923,079	129,290	3,550,000	10,535,978	23,645,747	265,371	14,024,116	(597,072)	33,600,732	24,833,219
NET CHANGE IN FUND BALANCES	\$ (9,968,814)	\$ (7,759,682)	\$ 1,251,901	\$ 8,291,817	\$ 13,532,134	\$ (11,278,644)	\$ 6,798,909	\$ (9,610,772)	\$ 27,414,744	\$ 13,413,841
Debt service as a percentage of noncapital expenditures:	13.5%	13.5%	12.1%	11.8%	11.0%	12.7%	13.5%	13.0%	12.3%	11.5%
Capital Outlay	\$ 16,668,564	\$ 12,453,493	\$ 9,728,555	\$ 8,718,456	\$ 11,703,515	\$ 16,423,100	\$ 14,306,611	\$ 15,437,565	\$ 6,873,201	\$ 15,122,317

CITY OF TEMPLE, TEXAS
GENERAL GOVERNMENTAL TAX & FRANCHISE REVENUES BY SOURCE ⁽¹⁾
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table V

Fiscal Year	General Property Tax	City Sales Tax	Franchise Fee	Hotel/Motel Tax	Mixed Beverage Tax	Other Tax	Total
2004	\$ 12,720,902	\$ 12,508,790	\$ 6,029,662	\$ 866,299	\$ 73,281	\$ 54,665	\$ 32,253,599
2005	13,659,452	13,022,243	5,152,165	1,005,483	81,641	54,651	32,975,635
2006	13,835,799	13,934,218	5,562,043	1,028,787	89,878	53,087	34,503,812
2007	14,749,272	14,933,628	5,855,401	1,029,398	96,724	52,539	36,716,962
2008	15,821,743	15,510,913	6,066,459	1,210,494	108,764	54,077	38,772,450
2009	16,741,749	15,238,812	6,373,864	1,067,836	106,387	54,198	39,582,846
2010	17,617,718	15,134,138	6,152,141	1,104,894	106,418	55,751	40,171,060
2011	17,647,927	16,125,862	6,216,239	1,215,396	123,581	70,191	41,399,196
2012	18,246,346	16,967,401	6,260,051	1,223,910	100,164	77,451	42,875,323
2013	19,164,488	18,017,575	6,178,547	1,306,256	110,409	80,817	44,858,092

⁽¹⁾ Includes the General Fund tax revenues on a GAAP basis.

Table VI

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

Fiscal Year ¹	Estimated Market Value		Less: Productivity Loss	Less: Homestead Cap	Less: Tax-Exempt Property	Total Taxable Assessed Value	Less: Tax Increment District	Less: Applicable Adjustments	Total Taxable Value ⁴	Total Direct Tax Rate	Assessed Value ¹ as a Percentage of Actual Value
	Real Property	Personal Property									
2004	\$2,314,466,603	\$750,167,536	\$31,359,993	\$45,438,758	\$748,963,095	\$2,238,872,293	\$85,417,297	\$1,343,363	\$2,152,111,633	\$0.6047	73.06%
2005	2,407,820,798	875,240,770	30,588,532	30,073,035	811,983,222	2,410,416,779	102,827,565	-	2,307,589,214	0.6023	73.42%
2006	2,593,605,161	923,610,106	30,044,127	39,954,400	829,300,032	2,617,916,708	99,457,612	77,181,631	2,441,277,465	0.5745	74.43%
2007	2,776,793,922	867,247,320	32,245,657	29,952,122	839,553,516	2,742,289,947	119,486,508	-	2,622,803,439	0.5734	75.25%
2008	3,010,380,513	890,891,949	34,753,485	30,407,611	857,950,357	2,978,161,009	123,405,421	-	2,854,755,588	0.5681	76.34%
2009	3,236,662,897	920,505,493	34,032,591	27,964,590	864,617,679	3,230,553,530	129,959,299	-	3,100,594,231	0.5595	77.71%
2010	3,328,646,073	913,243,710	36,416,466	12,780,852	842,391,021	3,350,301,444	129,278,930	-	3,221,022,514	0.5646	78.98%
2011	3,360,739,695	865,160,292	39,920,753	5,630,033	849,088,073	3,331,261,128	129,282,220	-	3,201,978,908	0.5679	78.83%
2012	3,489,946,100	921,088,202	40,788,663	7,005,234	915,915,243	3,447,325,162	136,065,299	-	3,311,259,863	0.5679	78.15%
2013	3,571,566,347	938,279,608	39,981,995	4,092,340	931,868,067	3,533,903,553	156,026,934	-	3,377,876,619	0.5864	78.36%

Source: Property tax information - Tax Appraisal District of Bell County

Note: Property is reassessed annually. The Tax Appraisal District of Bell County assesses property at approximately 100 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$100 of assessed value.

¹ - Includes tax-exempt property.

² - Subsequent to the July 16, 2003 certification of the tax roll, the Interim Chief Appraiser adjusted the "certified" totals under Appraisal Review Board (ARB) review by 15%.

³ - Adjustment accounts for correction of an error and a court ordered agreement.

⁴ - Net taxable value not adjusted for frozen values

**CITY OF TEMPLE, TEXAS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING¹ GOVERNMENTS
Last Ten Fiscal Years**

Table VII

Fiscal Year	City of Temple				Overlapping Rates											
	Operating	Debt Service	Total Direct Tax Rate	Bell County	Bell County		Temple		Elm Creek		Temple		Belton		Troy	
					Road District	County	College	Flood Control District	Independent School District	Independent School District	Independent School District	Independent School District				
2004	\$ 0.3510	\$ 0.2537	\$ 0.6047	\$ 0.3351	\$	0.0299	\$ 0.2245	\$	0.0286	\$	1.6500	\$	1.6640	\$	1.6068	
2005	0.3674	0.2349	0.6023	0.3315		0.0295	0.2154		0.0286		1.6318		1.7400		1.6325	
2006	0.3546	0.2199	0.5745	0.3465		0.0295	0.2054		0.0294		1.6300		1.7185		1.6725	
2007	0.3395	0.2339	0.5734	0.3815		0.0295	0.2000		0.0294		1.4900		1.6685		1.5435	
2008	0.3392	0.2289	0.5681	0.3795		0.0295	0.2180		0.0309		1.2401		1.2870		1.2681	
2009	0.3322	0.2273	0.5595	0.3779		0.0295	0.2100		0.0283		1.2300		1.4110		1.5217	
2010	0.3173	0.2473	0.5646	0.3759		0.0295	0.2100		0.0306		1.2100		1.4110		1.4030	
2011	0.3300	0.2379	0.5679	0.3820		0.0299	0.2100		0.0327		1.2100		1.4210		1.3517	
2012	0.3240	0.2439	0.5679	0.4096		0.0299	0.2054		0.0327		1.2850		1.4060		1.3517	
2013	0.3300	0.2564	0.5864	0.4212		0.0299	0.2036		0.0327		1.2800		1.5210		1.3317	

Source: Tax Appraisal District of Bell County

Notes: Statutes of the State of Texas (Article 1028) limit the maximum amount that a city can designate for debt service to \$2.50 per \$100 of assessed valuation. However, under City Charter, a limitation on taxes levied for general municipal operating purposes and for the purpose of paying interest and providing a proper sinking fund for paying the outstanding bonds and other obligations of the City, issued for municipal purposes, and any such future bonds or obligations which may be authorized, may not exceed \$1.20 per \$100 assessed valuation.

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Temple. Not all overlapping rates apply to all City of Temple property owners (e.g. rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district). A property's location within the City limits will determine which school district's tax will be applicable for the property.

Tax rate limit, City: \$1.20
 Is limitation by statute or constitution? Statute.
 Do they include debt service? Yes.
 Tax due date: January 31.
 Discount allowed? Yes: October 31, 3%; November 30, 2%; December 31, 1%.
 Penalty and interest: 1.5% per month beginning on the first day of delinquency (February 1) until tax is 12 months delinquent, at which time a 1.0% per month penalty is assessed until taxes are paid.
 Uncollected taxes: 1. Second notice mailed in March or April following due date.
 2. Letter of intent to sue sent.
 3. Tax suit filed.
 As ordered: not set by date.
 Source: Tax Appraisal District of Bell County.

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

Table VIII

Taxpayer	2013			2004		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ²	Rank	Percentage of Total Taxable Assessed Value
Pactiv Corporation	\$ 125,390,411	1	3.71%	\$ 60,487,754	4	2.81%
McLane Company, Inc.	110,900,049	2	3.28%	21,414,673	7	1.00%
Wal-Mart Distribution Center	106,042,158	3	3.14%	68,150,541	2	3.17%
Wilsonart International	80,553,917	4	2.38%	83,172,588	1	3.86%
Oncor Electric Delivery Company	47,030,882	5	1.39%	29,930,047	5	1.39%
Sam's East, Inc.	40,713,988	6	1.21%	-	-	-
BNSF Railway Company	24,625,264	7	0.73%	12,212,408	10	0.57%
LJT Texas LLC	20,653,626	8	0.61%	-	-	-
H.E. Butt Grocery	19,791,898	9	0.59%	-	-	-
Performance Food Group	17,636,967	10	0.52%	15,138,398	9	0.70%
McLane Southwest, Inc.	-	-	-	63,730,927	3	2.96%
Southwestern Bell Telephone	-	-	-	24,391,756	6	1.13%
Colonial Realty LP	-	-	-	17,422,223	8	0.81%
Totals	<u>\$ 593,339,160</u>		<u>17.57%</u>	<u>\$ 396,051,315</u>		<u>18.40%</u>

Source: Tax Appraisal District of Bell County

¹- Total taxable value including real and personal property for fiscal year 2013 is \$3,377,876,619 (net taxable value not adjusted for frozen values).

²- Total taxable value including real and personal property for fiscal year 2004 is \$2,152,111,633 (net taxable value not adjusted for frozen values).

