

Comprehensive Annual Financial Report



City of Temple, Texas

**For the year ended
September 30, 2015**

**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
Budget Coordinator**



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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section





February 4, 2016

Honorable Mayor and City Council
City of Temple
Temple, Texas

Dear Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Temple, Texas (the City) for the fiscal year ended September 30, 2015, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

Brockway, Gersbach, Franklin & Niemeier, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Temple financial statements for the year ended September 30, 2015. 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 and the Tax Increment Financing District (Reinvestment Zone No. 1) are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Temple Housing Authority, a related organization, is not a part of this report, as the City's accountability does not extend beyond appointing some members of the Board. 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, which is close to the geographic center of the State of Texas, provides a strategic location in the State and has been important for economic development. Temple continues to be a regional center for manufacturers, distribution centers and medical facilities in the Central Texas area. Temple's location is enhanced being located at the intersection of Interstate Highway 35 (NAFTA link with Mexico and the U.S.), 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. Significant new construction permits of \$ 60,160,488 for FY 2015 underscore the continued steady expansion of our residential base. Sales tax receipts of \$ 21,311,743 show an increase of 10.93% over fiscal year 2014. Local unemployment is currently 3.77%, 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 3.55% increase in FY 2015 to the current value of \$ 3,699,245,668. 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 was completed in July of 2014. Phase II was completed in the summer of 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 which occurred in July 2015. 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. FY 2015 taxable value was \$ 320,034,006. 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. The tax abatement for Phase I will be in effect in FY 2016 and the tax abatement for Phase II will be in effect in FY 2017.
- In April 2013, Council authorized an economic development agreement between the City, Temple Economic Development Corporation and Buc-ee's, LTD. In FY 2015, Buc-ee's, LTD constructed a 60,000 square foot travel center 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 providing an incentive in an amount not to exceed 75% of the sales tax earned by Buc-ee's during the calendar year, 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 ten 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. Buc-ee's opened for operations in April 2015.

- In July 2015, StarCorr Sheets, LLC began construction on a new \$ 22,000,000 manufacturing facility. The 150,000 square foot building, which features manufacturing space, offices and a rail-line connection is expected to open in October 2015.
- The Shoppes on the Hill is a \$ 20,000,000 mixed-use development that will include retail, restaurants, and multi-family living. Morris Venture Partners broke ground on Phase I of the Shoppes on the Hill during FY 2015. Phase I consists of 13,500 square feet of retail space with two pad sites and Phase II includes an upscale multi-family complex. Panera Bread, Noodles & Company, and Aspen Dental are all expected to open in the spring of 2016.
- Bush's Chicken United plans to construct an 8,000 square-foot, new corporate office for the restaurant franchise in West Temple. The company's project of \$ 1,000,000 capital investment will produce twenty new full-time jobs with growth projected to fifty employees. Construction is expected to begin in the fall of 2015 with plans to move into the building mid-2016. The City entered into a tax abatement agreement in October 2015 to provide a 45% tax abatement for five years.
- Mars Petcare US, Inc. has announced a \$ 20 million equipment and facility upgrade project. The current 109,000 square foot facility was opened in 2006. The upgrade project includes modification to the inside of the facility, including increasing the storage capacity for raw materials and updating the equipment to help sustain the manufacturing and distribution of safe, high-quality pet food. The project is anticipated to take approximately 2 years and should be completed in the winter of 2016.
- Buzzi Unicem USA plans to add its 34th cement distribution location in the U.S. on a 9-acre tract of land in the Temple Industrial Park, located near the intersection of IH-35 and Loop 363 in Northwest Temple. The new terminal will cost in excess of \$ 7,000,000 and use at least 1,000 rail cars per year, which will bring additional revenue back to the City through a revenue sharing agreement with Central Texas Railway. In addition, this project will add a rail spur (a short secondary rail line that will branch off from the main rail line in Temple). Construction on the project began in the fall of 2015 and is expected to be completed early 2016.

The City of Temple is recognized by the medical community in the United States as a leading medical provider with two major hospitals located within Temple. Baylor Scott & White Health (BS&W) and the Olin E. Teague Veterans Hospital, combined, employ approximately 10,000 full time positions. The hospitals provide medical care to the surrounding local, state, and international community. Texas A&M University College of Medicine in conjunction with BS&W and Veterans Hospital provide the four years of medical school as well as research and development.

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

Baylor Scott & White Health plans to construct a new distribution facility in Temple. This new center will be utilized to distribute medical and other supplies to several hospitals and clinics in the Temple area. The \$ 20,000,000 investment in the approximate 100,000 square foot facility will result in the creation and/or retention of forty jobs.

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 youth 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, 2015, a total of \$ 235,164,728 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 2015, several major capital projects are underway or have been completed such as the Drill Tower for Fire Training, Friar’s Creek Trail – Phase II, Westfield Boulevard Road Improvements – Phase I, Temple-Belton WWTP Reclaimed Effluent Waterline, Waterline Replacement along Lamar from 7th Street to Nugent Tank, and TMED – 1st Street at Temple College.

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 Northwest 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 Northwest Loop from just west of the BNSF railroad crossing to FM 2305. This will create a continuous four lane highway from the Northwest Loop at I-35 to the Southwest Loop at I-35. The project includes grade separated interchanges at both State Highway 36/Airport Road and Wendland Road.

Current project cost estimates are \$ 51,719,886, with approximately \$ 36,500,000 funded through TxDOT (Category 12 and Pass-Through Financing funds) and approximately \$ 17,000,000 funded through the City of Temple. The project is substantially complete.

The FY 2015 Budget includes \$ 7,686,001 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, \$ 1,528,929 of the routine capital is funded with fund balance. The breakdown of this amount is as follows:

- ▶ \$ 1,488,179 – General Fund
- ▶ \$ 40,750 – Hotel/Motel Fund

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 FY 2014-15 and the preceding four fiscal years is reflected in the following table:

Purpose	Fiscal Year				
	2015	2014	2013	2012	2011
General Fund	\$ 0.3300	\$ 0.3324	\$ 0.3300	\$ 0.3240	\$ 0.3300
Debt Service	0.2564	0.2540	0.2564	0.2439	0.2379
Total Tax Rate	<u>\$ 0.5864</u>	<u>\$ 0.5864</u>	<u>\$ 0.5864</u>	<u>\$ 0.5679</u>	<u>\$ 0.5679</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 2014-15, the City’s payment to the Appraisal District for tax collection and appraisal services was \$ 265,652, an increase of \$ 30,529 from the amount paid by the City in FY 2013-14.

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 9-30-15 (Net of Debt Service)	\$ 179,886,122
Estimated Population	73,408
Net Bonded Debt per Capita	\$ 2,450
Net Bonded Debt per Assessed Value	4.86%

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 with the following collateral:

\$ 3,853,815 in government securities at market value held at the Bank of New York Mellon

\$ 30,000,000 letter of credit from the Federal Home Loan Bank of Atlanta

\$ 25,100,000 in letters of credit from the Federal Home Loan Bank of Dallas

\$ 15,477,085 in government securities at market value held at the Federal Home Loan Bank of Dallas

\$ 10,357,743 in government securities at market value held at the Federal Reserve Bank of Boston

\$ 290,355 in government securities at market value held at TIB Bank

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, 2015, the weighted average maturity of the City's investment portfolio was 109.40 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 0.23% in 2015, which was above the T-bill yield of 0.02%.

As of September 30, 2015, the City's cash and investment resources were divided between cash on hand of \$ 15,470, deposits of \$ 55,483,595, and investments of \$ 87,307,538.

MAJOR INITIATIVES

Budget Development & Background

Budget Process—Developing a budget is now a year round process and the framework for the development of this budget began in late 2014 with the City Manager working on timelines and issue identification. Through late 2014 and early 2015, the City Manager works with Finance to develop the budget calendar and process for the FY 2016 Budget.

In January, the City Manager held a planning retreat with department and division heads to identify and discuss issues for the upcoming budget. 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.

Also in February, the City Council held a budget retreat to discuss various strategic issues and to review and, as might be needed, update the City's Strategic Plan. The Strategic Plan establishes the mission and vision of the City, identifies four (4) major areas of focus, and establishes the specific goals and objectives. The areas of focus identified in the Plan are: (1) Expand the Tax Base, (2) Grow Health and Bioscience, (3) Improve Our Infrastructure, and (4) Serve our Community. These focus areas and their associated goals and objectives guided the development of the FY 2016 Budget. During the retreat, Council also received information regarding potential budget issues identified by staff.

From February through the delivery of the FY 2016 Budget, staff has worked on preparing, reviewing, researching and responding to questions from Finance and the Manager relating to the programs and services this Preliminary Budget recommends.

Budget Approach—The FY 2016 Budget continues the “activity-based” perspective that 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 “the Rules of Engagement”—This year's budget has been developed within the framework of the strategic plan priorities adopted by the City Council and the budget parameters (“the Rules of Engagement”) that were briefed to the Council at the February 12, 2015 budget retreat and May 21, 2015 budget work session. Those Rules are:

1. Maintain current services and service levels;
2. Preserve, protect, and develop our workforce;
3. Grow our tax base & economy; and
4. Preserve and enhance our facilities and infrastructure.

All within a framework of fiscal restraint and responsibility.

Financial Highlights

The FY 2016 Budget appropriates a total of \$ 140,508,327 for the upcoming fiscal year. Of this amount, \$ 118,457,058 is allocated for the operations and maintenance budget which includes debt service and transfers. In addition, \$ 22,051,269 is allocated for routine capital for the general operating budget which includes equipment and public infrastructure projects. The Reinvestment Zone infrastructure improvements in the amount of \$ 15,381,353 is also included in the allocation. In accordance with current fiscal and financial policies, \$ 2,874,450 of the routine capital is funded with fund balance or retained earnings. The breakdown of this amount is as follows:

- ▶ \$ 2,095,552 – General Fund
- ▶ \$ 509,500 – Drainage Fund
- ▶ \$ 269,398 – Reinvestment Zone No. 1

As in previous years, the FY 2016 Budget is a balanced budget under the policies and parameters discussed in earlier planning sessions with the City Council.

In addition, \$ 40,280,000 is included for Capital Improvements Programs (CIP). The CIP allocated in FY 2015 can be divided into three categories:

- ▶ Multi-year Non-Routine Capital Recommended for Utility Revenue Bond Funding (U.R. CIP) - \$ 17,360,000
- ▶ Multi-year Non-Routine Capital Recommended for Certificate of Obligation Bond Funding (C.O. CIP) - \$ 21,000,000
- ▶ Multi-year Non-Routine Capital Recommended for Limited Tax Notes (L.T.N. CIP) - \$ 1,920,000

City Manager's Highlights

With the above in mind, I will highlight a few areas of general priority and significance in the FY 2016 Budget.

Public Safety—The FY 2016 Budget includes several initiatives designed to enhance public safety services. The Budget recommends funding three firefighter over hire positions, establishing an in-house regional fire training academy, the addition of two outdoor warning sirens, and the replacement of Quint 6, Engine 7, and the Fire Command Vehicle.

Additionally, the Budget includes funding an additional Police Evidence and Property Technician position, the replacement of public safety laptops, the replacement of 11 marked and 2 unmarked police vehicles, the replacement of 1 pickup truck for training, the addition of 3 marked police vehicles, the purchase of several police body cameras, and the replacement of ballistic vests.

Parks and Recreation—In May of 2015, voters approved a \$ 27,675,000 Parks bond package that includes 24 projects ranging from neighborhood park improvements, new community parks, new and upgraded athletic facilities, facility upgrades, water recreation projects, and linkage trails. The five cent annual tax rate impact included as part of the bond package is reflected in my proposed budget.

The FY 2016 Budget also includes operating and maintenance expenses associated with bond improvements anticipated to come online during FY 2016 including Jaycee, Carver, Western Hills, Oak Creek, Optimist, and Jefferson neighborhood parks improvements, Wilson football field, Scott & White baseball complex, and Lion's Junction deep water pool.

The FY 2016 Budget also includes the addition of a pavilion at Little Bluestem Park, the replacement of a dugout at Bakers Field, the first phase of exterior improvements at the Mayborn Center, and a funding for the development of a master plan for a future botanic garden at Bend of the River.

The Department's two fee-supported facilities, Summit Recreation Center and the Sammons Golf Course, are presented in the FY 2016 Preliminary Budget at a recovery rate of 82% and 83%, respectively.

Community Development—The FY 2016 Budget leverages our Community Development Block Grant (CDBG) funds to establish a Community Development program tasked with assisting with the implementation of the East Temple Redevelopment Plan.

The Budget includes establishing a Community Development Manager position to spearhead the program. Programs proposed for funding include a housing improvement program, infrastructure improvements, a demolition program, and a neighborhood clean-up program, including pro-active code enforcement.

Downtown Redevelopment—The FY 2016 Budget sees the first full year funding of the Transformation Team in partnership with the City's Reinvestment Zone.

The Transformation Team is a City crew dedicated to revitalization efforts in targeted areas of the City, with an initial focus on our downtown. The Team will have a very visible, distinctive appearance. They will perform clean-up and improvement projects in targeted areas of the community, called "transformation zones." The Team will work with property owners to improve the appearance and safety of the targeted areas. The Team Coordinator serves as a liaison with other City departments and partner agencies for projects within the targeted areas.

Additionally, the FY 2016 Budget includes the addition of a Downtown Development Coordinator position to assist with retail development, infrastructure improvements and event coordination in Downtown Temple. This is part of an ongoing effort with the Chamber of Commerce to revitalize the Downtown physically, but also from a livability standpoint.

Solid Waste—The FY 2016 Budget also includes the addition of a residential solid waste route which includes an additional Automated Route Operator position and an additional solid waste

truck. We currently have 10 residential solid waste routes serving approximately 23,300 customers. The last residential route was added in 2010 by shifting resources from a roll-off route. Since that time, there has been a 22% increase in customers and our residential routes now average 2,330 customers per route, well exceeding industry standards. The addition of a solid waste route will assist in reducing the average customers per route back to a manageable level. The good news is that we are a growing city, and that impact is reflected in the need to add equipment and a route to our residential collection.

Additionally, the FY 2016 Budget includes the replacement of four solid waste trucks. An approximate 5% adjustment to commercial solid waste rates is also proposed. The last adjustment to commercial solid waste rates occurred in FY 2009.

Transportation Infrastructure—The FY 2016 Budget includes the fourth year of a multi-year transportation capital improvement program. The Transportation CIP (TCIP) is a ten-year, \$ 126,700,000 effort to expand and maintain our major transportation infrastructure. The TCIP is a result of our recent assessments and reports on both the condition of our transportation infrastructure and the need to improve our mobility.

The project areas identified in the TCIP are intended to address both the need to improve our existing transportation infrastructure and provide new capacity and connectivity. The TCIP is a dynamic program that has, and will continue to, evolve and change in response to community needs.

A key element in the TCIP is a recognition that, in addition to building new roads to increase capacity and connectivity, we also need to take care of the streets and roads that we have built. What we refer to as the “Legacy Pavement Preservation Program.” Taking care of existing infrastructure is the most cost effective way to manage and maintain the system, as more infrastructure deteriorates, the more costly it is to restore serviceability. The Legacy Pavement Preservation Program enhances pavement performance, extends pavement life, decreases lifetime roadway costs, reduces user delays, and provides improved safety and mobility.

The implementation and financing plan recommended for the TCIP is a phased approach which groups projects in three-year packages with design and right-of-way acquisition funded first and, in most cases, construction funded in the following package. Each three-year package also includes \$ 9,000,000 for the Legacy Pavement Preservation Program – an average of \$ 3,000,000 each year.

This phased approach allows us to allocate construction funds only when projects are ready, minimize and stabilize the tax rate impact, maximize opportunity for tax base growth and allows us to balance debt amortization.

The phased approach recommended results in no impact to the tax rate this year. It is anticipated, based on several assumptions, that the tax rate impact for this program of work will be three cents in FY 2017. The phasing of projects and associated financing enables evaluation of the program from year to year and allows us to pause or adjust the program as needed.

Additionally, the FY 2016 Budget includes an additional Streets Foreman position to help oversee supervising the street maintenance and reconstruction crew. The Budget also includes funding for the first year of a three year plan to implement detection technology at 100% of the City's signalized intersections. Detection allows the signal to operate more efficiently, which improves coordination and timing.

Utility Infrastructure—The City has invested almost \$ 107,716,000 over the past nine years in improving and extending our water and sewer infrastructure. The FY 2016 Budget includes an additional \$ 17,360,000 to continue this work. Our utility infrastructure is extremely important to our ability to deliver services in one of our core mission areas. I believe our strategic plan, our strategic focus areas, and our community expectations relative to the services we provide, should reflect this.

Other Highlights—In addition to the programs and positions detailed above, the FY 2016 Budget also includes the addition of a Public Records Administrator position in the City Secretary's Office to assist in managing the City's public information program, an Administrative Assistant I position at the Airport to provide support for necessary administrative functions, a Troubleshooter in the Facility Services division to reduce contracted preventative maintenance and repair costs for heating, ventilation, and air conditioning and other major facility systems, a part-time Museum Development Assistant at the Railroad and Heritage Museum to assist in the coordination and growth of the Museum's membership program, a Human Resources Generalist position to administer the City's safety and training program, and an Environmental Compliance Technician position to administer the City's fats, oils, and grease reduction program.

The FY 2016 Budget also provides \$ 765,000 for a partial year implementation of Civil Service pay plan adjustments based on the 2015 Civil Service market study.

The FY 2016 Budget also includes continued funding for a group health insurance plan, employee retirement plan, and employee longevity program. The Budget also recommends funding for an enhanced performance pay program for general government employees and an enhanced employee engagement program.

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

Financial Highlights by Fund

General Fund Revenues—Total revenues for the FY 2016 General Fund Budget are presented at \$ 65,934,694, an increase of 5.08% compared to the FY 2015 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 2016 Budget, property tax accounts for 19.58% of the General Fund budgeted revenues and is the second largest revenue source of the General Fund. The tax rate for FY 2016 is at 62.98¢ per \$ 100 valuation, which includes the 4.34¢ tax rate adjustment for the 2015 Parks Bond program approved by voters in May 2015.

This rate is based on a certified appraised value of \$ 3,840,746,157 (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 proposed tax rate is 32.34¢ for the M&O rate and 30.64¢ 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 2016 Budget, sales tax is projected to account for 30.84% of the General Fund budgeted revenues.

The FY 2016 Budget estimates \$ 20,335,000 in sales tax revenue, a 6.47% increase in sales tax revenue over budgeted FY 2015 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 14.35% of total General Fund revenues. \$ 9,461,996 in solid waste revenue is projected for FY 2016, representing a 5.21% increase from the FY 2015 solid waste revenue adopted budget of \$ 8,993,691. The FY 2016 Budget includes an approximate 5% adjustment to commercial solid waste rates. The last adjustment to commercial solid waste rates occurred in FY 2009. The rate adjustment supports the continuation of investment in capital replacement.

General Fund Expenditures—Total expenditures for the FY 2016 General Fund Budget are presented at \$ 68,730,216, an increase of 4.98% compared to the FY 2015 Adopted Budget. As noted above, significant programs in the FY 2016 Budget that have contributed to this increase include the following:

- Additional solid waste route;
- Firefighter over hire positions;
- Civil service compensation study implementation; and
- Parks and Recreation operation/maintenance cost for Park Bond projects coming online in FY 2016.

Water and Wastewater Fund—Total revenues for the FY 2016 Water and Wastewater Fund Budget are presented at \$ 33,466,378, an increase of 1.42% compared to the FY 2015 Adopted Budget.

Expenses, capital improvements, and debt service for the FY 2016 Water and Wastewater Fund Budget are presented at \$ 33,466,378, an increase of 1.42% compared with prior year. The capital improvements include the allocation of \$ 17,360,000 to continue the long-term replacement program of water and sewer infrastructures and equipment needs. A 6.39% rate

increase was approved in the FY 2013 Budget to support these operational and capital programs.

Hotel/Motel Tax Fund—Total revenues for the Hotel/Motel Fund Budget are presented at \$ 1,936,720, an increase of 5.23% compared to the FY 2015 Adopted Budget. 25% of the Hotel/Motel revenues are from the operations of the Frank Mayborn Center. Expenditures for the Hotel/Motel Fund Budget are presented at \$ 2,356,118, an increase of 28.02% compared to the FY 2015 Adopted Budget. Funding for the Frank Mayborn Center, Tourism/Marketing, and Railroad & Heritage Museum are funded through the Hotel/Motel Tax Fund. Agencies seeking community enhancement grants whose services are eligible for funding by Hotel/Motel tax revenues are also funded through the Hotel/Motel Tax Fund.

As noted above, significant programs in the FY 2016 Budget that have contributed to this increase include the following:

- Phase 1 of exterior improvements at the Frank Mayborn Center; and
- Development of a Master plan for the Bend of the River property.

Federal and State Grant Fund—Total revenues and expenditures for Federal and State Grant Fund Budget are presented at \$ 357,357, a decrease of 8.43% compared to the FY 2015 Adopted Budget. Total revenues include the award of the Community Development Block Grant (CDBG) at \$ 357,357. The proposed allocation of CDBG funds are as follows:

- Public service agencies - \$ 50,000;
- Demolition - \$ 70,000;
- Housing improvements - \$ 90,886;
- Infrastructure improvements- \$ 75,000; and
- General administration - \$ 71,471

Drainage Fund—Total revenues are presented at \$ 1,138,650, a 1.86% increase from prior year. Expenditures are presented at \$ 1,648,150, an increase of 30.31% compared to the FY 2015 Adopted Budget. The expenditures of the drainage fund represent personnel and operational cost related to maintenance of existing drainage systems. In addition, there is \$ 606,000 in significant capital equipment of which \$ 509,500 will be funded with Fund Balance.

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, 2015, 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, 2014. 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-four consecutive years (Fiscal Years ended 1981-2014). 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 2014-15 Budget document, the City received, for the twentieth 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, and Budget Coordinator, Jennifer Emerson for their exemplary efforts in assuming primary responsibility for producing this document.

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

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

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

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

Respectfully submitted,



Traci L. Barnard, CPA
Director of Finance



Jonathan Graham
City Manager



Government Finance Officers Association

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

Presented to

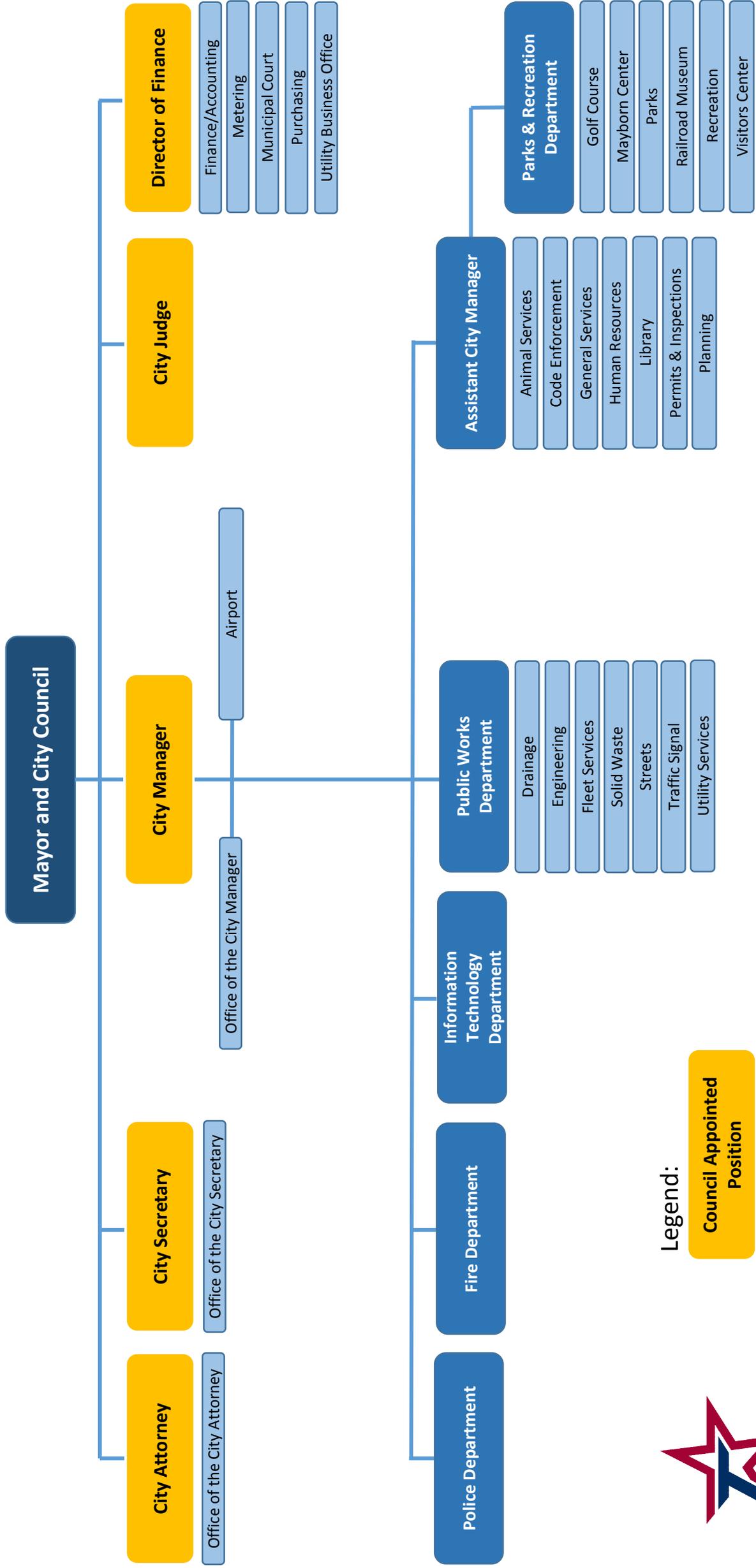
**City of Temple
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO





Legend:

- Council Appointed Position
- Department
- Division



**CITY OF TEMPLE
PRINCIPAL OFFICIALS**

MAYOR
DANIEL A. DUNN

MAYOR PRO-TEMPORE
RUSSELL T. SCHNEIDER

COUNCILMEMBER
JUDY MORALES

COUNCILMEMBER
TIMOTHY DAVIS

COUNCILMEMBER
PERRY T. CLOUD

JONATHAN GRAHAM, *CITY MANAGER*

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

KAYLA LANDEROS, *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, 2015, 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. 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and respective budgetary comparison for the general fund, the pass-through financing project fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I, F. to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 37 through 51, the schedule of changes in net pension liability and related ratios for the Texas Municipal Retirement System and the Temple Firefighters' Relief and Retirement Fund and the schedule of funding progress for other post-employment benefits on pages 135 through 139 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards on pages 168 and 169 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 nonmajor 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 28, 2016, 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 28, 2016



**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015**

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, 2015. 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 \$ 139,086,514 at September 30, 2015. Of this amount, \$ 26,326,257 is unrestricted and may be used to meet the City's future obligations. Of the \$ 26.3 million net unrestricted net position, (\$ 4,866,709) is related to governmental activities, which includes the General Fund. The negative amount of the unrestricted net position for governmental activities is the result of the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. The \$ 31,192,966 net 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 decreased by \$ 23,607,465 during the current fiscal year. Net position of governmental activities decreased \$ 26,481,887 from \$ 63,671,167. Net position of business-type activities increased \$ 2,974,422 from \$ 99,022,812. The net decrease in governmental activities is attributable to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. The increase in the business-type activities is attributable to an increase in the City's investment in capital assets.
- As of September 30, 2015, the City of Temple's governmental funds reported combined ending fund balances of \$ 76,529,986, an increase of \$ 34,468,506 in comparison with the prior fiscal year. The capital projects fund had a net increase of \$ 37,200,812 due to the issuance of bonds as approved by the voters in May 2015 and the expenditure of bond proceeds from the first phase of the Transportation Capital Improvement Program. In addition, the net increase was also attributable to a decrease in the debt service fund of \$ 389,871 due to the use of fund balance for debt service. The Pass-Through Financing Project fund had a decrease in fund balance of \$ 3,930,817 related to the expenditure of the bond proceeds. There were increases in fund balances in the general fund of \$ 1,222,032 and nonmajor governmental funds of \$ 366,350.
- At the end of the current fiscal year, assigned/unassigned fund balance for the general fund was \$ 25,740,895 or approximately 40.19% of total general fund expenditures.
- The City's total net bonded debt increased by \$ 43,483,677 during the current fiscal year. This net increase was due to the issuance of 2015 General Obligation bonds in the amount of \$ 25,130,000 issued for parks projects approved by the voters and the issuance of the 2014 Certificate of Obligation bonds issued for the Transportation Capital Improvement Program.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015

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 two separate legal entities in its report – the Temple Economic Development Corporation and the Reinvestment Zone No. 1 (a tax incremental financing unit). Although legally separate, these "component units" are important because the City is financially accountable for them.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015

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 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.

**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015**

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 73 through 133 of this report.

**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015**

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 135 through 139 of this report.

THE CITY AS A WHOLE – Government-Wide Financial Analysis

The City's combined net position (assets exceeding liabilities) was \$ 139,086,514 as of September 30, 2015. 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 (79.42%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 87,920,882	\$ 53,514,595	\$ 61,502,215	\$ 42,001,201	\$ 149,423,097	\$ 95,515,796
Capital assets	143,510,633	137,447,719	141,839,476	134,596,204	285,350,109	272,043,923
Total assets	231,431,515	190,962,314	203,341,691	176,597,405	434,773,206	367,559,719
Deferred outflows of resources	9,179,606	2,734,394	3,657,753	2,997,157	12,837,359	5,731,551
Long-term liabilities outstanding	191,229,683	118,898,310	101,262,699	75,464,884	292,492,382	194,363,194
Other liabilities	11,019,440	11,127,231	3,565,958	5,106,866	14,585,398	16,234,097
Total liabilities	202,249,123	130,025,541	104,828,657	80,571,750	307,077,780	210,597,291
Deferred inflows of resources	1,272,718	-	173,553	-	1,446,271	-
Net Position:						
Net investment in capital assets	40,996,292	44,686,194	69,469,800	72,979,933	110,466,092	117,666,127
Restricted	959,697	706,237	1,334,468	1,330,549	2,294,165	2,036,786
Unrestricted	(4,866,709)	18,278,736	31,192,966	24,712,330	26,326,257	42,991,066
Total net position	\$ 37,089,280	\$ 63,671,167	\$ 101,997,234	\$ 99,022,812	\$ 139,086,514	\$ 162,693,979

An additional portion of the City of Temple's net position (1.65%) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position*, \$ 26,326,257, may be used to meet the government's ongoing obligations to citizens and creditors.