Table IX

CITY OF TEMPLE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Nine Fiscal Years

Fiscal Year ¹	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected within the Tax Year of the Levy		Collections in Subsequent Years ²		Total Collections to Date	
	Amount	Amount	Amount	Amount	% of Levy	Amount	Years	Amount	% of Levy
2005	\$ 13,900,164	\$ (163,645)	\$ 13,736,519	\$ 13,440,518	97.85%	\$ 164,658		\$ 13,605,176	99.04%
2006	14,096,975	-	14,096,975	13,792,514	97.84%	149,077		13,941,591	98.90%
2007	14,970,102	-	14,970,102	14,705,740	98.23%	111,968		14,817,708	98.98%
2008	16,089,326	-	16,089,326	15,783,170	98.10%	126,478		15,909,648	98.88%
2009	17,162,704	-	17,162,704	16,794,390	97.85%	124,045		16,918,435	98.58%
2010	17,957,542	-	17,957,542	17,582,962	97.91%	127,027		17,709,989	98.62%
2011	17,957,507	-	17,957,507	17,538,771	97.67%	135,551		17,674,322	98.42%
2012	18,585,931	-	18,585,931	18,276,652	98.34%	94,330		18,370,982	98.84%
2013	19,534,480	-	19,534,480	19,295,759	98.78%	-		19,295,759	98.78%

¹ - Information prior to FY 2005 is not available in this format. As additional years of data become available, the City will report 10 years of historical data.

² - Collections from subsequent years restated to reflect collections net of refunds.

Source: Tax Appraisal District of Bell County

Table X

CITY OF TEMPLE, TEXAS
TAXABLE SALES BY CATEGORY
Last Ten Calendar Years

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Building Material	\$ 52,989,545	\$ 58,106,057	\$ 65,724,599	\$ 71,437,840	\$ 88,416,785	\$ 89,613,352	\$ 82,462,311	\$ 88,576,484	\$ 87,314,928	\$ 114,672,337
General Merchandise Stores	138,716,910	137,216,215	130,038,434	129,664,014	166,315,129	175,596,330	164,686,634	170,470,503	170,797,914	173,890,968
Food Stores ¹	45,609,166	47,757,177	47,494,054	47,944,503	37,103,364	39,420,176	41,712,916	49,113,761	56,881,719	59,918,860
Auto Dealers & Service Stations	27,529,976	27,015,799	28,048,074	29,640,807	53,782,893	55,042,952	57,044,251	58,364,792	59,241,754	60,851,311
Apparel & Accessory Stores	28,686,170	30,532,652	25,462,014	23,396,775	30,424,610	28,783,684	24,779,772	24,857,770	25,852,811	30,199,552
Furniture & Home Furnishings	38,790,500	40,712,380	38,358,643	45,858,144	43,464,834	44,804,031	39,113,284	45,981,591	40,458,746	42,097,157
Eating & Drinking Places	79,508,287	85,808,030	89,864,655	88,975,925	106,970,841	112,977,388	113,463,147	118,255,769	123,216,814	129,906,448
Miscellaneous Retail	41,875,917	42,296,804	43,706,477	41,634,298	63,350,221	66,585,331	67,017,206	67,267,029	62,914,213	65,086,919
Nonstore Retailers	3,018	-	12,214	20,917	15,024	613,748	323,075	13,731	3,894	37,625
Total Retail Sales	453,709,489	469,445,114	468,709,164	478,573,223	589,843,701	613,436,992	590,602,596	622,901,430	626,682,793	676,661,177
Total Non-Retail Sales	357,239,176	359,855,537	373,637,697	420,299,019	239,215,347	199,854,667	179,375,190	188,040,333	191,399,847	201,318,871
Total Taxable Sales	\$ 810,948,665	\$ 829,300,651	\$ 842,346,861	\$ 898,872,242	\$ 829,059,048	\$ 813,291,659	\$ 769,977,786	\$ 810,941,763	\$ 818,082,640	\$ 877,980,048

Applicable Sales Tax Rates:

City of Temple	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Bell County	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
State of Texas	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
TOTAL SALES TAX RATE	8.25%									

Source: State of Texas Comptroller, City of Temple, and Bell County.

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

¹ - General grocery items are not taxable; the sales tax applies only to prepared food items and nonfood items.

² - In prior years erroneously reported Miscellaneous Retail in Non-Retail Sales category.

Table XI

CITY OF TEMPLE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Personal Income ¹	Per Capita ¹
	Certificates of		Contractual Obligations	Revenue Bonds	Pass-Through Revenue & Limited Tax Bonds	Water & Sewer		General		Notes Payable			
	Obligation Bonds	Obligation Bonds				Revenue Bonds	Obligation Bonds						
2004	\$27,196,582	\$20,450,000	\$1,620,000	\$-	\$-	\$35,575,000	\$2,053,418	\$2,745,000	\$833,153	\$92,977,845	\$25,672	\$1,618	
2005	32,920,343	11,425,000	1,375,000	-	1,915,628	33,970,000	1,389,657	2,140,000	751,256	85,886,884	27,338	1,448	
2006	30,467,518	10,240,000	1,115,000	-	1,736,305	32,320,000	682,482	1,505,000	666,874	82,283,179	30,132	1,360	
2007	28,390,000	19,165,000	850,000	-	1,872,509	51,095,000	-	-	579,932	105,392,441	32,812	1,707	
2008	35,135,000	32,180,000	575,000	-	1,534,112	63,395,000	-	-	490,352	136,444,464	35,255	2,173	
2009	32,410,000	31,525,000	290,000	-	1,457,030	60,125,000	-	-	398,055	129,015,085	37,106	2,031	
2010	46,835,000	27,400,000	-	-	1,063,548	73,885,000	-	-	302,959	151,956,507	37,917	2,299	
2011	47,040,000	23,625,000	-	-	771,478	56,770,000	14,150,000	-	204,974	144,671,452	38,174	2,158	
2012	48,315,000	17,160,000	5,745,000	24,700,000	455,915	34,110,000	32,390,000	-	104,018	164,709,933	39,630	2,411	
2013	44,990,000	30,150,000	11,455,000	24,700,000	137,235	30,700,000	31,230,000	-	-	174,692,235	39,471	2,486	

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

¹ - See the Schedule of Demographic and Economic Statistics on page 173 for personal income and population data. (Table XVI)

Table XII

CITY OF TEMPLE, TEXAS
 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding										Less: Amounts Available in Debt Service Fund	Total General Bonded Debt Outstanding	Total General Net Bonded Debt Outstanding	% of Estimated Actual Taxable Value ² of Property		Per Capita ³
	General Obligations Bonds ¹	Certificates of Obligations Bonds	Contractual Obligations	Revenue Bonds	Pass-Through Revenue & Limited Tax Bonds	Notes Payable	Total General Bonded Debt Outstanding	Less: Amounts Available in Debt Service Fund	Total General Net Bonded Debt Outstanding	% of Estimated Actual Taxable Value ² of Property				Per Capita ³		
2004	\$ 29,250,000	\$ 20,450,000	\$ 1,620,000	\$ -	\$ -	2,504,692	\$ 53,824,692	\$ 116,314	\$ 53,708,378	\$ 53,708,378	73.06%	\$ 935				
2005	34,310,000	11,425,000	1,375,000	-	-	1,915,628	49,025,628	6,472	49,019,156	49,019,156	73.42%	826				
2006	31,150,000	10,240,000	1,115,000	3,550,000	-	1,736,305	47,791,305	644,563	47,146,742	47,146,742	74.43%	779				
2007	28,390,000	19,165,000	850,000	3,440,000	-	1,872,509	53,717,509	1,130,345	52,587,164	52,587,164	75.25%	852				
2008	35,135,000	32,180,000	575,000	3,135,000	-	1,534,112	72,559,112	1,744,532	70,814,580	70,814,580	76.34%	1,128				
2009	32,410,000	31,525,000	290,000	2,810,000	-	1,457,030	68,492,030	1,538,432	66,953,598	66,953,598	77.71%	1,054				
2010	46,835,000	27,400,000	-	2,470,000	-	1,063,548	77,768,548	1,758,817	76,009,731	76,009,731	78.98%	1,150				
2011	61,190,000	23,625,000	-	2,110,000	-	771,478	87,696,478	1,364,049	86,332,429	86,332,429	78.83%	1,288				
2012	80,705,000	17,160,000	5,745,000	1,730,000	24,700,000	455,915	130,495,915	2,960,522	127,535,393	127,535,393	78.15%	1,867				
2013	76,220,000	30,150,000	11,455,000	1,330,000	24,700,000	137,235	143,992,235	7,356,612	136,635,623	136,635,623	78.36%	1,944				

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

¹ - Amounts reported include governmental and business type general obligation bonds.

² - See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 163 for property value data.

³ - Population data can be found in the Schedule of Demographic and Economic Statistics on page 173.

**CITY OF TEMPLE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2013**

Table XIII

<u>Governmental Unit</u>	<u>Net General Obligation Bonded Debt Outstanding¹</u>	<u>Percentage Applicable to City of Temple</u>	<u>Amount Applicable to City of Temple</u>
Direct Debt:			
City of Temple	\$ 143,462,235	100.00%	\$ 143,462,235
Reinvestment Zone No. 1 ²	52,825,000	100.00%	52,825,000
Total direct debt	<u>196,287,235</u>		<u>196,287,235</u>
Overlapping Debt:			
Temple Independent School District	\$ 148,573,790	93.29%	\$ 138,604,489
Temple College	22,920,000	99.04%	22,699,968
Bell County	122,035,000	25.13%	30,667,396
Belton Independent School District	136,394,996	21.27%	29,011,216
Troy Independent School District	19,270,011	6.15%	1,185,106
Total estimated overlapping debt	<u>449,193,797</u>		<u>222,168,175</u>
Total direct and overlapping debt	<u><u>\$ 645,481,032</u></u>		<u><u>\$ 418,455,410</u></u>

Sources: Finance departments of respective entities.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Temple. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident -- and therefore responsible for repaying the debt -- of each overlapping government.

¹ - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

² - Debt is secured by pledged property taxes attributable to incremental growth in real property within the Zone. Bell County, Temple I.S.D., Belton I.S.D., Troy I.S.D. and Temple College each participate in the Zone.

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

Table XIV

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value 2012/2013 tax roll ¹	\$3,024,925,309
Limit on amount designated for debt service per \$100 assessed valuation	x \$1.20
Legal debt service limit	\$ 36,299,104
Actual amount expended by Debt Service Fund for general obligation debt service during the year ended September 30, 2013	(8,893,165)
Legal Debt Margin	\$ 27,405,938

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt service limit	\$ 25,825,340	\$ 27,375,114	\$ 29,295,330	\$ 28,538,710	\$ 31,159,190	\$ 33,506,296	\$ 34,778,639	\$ 34,475,515	\$ 35,704,035	\$ 36,299,104
Total net debt applicable to limit	(5,995,418)	(6,298,459)	(5,542,725)	(5,780,876)	(5,756,359)	(6,744,944)	(6,921,079)	(7,144,451)	(7,597,902)	(8,893,165)
Legal debt margin	\$ 20,229,922	\$ 21,076,655	\$ 23,752,605	\$ 22,757,834	\$ 25,402,831	\$ 26,761,352	\$ 27,857,560	\$ 27,331,064	\$ 28,106,133	\$ 27,405,938
Total net debt applicable to the limit as a percentage of debt service limit	21.67%	23.01%	18.92%	20.26%	18.47%	20.13%	19.90%	20.72%	21.28%	24.50%

Notes: Statutes of the State of Texas (Article 1028) limit the maximum amount that a city can designate for debt service to \$2.50 per \$100 of assessed valuation. However, under City Charter, a limitation on taxes levied for general municipal operating purposes and for the purpose of paying interest and providing a proper sinking fund for paying the outstanding bonds and other obligations of the City, issued for municipal purposes, and any such future bonds or obligations which may be authorized, may not exceed \$1.20 per \$100 assessed valuation.

¹ - Net taxable value adjusted for frozen taxable value. Frozen taxable value is not included in debt service calculation.

**CITY OF TEMPLE, TEXAS
PLEGGED-REVENUE COVERAGE
Last Ten Fiscal Years**

Table XV

Water Revenue Bonds					
Fiscal Year	Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Average Annual Debt Service ³	Coverage
2004	\$ 19,939,295	\$11,374,773	\$ 8,564,522	\$ 2,888,623	2.96
2005	21,396,231	12,339,054	9,057,177	2,852,664	3.17
2006	23,429,834	12,818,521	10,611,313	2,799,622	3.79
2007	22,748,591	13,454,119	9,294,472	3,982,479	2.33
2008	25,656,629	14,967,382	10,689,247	4,697,031	2.28
2009	27,625,658	16,455,192	11,170,466	4,686,147	2.38
2010	26,072,200	17,037,596	9,034,604	5,352,275	1.69
2011	29,513,930	16,271,594	13,242,336	5,275,264	2.51
2012	29,078,891	16,753,197	12,325,694	5,104,498	2.41
2013	30,619,249	17,505,732	13,113,517	4,990,904	2.63

Water Revenue Bonds					
Fiscal Year	Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Maximum Annual Debt Service ⁴	Coverage
2007	\$ 22,748,591	\$13,454,119	\$ 9,294,472	\$ 3,496,500	2.66
2008	25,656,629	14,967,382	10,689,247	4,677,725	2.29
2009	27,625,658	16,455,192	11,170,466	4,677,625	2.39
2010	26,072,200	17,037,596	9,034,604	5,792,125	1.56
2011	29,513,930	16,271,594	13,242,336	5,792,125	2.29
2012	29,078,891	16,753,197	12,325,694	3,158,581	3.90
2013	30,619,249	17,505,732	13,113,517	3,158,581	4.15

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial section. Operating expenses do not include interest, depreciation, or amortization expenses.

¹ - Gross revenues (as defined by revenue bond covenants) includes all income of the water and sewer system including interest income and noncash contributions of capital.

² - Total operating expense less depreciation.

³ - Includes Revenue Debt and 1993 Combination Tax & Revenue Debt for fiscal years 1995 - 2003. Includes Revenue Debt and 2003 General Obligation Refunding & Improvement Debt for fiscal years beginning in 2004 through 2006. Includes 2006 Utility Revenue Bonds for fiscal years beginning in 2007, plus 2008 Utility Revenue Bonds for fiscal years beginning in 2009, plus 2010 Utility Revenue Bonds for fiscal years beginning in 2010.

⁴ - FY 2007 is the first year of the new Junior Lien Master Ordinance requiring calculation of the Junior Lien Debt coverage based on the greater of 1.25 times the average annual debt service requirements or 1.10 times the maximum annual debt service requirements. Maximum annual debt service only includes the 2006 Utility Revenue Bonds for FY 2007, plus 2008 Utility Revenue Bonds for fiscal years beginning in 2009, plus 2010 Utility Revenue Bonds for fiscal years beginning in 2010.

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

Table XVI

Calendar Year	Population ¹	Personal Income ²	Per Capita Personal Income ³	Median Age ⁴	School Enrollment ⁵	Unemployment Rate ⁶
2004	57,447	\$ 1,474,779,384	\$ 25,672	35.2	8,062	3.20
2005	59,318	1,621,635,484	27,338	35.2	8,066	4.33
2006	60,518	1,823,528,376	30,132	35.2	8,095	4.08
2007	61,755	2,026,305,060	32,812	35.2	8,359	3.82
2008	62,790	2,213,661,450	35,255	35.2	8,499	4.15
2009	63,524	2,357,121,544	37,106	35.2	8,629	5.89
2010	66,102	2,506,389,534	37,917	34.6	8,981	6.43
2011	67,036	2,559,032,264	38,174	34.6	8,953	6.72
2012	68,315	2,707,323,450	39,630	34.6	8,850	5.80
2013	70,274	2,773,785,054	39,471	34.6	8,749	5.53

Source: 2010 population based on 2010 Bureau of Census report.

¹ - 2002 thru 2009 population is based on new residential water customers multiplied by 2000 Census data of average household size of 2.44. 2010 population is based on the 2010 Census and 2011 population is based on new residential water customers multiplied by 2010 Census data of average household size of 2.47.

² - Calculating Personal Income based on Per Capital Personal Income and estimated population.

³ - Per Capita Income provided by Metropolitan Area publication on the U.S. Department of Commerce's Bureau of Economic Analysis website (2007-2010). Based on most recent data available which will lag one year behind. This includes updates to prior years as they are updated by the Bureau of Economic Analysis.

⁴ - Median age of 35.2 provided in 2000 Census and 34.6 provided in the 2010 Census.

⁵ - School enrollment (for public schools in Temple) provided by Temple Independent School District.

⁶ - Unemployment rates provided on the Texas Workforce Commission website. This includes updates to prior years as they are updated by the Texas Workforce Commission.

CITY OF TEMPLE, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago

Table XVII

Employer	FY 2013			FY 2004		
	Employees ¹	Rank	Percentage of Total City Employment ²	Employees ³	Rank	Percentage of Total City Employment ⁴
Scott & White Hospital	8,847	1	26.57%	7,608	1	27.33%
Central Texas Veterans Healthcare Systems	2,269	2	6.82%	2,753	2	9.89%
McLane Company - Corporation Headquarters & SW Distribution Center	1,640	3	4.93%	1,549	4	5.56%
Temple Independent School District	1,223	4	3.67%	1,368	5	4.91%
Wal-Mart Superstore, Distribution Center and Sam's Club	1,173	5	3.52%	655	9	2.35%
Wilsonart International	957	6	2.87%	1,685	3	6.05%
City of Temple	794	7	2.38%	637	10	2.29%
Sprint/Nextel Communications	700	8	2.10%	922	7	3.31%
PACTIV Packaging Corporation	600	9	1.80%	1,063	6	3.82%
H-E-Butt Retail Distribution Center	500	10	1.50%	-	-	-
King's Daughters Hospital and Clinic	-		-	688	8	2.47%
Totals	18,703		56.16%	18,928		67.98%

¹ - Source: Temple Economic Development Corporation

² - Source: Texas Workforce Commission website

³ - Source: Temple Chamber of Commerce

⁴ - Source: Texas Workforce Commission website

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government -										
Administrative services ^{41 & 58}	-	-	-	-	-	-	-	-	-	2.25
City council ^{36, 37 & 59}	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City manager ^{1, 18, 24, 41 & 62}	5.13	4.73	4.73	4.38	4.38	6.00	6.00	8.00	7.75	6.00
Finance ^{19 & 25}	9.70	9.70	9.75	10.75	10.75	11.00	11.00	10.50	11.00	11.00
Purchasing	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City secretary ⁶³	4.00	4.00	4.50	4.63	4.63	4.63	4.63	4.63	4.63	4.63
Legal	5.63	5.63	5.63	6.13	7.13	6.63	6.63	6.63	6.63	6.63
City planning ^{17, 26 & 44}	4.45	6.45	6.45	6.33	6.33	6.45	6.45	6.45	5.95	6.95
Information technology services ^{2, 17, 18, 20 & 59}	20.38	20.00	20.00	19.00	17.50	17.50	17.50	16.50	16.50	15.50
Human resources ²⁷	5.63	5.63	5.63	6.00	6.00	6.00	6.00	6.00	5.00	5.00
Fleet services ^{28 & 43}	13.50	16.00	16.00	16.00	16.00	16.10	16.10	16.10	16.00	17.00
Central service center ³	-	-	-	-	-	-	-	-	-	-
Facility services ^{4, 17, 29, 42, 64, & 65}	13.50	13.50	15.00	15.00	15.00	15.00	16.70	16.70	14.68	15.02
Total general government	91.92	95.64	97.69	98.22	97.72	99.31	101.01	101.51	98.14	99.98
Public safety -										
Municipal court ^{5, 6 & 17}	11.66	11.66	13.03	13.03	13.53	12.03	12.03	12.03	12.03	12.03
Police ^{5, 6, 17, 21, 30, & 47}	155.13	156.13	156.63	155.98	155.98	157.50	157.50	158.50	160.50	161.50
Animal control ^{45 & 67}	6.35	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	7.50
Fire ^{7, 8, 31 & 46}	102.00	102.00	103.00	103.00	103.00	107.00	112.00	112.00	115.00	118.00
Construction safety ^{8, 26, 44 & 64}	9.00	9.50	11.50	12.50	14.50	14.50	13.50	13.50	14.00	14.00
Total public safety	284.14	285.79	290.66	291.01	293.51	297.53	301.53	302.53	308.03	313.03
Highways and streets -										
Street ^{17, 22 & 32}	22.00	22.00	22.00	21.00	21.00	20.75	20.15	25.15	25.00	24.00
Traffic signals ³³	3.00	3.00	3.00	3.00	3.00	3.00	3.55	3.55	3.50	3.50
Engineering ^{9, 10, 17, 34, 35 & 68}	5.00	5.00	5.00	8.40	10.40	8.80	8.35	8.35	6.95	6.95
Drainage ^{9, 33 & 36}	8.83	8.83	8.83	12.43	12.43	11.58	11.83	11.83	12.98	13.98
Total highway and streets	38.83	38.83	38.83	44.83	46.83	44.13	43.88	48.88	48.43	48.43
Sanitation:										
	27.63	38.63	41.26	41.26	42.26	42.46	42.42	42.42	42.22	42.22

(continued)