The deficit in the unrestricted net position of the Governmental Funds at the end of the current fiscal year is due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. Implementation of this standard decreased Unrestricted Net Position in the Governmental Funds by \$ 24,666,765 as a prior period adjustment. The City of Temple is able to report a positive balance in the overall total net position for the government as a whole.

There was an increase of \$ 3,919 in restricted net position reported in connection with the City of Temple's business-type activities. The increase is nominal for FY 2015.

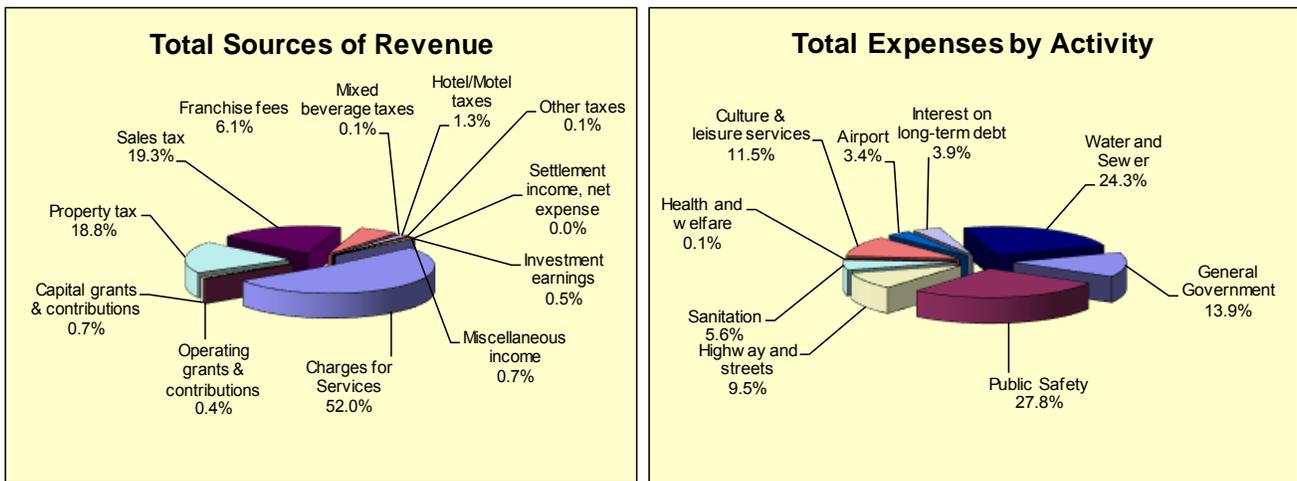
**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015**

Governmental and business-type activities decreased the City's net position by \$ 23,607,465. The key elements of this decrease are as follows:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 27,109,293	\$ 26,558,329	\$ 30,375,811	\$ 29,824,871	\$ 57,485,104	\$ 56,383,200
Operating grants and contributions	488,829	513,508	-	-	488,829	513,508
Capital grants and contributions	391,026	12,724,001	381,295	1,330,056	772,321	14,054,057
General revenues:						
Property tax	20,847,366	20,187,267	-	-	20,847,366	20,187,267
Sales tax	21,311,743	18,981,471	-	-	21,311,743	18,981,471
Franchise fees	6,780,354	6,382,781	-	-	6,780,354	6,382,781
Mixed beverage taxes	156,030	155,280	-	-	156,030	155,280
Hotel/Motel taxes	1,440,351	1,445,935	-	-	1,440,351	1,445,935
Other taxes	72,392	71,750	-	-	72,392	71,750
Investment earnings	156,778	108,848	353,239	515,564	510,017	624,412
Miscellaneous income	746,050	2,055,938	-	-	746,050	2,055,938
Total revenues	79,500,212	89,185,108	31,110,345	31,670,491	110,610,557	120,855,599
Expenses:						
General government	14,904,124	14,634,734	-	-	14,904,124	14,634,734
Public safety	29,912,951	28,224,373	-	-	29,912,951	28,224,373
Highway and streets	10,259,565	28,047,101	-	-	10,259,565	28,047,101
Sanitation	5,990,896	7,080,709	-	-	5,990,896	7,080,709
Health and welfare	112,058	35,755	-	-	112,058	35,755
Culture & leisure services	12,312,968	12,365,268	-	-	12,312,968	12,365,268
Airport	3,683,154	3,655,194	-	-	3,683,154	3,655,194
Interest on long-term debt	4,237,351	3,639,945	-	-	4,237,351	3,639,945
Water and sewer	-	-	26,081,271	26,882,060	26,081,271	26,882,060
Total expenses	81,413,067	97,683,079	26,081,271	26,882,060	107,494,338	124,565,139
Increase (decrease) in net position before transfers	(1,912,855)	(8,497,971)	5,029,074	4,788,431	3,116,219	(3,709,540)
Transfers	(2,267)	6,803	2,267	(6,803)	-	-
Increase (decrease) in net position	(1,915,122)	(8,491,168)	5,031,341	4,781,628	3,116,219	(3,709,540)
Net position - beginning, as restated	39,004,402	72,162,335	96,965,893	94,241,184	135,970,295	166,403,519
Net position - ending	\$ 37,089,280	\$ 63,671,167	\$ 101,997,234	\$ 99,022,812	\$ 139,086,514	\$ 162,693,979

**CITY OF TEMPLE, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015**



For FY 2015, revenues from governmental activities totaled \$ 79,500,212. Property taxes and sales tax are the largest components of revenues (53.03%). Charges for services account for 34.10% of total governmental revenue.

For FY 2015, expenses for governmental activities totaled \$ 81,413,067. 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 55 shows that \$ 27,109,293 was financed by those receiving services, \$ 488,829 from operating grants and contributions, \$ 391,026 from capital grants and contributions, with the City’s general revenues financing \$ 51,508,797 of the remaining program expenses.

The debt service fund has a total fund balance of \$ 959,697, all of which is reserved for the payment of debt service. The decrease in fund balance during the current year in the debt service fund was attributable to the use of fund balance for debt service payments.

The capital projects fund has a total fund balance of \$ 43,821,158. The fund balance increased by \$ 37,200,812 during the current fiscal year. This net increase is due to the issuance of bonds and expenditure of the prior years’ bond proceeds.

The pass-through financing project fund has a total fund balance of \$ 1,101,346. 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 were spent during FY 2014. Remaining bond proceeds are expected to be spent during FY 2016.

**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015**

Business-type Activities

Revenues of the City's business-type activities were \$ 31,110,345 for the fiscal year ended September 30, 2015. Revenues decreased approximately \$ 560,146 as compared to the prior fiscal year. Expenses for the City's business-type activities were \$ 26,081,271, a decrease of \$ 800,789, or -3.07%, compared to the prior fiscal year. The decrease in revenues is the net result of the increase in sales of effluent water, decrease in consumption, and a decrease in the amount in contributed capital. Water consumption decreased .7% in FY 2015 compared to the prior fiscal year. Unrestricted net position of the water and sewer fund were \$ 31,192,966. The water and sewer fund unrestricted net position increased in the current fiscal year by \$ 6,480,636.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the FY 2015, the City had \$ 285,350,109 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 17,909,330	\$ 16,716,960	\$ 1,940,240	\$ 1,717,328	\$ 19,849,570	\$ 18,434,288
Construction in progress	14,077,352	17,582,699	15,334,058	17,866,477	29,411,410	35,449,176
Buildings	45,109,664	44,377,704	20,617,896	21,629,453	65,727,560	66,007,157
Infrastructure	50,188,854	42,697,558	100,336,030	89,349,513	150,524,884	132,047,071
Furniture & equipment	6,274,639	5,052,666	328,218	388,658	6,602,857	5,441,324
Machinery & equipment	9,950,794	11,020,132	3,283,034	3,644,775	13,233,828	14,664,907
	<u>\$ 143,510,633</u>	<u>\$ 137,447,719</u>	<u>\$ 141,839,476</u>	<u>\$ 134,596,204</u>	<u>\$ 285,350,109</u>	<u>\$ 272,043,923</u>

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

- Midway Drive Sidewalks (Bonham) - \$ 510,927
- FM 2305 Sidewalks (Lakewood) - \$ 603,770
- 1st St – Ave F to Ave M Sidewalks \$ 643,040
- Airport Runway Reconstruction - \$ 7,899,168
- Property Acquisition for West Temple Park - \$ 406,692
- Traffic Signals – Research Blvd - \$ 250,741
- Burn Tower Props - \$ 355,242
- Burn Tower & Drill Ground Storage Building (Station #8) - \$ 2,571,390

**CITY OF TEMPLE, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015**

- Property Acquisition for Outer Loop, Phase III - \$ 757,784
- Westfield Blvd Improvements, Phase I - \$ 1,966,601
- Waterline Improvement Project (Entire City) - \$ 306,359
- Highland Park Subdivision Sewer Line Extension - \$ 374,850
- Bird Creek, Phase III - \$ 265,723
- Westfield Blvd., Phase I – Sewer line Extension - \$ 344,722
- Wastewater Line Replacement of 10th-12th Street to Central - \$ 520,561
- Water Treatment Plant - Doshier RAS Pump Replacement - \$ 442,875
- Temple-Belton Wastewater Treatment Plant Reclaim Waterline - \$ 12,399,920

Additional information on the City of Temple’s capital assets can be found in Note III on pages 92 through 94 of this report.

Debt

At year-end, the City had \$ 233,700,819 in bonds and notes payable outstanding as shown in Table IV.

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

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 75,420,000	\$ 49,525,000	\$ 39,000,000	\$ 36,480,000	\$ 114,420,000	\$ 86,005,000
Certificate of obligation	36,650,000	20,830,000	-	-	36,650,000	20,830,000
Contractual obligations	4,415,000	5,065,000	-	-	4,415,000	5,065,000
Revenue bonds	465,000	910,000	52,855,000	35,120,000	53,320,000	36,030,000
Pass-through revenue & limited tax bonds	24,700,000	24,700,000	-	-	24,700,000	24,700,000
Notes payable	195,819	242,013	-	-	195,819	242,013
Totals	\$ 141,845,819	\$ 101,272,013	\$ 91,855,000	\$ 71,600,000	\$ 233,700,819	\$ 172,872,013

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 4.86%.

Additional information on the City of Temple’s long term debt can be found in Note III on pages 98 through 106 of this report.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

At the end of the current fiscal year, the City of Temple's governmental funds reported combined ending fund balances of \$ 76,529,986. Approximately 33.64% of this total amount, \$ 25,740,895, 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 \$ 394,439; has already been restricted 1) to pay for debt service, \$ 959,697; 2) to pay for drug enforcement, \$ 345,852; 3) to pay for library collection enhancement and other, \$ 867,470; 4) to pay for bond-funded construction projects, \$ 44,922,504; 5) to pay for museum expenditures \$ 11,149; 6) to pay for promotion of tourism \$ 1,305,093 or 7) committed to drainage in the amount of \$ 1,982,887.

In the general fund, the City budgeted for a decrease in the fund balance of \$ 6,870,464, which was primarily resulting from transfers of \$ 2,068,652 to capital project funds, debt service fund, and to the health insurance fund. An additional \$ 2,717,909 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 2015 by \$ 1,222,032. This increase was due to a net variance with the final adopted budget of \$ 8,092,496. This increase was comprised of the following: sales tax for the City came in \$ 2,211,743 over the budgeted amount, franchise fees were \$ 112,284 over budget, charges for services were \$ 282,960 over budget, other revenues were \$ 155,833 over budget, and fines were \$ 23,939 over budget. All other revenues netted together came in under budget in an amount of \$ 333,349. In addition, total expenditures in the General Fund came in \$ 5,428,845 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. Expenditures spread across all departments accounted for \$ 1,696,522 of expenditures that came in under budget.

Debt service fund balance decreased in 2015 by \$ 389,871 for an ending balance of \$ 959,697. The decrease in the debt service fund balance was attributable to the use of fund balance for debt payments. Capital projects fund balance had a net increase in 2015 of \$ 37,200,812 due to the issuance of bonds and expenditure of prior bond proceeds. Pass-through financing project fund balance decreased by \$ 3,930,817 due to the expenditure of bond proceeds issued in 2012.

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.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015

Unrestricted net position of the Water and Sewer fund are \$ 31,192,966, an increase of \$ 6,480,636. The water and sewer fund unrestricted net position increase in the current fiscal year was due to increase resulted from the increase in revenues related to effluent water sales and the reimbursement from a third party related to the debt service payments for the 2014 Taxable Utility Revenue Bonds.

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 9.28% or \$ 6,076,628. A significant portion of the increase was due to increases in transfers out of \$ 1,003,923 to the capital projects fund, \$ 85,550 in transfers to the grant fund and \$ 89,909 in transfers to the bond programs.

During the year there was a \$ 4,897,246 increase in appropriations between the original operating budget and final amended budget. Following are the main components of the increase:

- \$ 2,148,659 increase in personnel services for various departments. Of this amount,
 - \$ 200,339 was re-appropriated from contingency (compensation) to the individual department personnel accounts to cover a 2% Performance Pay made to employees during FY 2015.
 - \$ 316,000 was re-appropriated from contingency (compensation) to fund the enhancements made to the longevity program.
 - \$ 463,101 was re-appropriated from contingency (compensation) to the individual department personnel accounts to cover market adjustments for general government employees.
 - \$ 602,810 was appropriated to the Police department's overtime accounts to fund outside assignments that are reimbursed by various entities.
 - \$ 401,000 supplemental funding for Fire to cover shortage in personnel services due to authorization of 3 additional overhire positions and additional step-up pay.
 - \$ 125,000 supplemental funding in Special Services to cover the additional separation pay for General Fund employees in FY 2015.
- \$ 598,594 supplemental funding in operations to various departments within the General Fund for projects that were not completed in the previous year.
- \$ 844,592 supplemental funding in capital to various departments within the General Fund for projects that were not completed in the previous year.
- \$ 1,122,300 supplemental funding in economic development to fund additional amount needed for the FY 2015 "Operating Expense Component" and "Incentive Matrix Component" to TEDC.
- \$ 339,574 supplemental appropriation from Reinvestment Zone for the expenditures related to the Downtown Transformation Team.
- \$ 29,219 supplemental appropriation to Fire to fund the Junior Fire Cadet Program for FY 2015.
- \$ 179,639 appropriation of insurance proceeds received from Texas Municipal League related to hail damage that occurred to several facilities during May 2013.

**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015**

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 (\$ 1,072,339), increase in insurance proceeds (\$ 140,971), increase in appropriation of intergovernmental revenues (\$ 257,921) and an increase in other income from various sources (\$ 438,018). 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 FY 2015 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 4.87% as compared to the State of Texas, which is 5.0%. 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 2016. The total 2015-2016 combined budget appropriation totals \$ 119,877,551 for six operating funds.

The 2015-2016 General Fund Budget of \$ 68,730,216 represents a 4.98% increase or \$ 3,263,295 from the adopted 2014-2015 budget. With regard to the FY 2015-2016 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; and
4. Growing the health and bioscience industries.

These were the general priorities and parameters used in the development of the FY 2014-2015 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.

Overall, the City Council has been presented with a budget that requires \$ 2,795,522 from fund balance to assist in the funding of \$ 2,095,522 in capital outlay and \$ 700,000 for TEDC Matrix allocation to be funded with Assigned Fund Balance – Capital Projects. The budget assesses a tax rate of \$ 0.6298 per \$ 100 valuation, and increase of \$ 0.0434 compared to last year's actual

**CITY OF TEMPLE, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015**

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 FY 2014-2015 is charges for services. For the fiscal year ending 2013-2014, the General Fund’s largest revenue source was also charges for services.

As a cost of service for the Enterprise Fund, Water & Wastewater rates must be sufficiently set to pay the total operations and maintenance, debt and depreciation, and meet bond covenant coverage requirements. During FY 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 2015 and FY 2016 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 2016 budget of \$ 33,466,378, an increase of 1.42% 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 \$ 17,360,000 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 year.

	2014	2015	2016	Total
Water	\$ 3,646,000	\$ 16,784,195	\$ 4,250,000	\$ 24,680,195
Wastewater	4,460,391	9,715,805	13,110,000	27,286,196
Total	\$ 8,106,391	\$ 26,500,000	\$ 17,360,000	\$ 51,966,391

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2015

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, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Reinvestment Zone No. 1	Temple Economic Development Corporation
ASSETS					
Cash	\$ 9,650	\$ 5,820	\$ 15,470	\$ -	\$ 1,926,475
Investments	82,297,605	29,856,070	112,153,675	9,646,528	-
Property taxes, net of allowance for uncollectibles	456,404	-	456,404	63,704	-
Receivables, net of allowance for uncollectibles	2,928,893	1,966,996	4,895,889	307,164	199,683
Due from other governments	344,285	-	344,285	-	-
Inventories	287,642	308,986	596,628	-	-
Prepays	106,797	197,930	304,727	-	13,903
Other assets	18,561	-	18,561	-	-
Restricted assets:					
Permanently restricted:					
Cash and investments	1,471,045	29,166,413	30,637,458	12,888,766	2,852,063
Land held for investment	-	-	-	-	4,562,130
Capital assets not being depreciated:					
Land	17,909,330	1,940,240	19,849,570	9,626,472	-
Construction in progress	14,077,352	15,334,058	29,411,410	16,385,128	-
Capital assets, net of accumulated depreciation:					
Buildings	45,109,664	20,617,896	65,727,560	550,769	365,645
Infrastructure	50,188,854	100,336,030	150,524,884	37,714,835	-
Furniture and equipment	6,274,639	328,218	6,602,857	-	39,320
Machinery and equipment	9,950,794	3,283,034	13,233,828	20,335	-
Total assets	<u>231,431,515</u>	<u>203,341,691</u>	<u>434,773,206</u>	<u>87,203,701</u>	<u>9,959,219</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on refunding	3,004,465	3,061,405	6,065,870	297,909	-
Deferred amounts of contributions	4,494,969	430,622	4,925,591	-	-
Deferred amount of investment experience	1,680,172	165,726	1,845,898	-	-
Total deferred outflows of resources	<u>9,179,606</u>	<u>3,657,753</u>	<u>12,837,359</u>	<u>297,909</u>	<u>-</u>
LIABILITIES					
Vouchers and contracts payable	5,341,170	2,117,976	7,459,146	1,076,060	266,937
Retainage payable	1,165,410	213,954	1,379,364	258,817	-
Accrued payroll	1,132,170	96,201	1,228,371	-	-
Deposits	130,355	-	130,355	-	-
Unearned revenues	2,596,688	70,641	2,667,329	-	-
Accrued interest payable	653,647	393,262	1,046,909	301,756	-
Liabilities payable from restricted assets	-	673,924	673,924	-	-
Noncurrent liabilities:					
Due within one year	8,989,334	5,226,974	14,216,308	2,908,555	63,050
Due in more than one year	182,240,349	96,035,725	278,276,074	45,354,165	149,094
Total liabilities	<u>202,249,123</u>	<u>104,828,657</u>	<u>307,077,780</u>	<u>49,899,353</u>	<u>479,081</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts on expected and actual experience	1,272,718	173,553	1,446,271	-	-
Total deferred inflows of resources	<u>1,272,718</u>	<u>173,553</u>	<u>1,446,271</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	40,996,292	69,469,800	110,466,092	29,044,848	404,965
Restricted for:					
Debt service	959,697	1,334,468	2,294,165	-	-
Economic development incentives	-	-	-	-	2,599,984
Unrestricted	(4,866,709)	31,192,966	26,326,257	8,557,409	6,475,189
Total net position	<u>\$ 37,089,280</u>	<u>\$ 101,997,234</u>	<u>\$ 139,086,514</u>	<u>\$ 37,602,257</u>	<u>\$ 9,480,138</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, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues			Primary Government			Reinvestment		Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Zone No. 1	Temple Economic Development Corp.	Zone No. 1	Temple Economic Development Corp.
Primary government:										
Governmental activities:										
General government	\$ 14,904,124	\$ 83,133	\$ -	\$ (10,677,418)	\$ -	\$ (10,677,418)	\$ -	\$ -	\$ -	\$ -
Public safety	29,912,951	97,044	20,261	(25,454,130)	-	(25,454,130)	-	-	-	-
Highways and streets	10,259,565	8,352	-	(8,929,114)	-	(8,929,114)	-	-	-	-
Sanitation	5,990,896	-	-	5,312,290	-	5,312,290	-	-	-	-
Health and welfare	112,058	102,068	357,705	347,715	-	347,715	-	-	-	-
Culture and leisure services	12,312,968	3,703,956	13,060	(8,538,036)	-	(8,538,036)	-	-	-	-
Airport	3,683,154	57,916	-	(1,247,875)	-	(1,247,875)	-	-	-	-
Interest on long-term debt	4,237,351	140,316	-	(4,237,351)	-	(4,237,351)	-	-	-	-
Total governmental activities	<u>81,413,067</u>	<u>488,829</u>	<u>391,026</u>	<u>(53,423,919)</u>	<u>-</u>	<u>(53,423,919)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:										
Water and sewer	26,081,271	-	381,295	-	4,675,835	4,675,835	-	-	-	-
Total business-type activities	<u>26,081,271</u>	<u>-</u>	<u>381,295</u>	<u>-</u>	<u>4,675,835</u>	<u>4,675,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 107,494,338</u>	<u>\$ 488,829</u>	<u>\$ 772,321</u>	<u>\$ (53,423,919)</u>	<u>\$ 4,675,835</u>	<u>(48,748,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component units:										
Reinvestment Zone No. 1	\$ 9,355,529	\$ 61,730	\$ 350,000	-	-	-	(8,943,799)	-	-	-
Temple Economic Development Corporation	1,699,274	3,441,849	-	-	-	-	-	-	-	1,742,575
Total component units	<u>\$ 11,054,803</u>	<u>\$ 3,441,849</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(8,943,799)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,742,575</u>
General Revenues:										
Property taxes	20,847,366	-	-	20,847,366	-	20,847,366	-	-	-	-
Sales taxes	21,311,743	-	-	21,311,743	-	21,311,743	-	-	-	-
Franchise fees	6,780,354	-	-	6,780,354	-	6,780,354	-	-	-	-
Mixed beverage taxes	156,030	-	-	156,030	-	156,030	-	-	-	-
Hotel/Motel taxes	1,440,351	-	-	1,440,351	-	1,440,351	-	-	-	-
Other taxes	72,392	-	-	72,392	-	72,392	-	-	-	-
Investment income	156,778	353,239	-	156,778	353,239	510,017	62,621	6,428	6,428	6,428
Miscellaneous income	746,050	-	-	746,050	-	746,050	1,620,812	1,795,554	1,795,554	1,795,554
Transfers	(2,267)	2,267	-	(2,267)	2,267	-	-	-	-	-
Total general revenues	<u>51,508,797</u>	<u>355,506</u>	<u>391,026</u>	<u>51,864,303</u>	<u>355,506</u>	<u>51,864,303</u>	<u>16,438,456</u>	<u>1,801,982</u>	<u>16,438,456</u>	<u>1,801,982</u>
Change in net position	(1,915,122)	5,031,341	-	(1,915,122)	5,031,341	3,116,219	7,494,657	3,544,557	7,494,657	3,544,557
Net position-beginning, as restated	39,004,402	96,965,893	-	39,004,402	96,965,893	135,970,295	30,107,600	5,935,581	30,107,600	5,935,581
Net position-ending	<u>\$ 37,089,280</u>	<u>\$ 101,997,234</u>	<u>\$ 391,026</u>	<u>\$ 37,089,280</u>	<u>\$ 101,997,234</u>	<u>\$ 139,086,514</u>	<u>\$ 37,602,257</u>	<u>\$ 9,480,138</u>	<u>\$ 37,602,257</u>	<u>\$ 9,480,138</u>

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

CITY OF TEMPLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015

	General	Debt Service	Capital Projects	Pass-Through Financing Project	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 5,050	\$ -	\$ -	\$ -	\$ 4,600	\$ 9,650
Investments	30,772,526	433,185	45,778,031	1,965,703	3,348,162	82,297,607
Property taxes, net	259,039	197,365	-	-	-	456,404
Other receivables, net	2,677,825	40,000	2,000	-	209,068	2,928,893
Due from other governments	46,454	-	60,000	-	237,831	344,285
Inventories, at cost	272,842	-	-	-	14,800	287,642
Prepaid items	102,197	-	-	-	4,600	106,797
Restricted cash and investments	995,733	475,312	-	-	-	1,471,045
Museum collection	-	-	-	-	18,561	18,561
Total assets	<u>\$ 35,131,666</u>	<u>\$ 1,145,862</u>	<u>\$ 45,840,031</u>	<u>\$ 1,965,703</u>	<u>\$ 3,837,622</u>	<u>\$ 87,920,884</u>
LIABILITIES AND FUND BALANCES						
Vouchers and contracts payable	\$ 3,314,556	\$ -	\$ 1,673,813	\$ 69,589	\$ 283,212	\$ 5,341,170
Retainage payable	4,600	-	342,632	794,768	23,410	1,165,410
Accrued payroll	1,098,512	-	2,428	-	31,230	1,132,170
Vacation and sick leave payable	579,803	-	-	-	27,683	607,486
Deposits and refundable contracts	52,772	-	-	-	77,583	130,355
Unearned revenues	2,752,167	186,165	-	-	75,975	3,014,307
Total liabilities	<u>7,802,410</u>	<u>186,165</u>	<u>2,018,873</u>	<u>864,357</u>	<u>519,093</u>	<u>11,390,898</u>
Fund Balances:						
Nonspendable:						
Inventories and prepaid items	375,039	-	-	-	19,400	394,439
Restricted for:						
Debt service	-	959,697	-	-	-	959,697
Drug enforcement	345,852	-	-	-	-	345,852
Library and other	867,470	-	-	-	-	867,470
Construction	-	-	43,821,158	1,101,346	-	44,922,504
Museum	-	-	-	-	11,149	11,149
Promotion of tourism	-	-	-	-	1,305,093	1,305,093
Committed to:						
Drainage	-	-	-	-	1,982,887	1,982,887
Assigned to:						
Capital technology acquisition-General Fund	420,476	-	-	-	-	420,476
Capital projects-General Fund	4,920,337	-	-	-	-	4,920,337
Encumbrances	2,106,552	-	-	-	-	2,106,552
Unassigned	18,293,530	-	-	-	-	18,293,530
Total fund balances	<u>27,329,256</u>	<u>959,697</u>	<u>43,821,158</u>	<u>1,101,346</u>	<u>3,318,529</u>	<u>76,529,986</u>
Total liabilities and fund balances	<u>\$ 35,131,666</u>	<u>\$ 1,145,862</u>	<u>\$ 45,840,031</u>	<u>\$ 1,965,703</u>	<u>\$ 3,837,622</u>	<u>\$ 87,920,884</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, 2015

Total fund balances-governmental funds \$ 76,529,986

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	\$	17,909,330	
Construction in progress		14,077,352	
Buildings		78,036,146	
Infrastructure		134,340,097	
Furniture and equipment		22,985,305	
Machinery and equipment		30,361,652	
Accumulated depreciation		(154,199,249)	
Total capital assets	\$	<u>143,510,633</u>	143,510,633

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

Deferred amounts on refunding		3,004,465	
Deferred amounts of contributions		4,494,969	
Deferred amounts of investment experience		1,680,172	

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	\$	231,454	
Interest & sinking fund taxes not collected		186,165	
Total deferred revenue reclassified	\$	<u>417,619</u>	417,619

Therefore, interest payable is not reported as a liability in the governmental funds balance sheet. (653,647)

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

Due within one year	\$	8,381,850	
Long-term debt, including premium/discount		182,240,349	
Total long-term liabilities	\$	<u>190,622,199</u>	(190,622,199)

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

Deferred amounts on expected and actual experience		<u>(1,272,718)</u>	
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Net position of governmental activities \$ 37,089,280

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, 2015

	General	Debt Service	Capital Projects	Pass-Through Financing Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 34,058,553	\$ 8,282,873	\$ -	\$ -	\$ 1,440,351	\$ 43,781,777
Franchise fees	6,780,354	-	-	-	-	6,780,354
Licenses and permits	613,187	-	-	-	-	613,187
Intergovernmental	71,823	-	-	-	808,031	879,854
Drainage fees	-	-	-	-	1,125,126	1,125,126
Charges for services	22,404,557	-	-	-	508,062	22,912,619
Fines	2,086,676	-	-	-	-	2,086,676
Interest and other	1,096,521	495,383	60,596	6,638	69,469	1,728,607
Total revenues	<u>67,111,671</u>	<u>8,778,256</u>	<u>60,596</u>	<u>6,638</u>	<u>3,951,039</u>	<u>79,908,200</u>
Expenditures:						
Current:						
General government	14,782,723	-	579,549	-	83,132	15,445,404
Public safety	29,204,662	-	1,747,239	-	61,825	31,013,726
Highways and streets	3,018,125	-	9,514,888	3,937,455	980,680	17,451,148
Sanitation	5,171,235	-	6,692	-	-	5,177,927
Health and welfare	-	-	-	-	157,540	157,540
Culture and leisure services	9,335,393	-	821,565	-	2,204,501	12,361,459
Airport	2,478,744	-	-	-	161,884	2,640,628
Debt service:						
Principal retirement	46,194	5,775,000	-	-	-	5,821,194
Interest and fiscal charges	8,976	4,314,846	217,066	-	-	4,540,888
Total expenditures	<u>64,046,052</u>	<u>10,089,846</u>	<u>12,886,999</u>	<u>3,937,455</u>	<u>3,649,562</u>	<u>94,609,914</u>
Excess (deficiency) of revenues over expenditures	<u>3,065,619</u>	<u>(1,311,590)</u>	<u>(12,826,403)</u>	<u>(3,930,817)</u>	<u>301,477</u>	<u>(14,701,714)</u>
Other financing sources (uses):						
Transfers in	14,824	889,270	919,691	-	64,873	1,888,658
Transfers out	(1,858,411)	-	(15,075)	-	-	(1,873,486)
Issuance of loans and bonds	-	-	46,360,000	-	-	46,360,000
Original issue premium	-	-	3,275,997	-	-	3,275,997
Discount on bond issuance	-	(43,046)	(513,398)	-	-	(556,444)
Refunding bonds issued	-	7,544,558	-	-	-	7,544,558
Payment to refunded bond escrow agent	-	(7,469,063)	-	-	-	(7,469,063)
Total other financing sources (uses)	<u>(1,843,587)</u>	<u>921,719</u>	<u>50,027,215</u>	<u>-</u>	<u>64,873</u>	<u>49,170,220</u>
Net change in fund balances	1,222,032	(389,871)	37,200,812	(3,930,817)	366,350	34,468,506
Fund balances, beginning of year	26,107,224	1,349,568	6,620,346	5,032,163	2,952,179	42,061,480
Fund balances, end of year	<u>\$ 27,329,256</u>	<u>\$ 959,697</u>	<u>\$ 43,821,158</u>	<u>\$ 1,101,346</u>	<u>\$ 3,318,529</u>	<u>\$ 76,529,986</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, 2015