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

**Table XVIII
(Continued)**

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Health and welfare -										
Community development administration ¹¹	3.00	-	-	-	-	-	-	-	-	-
Community development projects/grants ^{11, 19, 24 & 25}	2.00	-	-	-	-	-	-	0.50	1.25	0.75
Total health and welfare	5.00	-	-	-	-	-	-	0.50	1.25	0.75
Cultural and leisure services -										
Parks ^{12, 17, 20, 36, 37 & 69}	35.46	35.46	35.46	35.46	35.46	37.00	36.53	36.03	36.98	36.01
Leisure services ^{12, 20, 38, 52, 53, & 54}	36.76	38.91	39.91	41.83	41.83	45.10	63.06	62.27	66.46	68.54
Parks & Leisure services administration ^{13 & 60}	-	-	-	-	-	-	5.75	5.75	5.75	6.23
Golf course ^{14, 17, 20, 23, 29 & 38}	-	25.90	26.40	27.00	27.00	27.00	17.87	15.77	18.13	18.13
Library ^{17 & 51}	29.26	29.89	30.39	30.23	30.13	29.79	28.66	28.65	28.65	28.15
Mayborn center ³⁹	13.15	15.58	15.58	15.58	15.58	15.58	12.70	12.70	13.40	13.40
Tourism/Marketing ¹³	-	-	-	-	-	-	1.28	1.60	1.60	1.85
Depot ¹⁵	0.58	-	-	-	-	-	-	-	-	-
Railroad museum ¹⁵	4.82	-	-	-	-	-	-	-	-	4.05
Total cultural and leisure services	120.03	145.74	147.74	150.10	150.00	154.47	165.85	162.77	170.97	176.36
Airport:	10.88	11.88	12.88	12.88	14.38	14.38	14.38	14.38	14.38	14.38
Water and sewer: ^{9, 16, 28, 33, 34, 40, 48, 55, 61, 70 & 71}	76.38	80.88	81.88	81.13	89.13	89.53	90.43	90.43	91.18	95.18
Totals	654.81	697.39	710.94	719.43	733.83	741.81	759.50	763.42	774.60	790.33

Source: City Budget Office

¹ - An Assistant to City Manager position was added during FY 07-08 as part of the City Manager Reorganization Plan. In addition, two Administrative Assistant II positions were added, one of these positions is 25% funded by Public Education Government Access Channel (PEG). One Administrative Assistant II position is a reclassification of the Executive Assistant position.

² - In FY 07-08, two GIS Specialist positions were transferred to Engineering as part of the Public Works Reorganization- Phase II. A Communication Specialist position was added during FY 06-07, partially funded with the budgeted funds for the part-time Audio/Video Tech position and the remaining balance to be funded from the Public Education Government Access Channel (PEG) restricted funds.

³ - In FY 01-02, added a Public Service Facility Manager position to facilitate the management of the Central Service Center. As part of a reorganization effort, this position was terminated in December 2003.

⁴ - In FY 03-04, the Facility Services Department was created to consolidate all of janitorial and maintenance services for City facilities. Employees were transferred from several departments including Inspections (formerly Construction Safety), Parks, Recreation, and the Mayborn Center.

⁵ - New positions for the Traffic Program were created in FY 02-03 and for the Westside Cops Division in association with the Federal COPS Grant awarded in June 2003.

⁶ - In FY 08-09, the Parking Enforcement Official position was transferred from Municipal Court to the Police Department. In addition, the Facility Attendant at the Police Department was reclassified from a part-time to a full-time position.

(continued)

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

- 7 - In FY 08-09, the SAFER Grant was awarded to the City to hire four Fire Control Rescue Officers (FCRO) as part of a plan to hire a total of 12 FCRO's for the new Fire Station #8 scheduled to be completed in March 2011. In FY 09-10, the city was awarded the SAFER Grant to hire an additional four Fire Control Rescue Officers.
- 8 - In FY 07-08, added one additional Code Enforcement Officer and a Plans Examiner/Inspector position.
- 9 - During FY 07-08, the Public Works Reorganization was implemented to include transferring of positions between departments, changing titles, and splitting positions between funds to allocate positions based on function.
- 10 - In FY 08-09, the percentage allocation of personnel positions based on function changed.
- 11 - In FY 04-05, the City of Temple adopted a resolution to authorize a five year professional services agreement with Traylor and Associates of Tyler, Texas for management of the CDBG program.
- 12 - In FY 08-09, the Parks & Facilities Maintenance Superintendent was transferred from Recreation to the Parks Department. In addition, positions were reclassified, added, and lump sum funding added due to the opening of the Family Aquatic Center and Indoor Pool; added part-time funding for enhancements to the After School Program.
- 13 - In FY 09-10, new division was created.
- 14 - In February 2005, the City of Temple began operating the Sammons Park Golf Course.
- 15 - In FY 02-03, a department was created for the Railroad Depot, but this only lasted two fiscal years. In FY 04-05, the City entered into an agreement with the Railroad and Pioneer Museum of Temple, Texas ("The Foundation") to lease the Santa Fe Depot to the Foundation and to transfer responsibility for maintenance and operation of the City's Railroad and Heritage Museum and the assets of the Museum from the City to the Foundation.
- 16 - In FY 07-08, Public Works added Crew Leader-Sewer Collection, Senior Utility Technician, Utility Technician II, and Utility Technician I positions to implement the Construction Crew for Sewer Line Repair/Replacement (referred to as the In-House Sewer Crew)
- 17 - In FY 09-10, division has position(s) that are authorized but unfunded.
- 18 - In FY 10-11, Communication Specialist position transferred to City Manager from Information Technology Services
- 19 - In FY 10-11, the Accounting Clerk position was funded 56% in General Fund and 44% with Community Development Block Grant (CDBG).
- 20 - In FY 10-11, positions were authorized but unfunded.
- 21 - In July 2009, Council approved an additional Police Officer position for the TISD Grant.
- 22 - In FY 10-11, the budget included the addition of one Crew Leader and four Maintenance Worker positions to implement a Crack Sealing Program.
- 23 - In FY 10-11, the reduction of staff was due to renovation project.
- 24 - In FY 11-12, the City Manager's Office was reorganized to eliminate the Assistant to the City Manager and one Administrative Assistant II position and add a Director of Administrative Services and an Executive Assistant II position. 25% of the Director of Administrative Services position was funded in the Federal/State Grant Fund.
- 25 - In FY 11-12, an Accounting Clerk position transferred to the Federal/State Grant Fund. An additional Accounting Clerk position was funded in the General Fund. The Budget Analyst position was reclassified to a Senior Accountant. The Accounting Clerk position was eliminated and an Accountant position was added.
- 26 - In FY 11-12, Director of Community Services position was funded 50% in Planning and 50% in Construction Safety.
- 27 - In FY 11-12; City Health Doctor position eliminated
- 28 - In FY 11-12; Assistant Director of Public Works-Operations position was eliminated as a result of a reorganization of Public Works.
- 29 - In FY 11-12, 0.3 FTE of the Maintenance Worker positions and 1.92 FTE's of the Facility Attendant/Custodian positions budgeted in Leisure Services and Golf Course. Part-time Facility Attendant/Custodian position reclassified to a full-time position.

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

- 30 - In FY 11-12, two Police Officer positions added.
- 31 - In FY 11-12, three Captain positions added and three Fire Control Rescue Officer positions reclassified to Driver positions.
- 32 - In FY 11-12, Construction Supervisor and Maintenance Supervisor - Street/Signs positions changed to Street Services Foreman positions as a result of Public Works reorganization. During FY 2011, the Director of Public Works and Assistant Director of Public Works position allocations were changed. All General Fund portions are now charged to Engineering.
- 33 - In FY 11-12, the Public Works reorganization included changes in position allocations.
- 34 - In FY 11-12, the CIP Project Manager position was reclassified as a Project Engineer.
- 35 - In FY 11-12 Assistant City Engineer position was unfrozen and the Mapping & Records Supervisor position was reclassified to a PW Mapping & Technology Manager during FY 2011 as a result of a reorganization of Public Works. During FY 2011, the reorganization included changes in position allocations.
- 36 - In FY 11-12, City Council authorized a TxDOT Mowing/Drainage Crew. Council approved entering into an agreement with TxDOT to mow their ROW's in Temple in-house. The crew is to be utilized by Parks for mowing approximately 6 months of the year and then utilize the crew to clean the city storm drain inlets for the remaining 6 months. 50% of funding from General Fund and 50% funding from Drainage.
- 37 - 0.05 FTE of a Maintenance Worker position is budgeted in the Summit Fitness and Recreation Center.
- 38 - These FTE's account for positions from Facility Services and Parks for maintenance and janitorial services provided for the Summit Fitness and Recreation Center. In FY 11-12 adjusted part-time positions to actual.
- 39 - In FY 11-12, reclassified Crew Leader position to Assistant Golf Course Superintendent.
- 40 - Additional part-time funding will be added in FY 2012 to accommodate services for the increase in booking of events.
- 41 - These divisions have position(s) that are authorized but unfunded in FY 2012 - see division budget for more details.
- 42 - In FY 12-13, the Administrative Services Division was created and the Director of Administrative Services position was transferred from the City Manager's budget.
- 43 - One Facility Attendant/Custodian position was an authorized position but was unfunded in FY 09-10, FY 10-11, and FY 11-12. This position was funded in FY 12-13.
- 44 - Eliminated one Lead Automotive Technician position and added two Automotive Technician II positions for FY 11-12.
- 45 - In FY 12-13, a Development Coordinator position was added. This position was funded with increased permit fees, in addition, the Director of Community Services position was retired to Director of Planning and the Director of Planning position was reclassified to an Assistant Director of Planning position. The Director of Planning was funded 50% in Planning and 50% in Construction Safety.
- 46 - One Animal Control Officer position added in FY 12-13.
- 47 - On June 27, 2011, the Civil Service Commission approved changing the title of the Fire Control & Rescue Officer (FCRO) to Firefighter. Three Firefighter positions were added in FY 12-13.
- 48 - Two Police Officer positions were added to the Investigations Unit in FY 12-13. One Community Service/Records Tech. I position is not authorized in FY 12-13.
- 49 - One GIS Specialist position was unfrozen in FY 12-13 and reclassified as a GPS Assessment Field Collection Technician position. Position is funded 40% in General Fund-Engineering, 40 % in Water & Wastewater Fund-Public Works Administration and 20% in Drainage Fund.
- 50 - One Equipment Operator I and one Equipment Operator II position that were authorized but unfunded in FY 09-10, FY 10-11 and FY 11-12 were both funded in FY 12-13.