Net change in fund balances-total governmental funds \$ 34,468,506

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	\$ 15,920,233	
Depreciation expense	(9,402,086)	
Net adjustment	<u>6,518,147</u>	6,518,147

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals and donations) is to increase net position. (455,233)

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. 46,105

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 general obligation bonds	\$ (53,330,000)	
Discount/(Premium) on issuance	(3,294,110)	
To bondholders	5,821,194	
Payment to escrow agent for refunding	6,935,000	
Increase in deferred amount on refunding	534,064	
Amortization of bond premiums/discounts	575,034	
Amortization of bond refunding amounts	(263,992)	
Net adjustment	<u>\$ (43,022,810)</u>	(43,022,810)

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

Increase in compensated absences liability	\$ 272,483	
Increase in other post-employment benefits liability	165,465	
Total adjustment	<u>437,948</u>	(437,948)

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

Contributions		5,618,075
Pension Expense		(4,622,208)

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. (10,316)

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	\$ (17,440)	
Net amount allocated to business-type activities	-	
	<u>\$ (17,440)</u>	(17,440)

Change in net position of governmental activities \$ (1,915,122)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 31,883,641	\$ 31,883,641	\$ 34,058,553	\$ 2,174,912
Franchise fees	6,360,370	6,668,070	6,780,354	112,284
Licenses and permits	628,500	628,500	613,187	(15,313)
Intergovernmental	95,107	353,028	71,823	(281,205)
Charges for services	21,049,258	22,121,597	22,404,557	282,960
Fines	2,061,362	2,062,737	2,086,676	23,939
Interest and other	670,774	940,688	1,096,521	155,833
Total revenues	<u>62,749,012</u>	<u>64,658,261</u>	<u>67,111,671</u>	<u>2,453,410</u>
Expenditures:				
Current:				
General government:				
City council	209,204	197,343	161,848	35,495
City manager	492,706	857,911	577,167	280,744
Assistant city manager	243,857	199,607	188,886	10,721
Administrative services	270,931	254,280	204,114	50,166
Finance	1,277,171	1,362,585	1,340,039	22,546
Purchasing	304,346	380,337	372,628	7,709
City secretary	356,975	403,057	320,763	82,294
Special services	2,077,806	1,410,256	1,057,421	352,835
Legal	697,468	754,344	712,091	42,253
City planning	520,978	599,066	547,756	51,310
Information technology services	2,920,562	3,168,840	2,811,338	357,502
Human resources	662,240	687,253	506,272	180,981
Economic development	2,119,549	3,241,849	3,241,849	-
Fleet services	988,916	1,110,799	1,012,107	98,692
Inspections	302,098	313,063	284,250	28,813
Permits	250,559	209,800	186,051	23,749
Facility services	1,216,777	1,579,868	1,258,143	321,725
Total general government	<u>14,912,143</u>	<u>16,730,258</u>	<u>14,782,723</u>	<u>1,947,535</u>
Public safety:				
Municipal court	669,915	710,867	681,058	29,809
Police	14,563,115	15,656,565	15,342,229	314,336
Animal control	436,705	478,884	437,426	41,458
Fire	10,704,765	11,523,529	11,462,456	61,073
Communications	749,220	749,220	749,220	-
Code Enforcement	513,279	616,908	532,273	84,635
Total public safety	<u>27,636,999</u>	<u>29,735,973</u>	<u>29,204,662</u>	<u>531,311</u>
Highways and streets:				
Street	2,553,382	2,799,129	2,228,880	570,249
Traffic signals	345,896	377,646	307,040	70,606
Engineering	546,276	566,143	482,205	83,938
Totals highways and streets	<u>3,445,554</u>	<u>3,742,918</u>	<u>3,018,125</u>	<u>724,793</u>
Sanitation:	<u>5,711,665</u>	<u>5,858,088</u>	<u>5,171,235</u>	<u>686,853</u>
Culture and leisure services:				
Parks	3,313,452	3,435,497	3,025,039	410,458
Leisure services	3,147,425	3,341,617	3,084,331	257,286
Parks & leisure services administration	502,488	549,381	542,871	6,510
Golf course	1,240,302	1,293,361	1,110,934	182,427
Education	1,646,662	1,716,548	1,572,218	144,330
Total culture and leisure services	<u>9,850,329</u>	<u>10,336,404</u>	<u>9,335,393</u>	<u>1,001,011</u>
Airport:	<u>2,965,790</u>	<u>3,016,085</u>	<u>2,478,744</u>	<u>537,341</u>
Debt service:				
Principal	46,194	46,194	46,194	-
Interest	8,977	8,977	8,976	1
Total debt service	<u>55,171</u>	<u>55,171</u>	<u>55,170</u>	<u>1</u>
Total expenditures	<u>64,577,651</u>	<u>69,474,897</u>	<u>64,046,052</u>	<u>5,428,845</u>
Excess (deficiency) of revenues over expenditures	<u>(1,828,639)</u>	<u>(4,816,636)</u>	<u>3,065,619</u>	<u>7,882,255</u>
Other financing sources (uses):				
Transfers in	-	14,824	14,824	-
Transfers out	(889,270)	(2,068,652)	(1,858,411)	210,241
Total other financing sources (uses)	<u>(889,270)</u>	<u>(2,053,828)</u>	<u>(1,843,587)</u>	<u>210,241</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(2,717,909)</u>	<u>(6,870,464)</u>	<u>1,222,032</u>	<u>8,092,496</u>
Fund balance, beginning of period	<u>26,107,224</u>	<u>26,107,224</u>	<u>26,107,224</u>	<u>-</u>
Fund balance, end of period	<u>\$ 23,389,315</u>	<u>\$ 19,236,760</u>	<u>\$ 27,329,256</u>	<u>\$ 8,092,496</u>

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
PASS-THROUGH FINANCING PROJECT FUND
For the year ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest and other	\$ -	\$ -	\$ 6,638	\$ 6,638
Total revenues	-	-	6,638	6,638
Expenditures:				
Highways and streets:	4,974,414	4,974,414	3,937,455	1,036,959
Total expenditures	4,974,414	4,974,414	3,937,455	1,036,959
Excess (deficiency) of revenues over expenditures	(4,974,414)	(4,974,414)	(3,930,817)	1,043,597
Fund balance, beginning of year	5,032,163	5,032,163	5,032,163	-
Fund balance, end of year	\$ 57,749	\$ 57,749	\$ 1,101,346	\$ 1,043,597

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

CITY OF TEMPLE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-type Activities - Water and Sewer Fund	Governmental Activities - Internal Service Fund
ASSETS		
Current assets:		
Cash	\$ 5,820	\$ -
Investments	29,856,070	-
Customer receivables	1,643,184	-
Accounts receivable	323,812	-
Inventories	308,986	-
Prepaid items	197,930	-
Restricted cash and investments:		
Revenue bond debt service	1,334,468	-
Customer deposits	673,924	-
Construction account	27,158,021	-
Total current assets	61,502,215	-
Noncurrent assets:		
Capital assets:		
Land	1,940,240	-
Buildings	47,894,344	-
Improvements other than buildings	168,418,379	-
Furniture and equipment	1,803,563	-
Machinery	7,717,453	-
	227,773,979	-
Less accumulated depreciation	(101,268,561)	-
Construction in progress	15,334,058	-
Total capital assets (net of accumulated depreciation)	141,839,476	-
Total noncurrent assets	141,839,476	-
Total assets	203,341,691	-
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding	3,061,405	-
Deferred amounts of contributions	430,622	-
Deferred amount of investment experience	165,726	-
Total deferred outflows of resources	\$ 3,657,753	\$ -

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	\$ 2,117,976	\$ -
Retainage payables	213,954	-
Accrued payroll	96,201	-
Unearned revenues	70,641	-
Accrued interest - revenue bonds	393,262	-
Customer deposits	673,924	-
Current maturities of long-term liabilities	5,226,974	-
Total current liabilities	<u>8,792,932</u>	<u>-</u>
Noncurrent liabilities:		
Revenue bonds payable	92,292,424	-
Compensated absences payable	388,688	-
Net pension liability	2,735,225	-
Other postemployment benefits payable	619,388	-
Total noncurrent liabilities	<u>96,035,725</u>	<u>-</u>
Total liabilities	<u>104,828,657</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts on expected and actual experience	173,553	-
Total deferred inflows of resources	<u>173,553</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	69,469,800	-
Restricted for:		
Debt service	1,334,468	-
Unrestricted	31,192,966	-
Total net position	<u>\$ 101,997,234</u>	<u>\$ -</u>



CITY OF TEMPLE, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended September 30, 2015

	Business-type Activities - Water and Sewer Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Charges for sales and services:		
Water service	\$ 16,998,755	\$ -
Sewer service	11,245,340	-
Other	2,131,716	-
Total operating revenues	<u>30,375,811</u>	<u>-</u>
Operating expenses:		
Personnel services	4,405,792	-
Supplies	1,454,823	-
Repairs and maintenance	1,136,329	-
Depreciation	6,065,845	-
Other services and charges	11,127,914	-
Total operating expenses	<u>24,190,703</u>	<u>-</u>
Operating income	<u>6,185,108</u>	<u>-</u>
Nonoperating revenues (expenses):		
Interest income	353,240	-
Interest expense	<u>(1,890,569)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(1,537,329)</u>	<u>-</u>
Income before transfers and contributions	4,647,779	-
Contributions - TxDot	381,295	-
Transfer in	2,267	-
Transfer out	<u>-</u>	<u>(17,440)</u>
Change in net position	<u>5,031,341</u>	<u>(17,440)</u>
Total net position - beginning	99,022,812	17,440
Prior period adjustment	<u>(2,056,919)</u>	<u>-</u>
Total net position - restated, beginning	<u>96,965,893</u>	<u>17,440</u>
Total net position - ending	<u>\$ 101,997,234</u>	<u>\$ -</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, 2015

	Business-type Activities - Water and Sewer Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from customers	\$ 30,166,702	\$ 17,440
Cash paid to suppliers	(9,047,712)	-
Cash paid to employees	(4,521,005)	-
Cash paid to other funds for administration, franchise fees and data processing	<u>(5,225,284)</u>	<u>-</u>
Net cash provided by operating activities	<u>11,372,701</u>	<u>17,440</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	2,267	-
Transfers to other funds	<u>-</u>	<u>(17,440)</u>
Net cash provided (used) by noncapital financing activities	<u>2,267</u>	<u>(17,440)</u>
Cash flows from capital and related financing activities:		
Capital expenses	(13,567,899)	-
Interest paid on debt	(2,014,843)	-
Debt principal payments	(3,450,000)	-
Proceeds from other governmental entities	130,190	-
Proceeds from debt issuance	<u>26,896,684</u>	<u>-</u>
Net cash by capital and related financing activities	7,994,132	-
Cash flows from investing activities:		
Interest received on investments	<u>353,240</u>	<u>-</u>
Net cash provided by investing activities	<u>353,240</u>	<u>-</u>
Net change in cash and cash equivalents	19,722,340	-
Cash and cash equivalents, beginning of year	<u>39,305,963</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 59,028,303</u>	<u>\$ -</u>

(Continued)

CITY OF TEMPLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2015

(Continued)

	<u>Business-type Activities - Water and Sewer Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 6,185,108	\$ (17,440)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	6,065,845	-
Change in assets and liabilities:		
Change in accounts receivable	208,950	17,440
Change in inventory	17,341	-
Change in prepaids	(4,965)	-
Change in vouchers payable	(1,012,140)	-
Change in accrued liabilities	(119,596)	-
Change in opeb liability	69,856	-
Change in net pension liability	(106,409)	-
Change in customer deposits	27,775	-
Change in accrued vacation and sick leave	40,936	-
	<u>5,187,593</u>	<u>17,440</u>
Net cash provided by operating activities	<u>\$ 11,372,701</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION		
Cash	\$ 5,820	\$ -
Investments	29,856,070	-
Restricted assets - debt service, and bond proceeds:		
Cash and investments	<u>29,166,413</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 59,028,303</u>	<u>\$ -</u>

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, 2015

	City of Temple Employee Benefits Trust	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 417,565	\$ 3,248,694
Property taxes receivable	-	19,194
Other assets	-	12,941
Total assets	<u>417,565</u>	<u>3,280,829</u>
LIABILITIES		
Vouchers payable	417,565	18,396
Unearned revenue	-	17,689
Other	-	3,244,744
Total liabilities	<u>417,565</u>	<u>3,280,829</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, 2015

		<u>City of Temple Employee Benefits Trust</u>
Additions:		
Contributions:		
Employer		\$ 3,007,237
Employee		1,439,591
Retiree		<u>518,814</u>
Total contributions		<u>4,965,642</u>
Total additions		<u>4,965,642</u>
Deductions:		
Benefits		<u>4,965,642</u>
Total deductions		<u>4,965,642</u>
Change in net position		-
Net position held in trust for benefits and other purposes		
Beginning of year		-
End of year		<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, 2015

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 are similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by GASB Statement No. 34.

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

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

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

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING MODEL AND ENTITY (Continued)

Discretely Presented Component Units (Continued)

Temple Economic Development Corporation (TEDC) (Continued)

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

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

Related Organizations

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 (CONTINUED)
September 30, 2015

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 (CONTINUED)
September 30, 2015

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 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's 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 statement of revenues, expenditures, and changes in fund balance. The revenue and expense elements which comprise the reconciliation

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

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

difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

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

1. Deposits and Investments

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

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

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

2. Receivables

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

General Fund	\$ 2,356,233
Special Revenue Funds	34,376
Debt Service Fund	90,057
Enterprise Fund	448,709

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 incurred by the City during the current fiscal year was \$ 7,413,969. Of this amount, \$ 1,231,746 was included as part of the cost of capital assets during FY 2015.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets (Continued)

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

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

6. Compensated Absences

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

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

7. Net Pension Liability

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed as incurred per GASB 65.

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

11. Deferred Outflows/Inflows of Resources

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

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

12. Net Position

Net Position in government-wide and proprietary financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position 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.

13. Fund Balance

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

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

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

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

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

13. Fund Balance (Continued)

Unassigned Fund Balance (Continued)

either through adoption or amendment of the budget as intended for specific purposes.

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

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

14. Comparative Data/Reclassification

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

15. Estimates

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

F. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following statement which became effective in fiscal year 2015.

Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS (Continued)

The implementation of Statement No. 68 resulted in restatement of beginning net position for the elimination of the previously reported net pension asset, the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying this change results in the adjustment below:

	Government-wide Statement of Activities	
	Primary Government	
	Governmental Activities	Business-type Activities
Net position at September 30, 2014, as previously reported	\$ 63,671,167	\$ 99,022,812
Elimination of net pension liability as of September 30, 2014	2,464,766	377,726
Recording of net pension liability as of September 30, 2014	(31,244,080)	(2,841,634)
Deferral for pension contributions made after the measurement date	4,112,549	406,989
Net position at September 30, 2014, as restated	<u>\$ 39,004,402</u>	<u>\$ 96,965,893</u>

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

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibility funding the benefits over time to a point-in-time liability that is reflected on the employer’s financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the City in fiscal year 2018.

Statement No. 77, *Tax Abatement Disclosures* – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the City in fiscal year 2017.

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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. BUDGETARY INFORMATION (Continued)

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:

Major Funds:	<u>Encumbrances</u>
General Fund	\$ 2,106,552
Capital Projects Fund	12,635,960
Pass-Through Financing Project	1,036,959
Nonmajor Funds:	<u>476,122</u>
Totals	<u><u>\$16,255,593</u></u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

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.

Deposits

As of September 30, 2015, the City's deposit balances were as follows:

	Primary Government	Component Units	Total Reporting Entity
Total Deposits	<u>\$ 55,777,947</u>	<u>\$ 23,890,441</u>	<u>\$79,668,388</u>
Carrying Amount	<u>\$ 55,483,595</u>	<u>\$ 23,815,109</u>	<u>\$79,298,704</u>
Petty Cash	<u>\$ 15,470</u>	<u>\$ -</u>	<u>\$ 15,470</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, 2015, the Temple Economic Development Corporation had a total of \$ 4,808,963 in deposits. Of this amount, \$ 482,601 was insured, and \$ 4,326,362 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 (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Investments

As of September 30, 2015, the City had the following investments:

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Primary Government</u>		
Investment pools:		
Texpool	\$ 5,621,649	\$ 5,621,649
TexSTAR	79,298,255	79,298,255
Texas CLASS	<u>2,387,634</u>	<u>2,387,634</u>
Total investment in pools:	<u>87,307,538</u>	<u>87,307,538</u>
 Total investments	 <u>\$ 87,307,538</u>	 <u>\$ 87,307,538</u>
<u>Discretely Presented Component Units</u>		
Investment pools:		
Texpool	\$ 522,806	\$ 522,806
TexSTAR	2,611,656	2,611,656
Texas CLASS	<u>364,261</u>	<u>364,261</u>
Total investment in pools:	<u>3,498,723</u>	<u>3,498,723</u>
 Total investments	 <u>\$ 3,498,723</u>	 <u>\$ 3,498,723</u>
<u>Reporting Entity</u>		
Total investments	<u>\$ 90,806,261</u>	<u>\$ 90,806,261</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, 2015, the weighted average maturity of the City’s investment portfolio was 109.40 days.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

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, 2015, 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 (CONTINUED)
September 30, 2015

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	\$ 15,470	\$ -	\$ 15,470
Carrying amount of deposits	55,483,595	23,815,109	79,298,704
Carrying amount of investments	<u>87,307,538</u>	<u>3,498,723</u>	<u>90,806,261</u>
Total	<u>\$ 142,806,603</u>	<u>\$ 27,313,832</u>	<u>\$ 170,120,435</u>
Statement of Net Position:			
Cash	\$ 15,470	\$ 1,926,475	\$ 1,941,945
Investments	112,153,675	9,646,528	121,800,203
Restricted cash and investments	<u>30,637,458</u>	<u>15,740,829</u>	<u>46,378,287</u>
Total	<u>\$ 142,806,603</u>	<u>\$ 27,313,832</u>	<u>\$ 170,120,435</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

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, 2014, upon which the fiscal year 2015 levy was based, was \$ 3,330,539,054. This amount is the net taxable value adjusted for frozen taxable value. The amount of the levy attributable to frozen taxes was \$ 1,915,929. The total levy assessed was \$ 21,446,210. The total taxable value before the adjustment for frozen taxable value was \$ 3,699,245,668.

The tax assessment of October 1, 2014 set a tax levy at \$ 0.5864 per \$ 100 of assessed valuation at 100% of assumed market value. The City may levy a tax of up to \$ 1.20 per \$ 100 of assessed valuation.

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

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. At September 30, 2015, delinquent property taxes receivable are \$ 456,404, 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 (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Balance October 1, 2014	Additions Net of CIP Reclassifications	Transfers/ Retirements	Balance September 30, 2015
Primary government:				
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 16,716,960	\$ 1,192,370	\$ -	\$ 17,909,330
Construction in progress	17,582,699	12,407,869	(15,913,216)	14,077,352
Total capital assets not being depreciated	<u>34,299,659</u>	<u>13,600,239</u>	<u>(15,913,216)</u>	<u>31,986,682</u>
Capital assets being depreciated				
Buildings	75,631,772	2,783,547	(379,172)	78,036,147
Infrastructure	126,518,285	11,730,407	(3,908,596)	134,340,096
Furniture & equipment	23,871,180	2,398,070	(3,283,948)	22,985,302
Machinery & equipment	31,302,023	1,321,186	(2,261,556)	30,361,653
Total capital assets being depreciated	<u>257,323,260</u>	<u>18,233,210</u>	<u>(9,833,272)</u>	<u>265,723,198</u>
Less accumulated depreciation for:				
Buildings	(31,254,068)	(1,893,984)	221,569	(32,926,483)
Infrastructure	(83,820,727)	(4,003,678)	3,673,163	(84,151,242)
Furniture & equipment	(18,818,514)	(1,176,096)	3,283,947	(16,710,663)
Machinery & equipment	(20,281,891)	(2,328,328)	2,199,360	(20,410,859)
Total accumulated depreciation	<u>(154,175,200)</u>	<u>(9,402,086)</u>	<u>9,378,039</u>	<u>(154,199,247)</u>
Total capital assets being depreciated, net	<u>103,148,060</u>	<u>8,831,124</u>	<u>(455,233)</u>	<u>111,523,951</u>
Governmental Activities capital assets, net	<u>\$ 137,447,719</u>	<u>\$ 22,431,363</u>	<u>\$ (16,368,449)</u>	<u>\$ 143,510,633</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS (Continued)

	Balance October 1, 2014	Additions	Transfers/ Retirements	Balance September 30, 2015
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 1,717,328	\$ 222,912	\$ -	\$ 1,940,240
Construction in progress	17,866,477	11,906,539	(14,438,958)	15,334,058
Total capital assets not being depreciated	19,583,805	12,129,451	(14,438,958)	17,274,298
Capital assets being depreciated				
Buildings	47,789,023	105,320	-	47,894,343
Infrastructure	154,096,963	15,131,186	(809,769)	168,418,380
Furniture & equipment	2,000,890	76,072	(273,398)	1,803,564
Machinery & equipment	7,598,180	306,046	(186,774)	7,717,452
Total capital assets being depreciated	211,485,056	15,618,624	(1,269,941)	225,833,739
Less accumulated depreciation for:				
Buildings	(26,159,570)	(1,116,877)	-	(27,276,447)
Infrastructure	(64,747,450)	(4,144,669)	809,769	(68,082,350)
Furniture & equipment	(1,612,232)	(136,512)	273,398	(1,475,346)
Machinery & equipment	(3,953,405)	(667,787)	186,774	(4,434,418)
Total accumulated depreciation	(96,472,657)	(6,065,845)	1,269,941	(101,268,561)
Total capital assets being depreciated, net	115,012,399	9,552,779	-	124,565,178
Business-type Activities capital assets, net	\$ 134,596,204	\$ 21,682,230	\$ (14,438,958)	\$ 141,839,476

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

Governmental activities:	
General government	\$ 783,417
Public safety	2,126,829
Highways and streets	2,718,329
Sanitation	900,558
Health and welfare	66,720
Culture and leisure services	1,617,195
Airport	1,189,038
Total depreciation expense - Governmental Activities	<u>\$ 9,402,086</u>
Business-type activities:	
Water and sewer	\$ 6,065,845
Total depreciation expense - Business-type Activities	<u>\$ 6,065,845</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS (Continued)

The City has active construction projects as of September 30, 2015. Total accumulated commitments for ongoing capital projects are composed of the following:

General Fund	\$ 88,817
Capital Projects Fund	9,567,031
Pass-Through Financing Project	550,410
Water and Sewer Fund	3,665,442
Special Revenue Fund-Federal/State Grant	12,775
Total	<u>\$ 13,884,475</u>

	Balance October 1, 2014	Additions	Transfers/ Retirements	Balance September 30, 2015
Discretely presented component units:				
Reinvestment Zone No 1:				
Capital assets not being depreciated				
Land	\$ 6,394,172	\$ 7,214,577	\$ (3,982,277)	\$ 9,626,472
Construction in progress	5,649,243	14,519,093	(3,783,208)	16,385,128
Total capital assets not being depreciated	<u>12,043,415</u>	<u>21,733,670</u>	<u>(7,765,485)</u>	<u>26,011,600</u>
Capital assets being depreciated				
Buildings	1,103,035	-	(340,000)	763,035
Infrastructure	53,473,721	3,504,790	-	56,978,511
Machinery & equipment	42,559	-	-	42,559
Total capital assets being depreciated	<u>54,619,315</u>	<u>3,504,790</u>	<u>(340,000)</u>	<u>57,784,105</u>
Less accumulated depreciation for:				
Buildings	(261,873)	(24,058)	73,665	(212,266)
Infrastructure	(16,831,965)	(2,431,711)	-	(19,263,676)
Machinery & equipment	(19,387)	(2,837)	-	(22,224)
Total accumulated depreciation	<u>(17,113,225)</u>	<u>(2,458,606)</u>	<u>73,665</u>	<u>(19,498,166)</u>
Total capital assets being depreciated, net	<u>37,506,090</u>	<u>1,046,184</u>	<u>(266,335)</u>	<u>38,285,939</u>
Reinvestment Zone No.1 capital assets, net	<u>\$ 49,549,505</u>	<u>\$ 22,779,854</u>	<u>\$ (8,031,820)</u>	<u>\$ 64,297,539</u>
Temple Economic Development Corporation:				
Buildings & improvements	\$ 413,931	\$ 47,400	\$ -	\$ 461,331
Office equipment	175,347	40,814	(38,205)	177,956
Total capital assets being depreciated	<u>589,278</u>	<u>88,214</u>	<u>(38,205)</u>	<u>639,287</u>
Less accumulated depreciation for:				
Buildings & improvements	(84,603)	(11,083)	-	(95,686)
Office equipment	(169,537)	(7,167)	38,068	(138,636)
Total accumulated depreciation	<u>(254,140)</u>	<u>(18,250)</u>	<u>38,068</u>	<u>(234,322)</u>
Temple Economic Development Corp. capital assets, net	<u>\$ 335,138</u>	<u>\$ 69,964</u>	<u>\$ (137)</u>	<u>\$ 404,965</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. INTERFUND RECEIVABLES AND PAYABLES

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. At September 30, 2015, there were no individual interfund receivable and payable balances to report.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2015, in the Statement of Net Position were as follows:

	Property (Net of Allowance)	Other (Net of Allowance)	Other Governments	Total Receivables
General Fund	\$ 259,039	\$ 2,677,825	\$ 46,454	\$ 2,983,318
Debt Service Fund	197,365	40,000	-	237,365
Capital Projects Fund	-	2,000	60,000	62,000
Nonmajor Governmental Funds	-	209,068	237,831	446,899
Water & Sewer Fund	-	1,966,996	-	1,966,996
Total	<u>\$ 456,404</u>	<u>\$ 4,895,889</u>	<u>\$ 344,285</u>	<u>\$ 5,696,578</u>

Payables at September 30, 2015, in the Statement of Net Position were as follows:

	Vouchers & Contracts	Retainages	Accrued Payroll	Deposits	Total Payables
General Fund	\$ 3,314,556	\$ 4,600	\$ 1,098,512	\$ 52,772	\$ 4,470,440
Capital Projects Fund	1,673,813	342,632	2,428	-	2,018,873
Pass-Through Financing Project	69,589	794,768	-	-	864,357
Nonmajor Governmental Funds	283,212	23,410	31,230	77,583	415,435
Water and Sewer Fund	2,117,976	213,954	96,201	673,924	3,102,055
Total	<u>\$ 7,459,146</u>	<u>\$ 1,379,364</u>	<u>\$ 1,228,371</u>	<u>\$ 804,279</u>	<u>\$ 10,871,160</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES (Continued)

Liabilities payable from restricted assets at September 30, 2015, in the Statement of Net Position were as follows:

	<u>Water & Sewer Fund</u>
Customer Deposits	<u>\$ 673,924</u>
	<u>\$ 673,924</u>

F. DEFERRED AMOUNT ON REFUNDING

The amounts reported for deferred amount of refunding balances of the City for the year ended September 30, 2015:

	Balance October 1, 2014	Additions	Retirements	Balance September 30, 2015
<u>Governmental Activities</u>				
General obligation bonds	\$ 2,734,394	\$ 534,063	\$ 263,992	\$ 3,004,465
Total governmental activities	<u>2,734,394</u>	<u>534,063</u>	<u>263,992</u>	<u>3,004,465</u>
<u>Business-Type Activities</u>				
General obligation bonds	2,997,157	357,597	293,349	3,061,405
Total business-type activities	<u>2,997,157</u>	<u>357,597</u>	<u>293,349</u>	<u>3,061,405</u>
<u>Component Units</u>				
Reinvestment Zone No. 1	349,318	-	51,409	297,909
Total component units	<u>349,318</u>	<u>-</u>	<u>51,409</u>	<u>297,909</u>
Total government	<u>\$ 6,080,869</u>	<u>\$ 891,660</u>	<u>\$ 608,750</u>	<u>\$ 6,363,779</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. UNEARNED REVENUE

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

	<u>Deferred</u>	<u>Unearned</u>	<u>Total</u>
Governmental Activities			
General Fund:			
Delinquent property taxes	\$ 231,454	\$ -	\$ 231,454
Street escrow	-	269,313	269,313
Parks escrow	-	334,803	334,803
Police escrow	-	119,987	119,987
Child safety fees	-	222	222
Animal shelter	-	20	20
Electric franchise	-	1,478,184	1,478,184
Gas franchise	-	310,477	310,477
Other	-	7,707	7,707
Debt Service Fund:			
Delinquent property taxes	<u>186,165</u>	<u>-</u>	<u>186,165</u>
Nonmajor governmental funds:			
Grant draw downs prior to meeting all eligibility requirements	<u>-</u>	<u>75,975</u>	<u>75,975</u>
Total Governmental Funds	<u>\$ 417,619</u>	<u>\$2,596,688</u>	<u>\$3,014,307</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM DEBT

The following is a summary of long-term debt transactions, including current portion of the City for the year ended September 30, 2015:

	Balance October 1, 2014, restated	Additions	Retirements	Balance September 30, 2015	Due within one year
<u>Governmental Activities</u>					
General obligation bonds	\$ 49,525,000	\$ 32,100,000	\$ 6,205,000	\$ 75,420,000	\$ 4,760,000
Certificates of obligations	20,830,000	21,230,000	5,410,000	36,650,000	1,575,000
Contractual obligations	5,065,000	-	650,000	4,415,000	665,000
Revenue bonds	910,000	-	445,000	465,000	465,000
Pass-through agreement revenue & limited tax bonds	24,700,000	-	-	24,700,000	120,000
Notes payable	242,013	-	46,194	195,819	48,105
Plus deferred amount:					
Issuance premium	6,579,141	3,850,554	692,347	9,737,348	877,433
Issuance discount	(702,726)	(556,444)	(117,313)	(1,141,857)	(128,690)
Compensated absences	7,086,249	738,784	439,079	7,385,954	607,486
Net pension liability - TMRS	20,838,649	-	780,336	20,058,313	-
Net pension liability - FP	10,405,430	574,343	-	10,979,773	-
OPEB liability	2,198,867	165,466	-	2,364,333	-
Total governmental activities	<u>147,677,623</u>	<u>58,102,703</u>	<u>14,550,643</u>	<u>191,229,683</u>	<u>8,989,334</u>
<u>Business-Type Activities</u>					
General obligation bonds	36,480,000	4,680,000	2,160,000	39,000,000	2,240,000
Revenue bonds	35,120,000	23,685,000	5,950,000	52,855,000	2,475,000
Plus deferred amount:					
Issuance premium	2,978,444	3,472,646	260,498	6,190,592	530,949
Issuance discount	(435,991)	(179,083)	(35,877)	(579,197)	(71,978)
Compensated absences	395,173	86,250	39,733	441,690	53,003
Net pension liability - TMRS	2,841,634	-	106,409	2,735,225	-
OPEB liability	549,532	69,857	-	619,389	-
Total business-type activities	<u>77,928,792</u>	<u>31,814,670</u>	<u>8,480,763</u>	<u>101,262,699</u>	<u>5,226,974</u>
<u>Component Units</u>					
Reinvestment Zone No. 1	51,006,275	-	2,743,555	48,262,720	2,908,555
Temple Economic Development Corp.	261,021	4,386	53,263	212,144	63,050
Total component units	<u>51,267,296</u>	<u>4,386</u>	<u>2,796,818</u>	<u>48,474,864</u>	<u>2,971,605</u>
Total government	<u>\$ 276,873,711</u>	<u>\$ 89,921,759</u>	<u>\$ 25,828,224</u>	<u>\$ 340,967,246</u>	<u>\$ 17,187,913</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 liability for employees employed in the corresponding governmental funds. The General Fund has been responsible for liquidating the net OPEB liability for all employees in the corresponding governmental funds.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM DEBT (Continued)

Long-term debt at September 30, 2015 is comprised of the following:

	Governmental Activities	Business - Type Activities
General obligation bonds:		
\$ 9,660,000 2008 bonds due in annual installments of \$ 50,000 to \$ 845,000 through 2028; interest at 3.50% to 5.25%	\$ 970,000	\$ -
\$ 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%	11,750,000	-
\$ 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%	990,000	-
\$ 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%	8,600,000	11,165,000
\$ 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%	1,550,000	-
\$ 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	17,325,000
\$ 21,360,000 2014 refunding bonds due in annual installments of \$ 535,000 to \$ 3,460,000 through 2026; interest at 2.00% to 5.00%	13,315,000	5,830,000
\$ 36,780,000 2015 refunding & improvement bonds due in annual installments of \$ 590,000 to \$ 4,480,000 through 2035; interest at 2.00% to 5.00%	32,100,000	4,680,000
	<u>75,420,000</u>	<u>39,000,000</u>
Certificates of obligation:		
\$ 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%	1,355,000	-
\$ 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	-
\$ 21,230,000 2014 certificates due in annual installments of \$ 255,000 to \$ 1,815,000 through 2034; interest at 1.00% to 3.00%	21,230,000	-
	<u>36,650,000</u>	<u>-</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM DEBT (Continued)

	Governmental Activities	Business - Type Activities
	<u> </u>	<u> </u>
Contractual obligations:		
\$ 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%	\$ 4,415,000	\$ -
	<u>4,415,000</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%	465,000	-
\$ 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%	-	1,320,000
\$ 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%	-	14,950,000
\$ 12,990,000 2014 bonds due in annual installments of \$ 90,000 to \$ 790,000 through 2044; interest at 0.45% to 5.05%	-	12,900,000
\$ 23,685,000 2015 bonds due in annual installments of \$ 830,000 to \$ 1,755,000 through 2035; interest at 2.00% to 5.00%	-	23,685,000
	<u>465,000</u>	<u>52,855,000</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:		
\$ 275,450 2014 capital lease due in monthly installments of \$ 3,665 to \$ 4,296 through 2017; interest at 4.20%	195,819	-
	<u>195,819</u>	<u>-</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM DEBT (Continued)

	Governmental Activities	Business - Type Activities
Issuance premium	\$ 9,737,348	\$ 6,190,592
Issuance discount	(1,141,857)	(579,197)
Accrual for compensated absences	7,385,954	441,690
Accrual for net pension liability - TMRS	20,058,313	2,735,225
Accrual for net pension liability - FP	10,979,773	-
Accrual for OPEB liability	2,364,333	619,389
	<u>49,383,864</u>	<u>9,407,699</u>
Total primary government debt	<u>191,229,683</u>	<u>101,262,699</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	5,565,000	-
\$ 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	9,215,000	-
\$ 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	7,105,000	-
\$ 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	1,233,346	-
Issuance discount	(585,626)	-
Temple Economic Development Corporation:		
\$ 252,946 note due in five annual principal payments through January 2019, interest at 2.25% . Monthly interest paid by an individual.	199,683	-
Accrual for compensated absences	12,461	-
Total component units debt	<u>48,474,864</u>	<u>-</u>
Total debt - reporting entity	<u>\$ 239,704,547</u>	<u>\$101,262,699</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM DEBT (Continued)

The annual requirements to amortize debt outstanding as of September 30, 2015, are shown on the following schedules. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable and have not been included in the following summary.

General Obligation Bonds

Year Ending September 30	Governmental Activities		Business-type Activities		Component Units		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 4,760,000	\$ 2,810,421	\$ 2,240,000	\$ 1,456,236	\$ 1,955,000	\$ 550,025	\$ 13,771,682
2017	4,035,000	2,901,588	2,270,000	1,432,500	2,000,000	498,750	13,137,838
2018	4,785,000	2,759,438	3,035,000	1,364,400	2,045,000	431,700	14,420,538
2019	4,960,000	2,609,288	3,130,000	1,273,350	2,110,000	368,600	14,451,238
2020	5,080,000	2,451,688	3,235,000	1,171,300	2,275,000	302,850	14,515,838
2021-2025	25,405,000	8,969,140	18,630,000	3,605,350	4,865,000	283,500	61,757,990
2026-2030	17,705,000	3,975,039	6,460,000	356,750	-	-	28,496,789
2031-2035	8,690,000	1,345,500	-	-	-	-	10,035,500
Total	<u>\$ 75,420,000</u>	<u>\$ 27,822,102</u>	<u>\$ 39,000,000</u>	<u>\$ 10,659,886</u>	<u>\$ 15,250,000</u>	<u>\$ 2,435,425</u>	<u>\$170,587,413</u>

Certificates of Obligations

Year Ending September 30	Governmental Activities		Component Units		Total
	Principal	Interest	Principal	Interest	
2016	\$ 1,575,000	\$ 1,003,164	\$ -	\$ 924,894	\$ 3,503,058
2017	2,075,000	963,214	1,110,000	924,894	5,073,108
2018	800,000	917,239	1,145,000	902,693	3,764,932
2019	895,000	903,139	1,180,000	868,344	3,846,483
2020	1,040,000	885,064	1,215,000	832,944	3,973,008
2021-2025	8,585,000	3,947,281	6,695,000	3,478,187	22,705,468
2026-2030	12,010,000	2,564,351	8,140,000	2,163,263	24,877,614
2031-2034	9,670,000	688,424	5,775,000	476,337	16,609,761
Total	<u>\$ 36,650,000</u>	<u>\$ 11,871,876</u>	<u>\$ 25,260,000</u>	<u>\$ 10,571,556</u>	<u>\$ 84,353,432</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM DEBT (Continued)

Contractual Obligations

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2016	\$ 665,000	\$ 88,300	\$ 753,300
2017	910,000	75,000	985,000
2018	925,000	56,800	981,800
2019	945,000	38,300	983,300
2020	970,000	19,400	989,400
Total	<u>\$ 4,415,000</u>	<u>\$ 277,800</u>	<u>\$ 4,692,800</u>

Pass-Through Agreement Revenue & Limited Tax Bonds

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
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	950,000	1,082,875	2,032,875
2020	990,000	1,044,875	2,034,875
2021-2025	5,635,000	4,530,075	10,165,075
2026-2030	7,955,000	2,866,625	10,821,625
2031-2034	7,230,000	898,575	8,128,575
Total	<u>\$ 24,700,000</u>	<u>\$ 13,811,000</u>	<u>\$ 38,511,000</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM DEBT (Continued)

Revenue Bonds

Year Ending September 30	Governmental Activities		Business-type Activities		Component Units		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 465,000	\$ 12,253	\$ 2,475,000	\$ 1,958,474	\$ 865,000	\$ 375,854	\$ 6,151,581
2017	-	-	2,380,000	2,061,599	910,000	330,096	5,681,695
2018	-	-	1,745,000	1,987,954	960,000	281,958	4,974,912
2019	-	-	1,795,000	1,939,269	1,010,000	231,174	4,975,443
2020	-	-	1,855,000	1,893,319	1,060,000	177,744	4,986,063
2021-2025	-	-	10,255,000	8,533,883	2,300,000	184,091	21,272,974
2026-2030	-	-	16,190,000	6,189,205	-	-	22,379,205
2031-2035	-	-	10,285,000	3,036,597	-	-	13,321,597
2036-2040	-	-	2,940,000	1,201,395	-	-	4,141,395
2041-2044	-	-	2,935,000	379,759	-	-	3,314,759
Total	<u>\$ 465,000</u>	<u>\$ 12,253</u>	<u>\$ 52,855,000</u>	<u>\$ 29,181,454</u>	<u>\$ 7,105,000</u>	<u>\$ 1,580,917</u>	<u>\$ 91,199,624</u>

Notes Payable

Year Ending September 30	Governmental Activities		Component Units Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 48,105	\$ 7,065	\$ 49,921	\$ -	\$ 105,091
2017	50,096	5,074	49,921	-	105,091
2018	97,618	948	49,921	-	-
2019	-	-	49,920	-	49,920
Total	<u>\$ 195,819</u>	<u>\$ 13,087</u>	<u>\$ 199,683</u>	<u>\$ -</u>	<u>\$ 260,102</u>

(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 (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. 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, 2015.

(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, 2015.

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, 2015.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM DEBT (Continued)

(4) 2015 Refunding/Issuances -

On November 4, 2014, the City issued \$ 21,230,000 of Combination Tax and Revenue Certificates of Obligation bonds. The interest rate of the bonds range from 1.0% to 3.0% and the maturity date of the bonds is August 1, 2034. These bonds were issued to construct, reconstruct, improve, extend, expand, upgrade and/or develop streets bridges, sidewalks, intersections, traffic signalization, and other traffic improvement projects as part of the second phase of the City's Transportation Capital Improvement Program.

On September 30, 2015, the City issued \$ 23,685,000 of Utility System Revenue bonds. The interest rate of the bonds range from 2.0% to 5.0% and the maturity date of the bonds is August 1, 2035. These bonds were issued for the construction of water and sewer line improvement projects and other costs associated with these projects.

On September 30, 2015, the City issued \$ 25,130,000 of General Obligation bonds. The interest rate of the bonds range from 2.0% to 5.0% and the maturity date of the bonds is August 1, 2035. These bonds were issued to construct, acquire, improve, renovate, expand, develop and equip land and buildings for park and recreational purposes including the acquisition of any necessary sites, infrastructure and other related costs.

On September 30, 2015, the City partially advance refunded the Series 2008 General Obligation Bonds, the Series 2008A Certificate of Obligation Bonds, and the 2008 Utility Revenue Bonds. The par amount of the 2015 General Obligation Refunding bonds was \$ 11,650,000. Net proceeds of \$ 12,486,660 of general obligation refunding bonds (after payment of underwriting fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments for the refunded debt. As a result, the refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements.

This advanced refunding will reduce the total debt service payments over the next 14 years by \$ 791,094 and will result in an economic gain (i.e. the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$ 658,587.

In the debt service fund, a fund balance of \$ 959,697 is available to service general long-term debt.

The bond indentures require the establishment and maintenance of interest and sinking funds and reserve funds in varying amounts. Restricted cash on the accompanying combined balance sheet represents these amounts. The enterprise fund has restricted cash of \$ 29,166,413, of which \$ 1,334,468 will be used to pay accrued interest and current maturities of bond indentures, \$ 27,158,021 represents remaining bonds proceeds, and the remaining \$ 673,924 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 (CONTINUED)
September 30, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2015 were as follows:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
Major Funds:		
General	\$ 14,824	\$ 1,808,961
Debt Service	889,270	-
Capital Projects	919,691	-
Nonmajor Governmental Funds:		
Special Revenue	<u>64,873</u>	<u>64,525</u>
Subtotal of Governmental Funds	<u>1,888,658</u>	<u>1,873,486</u>
Water and Sewer Fund	2,268	-
Internal Service Fund	<u>-</u>	<u>17,440</u>
Total	<u>\$ 1,890,926</u>	<u>\$ 1,890,926</u>

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

IV. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

A. COMMITMENTS AND CONTINGENCIES (Continued)

Long-Term Agreements

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

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

On August 7, 2014, the City entered into an agreement with Brazos River Authority (BRA) to provide the operations listed above for the period October 1, 2014 through September 30, 2019. Upon mutual agreement of the parties, the agreement may be extended for two additional 5 year periods.

The City retains ownership of the Doshier Farm WWTP and the City's 75% share of the Temple-Belton WWTP and all associated equipment. The City of Belton owns the remaining 25%. 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 second year (2016) of the agreement is \$ 1,175,564 for the Temple-Belton WWTP, \$ 1,011,141 for the Doshier Farm WWTP and Lift Stations, and \$ 136,901 for the City's industrial pretreatment program. On or before May 1st of each year, BRA will provide the City with an annual budget which will include an estimate of all operation and maintenance expenses plus a management fee of 3% for the Doshier WWTP, Temple-Belton WWTP, and the lift stations. The budget will be calculated based on the estimated amount of wastewater to be delivered to the plants in the next fiscal year. The City must approve the proposed budget by July 15th of each year. Operation and maintenance expenses and the maintenance fee for the Temple-Belton WWTP will be allocated based upon the annual flow percentages of each City. Any capital expenses for the Temple-Belton WWTP (costs of capital improvements) will be allocated to the Cities based on ownership - 75% to Temple and 25% to Belton. Payments to BRA will be made monthly and will equal 1/12 of the approved annual budget.

Landfill Operations - On March 16, 2011, the City renegotiated its agreement with the commercial entity to operate the City's solid waste landfill. Under the terms of the new agreement, the contractor pays the City \$ 659,587 annually (\$ 54,965.60 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:

\$ 2.78/ton up to 200,000 tons
\$ 3.46/ton over 200,000 tons

The new agreement is for a period of thirty years, or the life of the landfill, if less and may be extended by mutual agreement of the parties for additional ten (10) year period. Under the terms of the agreement,

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

A. COMMITMENTS AND CONTINGENCIES (Continued)

Long-Term Agreements (Continued)

Landfill Operations (Continued)

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 Agreements

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 \$ 51,719,886. 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. The bonds to fund the construction were sold on May 24, 2012. 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.

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. Change orders in the amount of \$ 381,863 have brought the total construction contract to \$ 40,265,482. Construction of the project is substantially complete. Texas Department of Transportation confirmed the substantial completion date effective February 18, 2015. That date will be considered the anniversary date for annual repayment

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

A. COMMITMENTS AND CONTINGENCIES (Continued)

Future Agreements (Continued)

as outline in the agreement. The annual payments shall be paid within sixty days of the anniversary date.

B. RISK MANAGEMENT

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

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

C. 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. This is the final year of reporting for this fund. 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
9/30/2013	\$ 291,234	\$ 3,007,048	\$ 2,950,942	\$ 347,340
9/30/2014	347,340	-	347,340	-
9/30/2015	-	-	-	-

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

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	2015 Abated Value	Term of Abatement	Abatement Percentage	First Yr of Abatement
07/06	Jan-07	McLane Group, LP	\$ 1,115,317	10 years	10% to 100%	FY 2008
08/09	Jan-10	Texquest Investments LLC	551,569	5 years	100%	FY 2011
02/09	Jan-11	H.E. Butt Grocery	47,469,336	10 years	100%	FY 2012
09/10	Jan-11	Akzo Nobel Paints LLC - Liquid Nails Division	2,794,669	5 years	50%	FY 2012
01/11	Jan-12	Fikes Wholesale, Inc.	3,645,933	5 years	100%	FY 2013
05/11	Jan-15	Panda Temple Power, LLC	-	10 years	50%	TBD
06/11	Jan-12	LJT Texas Realty, Inc.	1,054,342	5 years	50%	FY 2013
06/11	Jan-12	Reynolds Consumer Products, Inc. {Pactiv Corporation}	1,870,481	5 years	80%	FY 2013
01/12	Jan-13	Sparetime Entertainment, LLC	3,602,251	5 years	100%	FY 2014
10/12	TBD	Don-Nan Pump & Supply Company	-	5 years	50%	TBD
12/12	Jan-16	Panda Temple Power II, LLC	-	10 years	12% to 65%	TBD
05/13	TBD	Buc-ee's, LTD	-	10 years	50%	TBD
02/14	TBD	Thomas Biodiesel, LLC	-	10 years	50% to 100%	TBD
03/14	TBD	Wilsonart LLC	-	10 years	20% to 80%	TBD
12/14	TBD	DanHill Fulfillment Center	-	5 years	50%	TBD
12/14	TBD	Block 015 Doering, LLC	-	10 years	50% to 100%	TBD
12/14	TBD	Block 015 Arcadia, LLC	-	10 years	50% to 100%	TBD

During fiscal year 2015, the total amount of abated property value was \$ 62,103,898. Based on the city tax rate of \$ 0.5864 per \$ 100 of value, the foregone tax levy due to abatement agreements was \$ 364,177.

E. EMPLOYEE BENEFITS

(1) Retirement Plans

The City participates in two retirement plans. The Texas Municipal Retirement System covered 638 employees as of December 31, 2014. The Temple Firefighter's Relief and Retirement Fund covered 119 employees as of September 30, 2015.

The Texas Municipal Retirement System

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

The Texas Municipal Retirement System (Continued)

Plan Description (Continued)

created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

The Texas Municipal Retirement System (Continued)

Benefits Provided (Continued)

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

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

The City does not participate in Social Security.

Employees Covered by Benefit Terms –

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	347
Inactive employees entitled to but not yet receiving benefits	303
Active employees	<u>638</u>
	<u>1,288</u>

Contributions

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

Employees for the City of Temple were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2015, the City made required contributions of 17.50% for the months in 2014 and required contributions of 16.73% for the months in 2015. The City's contributions for the year ended September 30, 2015, were \$ 4,981,397, and were equal to the required contributions.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

The Texas Municipal Retirement System (Continued)

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions –

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. This experience study was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

The Texas Municipal Retirement System (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued) –

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic equity	17.5%	4.80%
International equity	17.5%	6.05%
Core fixed income	30.0%	1.50%
Non-core fixed income	10.0%	3.50%
Real return	5.0%	1.75%
Real estate	10.0%	5.25%
Absolute return	5.0%	4.25%
Private equity	5.0%	8.50%
Total	<u>100.0%</u>	

Discount Rate –

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

The Texas Municipal Retirement System (Continued)

Net Pension Liability (Continued)

Changes in the Net Pension Liability -

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2013	\$ 158,609,168	\$ 134,928,884	\$ 23,680,284
Changes for the year:			
Service cost	4,177,238	-	4,177,238
Interest	11,004,160	-	11,004,160
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,874,758)	-	(1,874,758)
Changes of assumptions	-	-	-
Contributions - employer	-	4,687,061	(4,687,061)
Contributions - employee	-	1,874,825	(1,874,825)
Net investment income	-	7,718,713	(7,718,713)
Benefit payments, including refunds employee contributions	(6,991,011)	(6,991,011)	-
Administrative expense	-	(80,587)	80,587
Other changes	-	(6,626)	6,626
Net changes	<u>6,315,629</u>	<u>7,202,375</u>	<u>(886,746)</u>
Balance at December 31, 2014	<u>\$ 164,924,797</u>	<u>\$ 142,131,259</u>	<u>\$ 22,793,538</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in <u>Discount Rate</u> (6.0%)	Current <u>Discount Rate</u> (7.0%)	1% Increase in <u>Discount Rate</u> (8.0%)
City's net pension liability	\$ 46,072,699	\$ 22,793,538	\$ 3,712,310

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

The Texas Municipal Retirement System (Continued)

Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position –

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

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

For the year ended September 30, 2015, the City recognized pension expense of \$ 3,865,539.

At September 30, 2015, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual assumptions and actual experience	\$ -	\$ 1,446,271
Changes in actuarial assumptions used	-	-
Differences between projected and actual investment earnings	1,381,047	-
Contributions subsequent to the measurement date	<u>3,702,834</u>	<u>-</u>
Total	<u>\$ 5,083,881</u>	<u>\$ 1,446,271</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$ 3,702,834 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (i.e. recognized in the City's financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	
2015	\$ (83,225)
2016	(83,225)
2017	(83,225)
2018	<u>184,451</u>
Total	<u>\$ (65,224)</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Temple Firefighters' Relief and Retirement Fund

Plan Description

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

Benefits Provided

Firefighters in the Temple Fire Department are covered by the Temple Firefighter's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 20 years of service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a partially vested benefit, he may retire starting on the date he would have both completed 20 years of service if he had remained a Temple firefighter and attained age 50. As of the September 30, 2014 actuarial valuation date, the plan effective March 1, 2013 provided a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 65.75% of Highest Five Year Average Monthly Salary plus \$93.00 per month for each year of service in excess of 20.

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

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

**CITY OF TEMPLE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 September 30, 2015**

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Temple Firefighters' Relief and Retirement Fund (Continued)

Benefits Provided (Continued)

Members Covered by the Fund –

In the September 30, 2014 actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>119</u>
	<u>187</u>

Funding Policy

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

The funding policy of the Temple Firefighter's Relief and Retirement Fund requires contributions equal to 15% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City currently contributes according to a city ordinance either the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees or the firefighter contribution rate (15% of payroll) if lesser. The City has also agreed to contribute an additional 0.24% of payroll. The actuarial valuation includes the assumption that the City contribution rate will be 15.24% over the UAAL amortization period. The costs of administering the plan are paid from the Fund assets.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the Board of Trustees. The Board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending September 30, 2014, the money-weighted rate of return on pension plan investments was 6.45%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Temple Firefighters' Relief and Retirement Fund (Continued)

Net Pension Liability

The City's net pension liability was measured as September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014.

Total pension liability	\$ 50,613,335
Plan fiduciary net position	<u>(39,633,562)</u>
City's net pension liability	\$ <u>10,979,773</u>

Plan fiduciary net position as a percentage of the total pension liability	78.3%
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Actuarial Assumptions –

The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75%
Salary increases	3.75%, plus promotion, step and longevity increases that vary by service
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.6%) and by adding expected inflation (3.75%). In addition, the final 8.00% assumption was selected by "rounding down" and thereby reflects a reduction of 0.35% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Temple Firefighters' Relief and Retirement Fund (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued) –

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Large Cap Domestic Equity	20.0%	5.90%
Small/Mid Cap Domestic Equity	10.0%	6.00%
International Equity	24.0%	6.30%
Real Estate	5.0%	3.90%
Commodities	7.5%	3.70%
Private Equity	5.0%	7.60%
Hedge Fund	5.0%	2.70%
Fixed Income	22.5%	1.40%
Cash	1.0%	0.10%
Total	<u>100.0%</u>	
Weighted Average		4.60%

Discount Rate –

The discount rate used to measure the total pension liability was 8%. No projection of cash flows was used to determine the discount rate because the September 30, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in twenty three years. That UAAL was based on an actuarial value of assets that was \$ 576,913 less than the plan fiduciary net position as of September 30, 2014. Because of the twenty three year amortization period of the UAAL with the lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 8% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Temple Firefighters' Relief and Retirement Fund (Continued)

Net Pension Liability (Continued)

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

The following presents the net pension liability of the City of Temple, calculated using the discount rate of 8%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	<u>1% Decrease in Discount Rate</u> (7.0%)	<u>Current Discount Rate</u> (8.0%)	<u>1% Increase in Discount Rate</u> (9.0%)
City's net pension liability	\$ 16,551,458	\$ 10,979,773	\$ 6,247,380

Pension Plan Fiduciary Net Position –

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Temple Firefighters' Relief and Retirement Fund (Continued)

Net Pension Liability (Continued)

Changes in the Net Pension Liability –

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2013	\$ 48,109,317	\$ 37,703,887	\$ 10,405,430
Changes for the year:			
Service cost	1,282,932	-	1,282,932
Interest	3,846,369	-	3,846,369
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	1,111,042	(1,111,042)
Contributions - employee	-	1,096,265	(1,096,265)
Net investment income	-	2,415,802	(2,415,802)
Benefit payments, including refunds of employee contributions	(2,625,283)	(2,625,283)	-
Administrative expense	-	(68,151)	68,151
Other changes	-	-	-
Net changes	<u>2,504,018</u>	<u>1,929,675</u>	<u>574,343</u>
Balance at September 30, 2014	<u>\$ 50,613,335</u>	<u>\$ 39,633,562</u>	<u>\$ 10,979,773</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Temple Firefighters' Relief and Retirement Fund (Continued)

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

For the year ended September 30, 2015, the City's GASB 68 pension expense was \$ 1,220,534. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

Components of Pension Expense for the Fiscal Year Ended September 30, 2015 –

Service cost	\$ 1,282,932
Interest	3,846,369
Firefighter contributions	(1,096,265)
Projected earnings on pension plan investments	(2,996,866)
Amortization of differences between projected and actual earnings on plan investments	116,213
Amortization of changes of assumptions	-
Amortization of differences between expected and actual experience	-
Pension plan administrative expenses	68,151
Other	-
Total pension expense	<u>\$ 1,220,534</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual assumptions and actual experience	\$ -	\$ -
Changes in actuarial assumptions used	-	-
Differences between projected and actual investment earnings	464,851	-
Contributions subsequent to the measurement date	<u>1,222,757</u>	-
Total	<u>\$ 1,687,608</u>	<u>\$ -</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(1) Retirement Plans (Continued)

Temple Firefighters' Relief and Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

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

Measurement Year Ended September 30	
2016	\$ 116,213
2017	116,213
2018	116,213
2019	116,212
Total	<u>\$464,851</u>

The total of the contributions by the City to the Fund contributed subsequent to the measurement date of the net pension liability, September 30, 2014, through September 30, 2015 is a deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2016.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(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.

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 2015, 2014, and 2013 were \$ 20,607, \$ 18,649, and \$ 15,460, 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>
9/30/2013	0.06%	0.06%	\$ 15,460	100%
9/30/2014	0.07%	0.07%	18,649	100%
9/30/2015	0.07%	0.07%	20,607	100%

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

E. EMPLOYEE BENEFITS (Continued)

(3) Deferred Compensation Fund

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

The plan, available to all permanent City employees, permits them to defer until future years up to 100% of annual gross earnings not to exceed \$ 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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

F. OTHER POST- EMPLOYMENT BENEFITS (Continued)

subsequently enters employment with another employer who offers group health and/or benefits to its employees (regardless of whether or not the retired employee elects such coverage), is no longer eligible for coverage under this policy. A retired employee who elects to continue health and/or dental benefit coverage under this section prior to retirement, and who subsequently elects to discontinue such coverage, is no longer eligible for coverage under this policy. A retired employee who elects to continue coverage for any of the retired employee's dependents, and who then subsequently elects to discontinue such coverage for any of his dependents, abandons his right to obtain future coverage for the dependent for whom coverage was discontinued.

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

Employees who retire prior to May 1, 2007:

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

- 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 (CONTINUED)
September 30, 2015

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 (CONTINUED)
September 30, 2015

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, 2015 for one hundred ten (110) retirees was \$ 147,138.

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, 2015.

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 (CONTINUED)
September 30, 2015

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, 2015, is as follows.

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Annual required contribution	\$ 417,952	\$ 68,039	\$ 485,991
Interest on prior year net OPEB obligation	98,949	24,729	123,678
Adjustment to ARC	<u>(91,675)</u>	<u>(22,911)</u>	<u>(114,586)</u>
Annual OPEB cost	425,226	69,857	495,083
Contributions made	<u>(259,760)</u>	<u>-</u>	<u>(259,760)</u>
Estimated increase in net OPEB obligation	165,466	69,857	235,323
Net OPEB obligation - beginning of year	<u>2,198,867</u>	<u>549,532</u>	<u>2,748,399</u>
Estimated net OPEB obligation - end of year	<u>\$ 2,364,333</u>	<u>\$ 619,389</u>	<u>\$ 2,983,722</u>

Schedule of Employer Contributions

Other Post-Employment Benefits

Plan Year Ended	Assumed Annual Contribution	Annual OPEB Benefit Cost (ABC)	Percentage of Required Contribution Contributed	Net OPEB Obligation
9/30/2013	\$ 218,082	\$ 598,798	36%	\$ 2,527,961
9/30/2014	259,760	480,198	54%	2,748,399
9/30/2015	259,760	495,083	52%	2,983,722

Schedule of Funding Progress

Other Post-Employment Benefits

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)
9/30/2010	\$ -	\$ 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%
9/30/2014	-	5,727,264	0.0%	5,727,264	33,950,142	16.9%

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

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>9/30/2010</u>	<u>9/30/2012</u>	<u>9/30/2014</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level as a percentage employee payroll	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	4.50%	4.50%	4.50%
Inflation Rate	3.00%	3.00%	3.00%
Payroll Growth	3.00%	3.00%	3.00%
Health Care Cost Trend Rate	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	Initial rate of 7.5% declining to an ultimate rate of 4.50% after 12 years

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2015

IV. OTHER INFORMATION (Continued)

G. SUBSEQUENT EVENTS

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known, the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change. Accordingly, the City has included in its approved fiscal year 2016 budget to continue to fund pension contributions above the required ADC which will help smooth impacts of any increases in the required ADC for fiscal year 2017.