(continued)

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

- ⁵¹ - Part-time Circulation Technician position (.5 FTE) that was authorized but unfunded in FY 09-10, FY 10-11 and FY 11-12 was funded in FY 12-13. The vacant part-time Facility Attendant/Custodian was eliminated in FY 12-13.
- ⁵³ - Reclassified a part-time Recreation Leader II position to full-time and added Extra-Help Season part-time funding for Adult Athletics and Lion's Junctions Water Park.
- ⁵⁴ - One Program Coordinator position that was authorized but unfunded in FY 09-10, FY 10-11 and FY 11-12 was funded in FY 12-13.
- ⁵⁵ - Added three Maintenance Laborers and one Maintenance Technician I position in FY 2013.
- ⁵⁶ - In FY 2013, reclassified a part-time Office Assistant II position to full-time.
- ⁵⁷ - In FY 2012, re-titled Accounting Clerk to Grants Specialist. In FY 2013, 50% of Grants Specialist position will be funded in the Administrative Services division in the General Fund and 50% will be funded in the CDBG budget.
- ⁵⁸ - Grant funding for the Sustainability and Grant Manager position will end in October 2012. At that time, this position will be transferred to the Administrative Services division in the General Fund.
- ⁵⁹ - Administrative Assistant II position not authorized in FY 2013
- ⁶⁰ - Wellness Program transferred from Human Resources to Parks & Leisure Services in FY 2013. Part-time Health & Wellness Coordinator position added.
- ⁶¹ - Change in distribution only, no change in the number of FTEs.
- ⁶² - During FY 2013, the Management Assistant position was retitled to Executive Assistant to the City Manager.
- ⁶³ - During FY 2013, the Records Technician position was reclassified to a Records Specialist position.
- ⁶⁴ - During FY 2013, supervision of the Facility Services division transferred from PALS to Administrative Services. The Asst Director of Parks & Leisure Services and Park Planning & Construction Superintendent positions are now 100% funded in the Parks Division.
- ⁶⁵ - In June 2013, the janitorial services for the Summit Fitness & Recreation Center was contracted out. A vacant Facility Attendant/Custodian position was eliminated to fund this contract.
- ⁶⁶ - During FY 2013, Planning and Construction Safety underwent a reorganization. The reorganization included splitting Construction Safety into three new divisions: Inspections, Permits and Code Enforcement. The Director of Planning will now be 100% funded in Planning. The Development Coordinator, Permit Assistants, and the part-time position will be transferred to the Permits division. The Chief Building Official, three Building Inspector positions and one Administrative Assistant I (frozen, unfunded) position will be transferred to the Inspection division. As part of the reorganization plan, a Code Enforcement Officer position was eliminated and a Code Enforcement Manager position was added.
- ⁷⁰ - Unfroze GIS Specialist in FY 2013 and reclassified as a GPS Assessment Field Collection Technician position. This position is funded 40% in General Fund - Engineering, 40% in Water & Wastewater Fund - Public Works Admin and 20% in Drainage Fund.
- ⁷¹ - During FY 2013, the Assistant Director of Public Works - City Engineer position was changed to a City Engineer position.

Table XIX

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government -										
Capital projects obligated	\$85M	\$89M	\$66M	\$68M	\$120M	\$114M	\$106M	\$115M	\$110M	\$159M
Total funds invested @ 9/30	\$ 62,912,181	\$55,883,016	\$ 52,730,401	\$ 67,494,871	\$ 94,790,751	\$ 77,527,829	\$ 97,408,266	\$ 91,702,563	\$112,611,694	\$145,606,448
Average return on investments	1.15%	2.62%	4.52%	5.28%	3.07%	0.09%	0.20%	0.14%	0.14%	0.15%
Public safety -										
Police:										
Noise violations	15	11	38	138	156	110	52	41	41	25
Speeding citations	11,066	9,638	8,251	7,396	7,321	6,082	7,021	9,126	7,349	8,458
Stop sign/red light citations	1,071	1,226	1,231	1,372	1,342	963	1,014	795	708	685
Priority 1 calls	19 min 0 sec	16 min 1 sec	7 min 54 sec	7 min 47 sec	7 min 33 sec	7 min 38 sec	5 min 3 sec	4 min 51 sec	4 min 43 sec	4 min 50 sec
Priority 2 calls	17 min 30 sec	15 min 43 sec	14 min 54 sec	13 min 55 sec	13 min 49 sec	13 min 52 sec	14 min 33 sec	13 min 56 sec	14 min 24 sec	14 min 27 sec
Fire:										
Fire/EMS response time average (minutes)	4 min 58 sec	5 min 8 sec	5 min 9 sec	5 min 11 sec	5 min 13 sec	5 min 15 sec	5 min 9 sec	5 min 6 sec	5 min 14 sec	4 min 11 sec
Fire/EMS incidents responded to	8,553	9,608	10,075	10,982	10,544	11,071	9,747	12,548	12,334	13,851
% of one & two-family residential structure fires confined to room/structure of origin	62% / 26%	52% / 22%	45% / 80%	41% / 65%	36% / 73%	31% / 73%	39% / 89%	60% / 90%	62% / 92%	86% / 87%
Animal control:										
Animals handled	5,708	6,772	5,517	5,110	5,242	4,704	5,009	4,780	4,582	4,082
Animals euthanized	3,146	3,703	2,639	2,441	2,124	2,249	2,471	2,315	1,956	1,685
Animals adopted	1,740	2,165	1,954	2,049	1,692	1,884	1,960	1,862	2,008	1,830
Animals reclaimed by owner	822	706	694	610	576	562	532	538	596	526
Inspections:										
Permits issued	2,500	3,057	2,926	3,525	5,383	4,658	4,949	4,584	4,855	6,798
Building inspections	7,000	7,651	13,727	14,250	11,584	9,914	11,396	8,934	13,837	15,396
Highways & streets -										
Street:										
New lane miles	4.4	5.8	6.0	5.0	32.0	7.0	11.0	7.9	4.0	8.7
Streets seal coated (lane miles)	19.9	19.3	15.1	12.0	11.0	10.0	50.0	15.0	64.0	-
Streets overlaid (lane miles)	19.3	20.5	18.4	10.3	10.2	9.0	-	-	-	52.0
Traffic signals:										
Signal lights repaired	170	160	160	120	110	95	192	312	330	390
Equipment upgraded by intersection	4	5	5	4	2	8	-	-	-	-
Engineering:										
Construction contracts administered/manage	80	75	19	10	14	10	22	17	Not Available	48
Construction/building plans & plats reviewed	60	50	231	278	324	324	404	586	Not Available	489
Health and welfare -										
Public service contracts	7	7	5	5	5	6	5	3	3	4
Sanitation -										
Number of residential customers	16,039	16,418	16,710	16,900	17,350	18,507	19,064	19,494	19,933	20,576
Number of commercial/industrial customers	1,075	1,688	1,850	1,875	1,982	2,133	2,097	2,055	2,001	1,984
Tons of garbage and bulk collected	46,383	87,215	89,330	90,910	90,905	78,545	83,589	79,590	81,697	84,088

* = Not available

(continued)

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

Table XIX
 (Continued)

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Culture and leisure services -										
Parks:										
Ratio of acres maintained per maintenance staff employee	70.5	68.4	68.4	57.2	61.7	61.2	32.5	33.0	33.0	34.0
Park master plans designed	*	4	6	8	2	2	2	3	3	2
Park/city improvement projects completed	126	76	106	100	115	151	134	161	141	165
Leisure services:										
Number of classes offered	*	199	475	599	650	830	807	1,141	1,182	1,438
Overall customer satisfaction	*	*	92.0%	91.0%	93.6%	94.0%	98.6%	99.4%	99.5%	98.0%
Mayborn center:										
Number of room nights	3,200	3,500	4,500	5,360	5,628	4,210	10,379	8,030	9,200	6,550
Event days booked	272	266	270	283	259	192	210	266	305	306
Golf course:										
Number of rounds of golf played	36,423	34,852	38,400	35,506	40,500	29,506	27,771	6,642	29,654	32,081
Number of youth in 'Learn to Golf' program	100	185	214	492	600	240	40	144	176	126
Education:										
Circulation per capita	8.00	8.14	8.10	8.07	8.23	7.31	7.03	6.68	6.53	6.16
Library visits per capita	6.11	5.94	5.75	5.34	5.48	4.65	4.75	4.78	4.34	4.05
Airport -										
Airshow attendance	21,000	24,000	26,000	23,000	22,000	23,000	26,000	28,600	22,000	22,500
T-Hangars available / occupancy rate	86 / 93%	86 / 93%	86 / 100%	86 / 100%	86 / 100%	86 / 100%	86 / 100%	86 / 100%	74 / 100%	74 / 100%
Water/sewer -										
Surface water treated (billions of gallons)	4.26	4.02	4.85	4.00	4.75	4.88	4.80	5.68	5.73	5.54
Number of customers (active meters)	19,592	19,995	20,015	22,747	22,418	22,467	22,871	23,245	23,802	24,616
Water billed (billions of gallons)	3.87	3.48	4.00	3.51	4.12	4.50	4.02	4.95	4.68	4.53
Sewer billed (billions of gallons)	2.13	2.13	2.50	2.18	2.29	2.33	2.31	2.37	2.36	2.39
Average daily production of treated water in MG (millions of gallons)	10,901	11,464	13,265	10,936	12,069	13,332	11,966	15,551	13,965	15,086
Highest daily production of treated water in MG (millions of gallons)	19,688	23,050	25,312	26,071	22,832	25,175	21,298	27,047	24,655	22,982
Average Cost of water treated per 1,000 gallons	\$0.67	\$0.56	\$0.56	\$0.68	\$0.69	\$0.76	\$0.84	\$0.71	\$0.79	\$0.84
Water main breaks repaired	316	311	425	324	325	325	301	689	595	539
New water taps installed	541	682	742	713	700	700	475	444	646	873
Sewer mains replaced (linear feet)	12,260	16,080	26,288	17,510	17,000	5,300	10,597	39,934	26,284	24,265
Average cost for wastewater per 1,000 gallons (Doshier Only)	\$2.45	\$2.40	\$2.45	\$2.50	\$2.55	\$1.15	\$1.96	\$2.06	\$1.79	\$1.95

* = Not available
 Source: Data collected from various city departments for the budget.