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

**Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios**

	Measurement Year 2014
Total pension liability:	
Service cost	\$ 4,177,238
Interest	11,004,160
Changes of benefit terms	-
Difference between expected and actual experience	(1,874,758)
Change in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(6,991,011)</u>
Net change in total pension liability	6,315,629
Total pension liability - beginning	<u>158,609,168</u>
Total pension liability - ending (a)	<u><u>\$ 164,924,797</u></u>
Plan fiduciary net position:	
Contributions - employer	\$ 4,687,061
Contributions - employee	1,874,825
Net investment income	7,718,713
Benefit payments, including refunds of employee contributions	(6,991,011)
Administrative expense	(80,587)
Other	<u>(6,626)</u>
Net change in plan fiduciary net position	7,202,375
Plan fiduciary net position - beginning	<u>134,928,884</u>
Plan fiduciary net position - ending (b)	<u>142,131,259</u>
Net pension liability - ending (a) - (b)	<u><u>\$ 22,793,538</u></u>
Plan fiduciary net position as a percentage of total pension liability	86.18%
Covered employee payroll	\$ 26,783,210
Net pension liability as a percentage of covered employee payroll	85.10%

As of December 31, 2014

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

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

	Fiscal Year 2015
Actuarially determined contribution	\$ 4,981,397
Contribution in relation of the actuarially determined contribution	4,981,397
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 29,438,972
Contributions as a percentage of covered employee payroll	16.92%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 – 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

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

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

	Measurement Year 2014
Total pension liability:	
Service cost	\$ 1,282,932
Interest	3,846,369
Changes of benefit terms	-
Difference between expected and actual experience	-
Change in assumptions	-
Benefit payments, including refunds of employee contributions	(2,625,283)
Net change in total pension liability	2,504,018
Total pension liability - beginning	48,109,317
Total pension liability - ending (a)	<u>\$ 50,613,335</u>
Plan fiduciary net position:	
Contributions - employer	\$ 1,111,042
Contributions - employee	1,096,265
Net investment income	2,415,802
Benefit payments, including refunds of employee contributions	(2,625,283)
Administrative expense	(68,151)
Other	-
Net change in plan fiduciary net position	1,929,675
Plan fiduciary net position - beginning	37,703,887
Plan fiduciary net position - ending (b)	<u>39,633,562</u>
Net pension liability - ending (a) - (b)	<u>\$ 10,979,773</u>
Plan fiduciary net position as a percentage of total pension liability	78.31%
Covered employee payroll	\$ 7,446,056
Net pension liability as a percentage of covered employee payroll	147.46%

As of September 30, 2014

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

**Temple Firefighter’s Relief and Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)**

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>
Actuarially determined contribution	\$ 1,111,042	\$ 1,222,757
Contribution in relation of the actuarially determined contribution	1,111,042	1,222,757
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 7,290,302	\$ 8,038,339
Contributions as a percentage of covered employee payroll	15.24%	15.21%

Notes to Schedule:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	23 years
Asset Valuation Method	Market value smoothed by a five-year deferred recognition method with a 90%/110% corridor on market
Inflation	3.75%
Salary Increases	3.75% plus promotion, step, and longevity increases that average 1.89% per year over a 30-year career
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

Other Information:

There were no benefit changes during the year.

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

**SCHEDULE OF FUNDING PROGRESS
(unaudited)**

Other Post-Employment Benefits

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)
9/30/2010	\$ -	\$ 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%
9/30/2014	-	5,727,264	0.0%	5,727,264	33,950,142	16.9%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(unaudited)**

Other Post-Employment Benefits

Plan Year Ended	Assumed Annual Contribution	Annual OPEB Benefit Cost (ABC)	Percentage of Required Contribution Contributed	Net OPEB Obligation
9/30/2013	\$ 218,082	\$ 598,798	36%	\$ 2,527,961
9/30/2014	259,760	480,198	54%	2,748,399
9/30/2015	259,760	495,083	52%	2,983,722



COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

**CITY OF TEMPLE, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2015**

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>Hotel/ Motel</u>	<u>Federal/State Grant</u>	<u>Drainage</u>	
ASSETS				
Cash	\$ 4,600	\$ -	\$ -	\$ 4,600
Investments	1,341,051	11,230	1,995,881	3,348,162
Due from other governments	-	237,831	-	237,831
Receivables, net	159,700	-	49,368	209,068
Inventories	14,800	-	-	14,800
Prepaid items	4,325	-	275	4,600
Other assets - museum collection	18,561	-	-	18,561
Total assets	<u>\$ 1,543,037</u>	<u>\$ 249,061</u>	<u>\$ 2,045,524</u>	<u>\$ 3,837,622</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers and contracts payable	\$ 100,354	\$ 149,676	\$ 33,182	\$ 283,212
Retainage payable	-	23,410	-	23,410
Accrued payroll	16,393	-	14,837	31,230
Vacation and sick leave payable	13,340	-	14,343	27,683
Deposits	77,583	-	-	77,583
Unearned revenues	-	75,975	-	75,975
Total liabilities	<u>207,670</u>	<u>249,061</u>	<u>62,362</u>	<u>519,093</u>
Fund Balances:				
Nonspendable:				
Inventory and prepaid items	19,125	-	275	19,400
Restricted for:				
Museum	11,149	-	-	11,149
Promotion of tourism	1,305,093	-	-	1,305,093
Committed to:				
Drainage	-	-	1,982,887	1,982,887
Total fund balances	<u>1,335,367</u>	<u>-</u>	<u>1,983,162</u>	<u>3,318,529</u>
Total liabilities and fund balances	<u>\$ 1,543,037</u>	<u>\$ 249,061</u>	<u>\$ 2,045,524</u>	<u>\$ 3,837,622</u>

CITY OF TEMPLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2015

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>Hotel/ Motel</u>	<u>Federal/State Grant</u>	<u>Drainage</u>	
Revenues:				
Taxes	\$ 1,440,351	\$ -	\$ -	\$ 1,440,351
Intergovernmental	-	808,031	-	808,031
Drainage fees	-	-	1,125,126	1,125,126
Charges for services	508,062	-	-	508,062
Interest and other	51,824	-	17,645	69,469
Total revenues	<u>2,000,237</u>	<u>808,031</u>	<u>1,142,771</u>	<u>3,951,039</u>
Expenditures:				
General government	-	83,132	-	83,132
Public safety	-	61,825	-	61,825
Highways and streets	-	83,353	952,798	1,036,151
Health and welfare	-	102,069	-	102,069
Culture and leisure services	1,824,208	380,293	-	2,204,501
Airport	-	161,884	-	161,884
Total expenditures	<u>1,824,208</u>	<u>872,556</u>	<u>952,798</u>	<u>3,649,562</u>
Excess (deficiency) of revenues over expenditures	<u>176,029</u>	<u>(64,525)</u>	<u>189,973</u>	<u>301,477</u>
Other financing sources (uses):				
Transfers in - General Fund	-	49,450	-	49,450
Transfers in - Capital Projects Fund	-	15,075	-	15,075
Transfers in - Health Insurance Fund	174	-	174	348
Total other financing sources (uses)	<u>174</u>	<u>64,525</u>	<u>174</u>	<u>64,873</u>
Net change in fund balances	176,203	-	190,147	366,350
Fund balances, beginning of year	1,159,164	-	1,793,015	2,952,179
Fund balances, end of year	<u>\$ 1,335,367</u>	<u>\$ -</u>	<u>\$ 1,983,162</u>	<u>\$ 3,318,529</u>



**DISCRETELY PRESENTED
COMPONENT UNIT
FINANCIAL STATEMENTS**

Reinvestment Zone No. 1

**CITY OF TEMPLE, TEXAS
REINVESTMENT ZONE NO. 1
COMPARATIVE BALANCE SHEET
September 30, 2015 and 2014**

ASSETS	<u>2015</u>	<u>2014</u>
Current assets:		
Investments	\$ 9,646,528	\$ 6,695,915
Receivables (net of allowance for estimated uncollectible):		
Ad valorem taxes	63,704	168,084
Accounts receivable	<u>307,164</u>	<u>735,351</u>
Total current assets	<u>10,017,396</u>	<u>7,599,350</u>
Restricted assets:		
Reserve for debt service	-	885,361
Bond proceeds	<u>12,888,766</u>	<u>23,482,962</u>
Total restricted assets	<u>12,888,766</u>	<u>24,368,323</u>
 Total assets	 <u>\$22,906,162</u>	 <u>\$31,967,673</u>
 LIABILITIES AND FUND BALANCES		
Current liabilities:		
Vouchers and contracts payable	\$ 938,193	\$ 299,831
Retainage payable	220,038	-
Unearned revenues	<u>63,704</u>	<u>168,084</u>
Total current liabilities	<u>1,221,935</u>	<u>467,915</u>
Liabilities from restricted assets:		
Vouchers and contracts payable	137,867	136,315
Retainage payable	<u>38,779</u>	<u>-</u>
Total liabilities from restricted assets	<u>176,646</u>	<u>136,315</u>
Total liabilities	<u>1,398,581</u>	<u>604,230</u>
Fund Balance:		
Restricted for:		
Construction	12,712,120	23,346,647
Committed to:		
Reinvestment Zone No. 1 Projects	<u>8,795,461</u>	<u>8,016,796</u>
Total fund balance	<u>21,507,581</u>	<u>31,363,443</u>
Total liabilities, deferred inflows and fund balances	<u>\$22,906,162</u>	<u>\$31,967,673</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, 2015
(With comparative amounts for the year ended September 30, 2014)

	2015			2014	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Taxes	\$ 4,834,938	\$ 14,420,311	\$ 14,586,939	\$ 166,628	\$ 5,529,970
Intergovernmental	-	1,320,000	350,000	(970,000)	-
Licenses and permits	36,000	36,000	61,730	25,730	51,720
Interest and other	50,000	2,498,588	1,683,433	(815,155)	799,195
Total revenues	<u>4,920,938</u>	<u>18,274,899</u>	<u>16,682,102</u>	<u>(1,592,797)</u>	<u>6,380,885</u>
Expenditures:					
General government	597,065	945,649	485,464	460,185	496,465
Capital outlay	445,428	42,429,019	21,455,254	20,973,765	2,422,207
Debt service:					
Principal retirement	2,655,000	2,655,000	2,655,000	-	2,555,000
Interest and fiscal charges	1,942,246	1,942,246	1,942,246	-	2,006,174
Total expenditures	<u>5,639,739</u>	<u>47,971,914</u>	<u>26,537,964</u>	<u>21,433,950</u>	<u>7,479,846</u>
Excess (deficiency) of revenues over expenditures	<u>(718,801)</u>	<u>(29,697,015)</u>	<u>(9,855,862)</u>	<u>19,841,153</u>	<u>(1,098,961)</u>
Fund balance, beginning of year	<u>31,363,443</u>	<u>31,363,443</u>	<u>31,363,443</u>	<u>-</u>	<u>32,462,404</u>
Fund balance, end of year	<u>\$ 30,644,642</u>	<u>\$ 1,666,428</u>	<u>\$ 21,507,581</u>	<u>\$ 19,841,153</u>	<u>\$ 31,363,443</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, 2015
(With comparative amounts for the year ended September 30, 2014)

	2015			2014	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Taxes	\$ 8,462,200	\$ 8,462,200	\$ 8,282,873	\$ (179,327)	\$ 8,002,722
Interest and other	495,000	495,000	495,383	383	495,543
Total revenues	<u>8,957,200</u>	<u>8,957,200</u>	<u>8,778,256</u>	<u>(178,944)</u>	<u>8,498,265</u>
Expenditures:					
Debt Service:					
Principal	5,775,000	5,775,000	5,775,000	-	5,563,136
Interest and fiscal charges	4,573,690	4,573,690	4,282,678	291,012	3,996,474
Refunding bond issuance costs	-	32,449	32,168	281	105,160
Total expenditures	<u>10,348,690</u>	<u>10,381,139</u>	<u>10,089,846</u>	<u>291,293</u>	<u>9,664,770</u>
Excess (deficiency) of revenues over expenditures	<u>(1,391,490)</u>	<u>(1,423,939)</u>	<u>(1,311,590)</u>	<u>112,349</u>	<u>(1,166,505)</u>
Other financing sources (uses):					
Transfers in - General Fund	889,270	889,270	889,270	-	1,605,584
Transfers in - Hotel/Motel Fund	-	-	-	-	23,242
Transfers out - General Fund	-	-	-	-	(168)
Refunding bonds issued	-	7,544,558	7,544,558	-	16,671,941
Bond discount	-	(43,046)	(43,046)	-	(88,929)
Payment to refunded bond escrow agen	-	(7,469,063)	(7,469,063)	-	(23,052,209)
Total other financing sources (uses)	<u>889,270</u>	<u>921,719</u>	<u>921,719</u>	<u>-</u>	<u>(4,840,539)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(502,220)</u>	<u>(502,220)</u>	<u>(389,871)</u>	<u>112,349</u>	<u>(6,007,044)</u>
Fund balance, beginning of year	1,349,568	1,349,568	1,349,568	-	7,356,612
Fund balance, end of year	<u>\$ 847,348</u>	<u>\$ 847,348</u>	<u>\$ 959,697</u>	<u>\$ 112,349</u>	<u>\$ 1,349,568</u>

CITY OF TEMPLE, TEXAS
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2015
(With comparative amounts for the year ended September 30, 2014)

	2015			2014	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Taxes	\$ 1,391,500	\$ 1,391,500	\$ 1,440,351	\$ 48,851	\$ 1,445,935
Charges for services:					
Civic center	370,000	378,500	415,023	36,523	449,726
Railroad Museum	77,000	77,000	92,204	15,204	83,012
Visitor center	200	200	835	635	528
Interest and other	1,800	54,531	51,824	(2,707)	17,459
Total revenues	<u>1,840,500</u>	<u>1,901,731</u>	<u>2,000,237</u>	<u>98,506</u>	<u>1,996,660</u>
Expenditures:					
Civic center	1,039,791	1,156,427	1,046,848	109,579	1,016,065
Railroad museum	454,132	542,953	437,589	105,364	545,077
Tourism marketing	346,577	353,180	339,771	13,409	354,417
Total expenditures	<u>1,840,500</u>	<u>2,052,560</u>	<u>1,824,208</u>	<u>228,352</u>	<u>1,915,559</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(150,829)</u>	<u>176,029</u>	<u>326,858</u>	<u>81,101</u>
Other financing sources (uses):					
Transfers in - Health Insurance Fund	-	174	174	-	-
Transfers out - Health Insurance Fund	-	-	-	-	(524)
Transfers out - Debt Service Fund	-	-	-	-	(23,242)
Total other financing sources (uses)	<u>-</u>	<u>174</u>	<u>174</u>	<u>-</u>	<u>(23,766)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>(150,655)</u>	<u>176,203</u>	<u>326,858</u>	<u>57,335</u>
Fund balance, beginning of year	<u>1,159,164</u>	<u>1,159,164</u>	<u>1,159,164</u>	<u>-</u>	<u>1,101,829</u>
Fund balance, end of year	<u>\$ 1,159,164</u>	<u>\$ 1,008,509</u>	<u>\$ 1,335,367</u>	<u>\$ 326,858</u>	<u>\$ 1,159,164</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, 2015
(With comparative amounts for the year ended September 30, 2014)

	2015			2014	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Intergovernmental	\$ 390,268	\$ 1,299,627	\$ 808,031	\$ (491,596)	\$ 7,751,766
Other	-	92,322	-	(92,322)	-
Total revenues	<u>390,268</u>	<u>1,391,949</u>	<u>808,031</u>	<u>(583,918)</u>	<u>7,751,766</u>
Expenditures:					
General government	58,441	93,000	83,132	9,868	42,880
Public safety	-	68,575	61,825	6,750	13,462
Highways and streets	-	390,368	83,353	307,015	330,503
Sanitation	-	75,975	-	75,975	-
Health and welfare	139,600	255,103	102,069	153,034	278,783
Culture and leisure services	192,227	396,039	380,293	15,746	311,179
Airport	-	215,683	161,884	53,799	6,827,959
Total expenditures	<u>390,268</u>	<u>1,494,743</u>	<u>872,556</u>	<u>622,187</u>	<u>7,804,766</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(102,794)</u>	<u>(64,525)</u>	<u>38,269</u>	<u>(53,000)</u>
Other financing sources :					
Transfers in - General Fund	-	85,550	49,450	(36,100)	50,000
Transfers in - Capital Projects	-	17,244	15,075	(2,169)	3,000
Transfers out - Capital Projects	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>102,794</u>	<u>64,525</u>	<u>(38,269)</u>	<u>53,000</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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2015
(With comparative amounts for the year ended September 30, 2014)

Exhibit D-2

	2015			2014	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Drainage fees	\$ 1,114,803	\$ 1,114,803	\$ 1,125,126	\$ 10,323	\$ 1,109,378
Interest and other	3,000	3,000	17,645	14,645	24,325
Total revenues	<u>1,117,803</u>	<u>1,117,803</u>	<u>1,142,771</u>	<u>24,968</u>	<u>1,133,703</u>
Expenditures:					
Highways and streets:					
Personnel services	765,506	791,562	655,501	136,061	586,429
Operations	352,297	305,485	174,975	130,510	259,537
Capital outlay	147,000	247,441	122,322	125,119	349,488
Total expenditures	<u>1,264,803</u>	<u>1,344,488</u>	<u>952,798</u>	<u>391,690</u>	<u>1,195,454</u>
Excess (deficiency) of revenues over expenditures	<u>(147,000)</u>	<u>(226,685)</u>	<u>189,973</u>	<u>416,658</u>	<u>(61,751)</u>
Other financing sources (uses):					
Transfers in-Health Insurance Fund	-	174	174	-	-
Transfers out-Health Insurance Fund	-	-	-	-	(524)
Total other financing sources (uses)	<u>-</u>	<u>174</u>	<u>174</u>	<u>-</u>	<u>(524)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(147,000)</u>	<u>(226,511)</u>	<u>190,147</u>	<u>416,658</u>	<u>(62,275)</u>
Fund balance, beginning of year	<u>1,793,015</u>	<u>1,793,015</u>	<u>1,793,015</u>	<u>-</u>	<u>1,855,290</u>
Fund balance, end of year	<u>\$ 1,646,015</u>	<u>\$ 1,566,504</u>	<u>\$ 1,983,162</u>	<u>\$ 416,658</u>	<u>\$ 1,793,015</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 SHEET
September 30, 2015 and 2014**

ASSETS	2015	2014	Increase (Decrease)
Current Assets:			
Cash	\$ 5,050	\$ 5,045	\$ 5
Investments	30,772,526	29,421,373	1,351,153
Receivables (net of allowance for estimated uncollectible):			
State sales tax	1,509,256	1,489,789	19,467
Accounts	974,753	993,023	(18,270)
Franchise fees	193,816	180,594	13,222
Ad valorem taxes - delinquent	259,039	233,793	25,246
Due from other funds	-	288,635	(288,635)
Due from other governments	46,454	46,330	124
Inventories	272,842	331,454	(58,612)
Prepaid items	102,197	103,619	(1,422)
Total current assets	<u>34,135,933</u>	<u>33,093,655</u>	<u>1,042,278</u>
Restricted Assets:			
Drug enforcement	345,852	290,550	55,302
Public safety	32,975	33,381	(406)
R.O.W. escrow	269,313	269,174	139
Parks escrow	334,803	296,472	38,331
Rob Roy MacGregor Trust - Library	12,790	15,375	(2,585)
Total restricted assets	<u>995,733</u>	<u>904,952</u>	<u>90,781</u>
Total assets	<u>\$ 35,131,666</u>	<u>\$ 33,998,607</u>	<u>\$ 1,133,059</u>

LIABILITIES AND FUND BALANCES	2015	2014	Increase (Decrease)
Vouchers payable	\$ 3,314,556	\$ 2,459,875	\$ 854,681
Retainage payable	4,600	3,659	941
Accrued payroll	1,098,512	1,988,062	(889,550)
Vacation and sick leave payable	579,803	557,991	21,812
Deposits	52,772	56,017	(3,245)
Unearned revenues:			
Ad valorm taxes - delinquent	231,454	206,208	25,246
R.O.W. escrow	269,313	269,174	139
Parks escrow	334,803	296,472	38,331
Electric franchise	1,478,184	1,486,275	(8,091)
Gas franchise	310,477	389,420	(78,943)
Other	127,936	178,230	(50,294)
Total liabilities	<u>7,802,410</u>	<u>7,891,383</u>	<u>(88,973)</u>
Fund Balance:			
Nonspendable:			
Inventories and prepaid items	375,039	435,073	(60,034)
Restricted for:			
Drug enforcement	345,852	290,550	55,302
Public safety	32,975	33,381	(406)
Rob Roy MacGregor Trust - Library	12,790	15,375	(2,585)
Municipal court restricted fees	617,769	527,930	89,839
Vital statistics preservation fund	48,504	41,940	6,564
Public education channel	155,432	153,884	1,548
Assigned to:			
Technology replacement	420,476	403,071	17,405
Capital projects	4,920,337	5,211,128	(290,791)
Encumbrances	2,106,552	1,454,214	652,338
Unassigned	<u>18,293,530</u>	<u>17,540,678</u>	<u>752,852</u>
Total fund balance	<u>27,329,256</u>	<u>26,107,224</u>	<u>1,222,032</u>
Total liabilities and fund balances	<u>\$ 35,131,666</u>	<u>\$ 33,998,607</u>	<u>\$ 1,133,059</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, 2015

(With comparative amounts for the year ended September 30, 2014)

	2015			2014	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
Revenues:					
Taxes	\$ 31,883,641	\$ 31,883,641	\$ 34,058,553	\$ 2,174,912	\$ 31,390,633
Franchise fees	6,360,370	6,668,070	6,780,354	112,284	6,382,782
Licenses and permits	628,500	628,500	613,187	(15,313)	662,666
Intergovernmental	95,107	353,028	71,823	(281,205)	22,939
Charges for services	21,049,258	22,121,597	22,404,557	282,960	21,457,272
Fines	2,061,362	2,062,737	2,086,676	23,939	2,438,908
Interest and other	670,774	940,688	1,096,521	155,833	2,024,874
Total revenues	<u>62,749,012</u>	<u>64,658,261</u>	<u>67,111,671</u>	<u>2,453,410</u>	<u>64,380,074</u>
Expenditures:					
General government	14,912,143	16,730,258	14,782,723	1,947,535	14,072,889
Public safety	27,636,999	29,735,973	29,204,662	531,311	27,028,615
Highways and streets	3,445,554	3,742,918	3,018,125	724,793	3,020,229
Sanitation	5,711,665	5,858,088	5,171,235	686,853	5,329,772
Culture and leisure services	9,850,329	10,336,404	9,335,393	1,001,011	9,817,087
Airport	2,965,790	3,016,085	2,478,744	537,341	3,184,039
Debt Service:					
Principal	46,194	46,194	46,194	-	45,200
Interest	8,977	8,977	8,976	1	9,219
Total expenditures	<u>64,577,651</u>	<u>69,474,897</u>	<u>64,046,052</u>	<u>5,428,845</u>	<u>62,507,050</u>
Excess (deficiency) of revenues over expenditures	<u>(1,828,639)</u>	<u>(4,816,636)</u>	<u>3,065,619</u>	<u>7,882,255</u>	<u>1,873,024</u>
Other financing sources (uses):					
Transfers in (out):					
Transfers in - Debt Service Fund	-	-	-	-	168
Transfers in - Health Insurance Fund	-	14,824	14,824	-	-
Transfers out - Grant Fund	-	(85,550)	(49,450)	36,100	(50,000)
Transfers out - Capital Projects	-	(1,003,923)	(907,432)	96,491	(487,405)
Transfers out - Debt Service Fund	(889,270)	(889,270)	(889,270)	-	(1,605,584)
Transfers out - Bond Programs	-	(89,909)	(12,259)	77,650	(112,695)
Transfers out - Health Insurance Fund	-	-	-	-	(44,478)
Issuance of lease	-	-	-	-	420,121
Total other financing sources (uses)	<u>(889,270)</u>	<u>(2,053,828)</u>	<u>(1,843,587)</u>	<u>210,241</u>	<u>(1,879,873)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(2,717,909)</u>	<u>(6,870,464)</u>	<u>1,222,032</u>	<u>8,092,496</u>	<u>(6,849)</u>
Fund balance, beginning of period	<u>26,107,224</u>	<u>26,107,224</u>	<u>26,107,224</u>	<u>-</u>	<u>26,114,073</u>
Fund balance, end of period	<u>\$ 23,389,315</u>	<u>\$ 19,236,760</u>	<u>\$ 27,329,256</u>	<u>\$ 8,092,496</u>	<u>\$ 26,107,224</u>

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the year ended September 30, 2015
(With comparative amounts for the year ended September 30, 2014)

	2015			2014	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Taxes:					
Ad valorem:					
Property, current year	\$ 12,356,574	\$ 12,356,574	\$ 12,361,868	\$ 5,294	\$ 11,962,834
Property, prior year	129,067	129,067	71,187	(57,880)	92,327
Penalty and interest	90,000	90,000	85,333	(4,667)	126,971
Total ad valorem taxes	<u>12,575,641</u>	<u>12,575,641</u>	<u>12,518,388</u>	<u>(57,253)</u>	<u>12,182,132</u>
Non-property taxes:					
City sales	19,100,000	19,100,000	21,311,743	2,211,743	18,981,471
Mixed beverage	140,000	140,000	156,030	16,030	155,280
Occupation	38,000	38,000	48,753	10,753	39,985
Bingo	30,000	30,000	23,639	(6,361)	31,765
Total non-property taxes	<u>19,308,000</u>	<u>19,308,000</u>	<u>21,540,165</u>	<u>2,232,165</u>	<u>19,208,501</u>
Total taxes	<u>31,883,641</u>	<u>31,883,641</u>	<u>34,058,553</u>	<u>2,174,912</u>	<u>31,390,633</u>
Franchise Fees:					
Electric franchise	2,975,000	3,080,900	3,080,962	62	3,000,775
Gas franchise	575,000	776,800	776,821	21	606,950
Telephone franchise	425,000	425,000	417,820	(7,180)	428,972
Cable franchise	560,000	638,530	738,303	99,773	693,908
Water/Sewer franchise	1,649,840	1,649,840	1,649,840	-	1,552,508
Other	175,530	97,000	116,608	19,608	99,669
Total franchise fees	<u>6,360,370</u>	<u>6,668,070</u>	<u>6,780,354</u>	<u>112,284</u>	<u>6,382,782</u>
Licenses and permits:					
Building permits	300,000	300,000	208,147	(91,853)	265,979
Electrical permits and licenses	60,000	60,000	83,907	23,907	74,284
Mechanical	72,000	72,000	71,208	(792)	73,413
Plumbing permit fees	100,000	100,000	124,310	24,310	114,098
Other	96,500	96,500	125,615	29,115	134,892
Total licenses and permits	<u>628,500</u>	<u>628,500</u>	<u>613,187</u>	<u>(15,313)</u>	<u>662,666</u>
Intergovernmental revenues:					
Federal grants	-	16,596	16,595	(1)	6,343
State grants	50,000	291,325	7,800	(283,525)	6,375
State reimbursements	8,352	8,352	8,352	-	8,352
Department of Civil Preparedness	36,755	36,755	39,076	2,321	1,869
Total intergovernmental revenues	<u>\$ 95,107</u>	<u>\$ 353,028</u>	<u>\$ 71,823</u>	<u>\$ (281,205)</u>	<u>\$ 22,939</u>

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the year ended September 30, 2015
(With comparative amounts for the year ended September 30, 2014)

(Continued)

	2015			2014	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Charges for services:					
Library fees	\$ 24,000	\$ 25,209	\$ 32,118	\$ 6,909	\$ 32,498
Recreational entry fees	133,300	133,300	120,588	(12,712)	126,845
Summit recreational fees	530,200	530,200	486,234	(43,966)	526,310
Golf course revenues	1,084,000	1,084,000	789,908	(294,092)	874,917
Swimming pool	35,000	35,000	48,870	13,870	48,030
Lions Junction water park	294,800	308,100	351,788	43,688	298,690
Sammons indoor pool	97,000	97,000	91,330	(5,670)	91,705
Vital statistics	98,000	98,000	124,847	26,847	120,542
Police revenue	542,217	1,198,762	1,602,266	403,504	629,586
Contractual services					
-proprietary fund	3,689,884	3,689,884	3,702,807	12,923	3,480,132
County fire protection	1,200	4,629	4,630	1	1,341
Curb and street cuts	12,000	12,000	62,195	50,195	38,732
Other	150,000	489,574	301,443	(188,131)	159,130
Solid waste collection - residential	4,111,691	4,111,691	4,169,597	57,906	4,041,272
Solid waste collection - commercial	2,891,000	2,891,000	2,945,727	54,727	2,902,758
Solid waste collection - roll-off	1,991,000	1,991,000	2,216,659	225,659	2,314,814
Landfill contract	1,772,981	1,772,981	1,971,203	198,222	1,963,924
Airport sales and rental	2,594,985	2,606,664	2,294,963	(311,701)	2,732,476
Recreational services	980,000	1,000,130	1,034,161	34,031	1,028,223
Fire department	1,000	27,473	34,758	7,285	20,620
Subdivision fees	15,000	15,000	18,465	3,465	24,727
Total charges for services	21,049,258	22,121,597	22,404,557	282,960	21,457,272
Fines:					
Court	1,545,286	1,545,286	1,474,837	(70,449)	1,736,513
Animal pound	40,000	40,000	51,514	11,514	45,714
Code enforcement	-	-	-	-	250
Overparking	15,000	15,000	8,405	(6,595)	22,916
Administrative fees	461,076	462,451	551,920	89,469	633,515
Total fines	2,061,362	2,062,737	2,086,676	23,939	2,438,908
Interest and other:					
Interest	60,000	60,000	110,032	50,032	67,755
Lease and rental	354,609	354,609	371,686	17,077	356,842
Sale of fixed assets	52,500	55,500	99,455	43,955	898,937
Insurance claims	42,000	182,971	177,665	(5,306)	196,146
Payment in lieu of taxes	13,645	13,645	14,548	903	13,645
Building rental -					
BOA bldg.	78,820	78,820	90,664	11,844	90,486
Other	69,200	195,143	232,471	37,328	401,063
Total interest and other	670,774	940,688	1,096,521	155,833	2,024,874
Total revenues	\$ 62,749,012	\$ 64,658,261	\$ 67,111,671	\$ 2,453,410	\$ 64,380,074

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2015
(With comparative amounts for the year ended September 30, 2014)

	2015			2014	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
General government:					
City council	\$ 209,204	\$ 197,343	\$ 161,848	\$ 35,495	\$ 157,455
City manager	492,706	857,911	577,167	280,744	598,684
Assistant city manager	243,857	199,607	188,886	10,721	213,979
Administrative services	270,931	254,280	204,114	50,166	190,261
Finance	1,277,171	1,362,585	1,340,039	22,546	1,173,561
Purchasing	304,346	380,337	372,628	7,709	320,696
City secretary	356,975	403,057	320,763	82,294	257,313
Special services	2,077,806	1,410,256	1,057,421	352,835	1,147,083
Legal	697,468	754,344	712,091	42,253	660,721
City planning	520,978	599,066	547,756	51,310	396,441
Information technology services	2,920,562	3,168,840	2,811,338	357,502	2,280,865
Human resources	662,240	687,253	506,272	180,981	519,582
Economic development	2,119,549	3,241,849	3,241,849	-	3,587,088
Fleet services	988,916	1,110,799	1,012,107	98,692	1,019,964
Inspections	302,098	313,063	284,250	28,813	247,056
Permits	250,559	209,800	186,051	23,749	168,616
Facility services	1,216,777	1,579,868	1,258,143	321,725	1,133,524
	<u>14,912,143</u>	<u>16,730,258</u>	<u>14,782,723</u>	<u>1,947,535</u>	<u>14,072,889</u>
Public safety:					
Municipal court	669,915	710,867	681,058	29,809	653,506
Police	14,563,115	15,656,565	15,342,229	314,336	14,448,440
Animal control	436,705	478,884	437,426	41,458	425,864
Fire	10,704,765	11,523,529	11,462,456	61,073	10,295,626
Communications	749,220	749,220	749,220	-	744,841
Code enforcement	513,279	616,908	532,273	84,635	460,338
	<u>27,636,999</u>	<u>29,735,973</u>	<u>29,204,662</u>	<u>531,311</u>	<u>27,028,615</u>
Highways and streets:					
Street	2,553,382	2,799,129	2,228,880	570,249	2,267,382
Traffic signals	345,896	377,646	307,040	70,606	291,858
Engineering	546,276	566,143	482,205	83,938	460,989
	<u>3,445,554</u>	<u>3,742,918</u>	<u>3,018,125</u>	<u>724,793</u>	<u>3,020,229</u>
Sanitation:	<u>5,711,665</u>	<u>5,858,088</u>	<u>5,171,235</u>	<u>686,853</u>	<u>5,329,772</u>
Culture and leisure services:					
Parks	3,313,452	3,435,497	3,025,039	410,458	3,352,269
Leisure services	3,147,425	3,341,617	3,084,331	257,286	2,892,524
PALS administration	502,488	549,381	542,871	6,510	551,498
Golf course	1,240,302	1,293,361	1,110,934	182,427	1,424,696
Library	1,646,662	1,716,548	1,572,218	144,330	1,596,100
	<u>9,850,329</u>	<u>10,336,404</u>	<u>9,335,393</u>	<u>1,001,011</u>	<u>9,817,087</u>
Airport:	<u>2,965,790</u>	<u>3,016,085</u>	<u>2,478,744</u>	<u>537,341</u>	<u>3,184,039</u>
Debt service:	<u>55,171</u>	<u>55,171</u>	<u>55,170</u>	<u>1</u>	<u>54,419</u>
Totals	<u>\$ 64,577,651</u>	<u>\$ 69,474,897</u>	<u>\$ 64,046,052</u>	<u>\$ 5,428,845</u>	<u>\$ 62,507,050</u>

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2015
(With comparative amounts for the year ended September 30, 2014)

	2015			2014	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
General government:					
City council:					
Personnel services	\$ 26,324	\$ 17,552	\$ 5,972	\$ 11,580	\$ 7,109
Operations	182,880	179,791	155,876	23,915	150,346
	<u>209,204</u>	<u>197,343</u>	<u>161,848</u>	<u>35,495</u>	<u>157,455</u>
City manager:					
Personnel services	429,430	494,443	475,572	18,871	547,335
Operations	63,276	318,745	58,249	260,496	51,349
Capital outlay	-	44,723	43,346	1,377	-
	<u>492,706</u>	<u>857,911</u>	<u>577,167</u>	<u>280,744</u>	<u>598,684</u>
Assistant city manager:					
Personnel services	234,437	190,187	180,647	9,540	184,714
Operations	9,420	9,420	8,239	1,181	29,265
	<u>243,857</u>	<u>199,607</u>	<u>188,886</u>	<u>10,721</u>	<u>213,979</u>
Administrative services:					
Personnel services	221,206	203,186	181,099	22,087	176,233
Operations	49,725	21,094	14,050	7,044	14,028
Capital outlay	-	30,000	8,965	21,035	-
	<u>270,931</u>	<u>254,280</u>	<u>204,114</u>	<u>50,166</u>	<u>190,261</u>
Finance:					
Personnel services	808,875	846,701	845,266	1,435	738,852
Operations	468,296	515,884	494,773	21,111	434,709
	<u>1,277,171</u>	<u>1,362,585</u>	<u>1,340,039</u>	<u>22,546</u>	<u>1,173,561</u>
Purchasing:					
Personnel services	289,121	357,019	351,543	5,476	290,957
Operations	15,225	23,318	21,085	2,233	29,739
	<u>304,346</u>	<u>380,337</u>	<u>372,628</u>	<u>7,709</u>	<u>320,696</u>
City secretary:					
Personnel services	261,593	274,630	269,571	5,059	218,596
Operations	95,382	128,427	51,192	77,235	38,717
	<u>356,975</u>	<u>403,057</u>	<u>320,763</u>	<u>82,294</u>	<u>257,313</u>
Special services:					
Personnel services	351,081	476,081	459,812	16,269	573,957
Operations	698,655	915,646	587,641	328,005	566,314
Capital outlay	-	-	-	-	6,812
Contingency	1,028,070	18,529	9,968	8,561	-
	<u>2,077,806</u>	<u>1,410,256</u>	<u>1,057,421</u>	<u>352,835</u>	<u>1,147,083</u>
Legal:					
Personnel services	633,134	692,202	656,722	35,480	609,192
Operations	64,334	62,142	55,369	6,773	51,529
	<u>697,468</u>	<u>754,344</u>	<u>712,091</u>	<u>42,253</u>	<u>660,721</u>
City planning:					
Personnel services	458,754	537,694	521,351	16,343	320,864
Operations	62,224	61,024	26,405	34,619	49,127
Capital outlay	-	348	-	348	26,450
	<u>520,978</u>	<u>599,066</u>	<u>547,756</u>	<u>51,310</u>	<u>396,441</u>
Information technology services:					
Personnel services	1,185,018	1,231,231	1,179,544	51,687	1,026,912
Operations	1,170,544	1,184,101	1,121,287	62,814	1,018,519
Capital outlay	565,000	753,508	510,507	243,001	235,434
	<u>2,920,562</u>	<u>3,168,840</u>	<u>2,811,338</u>	<u>357,502</u>	<u>2,280,865</u>
Human resources:					
Personnel services	513,387	523,583	410,226	113,357	409,904
Operations	148,853	163,670	96,046	67,624	109,678
	<u>662,240</u>	<u>687,253</u>	<u>506,272</u>	<u>180,981</u>	<u>519,582</u>
Economic development:					
Operations	2,119,549	3,241,849	3,241,849	-	3,587,088
	<u>2,119,549</u>	<u>3,241,849</u>	<u>3,241,849</u>	<u>-</u>	<u>3,587,088</u>
Fleet services:					
Personnel services	900,363	943,541	919,587	23,954	848,404
Operations	88,553	90,328	60,530	29,798	69,544
Capital outlay	-	76,930	31,990	44,940	102,016
	<u>988,916</u>	<u>1,110,799</u>	<u>1,012,107</u>	<u>98,692</u>	<u>1,019,964</u>

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2015
(With comparative amounts for the year ended September 30, 2014)

(Continued)

	2015				2014
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Inspections:					
Personnel services	\$ 262,785	\$ 273,253	\$ 265,333	\$ 7,920	\$ 207,761
Operations	39,313	39,810	18,917	20,893	19,744
Capital outlay	-	-	-	-	19,551
	<u>302,098</u>	<u>313,063</u>	<u>284,250</u>	<u>28,813</u>	<u>247,056</u>
Permits:					
Personnel services	191,239	142,362	119,687	22,675	149,793
Operations	14,320	18,938	18,364	574	18,823
Capital outlay	45,000	48,500	48,000	500	-
	<u>250,559</u>	<u>209,800</u>	<u>186,051</u>	<u>23,749</u>	<u>168,616</u>
Facility services:					
Personnel services	606,526	639,086	553,896	85,190	531,239
Operations	598,301	612,347	515,740	96,607	516,317
Capital outlay	11,950	328,435	188,507	139,928	85,968
	<u>1,216,777</u>	<u>1,579,868</u>	<u>1,258,143</u>	<u>321,725</u>	<u>1,133,524</u>
Total general government	<u>14,912,143</u>	<u>16,730,258</u>	<u>14,782,723</u>	<u>1,947,535</u>	<u>14,072,889</u>
Public safety:					
Municipal court:					
Personnel services	603,232	631,213	619,109	12,104	602,428
Operations	66,683	79,654	61,949	17,705	51,078
	<u>669,915</u>	<u>710,867</u>	<u>681,058</u>	<u>29,809</u>	<u>653,506</u>
Police:					
Personnel services	12,350,038	13,074,553	13,073,232	1,321	11,946,311
Operations	1,459,462	1,689,522	1,547,044	142,478	1,407,428
Capital outlay	753,615	892,490	721,953	170,537	1,094,701
	<u>14,563,115</u>	<u>15,656,565</u>	<u>15,342,229</u>	<u>314,336</u>	<u>14,448,440</u>
Animal control:					
Personnel services	341,708	357,715	354,648	3,067	341,086
Operations	94,997	100,796	82,778	18,018	84,778
Capital outlay	-	20,373	-	20,373	-
	<u>436,705</u>	<u>478,884</u>	<u>437,426</u>	<u>41,458</u>	<u>425,864</u>
Fire:					
Personnel services	9,567,746	10,070,750	10,070,231	519	9,416,576
Operations	891,954	893,590	844,687	48,903	851,249
Capital outlay	245,065	559,189	547,538	11,651	27,801
	<u>10,704,765</u>	<u>11,523,529</u>	<u>11,462,456</u>	<u>61,073</u>	<u>10,295,626</u>
Communications:					
Operations	749,220	749,220	749,220	-	744,841
	<u>749,220</u>	<u>749,220</u>	<u>749,220</u>	<u>-</u>	<u>744,841</u>
Code enforcement:					
Personnel services	364,560	410,624	378,580	32,044	321,347
Operations	125,719	170,754	141,579	29,175	119,390
Capital outlay	23,000	35,530	12,114	23,416	19,601
	<u>513,279</u>	<u>616,908</u>	<u>532,273</u>	<u>84,635</u>	<u>460,338</u>
Total public safety	<u>27,636,999</u>	<u>29,735,973</u>	<u>29,204,662</u>	<u>531,311</u>	<u>27,028,615</u>
Highways and streets:					
Street :					
Personnel services	980,512	1,014,963	916,401	98,562	973,547
Operations	1,308,870	1,301,940	1,080,254	221,686	1,163,228
Capital outlay	264,000	482,226	232,225	250,001	130,607
	<u>2,553,382</u>	<u>2,799,129</u>	<u>2,228,880</u>	<u>570,249</u>	<u>2,267,382</u>
Traffic signals:					
Personnel services	242,482	254,622	244,851	9,771	181,211
Operations	57,010	63,609	43,396	20,213	44,183
Capital outlay	46,404	59,415	18,793	40,622	66,464
	<u>345,896</u>	<u>377,646</u>	<u>307,040</u>	<u>70,606</u>	<u>291,858</u>
Engineering:					
Personnel services	410,819	429,912	415,906	14,006	392,649
Operations	135,457	136,231	66,299	69,932	68,340
	<u>546,276</u>	<u>566,143</u>	<u>482,205</u>	<u>83,938</u>	<u>460,989</u>
Total highways and streets	<u>3,445,554</u>	<u>3,742,918</u>	<u>3,018,125</u>	<u>724,793</u>	<u>3,020,229</u>

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2015
(With comparative amounts for the year ended September 30, 2014)

(Continued)

	2015				2014
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Sanitation:					
Personnel services	\$ 2,069,909	\$ 2,152,902	\$ 2,115,783	\$ 37,119	\$ 2,088,496
Operations	3,158,756	3,141,289	3,014,741	126,548	3,183,607
Capital outlay	483,000	563,897	40,711	523,186	57,669
Total sanitation	<u>5,711,665</u>	<u>5,858,088</u>	<u>5,171,235</u>	<u>686,853</u>	<u>5,329,772</u>
Culture and leisure services:					
Parks					
Personnel services	1,500,099	1,526,443	1,439,019	87,424	1,391,767
Operations	1,611,209	1,636,308	1,438,218	198,090	1,517,482
Capital outlay	202,144	272,746	147,802	124,944	443,020
Total parks	<u>3,313,452</u>	<u>3,435,497</u>	<u>3,025,039</u>	<u>410,458</u>	<u>3,352,269</u>
Leisure services					
Personnel services	1,977,745	2,045,688	1,936,010	109,678	1,859,104
Operations	1,119,680	1,153,561	1,070,515	83,046	1,019,264
Capital outlay	50,000	142,368	77,806	64,562	14,156
Total leisure services	<u>3,147,425</u>	<u>3,341,617</u>	<u>3,084,331</u>	<u>257,286</u>	<u>2,892,524</u>
Parks & leisure services administration					
Personnel services	367,147	383,564	380,574	2,990	363,790
Operations	135,341	165,817	162,297	3,520	187,708
Total admin	<u>502,488</u>	<u>549,381</u>	<u>542,871</u>	<u>6,510</u>	<u>551,498</u>
Golf course					
Personnel services	661,702	687,980	667,481	20,499	599,507
Operations	518,600	491,848	364,627	127,221	368,291
Capital outlay	60,000	113,533	78,826	34,707	456,898
Total golf course	<u>1,240,302</u>	<u>1,293,361</u>	<u>1,110,934</u>	<u>182,427</u>	<u>1,424,696</u>
Library:					
Personnel services	1,099,108	1,142,002	1,039,151	102,851	1,079,114
Operations	536,554	555,621	514,142	41,479	499,958
Capital outlay	11,000	18,925	18,925	-	17,028
Total library	<u>1,646,662</u>	<u>1,716,548</u>	<u>1,572,218</u>	<u>144,330</u>	<u>1,596,100</u>
Total culture & leisure services	<u>9,850,329</u>	<u>10,336,404</u>	<u>9,335,393</u>	<u>1,001,011</u>	<u>9,817,087</u>
Airport:					
Personnel services	758,909	791,966	776,763	15,203	734,538
Operations	2,076,881	2,082,139	1,570,223	511,916	2,121,932
Capital outlay	130,000	141,980	131,758	10,222	327,569
Total airport	<u>2,965,790</u>	<u>3,016,085</u>	<u>2,478,744</u>	<u>537,341</u>	<u>3,184,039</u>
Debt service:					
Principal	46,194	46,194	46,194	-	45,200
Interest	8,977	8,977	8,976	1	9,219
Total debt service	<u>55,171</u>	<u>55,171</u>	<u>55,170</u>	<u>1</u>	<u>54,419</u>
Total	<u>\$ 64,577,651</u>	<u>\$ 69,474,897</u>	<u>\$ 64,046,052</u>	<u>\$ 5,428,845</u>	<u>\$ 62,507,050</u>

Agency Fund

Statement of Changes in Assets and Liabilities

CITY OF TEMPLE, TEXAS
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TEMPLE HEALTH & BIOSCIENCE ECONOMIC DISTRICT
For the year ended September 30, 2015

	Balances October 1, 2014	Additions	Deductions	Balances September 30, 2015
ASSETS				
Cash and cash equivalents	\$ 3,138,501	\$ 1,829,084	\$ 1,718,891	\$ 3,248,694
Property taxes receivable	15,667	1,023,067	1,019,540	19,194
Other assets	21,156	7,966	16,181	12,941
Total assets	<u>\$ 3,175,324</u>	<u>\$ 2,860,117</u>	<u>\$ 2,754,612</u>	<u>\$ 3,280,829</u>
LIABILITIES				
Vouchers payable	\$ 25,903	\$ 18,396	\$ 25,903	\$ 18,396
Unearned revenue	15,607	1,023,067	1,020,985	17,689
Other	3,133,814	1,818,654	1,707,724	3,244,744
Total liabilities	<u>\$ 3,175,324</u>	<u>\$ 2,860,117</u>	<u>\$ 2,754,612</u>	<u>\$ 3,280,829</u>

Supplementary Schedules

CITY OF TEMPLE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended September 30, 2015

<u>Federal/State 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 2013	14.218	B-13-MC-48-0021	\$ 408,865	\$ 273,569
CDBG 2014	14.218	B-14-MC-48-0021	390,268	269,337
				<u>542,906</u>
<u>U.S. Department of Health and Human Services Centers for Disease Control and Prevention</u>				
Texas Department of State Health Services				
Texas Healthy Communities	93.283	2015-047235-001	50,000	49,924
				<u>49,924</u>
<u>U.S. Department of Homeland Security</u>				
Texas Department of Public Safety:				
Civil Defense	97.042	15TX-EMPG-1142	39,076	39,076
				<u>39,076</u>
<u>U.S. Department of Justice</u>				
2014 Bullet Proof Vests Grant	16.607	2013-BU-BX-13069168	8,603	8,603
				<u>8,603</u>
Killeen Police Department:				
2013 Edward Byrne Memorial Justice Assistance Grant	16.738	2013-DJ-BX-0695	17,852	17,852
2014 Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0299	20,223	20,223
				<u>38,075</u>
				<u>46,678</u>
<u>U.S. Department of Transportation</u>				
Texas Department of Transportation:				
Surface Transportation Enhancement Program (STEP)	20.205	0909-36-133	2,155,000	13,060
Pass-Through Agreement	20.205	0320-06-001	16,555,000	-
Transportation Alternatives Project North 31st.	20.205	0909-36-150	234,064	-
				<u>13,060</u>
<u>Institute of Museum and Library Services</u>				
Texas State Library and Archives Commission				
Interlibrary Loan Program	45.310	LS-00-13-0044-13	7,992	7,992
				<u>7,992</u>
State Assistance:				
<u>Office of the Governor - Criminal Justice Division</u>				
Crisis Assistance Program	-	-	25,550	18,800
				<u>18,800</u>
<u>Texas Department of Transportation</u>				
2015 Routine Airport Maintenance Program (RAMP)	-	M1509TEMP	50,000	50,000
Airport Project Participation Grant - NPE	-	1509TMPL	300,000	300,000
				<u>350,000</u>
<u>Texas A&M Forest Service</u>				
TIFMAS Grant Assistance Program	-	-	6,450	6,450
				<u>6,450</u>
<u>Texas State University System</u>				
Texas School Safety Center				
Tobacco Prevention and Community Services Division	-	-	6,300	6,300
Tobacco Enforcement Program				<u>6,300</u>
Total Federal and State Financial Assistance			\$ 20,275,243	\$ 1,081,186

(Continued)

CITY OF TEMPLE, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the year ended September 30, 2015

(Continued)

<u>Federal/State 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>
State Administered Financial Assistance				
<u>Texas Department of Transportation - Aviation Division</u>				
Capital Improvement Program - Airport Master Plan	-	15MPTMPLE	\$ 215,683	\$ 140,316
<u>U.S. Department of Transportation</u>				
Texas Department of Transportation:				
Loop 363 & Spur 290 (1st Street)				
Phase I Intersection Reconstruction	20.205	0184-04-046	6,236,650	-
Total State Administered Financial Assistance			<u>6,452,333</u>	<u>140,316</u>
Total Federal, State and State Administered Financial Assistance			<u>\$ 26,727,576</u>	<u>\$ 1,221,502</u>

CITY OF TEMPLE, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended September 30, 2015

General - The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state financial assistance programs of the City of Temple, Texas. The City's reporting entity is defined in Note I to the City's financial statements. The information in this schedule is presented in accordance with the requirements of 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 position, or cash flows of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule. State financial assistance received directly from state agencies is also included on the schedule.

Basis of Accounting - The accompanying schedule of federal and state financial assistance is presented using the modified accrual basis of accounting, which is described in Note I to the City's financial statements. Such expenditures are recognized following the cost principles contained in 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 and State Financial Reports - Amounts reported in the accompanying schedule agree with the amounts reported in the related federal and state financial reports in all material respects.

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

<u>Subrecipient</u>	<u>Community Development Block Grant</u>
Families in Crisis	\$ 12,000
Family Promise of East Bell County, Inc.	10,000
Hill Country Community Action Association	14,000
Temple HELP Center	<u>18,600</u>
	<u>\$ 54,600</u>

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

Statistical Section (Unaudited)

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

Contents	Page
Financial Trends	172
<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	178
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	184
<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	189
<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	191
<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	201
<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)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 52,774,867	\$ 52,985,354	\$ 52,489,279	\$ 52,235,300	\$ 55,403,473	\$ 52,200,366	\$ 48,379,646	\$ 46,131,460	\$ 44,686,194	\$ 40,996,292
Restricted	644,563	1,130,345	1,744,532	1,538,432	1,758,817	854,162	2,205,455	6,616,901	706,237	959,697
Unrestricted, as restated	17,924,900	19,846,723	17,283,475	17,387,358	17,244,063	18,762,548	18,302,720	19,413,974	18,278,736	(4,866,709)
Total governmental activities net position	\$ 71,344,330	\$ 73,962,422	\$ 71,517,286	\$ 71,161,090	\$ 74,406,353	\$ 71,817,076	\$ 68,887,821	\$ 72,162,335	\$ 63,671,167	\$ 37,089,280
Business-type activities										
Net investment in capital assets	\$ 47,403,033	\$ 49,636,049	\$ 50,857,397	\$ 54,645,573	\$ 56,948,517	\$ 62,157,571	\$ 65,054,555	\$ 68,521,536	\$ 72,979,933	\$ 69,469,800
Restricted	3,737,718	3,876,084	3,973,724	3,951,535	4,433,417	4,559,630	2,723,415	925,059	1,330,549	1,334,468
Unrestricted, as restated	9,259,983	12,398,097	16,447,880	18,016,855	17,483,818	18,278,226	22,075,622	24,794,589	24,712,330	31,192,966
Total business-type activities net position	\$ 60,400,734	\$ 65,910,230	\$ 71,279,001	\$ 76,613,963	\$ 78,865,752	\$ 84,995,427	\$ 89,853,592	\$ 94,241,184	\$ 99,022,812	\$ 101,997,234
Primary government										
Net investment in capital assets	\$ 100,177,900	\$ 102,621,403	\$ 103,346,676	\$ 106,880,873	\$ 112,351,990	\$ 114,357,937	\$ 113,434,201	\$ 114,652,996	\$ 117,666,127	\$ 110,466,092
Restricted	4,382,281	5,006,429	5,718,256	5,489,967	6,192,234	5,413,792	4,928,870	7,541,960	2,036,786	2,294,165
Unrestricted	27,184,883	32,244,820	33,731,355	35,404,213	34,727,881	37,040,774	40,378,342	44,208,563	42,991,066	26,326,257
Total primary government net position	\$ 131,745,064	\$ 139,872,652	\$ 142,796,287	\$ 147,775,053	\$ 153,272,105	\$ 156,812,503	\$ 158,741,413	\$ 166,403,519	\$ 162,693,979	\$ 139,086,514

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 9,227,610	\$ 11,021,864	\$ 12,399,274	\$ 11,973,280	\$ 11,469,892	\$ 12,099,128	\$ 12,308,008	\$ 13,493,386	\$ 14,634,734	\$ 14,904,124
Public safety	21,711,235	22,895,298	23,967,943	25,002,639	24,674,521	29,791,300	26,988,933	27,732,226	28,224,373	29,912,951
Highways and streets	5,623,378	5,131,500	8,605,895	6,307,841	6,090,841	7,155,289	10,413,550	22,080,671	28,047,101	10,259,565
Sanitation	5,100,633	5,646,430	5,578,902	4,945,085	5,241,149	5,131,467	5,469,440	6,039,912	7,080,709	5,990,896
Health and welfare	739,750	349,971	272,490	220,728	318,782	273,641	244,943	93,539	35,755	112,058
Cultural and leisure services	8,646,296	9,352,959	10,593,111	10,556,001	10,659,300	10,908,726	11,463,800	13,471,535	12,365,268	12,312,988
Airport	2,701,816	2,775,654	3,719,181	3,088,653	3,178,623	3,791,164	3,980,015	3,725,020	3,655,194	3,683,154
Interest on long term debt	2,439,715	2,707,472	2,433,438	3,246,906	3,421,182	3,039,907	2,690,036	4,232,163	3,639,945	4,237,351
Total governmental activities expenses	56,190,433	59,881,148	67,570,234	65,321,133	65,054,290	72,190,622	73,558,725	90,868,452	97,683,079	81,413,067
Business-type activities:										
Water and sewer	18,379,522	19,355,126	20,852,467	22,293,459	23,926,631	23,384,255	24,220,726	25,713,333	26,882,060	26,081,271
Total business-type activities expenses	18,379,522	19,355,126	20,852,467	22,293,459	23,926,631	23,384,255	24,220,726	25,713,333	26,882,060	26,081,271
Total primary government expenses	74,569,955	79,236,274	88,422,701	87,614,592	88,980,921	95,574,877	97,779,451	116,581,785	124,565,139	107,494,338
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government	3,177,892	3,365,992	3,357,505	3,447,523	3,432,373	3,285,507	3,359,920	3,691,433	3,900,990	4,143,573
Public safety	2,516,712	2,584,509	2,875,433	2,418,173	2,501,244	2,886,737	2,756,996	3,140,024	3,753,119	4,341,516
Highways and streets	725,052	729,368	802,199	1,111,834	1,111,434	1,127,601	1,235,792	1,202,744	1,238,493	1,322,099
Sanitation	8,118,865	8,807,165	8,972,328	9,398,631	10,045,117	10,065,522	10,145,513	10,509,545	11,222,768	11,303,186
Cultural and leisure services	2,172,190	2,371,659	2,662,145	2,807,967	3,157,108	2,935,299	3,689,340	3,759,669	3,710,483	3,703,956
Airport	2,412,573	2,388,479	3,175,668	2,224,004	2,311,344	2,874,462	3,037,702	2,847,211	2,732,476	2,294,963
Operating grants and contributions	1,311,852	461,062	562,086	482,504	732,270	867,166	517,463	225,720	513,508	488,829
Capital grants and contributions	2,628,486	971,480	899,528	1,202,640	3,249,962	978,717	1,558,067	17,403,845	12,724,001	391,026
Total governmental activities program revenues	23,063,622	21,679,714	23,306,892	23,093,276	26,540,852	25,021,011	26,300,813	42,780,191	39,795,838	27,989,148
Business-type activities:										
Charges for services:										
Water and sewer	22,770,255	21,815,931	25,014,928	27,390,285	25,929,814	29,387,212	28,645,921	30,046,938	29,824,871	30,375,811
Operating grants and contributions	3,130	-	-	-	106,221	-	74,735	248,996	1,330,056	381,295
Capital grants and contributions	-	1,366,031	564,609	2,763	-	-	-	-	-	-
Total business-type activities program revenues	22,773,385	23,181,962	25,579,537	27,393,048	26,036,035	29,387,212	28,720,656	30,295,934	31,154,927	30,757,106
Total primary government program revenues	\$ 45,837,007	\$ 44,861,676	\$ 48,886,429	\$ 50,486,324	\$ 52,576,887	\$ 54,408,223	\$ 55,021,469	\$ 73,076,125	\$ 70,950,765	\$ 58,746,254