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety -										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	7	7	7	7	7	7	7	8	8	8
Hydrants	2,062	2,082	2,082	2,500	2,690	2,690	2,772	2,831	2,889	3,111
Highways & streets -										
Paved streets (lane miles) ²	734.40	741.20	751.21	751.21	765.00	765.00	765.00	765.00	1,028.00	1,044.00
Unpaved streets (miles)	0.20	0.20	0.20	0.20	1.50	1.50	1.50	1.50	1.50	1.50
Paved alleys (miles)	7.50	7.60	7.60	7.60	7.50	7.50	7.50	7.50	7.50	7.50
Culture & leisure services -										
Parks & recreation:										
Park acreage developed	608	638	678	678	678	678	688	688	688	688
Park acreage undeveloped	102	87	49	49	49	49	49	109	109	109
Golf course	1	1	1	1	1	1	1	1	1	1
Baseball/softball fields	17	17	17	17	17	17	17	17	17	17
Tennis courts	15	17	16	16	16	16	14	16	16	16
Swimming pools/water park	4	4	4	4	4	4	4	5	5	5
Soccer fields	5	6	6	6	6	6	6	6	6	8
Picnic pavilions	19	22	24	24	25	25	27	26	27	27
Basketball courts	7	14	18	18	18	18	18	18	18	18
Playgrounds	35	35	36	38	36	36	37	39	40	41
Community centers	2	2	2	2	2	2	2	2	2	1
Recreation centers	2	3	3	3	3	3	3	3	3	3
Multi-use fields	5	8	7	7	7	7	8	8	11	9
Sand volleyball courts	2	2	2	2	2	2	2	2	2	2
Hike and bike trails	6	6	9	11	12	12	16	18	18	18
Roller hockey court	1	1	1	1	-	-	-	-	-	-
Extreme skate park	1	1	1	1	1	1	1	1	1	1
Disc golf course	1	1	2	2	2	2	2	2	2	2
Education:										
Number of volumes	138,290	142,812	156,085	157,467	159,767	153,056	166,747	167,550	177,035	189,168

* = Not available

(continued)

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

Table XX
 (Continued)

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Water and sewer -										
Water:										
Water system (square miles)	97.5	97.5	97.5	97.5	97.5	97.5	97.5	97.5	97.5	97.5
Water mains (miles)	399	399	537	537	593	593	600	600	600	600
Daily average production (MGD ¹)	10.901	11.464	13.265	10.936	12.069	13.332	11.966	15.551	13.965	15.086
Plant capacity (MGD ¹)	41.4	41.4	41.4	41.4	41.4	41.4	41.4	41.4	41.4	41.4
Number of service connections	20,248	21,076	21,263	21,765	22,149	22,467	22,871	23,245	23,802	24,616
Sewer:										
Sewage system (square miles)	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
Sanitary sewers (miles)	352	352	362	362	410	410	410	410	410	410
Number of lift stations	20	20	24	24	24	24	27	27	29	29
Daily average treatment:										
Doshier Farm (MGD ¹)	2.500	2.500	2.000	4.080	4.080	4.080	3.430	1.900	2.290	2.200
Temple-Belton WWTP (MGD ¹)	6.215	4.486	4.486	6.590	6.590	6.590	5.659	5.470	6.380	6.340
Maximum capacity of treatment plants:										
Doshier Farm (MGD ¹)	7.500	7.500	7.500	7.500	7.500	7.500	7.500	7.500	7.500	7.500
Temple-Belton WWTP (MGD ¹)	10.000	7.500	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
Number of disposal plants	2	2	2	2	2	2	2	2	2	2
Number of service connections	16,497	17,024	17,356	17,930	18,564	18,945	19,395	19,791	20,206	20,826

¹ - MGD = million gallons daily

² - FY 2012 paved streets total was restated from 1,607 lane miles to 1,028

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

**CITY OF TEMPLE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
Last Ten Calendar Years**

Calendar Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio (1/2)	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	UAAL as a Percentage of ACP (4/5)	Total TMRS Required Contribution Rate ⁽¹⁾	Prior Service Portion of the TMRS Rate
2003	\$ 40,907,270	\$ 56,853,717	72.0%	\$ 15,946,447	\$ 16,146,786	98.8%	13.96%	4.14%
2004	41,975,607	57,920,245	72.5%	15,944,638	17,148,264	93.0%	14.09%	4.44%
2005	45,257,477	62,200,629	72.8%	16,943,152	18,559,837	91.3%	14.52%	4.84%
2006	48,011,224	66,943,722	71.7%	18,932,498	19,545,194	96.9%	13.93%	4.56%
2007	49,247,868	81,792,995	60.2%	32,545,127	21,602,818	150.7%	14.06%	4.56%
2008	51,738,536	86,582,734	59.8%	34,844,198	25,028,861	139.2%	14.31%	4.74%
2009	56,517,812	91,876,796	61.5%	35,358,984	25,179,120	140.4%	14.69%	4.60%
2010 ⁽²⁾	59,088,284	96,482,373	61.2%	37,394,089	25,450,326	146.9%	14.69%	4.60%
2010 ⁽³⁾	102,715,806	132,228,203	77.7%	29,512,397	25,450,326	116.0%	15.39%	4.71%
2011	110,135,037	138,612,957	79.5%	28,477,920	26,260,983	108.4%	16.76%	5.57%
2012	118,079,941	144,378,679	81.8%	26,298,738	26,738,649	98.4%	17.51%	6.42%

Source: Texas Municipal Retirement System

Note: In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

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

⁽²⁾ Prior to restructuring

⁽³⁾ Restructured

Table XXII

**CITY OF TEMPLE, TEXAS
 TEMPLE FIREFIGHTERS' RELIEF AND RETIREMENT FUND
 ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
 Last Ten Fiscal Years**

Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1/2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) UAAL as a Percentage of ACP (4/5)	(7) Total Actual Contribution Rate
2004	\$ 23,065,666	\$ 30,372,886	75.9%	\$ 7,307,220	\$ 5,197,131	140.6%	14.09%
2005	-	-	-	Not Available	-	-	-
2006	26,362,903	33,812,661	78.0%	7,449,758	5,410,905	137.7%	13.93%
2007	-	-	-	Not Available	-	-	-
2008	30,270,841	39,027,627	77.6%	8,756,786	6,176,101	141.8%	14.31%
2009	-	-	-	Not Available	-	-	-
2010	33,272,723	43,373,453	76.7%	10,100,730	6,164,329	163.9%	14.93%
2011	-	-	-	Not Available	-	-	-
2012	34,400,736	45,148,511	76.2%	10,747,775	6,503,608	165.3%	14.93%
2013	-	-	-	Not Available	-	-	-

Source: Temple Firefighters' Relief and Retirement Fund

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

Fiscal Year ^{1 & 2}	Total Health Care Expenses	Retiree Expense	Percentage Retiree Costs to Total	Active Members	Retirees Using City Health Care	Total TMRS Retirees	Total Firemens' Retirees	Percentage Retirees Using Plan to Total Members	Retiree Contributions		Net Subsidy of Retirees	Subsidy as Percentage of Total Expense	Cost per Active Member	Cost per Retiree
									Retiree	Contributions				
2006	\$ 2,651,439	\$ 351,944	13.3%	632	108	234	49	17.1%	\$ 216,455	\$ (135,489)	5.1%	\$ 3,638	\$ 3,259	
2007	2,741,567	378,312	13.8%	636	107	247	51	16.8%	243,050	(135,262)	4.9%	3,716	3,536	
2008	2,803,703	451,326	16.1%	665	110	258	50	16.5%	292,279	(159,047)	5.7%	3,537	4,103	
2009	2,873,954	459,334	16.0%	678	113	250	52	16.7%	306,720	(152,614)	5.3%	3,561	4,065	
2010	2,990,243	507,156	17.0%	640	109	264	54	17.0%	353,534	(153,622)	5.1%	3,880	4,653	
2011	2,883,066	478,695	16.6%	618	109	273	56	17.6%	312,355	(166,340)	5.8%	3,891	4,392	
2012	3,607,614	655,846	18.2%	636	109	302	60	17.1%	304,384	(351,462)	9.7%	4,641	6,017	
2013	3,778,482	609,871	16.1%	559	106	319	63	19.0%	327,884	(281,987)	7.5%	5,668	5,754	
Total	\$ 23,340,348	\$ 3,892,485	-	-	-	-	-	-	\$ 2,356,662	\$ (1,535,823)	-	\$ 32,533	\$ 35,777	
Average	\$ 3,041,258	\$ 486,561	15.9%	633	109	268	54	17.2%	\$ 294,583	\$ (191,978)	6.1%	\$ 4,067	\$ 4,472	

Source: City records, Texas Municipal Retirement System and the Temple Firefighters' Relief and Retirement Fund.

¹ - Information prior to FY 2005 is not available in this format. As additional years of data become available, the City will report 10 years of historical data.

² - In FY 2011 the City changed from a group health insurance plan to self funded plan for both employees and retirees.

CITY OF TEMPLE, TEXAS
AVERAGE DAILY TREATED WATER VS. AVERAGE DAILY TREATMENT CAPACITY
Fiscal Years 2004- 2013

Table XXIV

Fiscal Year	Average Daily Treatment (MGD)	Average Daily Treatment Capacity (MGD)	Peak Day Usage (MGD)
2004	10.9010	41.40	19.69
2005	11.4640	41.40	23.05
2006	13.2650	41.40	25.31
2007	10.9360	41.40	18.55
2008	12.0690	41.40	22.83
2009	13.3220	41.40	25.18
2010	11.9660	41.40	21.30
2011	15.5510	41.40	27.05
2012	13.9650	41.40	24.66
2013	15.0860	41.40	22.98

Source: Public Works Administration Office

CITY OF TEMPLE, TEXAS
ANNUAL TREATED WATER VS. TOTAL AVAILABLE WATER
Fiscal Years 2004 - 2013

Table XXV

<u>Fiscal Year</u>	<u>Annual Treated Water (Acre feet)</u>	<u>Total Available Water (Acre feet)</u>
2004	12,522	40,453
2005	11,937	40,453
2006	14,893	40,453
2007	12,308	40,453
2008	14,568	40,453
2009	14,952	40,453
2010	14,733	40,453
2011	19,041	40,453
2012	15,699	47,757
2013	17,006	47,757

Source: Public Works Administration Office

CITY OF TEMPLE, TEXAS
WATER AND SEWER UTILITY SYSTEM
Schedule of Water Pumped to Town vs. Water Billed

Table XXVI

Fiscal Year Ending Sept 30,	Water Pumped to Town (gals) ¹	Water Billed (gals) ¹	City Usage (gals) ¹	% (Billed + City) vs Pumped	Water Revenues	% Increase (Decrease)	
						Water Revenues	Water Billed
2004	4,080,296	3,492,829	48,836	86.80%	10,652,407	20.34%	-10.19%
2005	3,856,937	3,824,168	72,715	101.04%	11,723,071	10.05%	9.49%
2006	4,852,811	4,376,164	93,794	92.11%	13,227,268	12.83%	14.43%
2007	4,010,618	3,510,152	78,432	89.48%	11,652,316	-11.91%	-19.79%
2008	4,746,950	4,121,433	106,891	89.07%	14,364,289	23.27%	17.41%
2009	4,875,819	4,507,169	104,772	94.59%	16,226,526	12.96%	9.36%
2010	4,800,000	4,019,774	92,223	85.67%	14,466,103	-10.85%	-10.81%
2011	5,685,057	4,947,980	156,261	89.78%	17,784,551	22.94%	23.09%
2012	5,733,506	4,678,166	129,123	83.85%	16,948,961	-4.70%	-5.45%
2013	4,995,801	4,539,199	120,740	93.28%	16,968,854	0.12%	-2.97%

¹ - Information is reported in thousands of gallons

Source: Public Works Administration Office and Utility Business Office

**CITY OF TEMPLE, TEXAS
WATER AND SEWER UTILITY SYSTEM
Schedule of Water Customers - Residential and Commercial**

Table XXVII

Fiscal Year Ending September 30,	Residential	Commercial	Total	Percentage Growth
2004	17,195	3,053	20,248	2.92%
2005	17,962	3,114	21,076	4.09%
2006	18,454	2,809	21,263	0.89%
2007	18,961	2,804	21,765	2.36%
2008	19,385	2,764	22,149	1.76%
2009	19,686	2,781	22,467	1.44%
2010	20,139	2,732	22,871	1.80%
2011	20,517	2,728	23,245	1.64%
2012	21,035	2,767	23,802	2.40%
2013	21,828	2,788	24,616	3.42%

Source: Utility Business Office

AVERAGE DAILY TREATED WASTEWATER VS. AVERAGE DAILY TREATMENT CAPACITY

Fiscal Years 2004 - 2013

Fiscal Year	Average Daily Wastewater Treated (MGD)			Average Daily Treatment Capacity (MGD)
	Temple-Belton WWTP	Doshier	Total	
2004	4.25	3.18	7.43	17.50
2005	4.69	2.78	7.47	17.50
2006	5.31	2.02	7.33	17.50
2007	4.55	3.21	7.76	17.50
2008	5.71	2.14	7.85	17.50
2009	3.46	2.25	5.71	17.50
2010	5.66	3.43	9.09	17.50
2011	5.47	1.90	7.37	17.50
2012	6.38	2.29	8.67	17.50
2013	6.34	2.20	8.54	17.50

Source: Public Works Administration Office

**CITY OF TEMPLE, TEXAS
WATER AND SEWER UTILITY SYSTEM
Schedule of Sewer Customers - Residential and Commercial**

Table XXIX

<u>Fiscal Year Ending September 30,</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>	<u>Percentage Growth</u>
2004	14,289	2,208	16,497	2.16%
2005	14,808	2,216	17,024	3.19%
2006	15,321	2,035	17,356	1.95%
2007	15,886	2,044	17,930	3.31%
2008	16,485	2,079	18,564	3.54%
2009	16,849	2,096	18,945	2.05%
2010	17,314	2,081	19,395	2.38%
2011	17,704	2,087	19,791	2.04%
2012	18,101	2,105	20,206	2.10%
2013	18,715	2,111	20,826	3.07%

Source: Utility Business Office

**City of Temple, Texas
Top 10 Water Customers
For the year ended September 30, 2013**

Customer	Gallons	Revenue	% of Total Annual Revenue	% of Total Usage
Scott & White Hospital	285,837,000	\$ 1,006,768	5.93%	6.30%
City of Morgan's Point Resort *	145,917,600	489,275	2.88%	3.21%
City of Temple*	120,740,100	514,046	3.03%	2.66%
VA Hospital	80,530,200	283,950	1.67%	1.77%
Pactiv Corporation	73,299,400	256,934	1.51%	1.61%
Wilsonart International	62,927,800	226,761	1.34%	1.39%
City of Troy *	51,606,500	203,124	1.20%	1.14%
Temple Public Schools	48,431,800	190,693	1.12%	1.07%
Housing Authority	40,930,600	151,336	0.89%	0.90%
Dr Pepper Bottling	28,771,700	94,561	0.56%	0.63%
	938,992,700	\$ 3,417,449	20.13%	20.68%

* Wholesale customers

\$ 1,206,445

**City of Temple, Texas
Top 10 Wastewater Customers
For the year ended September 30, 2013**

Customer	Gallons	Revenue	% of Total Annual Revenue	% of Total Usage
Scott & White Hospital	199,947,100	\$ 900,172	7.66%	8.34%
V A Hospital	65,485,900	294,306	2.51%	2.73%
Wilsonart International	41,029,300	185,270	1.58%	1.71%
Housing Authority	36,230,500	163,297	1.39%	1.51%
Pactiv Corporation	32,602,300	146,741	1.25%	1.36%
Temple Public Schools	31,277,700	141,863	1.21%	1.30%
City of Temple	16,622,100	78,153	0.67%	0.69%
Temple Living Center East	15,081,400	67,816	0.58%	0.63%
Dr Pepper Bottling	14,165,500	63,741	0.54%	0.59%
The Temple Meridian	13,907,300	62,387	0.53%	0.58%
	466,349,100	\$ 2,103,747	17.92%	19.44%

Source: Utility Business Office

**City of Temple, Texas
Insurance Coverage**

Table XXXI

Type of Coverage and Insurer	Amount of Coverage		Deductible Amounts ⁽¹⁾	Policy Expiration Date ⁽²⁾	
Property:					
Building & Contents:					
Texas Municipal League	\$	256,387,809	Real and Personal	\$ 0	10/01/13
Fine Arts/Valuable Papers:					
Texas Municipal League	\$	394,239	Fine Arts	\$ 500	10/01/13
	\$	1,600,000	Valuable Papers & Records: Includes EDP Media	\$ 500	10/01/13
Contractor's equipment:					
Texas Municipal League	\$	4,496,828		\$ 1,000	10/01/13
Electronic Equipment:					
Texas Municipal League	\$	485,000	Equipment	\$ 1,000	10/01/13
Liability:					
Employee Dishonesty, Theft, Disappearance, & Destruction:					
Travelers	\$	150,000		\$ 10,000	10/01/13
Airport:					
Texas Municipal League	\$	1,000,000	Premises	\$ -	10/01/13
	\$	1,000,000	Products/ Completed Operations	\$ -	10/01/13
	\$	1,000,000	Hangar- Keepers-Each	\$ -	10/01/13
	\$	1,000,000	Aircraft Hangar- Keepers-Each Occurrence	\$ -	10/01/13
Error & omissions:					
Texas Municipal League	\$	1,000,000		\$ 10,000	10/01/13
General:					
Texas Municipal League	\$	1,000,000		\$ 0	10/01/13

**City of Temple, Texas
Insurance Coverage**

**Table XXXI
(Continued)**

Type of Coverage and Insurer	Amount of Coverage	Deductible Amounts ⁽¹⁾	Policy Expiration Date ⁽²⁾
Liability (Cont'd):			
Auto:			
Texas Municipal League	\$ 1,000,000	\$ 0	10/01/13
Law Enforcement:			
Texas Municipal League	\$ 1,000,000	\$ 1,000	10/01/13
Bonds:			
Western Surety Company	\$ 500,000	Finance Director	03/03/13
Hartford Casualty Ins. Co	\$ 200,000	City Manager	05/19/13
Hartford Casualty Ins. Co	\$ 500,000	Each (3) Finance	10/01/13
Hartford Casualty Ins. Co	\$ 200,000	City Secretary	10/01/13
Insurer's Indemnity	\$ 5,000	Electrical Inspector	06/08/13
		Plumbing Inspector	09/01/13
Worker's Compensation:			
Texas Municipal League			10/01/13

Source: City of Temple Legal Department

⁽¹⁾ Per occurrence, unless noted.

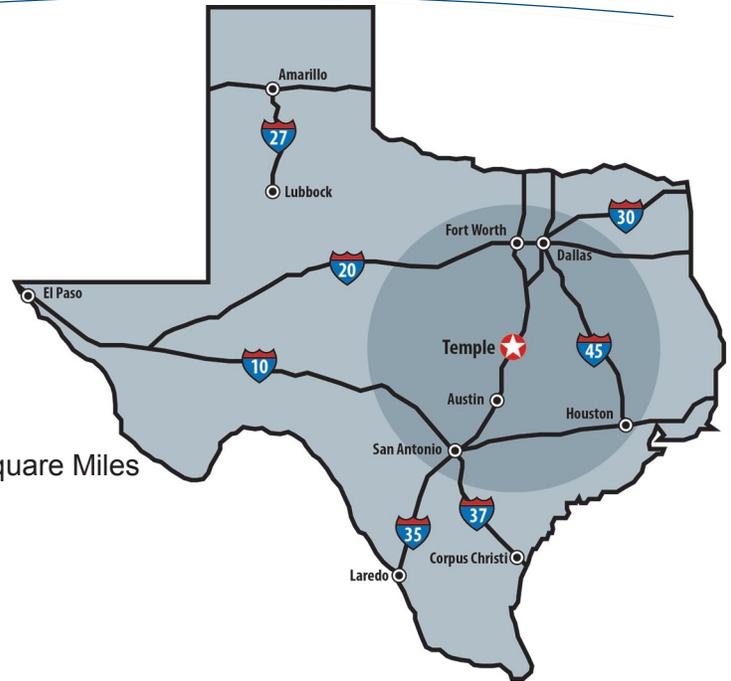
⁽²⁾ Policies are renewed annually or replaced with similar coverage.



Fast Facts*

2013 Population: 70,274¹
 2014 Assessed Value: \$3,589,339,096
 Median Age ²: 34.6
 Median Household Income²: \$48,472
 Total Employment in Temple: 31,362
 Total Labor Force in Temple: 33,206
 Square Miles: 74.38
 Developable Land Remaining: 33.79 Square Miles
 Housing Units:

- Owner Occupied²: 50.8%
- Renter Occupied²: 41.1%
- Vacant²: 8.1%



Average Home Sale Price: \$142,650
 Average Temperatures in January: HI: upper 60's LOW: upper 30's
 Average Temperatures in July: HI: upper 90's LOW: lower 70's
 Annual Average Temperature: 67.2 degrees
 Rainfall:

- Wettest Month: May / 4.5"
- Driest Month: July / 1.80"
- Annual Average Rainfall: 34.25"

Only Health & Bioscience District in Texas

Scott & White Hospital—Only Level I Trauma Center between Dallas and Austin

McLane Children's Hospital Scott & White—Only acute care pediatric hospital between Dallas and Austin

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

1. 2014 Population based on new residential water customers multiplied by 2010 Census data of average household size of 2.47.