(continued)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense) Revenue										
Governmental activities	\$ (33,126,811)	\$ (38,201,434)	\$ (44,263,342)	\$ (42,227,857)	\$ (38,513,438)	\$ (47,169,611)	\$ (47,257,912)	\$ (48,088,261)	\$ (57,887,241)	\$ (53,423,919)
Business-type activities	4,393,863	3,826,836	4,727,070	5,099,589	2,109,404	6,002,957	4,499,930	4,582,601	4,272,867	4,675,835
Total primary government net expense	\$ (28,732,948)	\$ (34,374,598)	\$ (39,536,272)	\$ (37,128,268)	\$ (36,404,034)	\$ (41,166,654)	\$ (42,757,982)	\$ (43,505,660)	\$ (53,614,374)	\$ (48,748,084)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Ad valorem	\$ 13,801,987	\$ 14,788,877	\$ 15,825,309	\$ 16,837,010	\$ 17,655,483	\$ 17,582,789	\$ 18,195,808	\$ 19,195,036	\$ 20,187,267	\$ 20,847,366
Sales	13,934,218	14,933,628	15,510,913	15,238,812	15,134,138	16,125,862	16,967,401	18,017,375	18,981,471	21,311,743
Franchise	5,562,043	5,855,401	6,066,459	6,373,864	6,152,140	6,216,239	6,260,051	6,178,547	6,382,781	6,780,354
Hotel/Motel	1,028,787	1,029,398	1,210,494	1,067,836	1,104,894	1,215,396	1,223,910	1,306,257	1,445,935	1,440,351
Mixed beverage	89,878	96,724	108,764	106,387	106,418	123,581	100,164	110,409	155,280	156,030
Other taxes	53,087	52,539	54,077	54,198	55,750	70,191	77,451	80,817	71,750	72,392
Investment earnings	1,590,252	2,319,714	1,487,908	464,244	164,385	88,140	81,493	122,330	108,848	156,778
Miscellaneous	1,477,057	1,743,245	1,554,282	1,729,310	1,385,493	3,150,409	1,422,379	1,762,894	2,055,938	746,050
Settlement income, net expense	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	37,537,309	40,819,526	41,818,206	41,871,661	41,758,701	44,572,607	44,328,657	52,171,357	49,396,073	51,508,797
Business-type activities:										
Investment earnings	656,449	932,660	641,701	235,373	142,385	126,718	358,235	323,317	515,564	353,239
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(47,492)	(6,803)	2,267
Total business-type activities	656,449	932,660	641,701	235,373	142,385	126,718	358,235	275,825	508,761	355,506
Total primary government	38,193,758	41,752,186	42,459,907	42,107,034	41,901,086	44,699,325	44,686,892	52,447,182	49,904,834	51,864,303
Changes in Net Position										
Governmental activities	4,410,498	2,618,092	(2,445,136)	(356,196)	3,245,263	(2,597,004)	(2,929,255)	4,083,096	(8,491,166)	(1,915,122)
Business-type activities	5,050,312	4,759,496	5,368,771	5,334,962	2,251,789	6,129,675	4,858,165	4,858,426	4,781,628	5,031,341
Total primary government	\$ 9,460,810	\$ 7,377,588	\$ 2,923,635	\$ 4,978,766	\$ 5,497,052	\$ 3,532,671	\$ 1,928,910	\$ 8,941,522	\$ (3,709,540)	\$ 3,116,219

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

	Fiscal Year ⁽¹⁾									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Nonspendable:										
Inventories and prepaid items	\$ 384,880	\$ 360,101	\$ 389,222	\$ 361,371	\$ 375,993	\$ 448,025	\$ 498,812	\$ 451,696	\$ 435,073	\$ 375,039
Restricted for:										
Drug enforcement	280,045	197,743	304,931	298,679	329,408	384,797	321,867	329,651	290,550	345,852
Library, museum, and other	528,054	575,459	642,816	368,817	469,706	636,101	629,792	764,285	772,510	867,470
Assigned to:										
Capital technology acquisition	621,000	526,345	349,587	569,240	231,207	329,162	315,618	390,979	403,071	420,476
Capital projects	5,648,213	5,924,986	3,793,396	4,634,697	5,630,052	6,375,154	4,277,846	5,431,542	5,211,128	4,920,337
Self-funded health insurance	-	-	-	-	-	275,000	300,000	-	-	-
Encumbrances	1,237,527	1,482,391	1,135,807	1,951,008	1,532,988	1,109,456	2,060,396	1,960,290	1,454,214	2,106,552
Unassigned	13,274,017	14,478,768	15,048,035	15,048,035	15,050,138	15,368,477	16,100,649	16,785,630	17,540,678	18,293,530
Total general fund	\$ 21,973,736	\$ 23,545,793	\$ 21,663,794	\$ 23,231,847	\$ 23,619,492	\$ 24,926,172	\$ 24,504,980	\$ 26,114,073	\$ 26,107,224	\$ 27,329,256
All other governmental funds										
Nonspendable:										
Prepaid items	\$ 2,072	\$ 2,000	\$ 2,000	\$ 5,098	\$ 4,581	\$ 4,555	\$ 4,203	\$ 15,527	\$ 20,086	\$ 19,400
Restricted for:										
Debt service	644,563	1,130,345	1,744,532	1,538,432	1,758,817	1,364,049	2,960,522	7,356,612	1,349,568	959,697
Construction	1,536,715	7,443,797	22,212,809	9,310,110	15,349,088	4,585,041	30,388,210	37,708,729	11,652,509	44,922,504
Museum	-	-	-	-	-	-	-	8,348	13,049	11,149
Promotion of tourism	909,574	970,497	1,208,688	1,027,344	913,293	1,149,063	1,350,812	1,077,954	1,126,029	1,305,093
Committed to:										
Drainage	500,117	766,162	558,905	999,253	1,265,722	1,279,068	1,503,965	1,855,290	1,793,015	1,982,887
Total all other governmental funds	\$ 3,593,041	\$ 10,312,801	\$ 25,726,934	\$ 12,880,237	\$ 19,291,501	\$ 8,381,776	\$ 36,217,712	\$ 48,022,460	\$ 15,954,256	\$ 49,200,730

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:										
Taxes:										
Ad valorem	\$ 13,835,799	\$ 14,749,272	\$ 15,821,743	\$ 16,741,749	\$ 17,617,718	\$ 17,647,927	\$ 18,246,346	\$ 19,164,488	\$ 20,184,854	\$ 20,801,261
Sales	13,934,218	14,933,628	15,510,913	15,238,812	15,134,138	16,125,862	16,967,401	18,017,575	18,981,471	21,311,743
Hotel/Motel	1,028,787	1,029,398	1,210,494	1,067,836	1,104,894	1,215,396	1,223,910	1,306,256	1,445,935	1,440,351
Mixed beverage	89,878	96,724	108,764	106,387	106,418	123,581	100,164	110,409	155,280	156,030
Other taxes	53,067	52,539	54,077	54,198	55,751	70,191	77,451	80,817	71,750	72,392
Franchise fees	5,562,043	5,865,401	6,066,459	6,373,864	6,152,141	6,216,239	6,260,051	6,178,547	6,382,782	6,780,354
Licenses and permits	424,378	419,367	407,634	333,085	323,817	448,076	377,290	738,449	662,666	613,187
Intergovernmental	3,940,238	1,432,542	1,461,614	1,685,144	3,982,232	1,847,522	2,265,741	17,629,564	13,237,510	879,854
Drainage fees	636,108	638,591	685,848	981,950	999,274	1,016,748	1,084,423	1,068,165	1,109,378	1,125,126
Charges for services:										
Library fees	43,363	43,295	48,070	46,664	37,678	40,202	35,829	34,900	32,498	32,118
Recreational entry fees	158,834	168,358	171,812	162,965	168,238	154,637	136,498	133,153	126,845	120,588
Summit recreational fees	448,170	460,064	469,840	468,832	624,394	773,341	751,824	627,333	526,310	486,234
Golf course revenues	891,829	931,270	1,017,243	911,780	788,981	239,610	1,017,595	950,200	874,917	789,908
Swimming pool	80,480	87,268	93,160	51,358	30,016	37,922	33,169	42,845	48,030	48,870
Lions Junction water park	-	-	-	275,978	270,067	298,497	259,976	300,008	298,690	351,788
Sammons indoor pool	-	-	-	10,507	60,445	72,336	82,530	93,645	91,705	91,330
Vital statistics	194,531	229,874	228,691	224,293	174,537	138,342	124,135	126,605	120,542	124,847
Police revenue	246,981	250,619	466,471	268,804	277,769	278,136	228,156	344,477	629,586	1,602,266
Contractual services - proprietary fund	2,415,086	2,564,022	2,815,038	2,916,744	2,965,786	2,968,883	3,063,081	3,251,073	3,480,132	3,702,807
County fire protection	1,389	1,084	1,353	5,007	2,058	4,095	3,988	3,583	1,341	4,630
Curb and street cuts	27,092	32,043	36,925	51,896	42,658	42,745	69,762	23,292	38,732	62,195
Other	131,421	116,099	115,091	107,866	173,520	177,315	183,078	151,617	159,130	301,443
Solid waste collection - residential	2,437,511	2,721,927	2,832,858	3,178,301	3,572,061	3,658,361	3,731,899	3,824,407	4,041,272	4,169,597
Solid waste collection - commercial	2,371,563	2,566,689	2,639,211	2,798,699	2,842,700	2,845,635	2,844,135	2,849,455	2,902,758	2,945,727
Solid waste collection - roll-off	1,119,593	2,305,986	2,203,748	1,904,048	2,016,329	1,920,793	1,894,753	2,061,942	2,314,814	2,216,659
Temporary fuel surcharge	92,569	-	-	-	-	-	-	-	-	-
Landfill contract	2,097,627	1,222,563	1,296,510	1,517,583	1,614,027	1,640,732	1,674,726	1,773,741	1,963,924	1,971,203
Airport sales and rental	2,412,574	2,388,479	3,175,668	2,224,005	2,311,344	2,874,462	3,037,702	2,847,211	2,732,476	2,294,963
Recreational services	278,963	376,134	537,091	550,001	728,785	760,084	819,626	953,425	1,028,223	1,034,161
Fire department	8,219	19,804	11,812	6,079	10,981	17,636	11,964	14,128	20,620	34,758
Subdivision fees	22,789	17,788	20,533	12,201	17,975	21,818	15,648	25,724	24,727	18,465
Civic center & railroad museum revenues	195,551	230,271	249,930	254,882	298,504	408,671	402,293	474,161	533,266	508,062
Fines	1,811,931	1,890,845	1,985,417	1,801,732	1,893,604	2,136,454	2,133,078	2,165,239	2,438,908	2,066,676
Interest and other	3,516,112	4,516,612	3,662,986	2,536,426	1,864,590	1,866,347	1,700,329	2,160,307	2,581,670	1,728,607
Total revenues	60,508,714	62,338,556	65,407,004	64,869,676	68,273,430	68,088,596	70,858,551	89,576,741	89,242,742	79,908,200
EXPENDITURES:										
Current:										
General government	9,309,505	10,388,342	12,486,714	10,996,117	11,408,326	11,324,780	11,703,131	13,660,816	15,223,119	15,445,404
Public safety	21,435,743	22,407,229	23,983,300	24,608,006	28,959,139	31,542,542	27,628,257	25,743,401	28,225,738	31,013,726
Highways and streets	3,668,866	6,417,838	9,932,915	6,250,717	4,435,722	5,908,268	9,204,905	24,913,821	29,731,928	17,506,619
Sanitation	5,014,310	5,764,373	5,516,414	4,471,564	5,188,280	5,391,763	5,096,524	10,190,353	9,923,731	5,177,927
Health and welfare	2,139,818	236,520	620,472	130,494	238,743	461,209	205,125	249,711	308,783	102,069
Culture and leisure services	8,527,394	9,482,059	12,211,783	18,805,709	11,865,596	11,183,792	10,978,275	12,937,428	12,078,707	12,361,459
Airport	6,274,987	3,305,438	3,724,449	3,504,554	5,153,234	3,273,341	3,626,089	3,392,606	10,011,998	2,640,628
Debt service:										
Principal retirement	4,077,148	4,026,314	4,338,388	4,332,453	4,868,482	4,772,004	5,405,563	5,110,646	5,608,336	5,821,194
Interest and fiscal charges	2,359,042	2,554,604	2,706,182	3,314,077	3,381,115	3,244,597	3,236,670	4,797,337	4,110,853	4,540,888
Total expenditures	\$ 62,806,813	\$ 64,582,717	\$ 75,520,617	\$ 76,413,691	\$ 75,498,637	\$ 77,102,296	\$ 77,044,539	\$ 100,996,119	\$ 115,223,193	\$ 94,609,914

(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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,298,099)	\$ (2,244,161)	\$ (10,113,613)	\$ (11,544,015)	\$ (7,225,207)	\$ (9,013,700)	\$ (6,185,988)	\$ (11,419,378)	\$ (25,980,451)	\$ (14,701,714)
OTHER FINANCING SOURCES (USES):										
Transfer in	3,780,514	2,123,769	2,261,777	1,206,082	1,240,854	1,042,837	1,330,355	8,112,971	2,282,094	1,888,658
Transfer out	(3,780,514)	(2,123,769)	(2,261,777)	(1,206,082)	(1,240,854)	(1,692,472)	(1,845,849)	(8,571,235)	(2,327,620)	(1,873,486)
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	420,121	46,360,000
Original issue premium	-	-	-	-	-	-	-	385,580	-	3,275,997
Discount on bond issuance	-	(99,022)	(155,766)	-	3,950,000	(66,241)	(291,156)	(219,097)	(88,929)	(556,444)
Issuance of refunding bonds	-	-	-	-	-	9,820,000	9,290,000	-	16,671,941	7,544,558
Issuance of debt	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(3,926,713)	(9,903,444)	(10,482,241)	-	(23,052,209)	(7,469,063)
Premium on bond issuance	-	-	621,513	-	5,829	204,248	5,154,623	-	-	-
Claims settlement	-	-	-	-	-	-	-	7,250,000	-	-
Attorney fees	-	-	-	-	-	-	-	(1,900,000)	-	-
Total other financing sources (uses)	3,550,000	10,535,978	23,645,747	265,371	14,024,116	(597,072)	33,600,732	24,833,219	(6,094,602)	49,170,220
NET CHANGE IN FUND BALANCES	\$ 1,251,901	\$ 8,291,817	\$ 13,532,134	\$ (11,278,644)	\$ 6,798,909	\$ (9,610,772)	\$ 27,414,744	\$ 13,413,841	\$ (32,075,053)	\$ 34,468,506
Debt service as a percentage of noncapital expenditures	12.1%	11.8%	11.0%	12.7%	13.5%	13.0%	12.3%	11.5%	10.3%	13.2%
Capital Outlay	\$ 9,728,555	\$ 8,718,456	\$ 11,703,515	\$ 16,423,100	\$ 14,306,611	\$ 15,437,565	\$ 6,873,201	\$ 15,122,317	\$ 20,442,125	\$ 15,920,233

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	Hotel/Motel Tax	Mixed Beverage Tax	Other Tax	Franchise Fee	Total
2006	\$ 13,835,799	\$ 13,934,218	\$ 1,028,787	\$ 89,878	\$ 53,087	\$ 5,562,043	\$ 34,503,812
2007	14,749,272	14,933,628	1,029,398	96,724	52,539	5,855,401	36,716,962
2008	15,821,743	15,510,913	1,210,494	108,764	54,077	6,066,459	38,772,450
2009	16,741,749	15,238,812	1,067,836	106,387	54,198	6,373,864	39,582,846
2010	17,617,718	15,134,138	1,104,894	106,418	55,751	6,152,141	40,171,060
2011	17,647,927	16,125,862	1,215,396	123,581	70,191	6,216,239	41,399,196
2012	18,246,346	16,967,401	1,223,910	100,164	77,451	6,260,051	42,875,323
2013	19,164,488	18,017,575	1,306,256	110,409	80,817	6,178,547	44,858,092
2014	20,184,854	18,981,471	1,445,935	155,280	71,750	6,382,782	47,222,072
2015	20,801,261	21,311,743	1,440,351	156,030	72,392	6,780,354	50,562,131

⁽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: District Tax Increment	Less: Applicable Adjustments	Total Taxable Value ³	Total Direct Tax Rate	Assessed Value ¹ as a Percentage of Actual Value
	Real Property	Personal Property									
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	151,501,569	-	3,382,401,984	0.5864	78.36%
2014	3,691,482,902	1,033,449,368	39,934,752	2,322,216	940,324,968	3,742,350,334	169,927,193	-	3,572,423,141	0.5864	79.20%
2015	4,173,699,490	1,074,874,361	39,043,656	2,470,938	1,027,167,363	4,179,891,894	480,646,226	-	3,699,245,668	0.5864	79.64%

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

³ - Net taxable value not adjusted for frozen values.

Table VII

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

Fiscal Year	City of Temple				Overlapping Rates												
	Operating	Debt Service	Total Direct Tax Rate	Bell County	Bell County		Temple College		Elm Creek		Temple		Belton		Troy		
					Road District	County	Road District	College	Flood Control District	Independent School District							
2006	\$ 0.3546	\$ 0.2199	\$ 0.5745	\$ 0.3465	\$ 0.0295	\$ 0.0294	\$ 0.2054	\$ 1.6300	\$ 1.7185	\$ 1.6300	\$ 1.7185	\$ 1.6300	\$ 1.7185	\$ 1.6300	\$ 1.7185	\$ 1.6300	\$ 1.7185
2007	0.3395	0.2339	0.5734	0.3815	0.0295	0.0294	0.2000	1.4900	1.6685	1.4900	1.6685	1.4900	1.6685	1.4900	1.6685	1.4900	1.6685
2008	0.3392	0.2289	0.5681	0.3795	0.0295	0.0309	0.2180	1.2401	1.2870	1.2401	1.2870	1.2401	1.2870	1.2401	1.2870	1.2401	1.2870
2009	0.3322	0.2273	0.5595	0.3779	0.0295	0.0283	0.2100	1.2300	1.4110	1.2300	1.4110	1.2300	1.4110	1.2300	1.4110	1.2300	1.4110
2010	0.3173	0.2473	0.5646	0.3759	0.0295	0.0306	0.2100	1.2100	1.4110	1.2100	1.4110	1.2100	1.4110	1.2100	1.4110	1.2100	1.4110
2011	0.3300	0.2379	0.5679	0.3820	0.0299	0.0327	0.2100	1.2100	1.4210	1.2100	1.4210	1.2100	1.4210	1.2100	1.4210	1.2100	1.4210
2012	0.3240	0.2439	0.5679	0.4096	0.0299	0.0327	0.2054	1.2850	1.4060	1.2850	1.4060	1.2850	1.4060	1.2850	1.4060	1.2850	1.4060
2013	0.3300	0.2564	0.5864	0.4212	0.0299	0.0327	0.2036	1.2800	1.5210	1.2800	1.5210	1.2800	1.5210	1.2800	1.5210	1.2800	1.5210
2014	0.3324	0.2540	0.5864	0.4212	0.0299	0.0327	0.2036	1.3600	1.4500	1.3600	1.4500	1.3600	1.4500	1.3600	1.4500	1.3600	1.4500
2015	0.3300	0.2564	0.5864	0.4212	0.0299	0.0327	0.2065	1.3600	1.4400	1.3600	1.4400	1.3600	1.4400	1.3600	1.4400	1.3600	1.4400

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	2015			2006		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ²	Rank	Percentage of Total Taxable Assessed Value
Panda Temple Power, LLC	\$ 320,034,006	1	8.65%	\$ -	-	-
McLane Company, Inc.	128,191,015	2	3.47%	78,359,210	2	3.21%
Wal-Mart Distribution Center	101,707,431	3	2.75%	67,399,610	4	2.76%
Pactiv Corporation	86,257,201	4	2.33%	69,944,226	3	2.87%
Wilsonart International	71,576,591	5	1.93%	82,397,300	1	3.38%
Sam's East, Inc.	59,684,760	6	1.61%	-	-	-
Oncor Electric Delivery Company	57,726,082	7	1.56%	-	-	-
H.E. Butt Grocery	55,067,523	8	1.49%	-	-	-
Reynolds Consumer Products, Inc.	35,241,520	9	0.95%	-	-	-
BNSF Railway Company	26,986,775	10	0.74%	11,665,700	10	-
TXU Electric Delivery Company	-	-	-	33,500,420	5	1.37%
Southwestern Bell Telephone Company	-	-	-	17,846,720	6	0.73%
Coyote Temple Mall	-	-	-	16,280,768	7	0.67%
Performance Food Group	-	-	-	13,834,346	8	0.57%
Tenneco Plastics Company	-	-	-	12,693,310	9	0.52%
Totals	\$ 942,472,904		25.48%	\$ 403,921,610		16.08%

Source: Tax Appraisal District of Bell County

¹- Total taxable value including real and personal property for fiscal year 2015 is \$ 3,699,245,668 (net taxable value not adjusted for frozen values).

²- Total taxable value including real and personal property for fiscal year 2006 is \$ 2,441,277,465 (net taxable value not adjusted for frozen values).

Table IX

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

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected within the Tax Year of the Levy		Collections in Subsequent Years ¹		Total Collections to Date	
	Fiscal Year of the Levy	Years	Fiscal Year	Amount	% of Levy	Amount	% of Levy	Amount	% of Levy
2006	\$ 14,096,975	\$ -	\$ 14,096,975	\$ 13,792,514	97.84%	\$ 152,349	98.92%	\$ 13,944,863	98.92%
2007	14,970,102	-	14,970,102	14,705,740	98.23%	116,468	99.01%	14,822,208	99.01%
2008	16,089,326	-	16,089,326	15,783,170	98.10%	132,923	98.92%	15,916,093	98.92%
2009	17,162,704	-	17,162,704	16,794,390	97.85%	132,950	98.63%	16,927,340	98.63%
2010	17,957,542	-	17,957,542	17,582,962	97.91%	143,734	98.71%	17,726,696	98.71%
2011	17,957,507	-	17,957,507	17,538,771	97.67%	157,718	98.55%	17,696,489	98.55%
2012	18,585,931	-	18,585,931	18,276,652	98.34%	134,413	99.06%	18,411,065	99.06%
2013	19,534,480	-	19,534,480	19,295,759	98.78%	86,109	99.22%	19,381,868	99.22%
2014	20,793,147	-	20,793,147	20,295,608	97.61%	44,440	97.82%	20,340,048	97.82%
2015	21,446,210	-	21,446,210	21,046,789	98.14%	-	98.14%	21,046,789	98.14%

¹ - 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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Building Material	\$ 65,724,599	\$ 71,437,840	\$ 88,416,785	\$ 89,613,352	\$ 82,462,311	\$ 88,576,484	\$ 87,314,928	\$ 114,672,337	\$ 125,260,898	\$ 134,845,790
General Merchandise Stores	130,038,434	129,664,014	166,315,129	175,596,330	164,686,634	170,470,503	170,797,914	173,890,968	175,654,007	170,777,243
Food Stores ¹	47,494,054	47,944,503	37,103,364	39,420,176	41,712,916	49,113,761	56,881,719	59,918,860	62,771,429	64,320,005
Auto Dealers & Service Stations	28,048,074	29,640,807	53,782,893	55,042,952	57,044,251	58,364,792	59,241,754	60,851,311	62,511,559	66,193,984
Apparel & Accessory Stores	25,462,014	23,396,775	30,424,610	28,783,684	24,779,772	24,857,770	25,852,811	30,199,552	31,759,721	32,629,286
Furniture & Home Furnishings	38,358,643	45,858,144	43,464,834	44,804,031	39,113,284	45,981,591	40,458,746	42,097,157	40,792,351	43,053,963
Eating & Drinking Places	89,864,655	88,975,925	106,970,841	112,977,388	113,463,147	118,255,769	123,216,814	129,906,448	134,804,234	144,994,011
Miscellaneous Retail	43,706,477	41,634,298	63,350,221	66,585,331	67,017,206	67,267,029	62,914,213	65,086,919	68,545,563	67,608,100
Nonstore Retailers	12,214	20,917	15,024	613,748	323,075	13,731	3,894	37,625	67,888	57,976
Total Retail Sales	468,709,164	478,573,223	589,843,701	613,436,992	590,602,596	622,901,430	626,682,793	676,661,177	702,167,650	724,480,358
Total Non-Retail Sales	373,637,697	420,299,019	239,215,347	199,854,667	179,375,190	188,040,333	191,399,847	201,318,871	210,353,735	235,550,282
Total Taxable Sales	\$ 842,346,861	\$898,872,242	\$ 829,059,048	\$ 813,291,659	\$ 769,977,786	\$ 810,941,763	\$ 818,082,640	\$ 877,980,048	\$ 912,521,385	\$ 960,030,640

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.

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

Table XI

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Certificates of Obligation Bonds	Contractual Obligations	Revenue Bonds	Pass-Through Revenue & Limited Tax Bonds	General Obligation Bonds	Water & Sewer Revenue Bonds	Contractual Obligations	Notes Payable	Notes Payable			
2006	\$ 30,467,518	\$ 10,240,000	\$ 1,115,000	\$ 3,550,000	\$ -	\$ 682,482	\$ 32,320,000	\$ 1,505,000	\$ 666,874	\$ 82,283,179	\$ 30,132	\$ 1,360	
2007	28,390,000	19,165,000	850,000	3,440,000	-	-	51,095,000	-	579,932	105,392,441	32,812	1,707	
2008	35,135,000	32,180,000	575,000	3,135,000	-	-	63,395,000	-	490,352	136,444,464	35,255	2,173	
2009	32,410,000	31,525,000	290,000	2,810,000	-	-	60,125,000	-	398,055	129,015,085	37,106	2,031	
2010	46,835,000	27,400,000	-	2,470,000	-	-	73,885,000	-	302,959	151,956,507	37,917	2,299	
2011	47,040,000	23,625,000	-	2,110,000	-	14,150,000	56,770,000	-	204,974	144,671,452	38,174	2,158	
2012	48,315,000	17,160,000	5,745,000	1,730,000	24,700,000	32,390,000	34,110,000	-	104,018	164,709,933	39,971	2,411	
2013	44,990,000	30,150,000	11,455,000	1,330,000	24,700,000	31,230,000	30,700,000	-	-	174,692,235	38,852	2,486	
2014	49,525,000	20,830,000	5,065,000	910,000	24,700,000	36,480,000	35,120,000	-	-	172,872,013	38,228	2,409	
2015	75,420,000	36,650,000	4,415,000	465,000	24,700,000	39,000,000	52,855,000	-	-	233,700,819	39,017	3,184	

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 189 for personal income and population data. (Table XVI)

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		% of Estimated Actual Taxable Value ² of Property		Per Capita ³
	General Obligation Bonds ¹	Certificates of Obligation Bonds	Contractual Obligations	Revenue Bonds	Pass-Through Revenue & Limited Tax Bonds	Notes Payable	Total General Bonded Debt Outstanding	Total General Bonded Debt Outstanding	Total General Net Bonded Debt Outstanding	Total General Net Bonded Debt Outstanding	% of Estimated Actual Taxable Value ² of Property	% of Estimated Actual Taxable Value ² of Property	Per Capita ³				
2006	\$ 31,150,000	\$ 10,240,000	\$ 1,115,000	\$ 3,550,000	\$ -	1,736,305	\$ 47,791,305	\$ 47,791,305	\$ 644,563	\$ 47,146,742	74.43%	\$ 779					
2007	28,390,000	19,165,000	850,000	3,440,000	-	1,872,509	53,717,509	52,845,000	1,130,345	52,587,164	75.25%	852					
2008	35,135,000	32,180,000	575,000	3,135,000	-	1,534,112	72,559,112	70,814,580	1,744,532	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	66,953,598	1,538,432	66,953,598	77.71%	1,054					
2010	46,835,000	27,400,000	-	2,470,000	-	1,063,548	77,768,548	76,009,731	1,758,817	76,009,731	78.98%	1,150					
2011	61,190,000	23,625,000	-	2,110,000	-	771,478	87,696,478	86,332,429	1,364,049	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	127,535,393	2,960,522	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	136,635,623	7,356,612	136,635,623	78.36%	1,944					
2014	86,005,000	20,830,000	5,065,000	910,000	24,700,000	242,013	137,752,013	136,402,445	1,349,568	136,402,445	79.20%	1,901					
2015	114,420,000	36,650,000	4,415,000	465,000	24,700,000	195,819	180,845,819	179,886,122	959,697	179,886,122	79.64%	2,450					

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 179 for property value data. (Table VI)

³ - Population data can be found in the Schedule of Demographic and Economic Statistics on page 189. (Table XVI)

**CITY OF TEMPLE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2015**

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	\$ 179,886,122	100.00%	\$ 179,886,122
Reinvestment Zone No. 1 ²	47,615,000	100.00%	47,615,000
Total direct debt	<u>227,501,122</u>		<u>227,501,122</u>
Overlapping Debt:			
Temple Independent School District	80,375,000	94.51%	75,962,413
Temple College	20,450,000	100.00%	20,450,000
Bell County	136,375,000	25.53%	34,816,538
Belton Independent School District	126,359,996	24.09%	30,440,123
Troy Independent School District	<u>17,610,011</u>	7.65%	<u>1,347,166</u>
Total estimated overlapping debt	<u>381,170,007</u>		<u>163,016,240</u>
Total direct and overlapping debt	<u><u>\$ 608,671,129</u></u>		<u><u>\$ 390,517,362</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 2015

	\$ 33,303,860
Assessed value 2014/2015 tax roll ¹	
Limit on amount designated for debt service per \$ 100 assessed valuation (\$ 3,330,386,005 / \$ 100 = \$ 33,303,860)	x \$ 1.20
Legal debt service limit	\$ 39,964,632
Actual amount expended by debt Service fund for general obligation debt service during the year ended September 30, 2015	(8,687,176)
Legal Debt Margin	\$ 31,277,456

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt service limit	\$ 29,295,330	\$ 28,538,710	\$ 31,159,190	\$ 33,506,296	\$ 34,778,639	\$ 34,475,515	\$ 35,704,035	\$ 36,299,104	\$ 38,747,288	\$ 39,964,632
Total net debt applicable to limit	(5,542,725)	(5,780,876)	(5,756,359)	(6,744,944)	(6,921,079)	(7,144,451)	(7,597,902)	(8,893,165)	(9,057,343)	(8,687,176)
Legal debt margin	\$ 23,752,605	\$ 22,757,834	\$ 25,402,831	\$ 26,761,352	\$ 27,857,560	\$ 27,331,064	\$ 28,106,133	\$ 27,405,938	\$ 29,689,945	\$ 31,277,456
Total net debt applicable to the limit as a percentage of debt service limit	18.92%	20.26%	18.47%	20.13%	19.90%	20.72%	21.28%	24.50%	23.38%	21.74%

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

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

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

Table XV

Water Revenue Bonds					
Fiscal Year	Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Average Annual Debt Service ³	Coverage
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
2014	31,670,491	18,216,001	13,454,490	3,453,040	3.90
2015	31,110,346	18,124,858	12,985,488	4,600,597	2.82

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
2014	31,670,491	18,216,001	13,454,490	3,989,972	3.37
2015	31,110,346	18,124,858	12,985,488	4,661,879	2.79

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, plus 2014 Utility Revenue Bonds for fiscal years beginning in 2014.