2. Source for statistic is 2010 United States Census

* Sources: 2010 United States Census, Temple Economic Development Corporation, Texas Workforce Commission and the City of Temple.



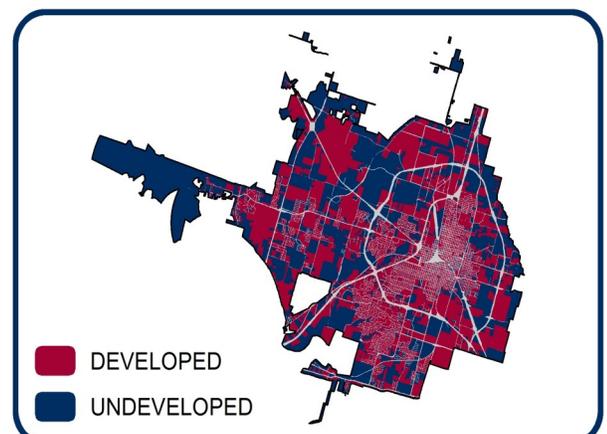
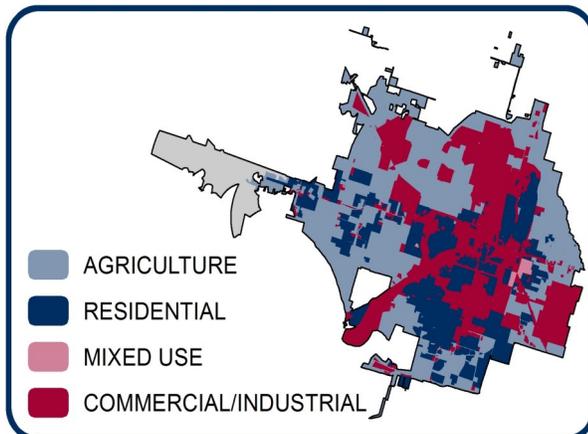
Miscellaneous Statistical Data

GOVERNMENT

Form of Government:.....	Council-Manager, July 8, 1922
Area in square miles:	74.38
Date of original public sale of town lots:.....	June 20, 1881
Original charter, special:	March 27, 1907
Amendment to charter:	August 5, 1919
Second charter, home rule city:	July 8, 1922
Amendment to charter:	April 7, 1926
Third charter, present:.....	September 23, 1953
Amendment to charter:	October 23, 1967
Amendment to charter:	April 2, 1977
Amendment to charter:	January 20, 1990
Amendment to charter:	May 4, 1996
Amendment to charter:	May 6, 2000
2013 Population (est.):.....	70,274

LAND USE (Square Miles)

Agriculture:	30.95
Commercial/Industrial:	22.13
Mixed Use:.....	0.33
Residential:.....	15.90





Miscellaneous Statistical Data

SERVICE STATISTICS

Airport

Number of airports: 1
 Emphasis on general aviation, private,
 charter air service and military
 National Guard Training Facility on site
 AMCOM Military Aircraft Maintenance
 Operations on site
 2008 Texas Airport of the Year



Fire Protection

Number of stations:..... 8
 Number of hydrants: 3,111
 Number of fire fighters: 118
 Fire fighters per 1,000 population: ... 1.67
 Insurers Services Office (ISO) Rating:.. 3



Police Protection

Number of stations:..... 1
 Number of sub-stations:..... 1
 Number of sworn officers: 136
 Sworn officers per 1,000 population: 1.92



Miscellaneous Statistical Data

SERVICE STATISTICS CONTINUED

Libraries

Number of libraries (public):	1
Number of volumes:	189,168
Circulation of volumes (2011-2012):	445,902
Circulation per capita:	6.16
Library cards in force:.....	48,958

Parks and Recreation

Park acreage developed:	688
Park acreage undeveloped:	108.9
Golf course:.....	1
Baseball/softball fields:.....	17
Tennis courts:.....	16
Swimming pools:	4
Soccer fields:.....	8
Picnic pavilions:.....	27
Basketball courts:.....	18
Playgrounds:	41
Community center:	1
Recreation center:.....	3
Multi-use fields:	9
Sand volleyball courts:	2
Trail miles:.....	18
Extreme skate park:	1
Disc golf course:.....	2
Family water park:.....	1
Splash pads:	3





Miscellaneous Statistical Data

SERVICE STATISTICS CONTINUED



Streets

Paved streets:.....	1,044 lane miles
Unpaved streets:.....	1.5 miles
Paved alleys:	7.5 miles
Unpaved alleys:	72.5 miles

(all figures are approximate)

Utilities

Water system:	97.5 sq. miles
Miles of water mains:	600 miles
Daily average water treatment:	15.086 MGD*
Water treatment plant capacity:.....	41.40 MGD
Number of water service connections:	24,616
Source of water:	Surface Water
Wastewater collection system:	90 sq. miles
Miles of wastewater collection system lines: ..	410 miles
Number of lift stations:	29
Daily average wastewater treatment:	
Doshier Farm.....	2.20 MGD
Temple-Belton WWTP.....	6.34 MGD
Maximum capacity of treatment plants:	
Doshier Farm.....	7.5 MGD
Temple-Belton WTTP.....	10.0 MGD
Number of wastewater treatment plants:.....	2
Number of wastewater service connections:	20,826



*MGD—Million gallons daily



Miscellaneous Statistical Data

EDUCATION STATISTICS

Temple Independent School District

Senior high school: 1

Number of classrooms:..... 132

Number of students: 1,807

Middle schools:..... 3

Number of classrooms:..... 142

Number of students: 1,704

Elementary schools: 9

Number of classrooms:..... 265

Number of students: 4,861

Admin. personnel & support: 621*

Teachers: 605*

Total Students: 8,545*

Annual budget: \$81,300,000

*Represents a combined total of all the schools in Temple



Private Schools

Central Texas Christian School, Pre K3—12 grade

Christ Church School, Pre K3—5th grade

Holy Trinity Catholic School, 9th—12th grade

Immanuel Lutheran School, Pre K2—Pre K4

St. Francis Episcopal Church & School, Pre K3—Kindergarten

St. Mary's Catholic School, Pre K3—8th grade

Temple Christian Academy, 1st—12 grade

Temple Montessori School, 2 yrs.—6th grade

Young World Kindergarten & Daycare Center, Pre K2—5yrs.



Miscellaneous Statistical Data

EDUCATION STATISTICS CONTINUED

Temple College*

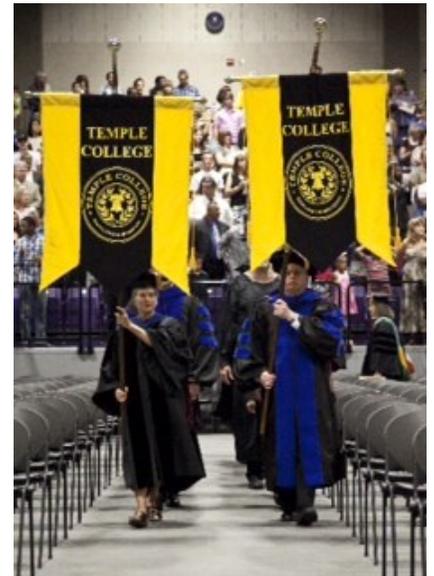
Number of classrooms & labs:	186
Number of administrative personnel:	46
Number of full-time professors:	121
Number of full-time students ⁽¹⁾ :	1,930
Number of part-time students ⁽¹⁾ :	3,373
Population served	256,130
Counties Served:	3
East Bell, Milam and East Williamson Counties	

Annual budget:..... \$44,548,767

Source:

*Temple College

(1) Total fall enrollment



Higher Educational Institutions

(within 75 miles of Temple)

Austin Community College

Baylor University

Central Texas College

Concordia Lutheran College

Hill Junior College

Huston-Tillotson College

McLennan Community College

St. Edward's University

Southwestern University

Tarleton State University

Temple College

Texas A&M University

Texas State Technical College

The University of Texas at Austin

University of Mary Hardin-Baylor



Miscellaneous Statistical Data

OTHER STATISTICS

Hospitals

Number of hospitals: 3

 Scott & White Memorial Hospital & Clinic

 McLane Children’s Hospital at Scott & White

 Veteran’s Administration Hospital

Number of beds:..... 1,272



Bond Rating—General Obligation (G.O.) Debt

Moody’s Investors Service: Aa2 Rating

Standard & Poor’s:..... AA Rating

Bond Rating—Utility System Revenue Debt

Moody’s Investors Service: Aa2 Rating

Standard & Poor’s:..... AA Rating



Compliance Section





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Temple, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Temple, Texas, (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brockway, Gersbach, Franklin & Niemeier, P.C.



Temple, Texas
January 31, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the City Council
City of Temple, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Temple, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Temple, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)**

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Brockway, Gersbach, Franklin & Niemeier, P.C.



Temple, Texas
January 31, 2014

**CITY OF TEMPLE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued was unqualified.

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs was unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ___X___yes _____no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster
81.086	Clean Start Program and Texas Alternative Fuel Fleet Pilot Program

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

\$ 519,788

Auditee qualified as low-risk auditee?

Xyes _____no

**CITY OF TEMPLE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Section II-Financial Statement Findings

There were no findings and no matters were reported.

Section III-Federal Award Findings and Questioned Costs

There were no findings and no matters were reported.

**CITY OF TEMPLE, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

U. S. Department of Housing and Urban Development

Finding 2012-1 Community Development Block Grant – CFDA 14.218, Grant No. B-10-MC-48-0021:

Condition and Criteria: Several contracts were awarded to a Company operated by an immediate family member of a city employee involved in the procurement action and the CDBG funded activity. The standards of Part 85.36b with respect to procurement and the CDBG regulations at CFR 570.611(b) regarding conflict of interest were not followed.

Recommendation: Employees of the City that are involved in procurement actions, contract administration, or are in a position to obtain inside information regarding procurement actions were reminded of the policies and procedures in place to ensure procurement policies are followed.

Current Status: The recommendation was adopted in fiscal year 2013. No similar findings were noted in the 2013 audit. In addition, the City repaid the funds to CDBG to be reprogrammed to be used at a later date.