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
2006	60,518	\$ 1,823,528,376	\$ 30,132	35.2	8,095	4.07
2007	61,755	2,026,305,060	32,812	35.2	8,359	3.75
2008	62,790	2,213,661,450	35,255	35.2	8,499	4.04
2009	63,524	2,357,121,544	37,106	35.2	8,629	5.93
2010	66,102	2,506,389,534	37,917	34.6	8,981	6.48
2011	67,036	2,559,032,264	38,174	34.6	8,953	6.67
2012	68,315	2,730,618,865	39,971	34.6	8,850	5.83
2013	70,274	2,730,285,448	38,852	34.6	8,749	5.43
2014	71,761	2,743,279,508	38,228	34.6	8,509	4.67
2015	73,408	2,864,159,936	39,017	34.6	8,635	3.77

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 Capita Personal Income and estimated population.

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

⁴ - Median age of 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 2015			FY 2006		
	Employees ¹	Rank	Percentage of Total City Employment ²	Employees ³	Rank	Percentage of Total City Employment ⁴
Scott & White Hospital	8,682	1	27.48%	5,500	1	20.22%
Central Texas Veterans Healthcare Systems	2,407	2	7.62%	2,753	2	10.12%
McLane Company - Corporation Headquarters & SW Distribution Center	1,497	3	4.74%	1,549	4	5.70%
Wal-Mart Superstore, Distribution Center and Sam's Club	1,194	4	3.78%	660	9	2.43%
Temple Independent School District	1,071	5	3.39%	1,368	5	5.03%
Wilsonart International	895	6	2.83%	1,685	3	6.20%
City of Temple	837	7	2.65%	637	10	2.34%
Sprint/Nextel Communications	685	8	2.17%	1,000	7	3.68%
PACTIV Packaging Corporation	600	9	1.90%	1,046	6	3.85%
H-E-B Retail Distribution Center	500	10	1.58%	-	-	0.00%
King's Daughters Hospital and Clinic	-	-	-	688	8	2.53%
Totals	18,368		58.14%	16,886		62.10%

¹ - Source: Temple Economic Development Corporation

² - Source: Texas Workforce Commission website

³ - Source: Temple Chamber of Commerce

⁴ - Source: Texas Workforce Commission website

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government -										
Assistant city manager ^{66 & 85}	-	-	-	-	-	-	-	-	-	-
City council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	2.00
City manager ^{1, 14, 20, 38, 58, 66 & 104}	4.73	4.38	4.38	6.00	6.00	8.00	6.75	6.00	4.00	6.00
City secretary ^{59, 86 & 105}	4.50	4.63	4.63	4.63	4.63	4.63	4.63	4.63	4.63	5.00
Facility services ^{13, 26, 39, 60, 61, 67 & 87}	15.00	15.00	15.00	15.00	16.70	16.70	14.68	15.02	15.45	15.45
Finance ^{15, 21 & 53}	9.75	10.75	10.75	11.00	11.00	10.50	11.00	11.00	11.00	11.00
Fleet services ^{40 & 68}	16.00	16.00	16.00	16.10	16.10	16.10	16.00	17.00	18.00	18.00
General services ^{38, 54, 65, 85, 88 & 106}	-	-	-	-	-	-	-	2.25	4.25	3.35
Human resources ^{23 & 107}	5.63	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Information technology services ^{2, 13, 14, 16, 55, 80, 89 & 108}	20.00	19.00	17.50	17.50	17.50	16.50	16.50	15.50	16.50	18.00
Inspections/Permits ^{62, 70, 90 & 92}	-	-	-	-	-	-	-	-	4.00	4.00
Legal ^{83 & 91}	5.63	6.13	7.13	6.63	6.63	6.63	6.63	6.63	7.00	9.00
Planning ^{13, 22, 41, 93 & 109}	6.45	6.33	6.33	6.45	6.45	6.45	5.95	6.95	6.45	8.00
Permits ^{62 & 90}	-	-	-	-	-	-	-	-	3.50	3.00
Purchasing ¹¹⁰	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00
Total general government	97.69	98.22	97.72	99.31	101.01	101.51	97.14	99.98	111.78	119.80
Public safety -										
Animal control ⁴²	6.50	6.50	6.50	6.50	6.50	6.50	6.50	7.50	7.50	7.50
Code enforcement ^{5, 22, 41, 60, 62, 69, 94 & 111}	11.50	12.50	14.50	14.50	13.50	13.50	14.00	14.00	7.00	9.00
Fire ^{4, 27, 43 & 95}	103.00	103.00	103.00	107.00	112.00	112.00	115.00	118.00	118.00	121.00
Municipal court ^{3 & 13}	13.03	13.03	13.53	12.03	12.03	12.03	12.03	12.03	12.03	12.03
Police ^{3, 13, 17, 26, 44, 71 & 96}	156.63	155.98	155.98	157.50	157.50	158.50	160.50	161.50	164.50	170.50
Total public safety	290.66	291.01	293.51	297.53	301.53	302.53	308.03	313.03	309.03	320.03
Highways and streets -										
Engineering ^{6, 7, 13, 30, 31, 45, 63, 64, 72, 81 & 112}	5.00	8.40	10.40	8.80	8.35	8.35	6.95	6.95	7.95	8.95
Drainage ^{6, 29, 32, 45, 47, 63, 103 & 116}	8.83	12.43	12.43	11.58	11.83	11.83	12.98	13.98	14.23	17.23
Street ^{13, 18, 28 & 73}	22.00	21.00	21.00	20.75	20.15	25.15	25.00	24.00	23.50	23.50
Traffic signals ^{29 & 97}	3.00	3.00	3.00	3.00	3.55	3.55	3.50	3.50	3.75	4.75
Total highway and streets	38.83	44.83	46.83	44.13	43.88	48.88	48.43	48.43	49.43	54.43
Sanitation ^{74 & 96}	41.26	41.26	42.26	42.46	42.42	42.42	42.22	42.22	43.22	47.22
Health and welfare -										
Community development projects/grants ^{15, 20, 21 & 53}	-	-	-	-	-	0.50	1.25	0.75	0.75	0.65
Total health and welfare	-	-	-	-	-	0.50	1.25	0.75	0.75	0.65

(continued)

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cultural and leisure services -										
Golf course ^{10, 13, 16, 19, 25, 35, 36 & 75}	26.40	27.00	27.00	27.00	17.87	15.77	18.13	18.13	19.16	19.16
Recreation ^{8, 16, 33, 49, 50 & 99}	39.91	41.83	41.83	45.10	63.06	62.27	66.46	68.54	64.26	65.24
Library ^{13 & 48}	30.39	30.23	30.13	29.79	28.66	28.65	28.65	28.15	28.15	28.15
Mayborn center ^{36 & 102}	15.58	15.58	15.58	15.58	12.70	12.70	13.40	13.40	14.40	15.40
Parks ^{8, 13, 16, 32, 34, 60 & 111}	35.46	35.46	35.46	37.00	36.53	36.06	37.01	36.01	36.41	35.41
Parks & recreation administration services ^{9, 56 & 76}	-	-	-	-	5.75	5.75	5.75	6.23	6.75	6.75
Railroad museum ^{11 & 77}	-	-	-	-	-	-	-	4.05	4.88	4.88
Tourism/Marketing ^{9 & 52}	-	-	-	-	1.28	1.60	1.60	1.85	1.85	1.85
Total cultural and leisure services	147.74	150.10	150.00	154.47	165.85	162.80	171.00	176.36	175.86	176.84
Airport ¹⁰⁰ :	12.88	12.88	14.38	14.38	14.38	14.38	14.38	14.38	14.38	13.38
Water and sewer: ^{6, 12, 24, 29, 30, 37, 45, 46, 51, 57, 63, 64, 78, 79, 82, 84, 101, 113, 114, 115 & 117}	81.88	81.13	89.13	89.53	90.43	90.43	91.18	92.18	89.19	88.19
Totals	710.94	719.43	733.83	741.81	759.50	763.45	773.63	787.33	793.64	820.54

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 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.

4 - 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 that was completed in March 2011. In FY 09-10, the City was awarded the SAFER Grant to hire an additional four Fire Control Rescue Officers.

5 - In FY 07-08, added one additional Code Enforcement Officer and a Plans Examiner/Inspector position.

6 - 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.

7 - In FY 08-09, the percentage allocation of personnel positions based on function changed.

8 - 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.

9 - In FY 09-10, new division was created.

10 - In February 2005, the City of Temple began operating the Sammons Park Golf Course.

11 - 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.

12 - 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).

(continued)

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

- 13 - In FY 09-10, division has position(s) that are authorized but unfunded.
- 14 - In FY 10-11, Communication Specialist position transferred to City Manager from Information Technology Services
- 15 - In FY 10-11, the Accounting Clerk position was funded 56% in General Fund and 44% with Community Development Block Grant (CDBG).
- 16 - In FY 10-11, positions were authorized but unfunded.
- 17 - In July 2009, Council approved an additional Police Officer position for the TISD Grant.
- 18 - In FY 10-11, the budget included the addition of one Crew Leader and four Maintenance Worker positions to implement a Crack Sealing Program.
- 19 - In FY 10-11, the reduction of staff was due to renovation project.
- 20 - 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.
- 21 - 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.
- 22 - In FY 11-12, Director of Community Services position was funded 50% in Planning and 50% in Construction Safety.
- 23 - In FY 11-12, City Health Doctor position eliminated
- 24 - In FY 11-12, Assistant Director of Public Works-Operations position was eliminated as a result of a reorganization of Public Works.
- 25 - 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.
- 26 - In FY 11-12, two Police Officer positions added.
- 27 - In FY 11-12, three Captain positions added and three Fire Control Rescue Officer positions reclassified to Driver positions.
- 28 - 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.
- 29 - In FY 11-12, the Public Works reorganization included changes in position allocations.
- 30 - In FY 11-12, the CIP Project Manager position was reclassified as a Project Engineer.
- 31 - 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.
- 32 - 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.
- 33 - 0.05 FTE of a Maintenance Worker position is budgeted in the Summit Fitness and Recreation Center.
- 34 - 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.
- 35 - In FY 11-12, reclassified Crew Leader position to Assistant Golf Course Superintendent.
- 36 - Additional part-time funding will be added in FY 2012 to accommodate services for the increase in booking of events.
- 37 - These divisions have position(s) that are authorized but unfunded in FY 2012 - see division budget for more details.
- 38 - 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.
- 39 - 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.
- 40 - Eliminated one Lead Automotive Technician position and added two Automotive Technician II positions for FY 11-12.
- 41 - 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.
- 42 - One Animal Control Officer position added in FY 12-13.
- 43 - 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.
- 44 - 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.
- 45 - 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.

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

- 46 - 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.
- 47 - In FY 12-13, the Street Sweeping program transferred to the Drainage Fund.
- 48 - 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.
- 49 - 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.
- 50 - 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.
- 51 - Added three Maintenance Laborers and one Maintenance Technician I position in FY 2013.
- 52 - In FY 2013, reclassified a part-time Office Assistant II position to full-time.
- 53 - 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.
- 54 - Grant funding for the Sustainability and Grant Manager position ended in October 2012. At that time, this position transferred to the Administrative Services division in the General Fund.
- 55 - Administrative Assistant II position not authorized in FY 2013
- 56 - Wellness Program transferred from Human Resources to Parks & Leisure Services in FY 2013. Part-time Health & Wellness Coordinator position added.
- 57 - Change in distribution only, no change in the number of FTEs.
- 58 - During FY 2013, the Management Assistant position was retitled to Executive Assistant to the City Manager.
- 59 - During FY 2013, the Records Technician position was reclassified to a Records Specialist position.
- 60 - 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.
- 61 - 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.
- 62 - 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.
- 63 - 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.
- 64 - During FY 2013, the Assistant Director of Public Works - City Engineer position was changed to a City Engineer position.
- 65 - In FY 2014, a Management Analyst position was added.
- 66 - In FY 2014, the Assistant City Manager division was added and the Assistant City Manager and Administrative Assistant II positions were transferred from the City Manager's budget to the new division.
- 67 - In FY 2014, a Building Maintenance Worker position was added.
- 68 - In FY 2014 a Fleet Services Foreman position will be added for a succession plan. The Fleet Services Asst. Director position will be eliminated once the succession takes place.
- 69 - In FY 2014, a new Code Enforcement Officer position was authorized as part of the East Temple Redevelopment.
- 70 - In FY 2014, the Administrative Assistant I position is not authorized.
- 71 - Two Police Officer positions will be added to the Patrol Unit in FY 2014, as well as, implementation of the Civil Service Compensation Study. The Compensation Study includes changes to rank structure.
- 72 - In FY 2014, a CIP R.O.W. Agent position was authorized. This position is to be funded with bond funds.
- 73 - In FY 2014, a Street Services Foreman position was reclassified to a Street & Drainage Services Asst. Director position.
- 74 - In FY 2014, the Recycling Attendant position was reclassified to a Recycling Assistant. In addition, a Recycling Coordinator position was added due to the implementation of the Curbside Recycling Program.
- 75 - In FY 2014, an Assistant Golf Professional position will be added. This position is offset by a reduction in part-time \$'s and an increase in revenues due to increased sales from the addition of the position.
- 76 - In FY 2014, the Recreation Specialist position for the Wellness Program was reclassified from a part-time to a full-time position.
- 77 - In FY 2014, added a part-time Office Assistant II.

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

- 78 - During FY 2014, the remaining three Meter Reader positions were eliminated as the final phase to outsourcing meter reading.
- 79 - During FY 2014, an Assistant Director Water Production position was created and a Maintenance Laborer position was eliminated.
- 80 - During FY 2014, a Systems Analyst position was added.
- 81 - During FY 2014, one Project Engineer position was reclassified to a CIP Project Manager - EIT position.
- 82 - During FY 2014, the Administrative Assistant I position was eliminated and a Customer Service Rep II position was added.
- 83 - In FY 2014, the part-time Office Assistant I position was reclassified to full-time.
- 84 - During FY 2014, an Assistant Director Water Production position was created and a Maintenance Laborer position was eliminated.
- 85 - During FY 2015, the Administrative Assistant II position was reclassified to a Transformation Coordinator position.
- 86 - In FY 2015, the Records Assistant position was reclassified to full time. The position is funded 50% with restricted revenues and 50% from the General Fund.
- 87 - In FY 2015, three Facility Attendant/Custodian positions were reclassified to Crew Leader positions.
- 88 - In FY 2015, the Administrative Services division was retitled to General Services division. The Director of Administrative Services was retitled to General Services Director and funded 100% in this division. 85% of the Sustainability & Grant Manager position is now funded in the General Services division and 15% funded in the CDBG budget.
- 89 - In FY 2015, a Systems Analyst position and a Network Analyst position was added and a part-time Systems Analyst position was eliminated.
- 90 - In FY 2015, Permits and Inspections merged into one department - Inspections/Permits. In addition, three Building Inspector positions were reclassified to a new Combination Building Inspector position.
- 91 - In FY 2015, one Deputy City Attorney position was reclassified to a First Assistant City Attorney position.
- 92 - In FY 2015, the Permit Assistant - PT position was reclassified to a full-time Permit Supervisor.
- 93 - In FY 2015, the Planning Intern position was reclassified to a full-time Planning Technician position.
- 94 - In FY 2015, an Equipment Operator position was added.
- 95 - In FY 2015, three Firefighter positions were added.
- 96 - In FY 2015, six Corporal positions were added in FY 2015.
- 97 - In FY 2015, a Traffic Signal Communication Technician position was added.
- 98 - In FY 2015, three Automated Route Operator positions and one Maintenance Worker position were added.
- 99 - In FY 2015, an Assistant Aquatics Coordinator position was added.
- 100 - In FY 2015, the Operations Specialist I position was reclassified to an ARFF Specialist I position and one position was eliminated. The Operations Manager was retitled to Assistant Airport Director. The Operations Specialist II position was reclassified to ARFF Supervisor. The ARFF Coordinator (part-time) position was reclassified to ARFF Specialist I (part-time). The Maintenance Specialist position was retitled Operations Supervisor. The Maintenance Technician positions were retitled Operations Specialists. The Operations Specialist II (part-time) was reclassified to an Operations Specialist (part-time) position.
- 101 - In FY 2015, an Assistant Lab Technician, Solids Operator, Instrument Technician and Maintenance Technician I positions were reclassified to Operator positions.
- 102 - In FY 2015, a Food & Beverage Specialist position was added.
- 103 - In FY 2015, one Equipment Operator I position, one Equipment Operator II position and one Crew Leader position were added.
- 104 - During FY 2015, the Transformation Agent - Lead and Transformation Agent positions were added.
- 105 - During FY 2015, the Records Assistant position was reclassified to an Administrative Assistant III position.
- 106 - During FY 2015, the Sustainability & Grant Manager position was eliminated.
- 107 - During FY 2015, the Assistant Director of Human Resources and Benefits Specialist positions were reclassified to HR Generalist positions. The Human Resources Specialist and Compensation Specialist positions were reclassified to HR Technician positions.
- 108 - During FY 2015, the Computer Operator position was eliminated and the Information Technology Specialist position was added.
- 109 - During FY 2015, the Development Coordinator position was transferred to the Planning Department.
- 110 - During FY 2015, the Senior Buyer and the Senior Buyer II positions were added. The Senior Buyer II position is funded with Bond Funds.
- 111 - During FY 2015, a Maintenance Worker position was transferred from Parks to Code Enforcement.
- 112 - During FY 2015, the Assistant City Engineer position was reclassified to Deputy City Engineer. The CIP - Project Engineer - EIT was retitled to Project Manager during FY 2015.
- 113 - During FY 2015, the Utility Director position was transferred from the Water Treatment Plant.
- 114 - During FY 2015, the Utility Services Director position was eliminated and the Assistant Utility Services Director position was renamed to Utility Manager.

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

**Table XVIII
(Continued)**

¹¹⁵ - During FY 2015, the Water Production Director position was renamed to Utility Director and moved to the Public Works Admin department. The Assistant Director Water Production was renamed Deputy Utility Director. The Chief Operator position was renamed Treatment Chief of Operations.

¹¹⁶ - During FY 2015, the Stormwater Program Technician was renamed to Stormwater Program Specialist.

¹¹⁷ - During FY 2015, the ROW Coordinator position was transferred from the City Manager's department. The ROW Coordinator position is funded with Bond Funds.

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government -										
Capital projects obligated	\$66M	\$58M	\$120M	\$114M	\$106M	\$115M	\$110M	\$159M	\$186M	\$235M
Total funds invested @ 9/30	\$ 52,730,401	\$ 67,494,871	\$ 94,790,751	\$ 77,527,829	\$ 97,408,266	\$ 91,702,563	\$ 112,611,694	\$ 145,606,448	\$ 119,314,561	\$ 165,743,994
Average return on investments	4.52%	5.28%	3.07%	0.09%	0.20%	0.14%	0.14%	0.15%	0.15%	0.23%
Public safety -										
Police:										
Noise violations	38	138	156	110	52	41	41	25	10	17
Speeding citations	8,251	7,396	7,321	6,082	7,021	9,126	7,349	8,458	8,204	7,137
Stop sign/light citations	1,231	1,372	1,342	963	1,014	795	708	685	851	651
Priority 1 calls	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	4 min 43 sec	7 min 13 sec
Priority 2 calls	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	13 min 4 sec	12 min 34 sec
Fire:										
Fire/EMS response time average (minutes)	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	4 min 36 sec	4 min 44 sec
Fire/EMS incidents responded to	10,075	10,982	10,544	11,071	9,747	12,548	12,334	13,851	13,044	13,010
% of one & two-family residential structure fires confined to room/structure of origin	45% / 80%	41% / 65%	36% / 73%	31% / 73%	39% / 89%	60% / 90%	62% / 92%	86% / 87%	79% / 98%	86% / 97%
Animal control:										
Animals handled	5,517	5,110	5,242	4,704	5,009	4,780	4,582	4,082	4,258	4,021
Animals euthanized	2,639	2,441	2,124	2,249	2,471	2,315	1,956	1,685	1,765	1,622
Animals adopted	1,954	2,049	1,692	1,884	1,960	1,862	2,008	1,830	1,710	1,719
Animals reclaimed by owner	694	610	576	562	532	538	596	526	668	619
Inspections:										
Permits issued ¹	2,926	3,525	5,383	4,658	4,949	4,584	4,855	6,106	6,097	7,286
Building inspections	13,727	14,250	11,584	9,914	11,396	8,934	13,837	15,396	12,595	13,475
Highways & streets -										
Street:										
New lane miles	6.0	5.0	32.0	7.0	11.0	7.9	4.0	8.7	7.0	13.0
Streets seal coated (lane miles)	15.1	12.0	11.0	10.0	50.0	15.0	64.0	-	-	-
Streets overlaid (lane miles)	18.4	10.3	10.2	9.0	-	-	-	52.0	62.0	50.3
Traffic signals:										
Signal lights repaired	160	120	110	95	192	312	330	390	460	383
Equipment upgraded by intersection	5	4	2	8	-	-	-	-	27	24
Engineering:										
Construction contracts administered/manage	19	10	14	10	22	17	Not Available	48	84	75
Construction/building plans & plats reviewed	231	278	324	324	404	586	Not Available	489	498	538
Health and welfare -										
Public service contracts	5	5	5	6	5	3	3	4	4	4
Sanitation -										
Number of residential customers	16,710	16,900	17,350	18,507	19,064	19,494	19,933	20,576	21,146	21,178
Number of commercial/industrial customers	1,850	1,875	1,982	2,133	2,097	2,055	2,001	1,984	2,004	1,905
Tons of garbage and bulk collected	89,330	90,910	90,905	78,545	83,589	79,590	81,697	84,088	84,417	83,614

* = Not available (continued)

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

Table XIX
(Continued)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Culture and leisure services -										
Parks:										
Ratio of acres maintained per maintenance staff employee	68.4	57.2	61.7	61.2	32.5	33.0	33.0	34.0	34.0	34.0
Park master plans designed	6	8	2	2	2	3	3	2	3	2
Park/city improvement projects completed	106	100	115	151	134	161	141	165	214	224
Leisure services:										
Number of classes offered	475	599	650	830	807	1,141	1,182	1,438	1,399	1,544
Overall customer satisfaction	92.0%	91.0%	93.6%	94.0%	98.6%	99.4%	99.5%	98.0%	97.0%	97.0%
Mayborn center:										
Number of room nights	4,500	5,360	5,628	4,210	10,379	8,030	9,200	6,550	12,210	14,180
Event days booked	270	283	259	192	210	266	305	306	330	336
Golf course:										
Number of rounds of golf played	38,400	35,506	40,500	29,506	27,771	6,642	29,654	32,081	29,990	32,081
Number of youth in 'Learn to Golf' program	214	492	600	240	40	144	176	126	161	126
Education:										
Circulation per capita	8.10	8.07	8.23	7.31	7.03	6.68	6.53	6.16	5.71	5.58
Library visits per capita	5.75	5.34	5.48	4.65	4.75	4.78	4.34	4.05	3.74	3.66
Airport -										
Airshow attendance	26,000	23,000	22,000	23,000	26,000	28,600	22,000	22,500	24,262	26,500
T-Hangers available / occupancy rate	86 / 100%	86 / 100%	86 / 100%	86 / 100%	86 / 100%	86 / 100%	74 / 100%	74 / 100%	74 / 100%	74 / 100%
Water/sewer -										
Surface water treated (billions of gallons)	4.85	4.00	4.75	4.88	4.80	5.68	5.73	5.54	5.46	5.32
Number of customers (active meters)	20,015	22,747	22,418	22,467	22,871	23,245	23,802	24,616	25,226	25,953
Water billed (billions of gallons)	4.00	3.51	4.12	4.50	4.02	4.95	4.68	4.53	4.26	4.21
Sewer billed (billions of gallons)	2.50	2.18	2.29	2.33	2.31	2.37	2.36	2.39	2.39	2.25
Average daily production of treated water in MG (millions of gallons)	13,265	10,936	12,069	13,332	11,966	15,551	13,965	15,086	14,950	14,400
Highest daily production of treated water in MG (millions of gallons)	25,312	26,071	22,832	25,175	21,298	27,047	24,655	22,982	23,800	25,200
Average Cost of water treated per 1,000 gallons	\$0.56	\$0.68	\$0.69	\$0.76	\$0.84	\$0.71	\$0.79	\$0.84	\$1.13	\$1.05
Water main breaks repaired	425	324	325	325	301	689	595	539	613	289
New water taps installed	742	713	700	700	475	444	646	873	629	837
Sewer mains replaced (linear feet)	26,288	17,510	17,000	5,300	10,597	39,934	26,284	24,265	9,406	20,570
Average cost for wastewater per 1,000 gallons (Doshier Only)	\$2.45	\$2.50	\$2.55	\$1.15	\$1.96	\$2.06	\$1.79	\$1.95	\$1.73	\$1.44

* = Not available

Source: Data collected from various city departments for the budget.
1 In FY 2015, permits issued were restated for FY 2013 and FY 2014.

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

Table XX

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety -										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	7	7	7	7	7	8	8	8	8	8
Hydrants ³	2,082	2,500	2,690	2,690	2,772	2,831	2,889	3,111	3,368	3,441
Highways & streets -										
Paved streets (lane miles) ²	751.21	751.21	765.00	765.00	765.00	765.00	1,028.00	1,044.00	1,044.00	1,058.00
Unpaved streets (miles)	0.20	0.20	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Paved alleys (miles)	7.60	7.60	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Culture & leisure services -										
Parks & recreation:										
Park acreage developed	678	678	678	678	688	688	688	688	718	718
Park acreage undeveloped	49	49	49	49	49	109	109	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	16	16	16	16	14	16	16	16	16	14
Swimming pools/water park	4	4	4	4	4	5	5	5	5	5
Soccer fields	6	6	6	6	6	6	6	8	8	8
Picnic pavilions	24	24	25	25	27	26	27	27	27	26
Basketball courts	18	18	18	18	18	18	18	18	18	18
Playgrounds	36	38	36	36	37	39	40	41	41	41
Community centers	2	2	2	2	2	2	2	1	1	1
Recreation centers	3	3	3	3	3	3	3	3	3	3
Multi-use fields	7	7	7	7	8	8	11	9	8	8
Sand volleyball courts	2	2	2	2	2	2	2	2	2	2
Hike and bike trails	9	11	12	12	16	18	18	18	18	18
Roller hockey court	1	1	-	-	-	-	-	-	-	-
Extreme skate park	1	1	1	1	1	1	1	1	1	1
Disc golf course	2	2	2	2	2	2	2	2	2	2
Education:										
Number of volumes	156,085	157,467	159,767	153,056	166,747	167,550	177,035	189,168	185,450	184,993

* = Not available

(continued)

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

Table XX
 (Continued)

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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)	537	537	593	593	600	600	600	600	594	599
Daily average production (MGD ¹)	13.265	10.936	12.069	13.332	11.966	15.551	13.965	15.086	14.950	14.400
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	21,263	21,765	22,149	22,467	22,871	23,245	23,802	24,616	25,226	25,953
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)	362	362	410	410	410	410	410	410	400	389
Number of lift stations	24	24	24	24	27	27	29	29	31	32
Daily average treatment:										
Doshier Farm (MGD ¹)	2,000	4,080	4,080	4,080	3,430	1,900	2,290	2,200	1,430	2,240
Temple-Belton WWTP (MGD ¹)	4,486	6,590	6,590	6,590	5,659	5,470	6,380	6,340	6,490	7,070
Maximum capacity of treatment plants:										
Doshier Farm (MGD ¹)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Temple-Belton WWTP (MGD ¹)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Number of disposal plants	2	2	2	2	2	2	2	2	2	2
Number of service connections	17,356	17,930	18,564	18,945	19,395	19,791	20,206	20,826	21,386	21,983

¹ - MGD = million gallons daily

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

³ - FY 2015, hydrants' total was restated from 3,500 to 3,368

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

Table XXI

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

Calendar Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1/2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) UAAAL as a Percentage of ACP (4/5)	(7) Total TMRS Required Contribution Rate ⁽¹⁾	(8) Prior Service Portion of the TMRS Rate
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%
2013	127,071,062	158,609,168	80.1%	31,538,106	27,491,028	114.7%	17.51%	6.34%
2014	136,099,382	164,924,797	82.5%	28,825,415	28,503,722	101.1%	17.50%	6.16%

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
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	-	-	-
2014	39,056,649	50,613,335	77.2%	11,556,686	7,446,056	155.2%	15.24%
2015	-	-	-	Not Available	-	-	-

Source: Temple Firefighters' Relief and Retirement Fund

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

Fiscal Year ¹	Total Health Care Expenses	Retiree Expense	Percentage Retiree Costs to Total	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
				Active Members	Retirees Using City Health Care				Retiree Contributions	Subsidy of Retirees				
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	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	
2014 ³	3,835,827	483,487	12.6%	585	99	340	67	16.9%	327,376	(156,110)	4.1%	5,730	4,884	
2015	4,228,885	489,387	11.6%	588	110	354	73	18.7%	342,249	(147,138)	3.5%	6,360	4,449	
Total	\$ 29,743,341	\$ 4,513,415							\$ 2,809,833	\$ (1,703,582)		\$ 40,985	\$ 41,851	
Average	\$ 3,304,816	\$ 501,491	15.3%	623	108	290	58	17.4%	\$ 312,204	\$ (189,287)	5.7%	\$ 4,554	\$ 4,650	

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.

³ - In FY 2014 the City changed from self funded plan to a group health insurance plan both employees and retirees.

CITY OF TEMPLE, TEXAS
AVERAGE DAILY TREATED WATER VS. AVERAGE DAILY TREATMENT CAPACITY
Fiscal Years 2006 - 2015

Table XXIV

<u>Fiscal Year</u>	<u>Average Daily Treatment (MGD)</u>	<u>Average Daily Treatment Capacity (MGD)</u>	<u>Peak Day Usage (MGD)</u>
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
2014	14.9500	41.40	23.80
2015	14.4000	41.40	25.20

Source: Public Works Administration Office

CITY OF TEMPLE, TEXAS
ANNUAL TREATED WATER VS. TOTAL AVAILABLE WATER
Fiscal Years 2006 - 2015

Table XXV

<u>Fiscal Year</u>	<u>Annual Treated Water (Acre feet)</u>	<u>Total Available Water (Acre feet)</u>
2006	14,893	41,953
2007	12,308	41,953
2008	14,568	44,453
2009	14,952	44,453
2010	14,733	44,453
2011	19,041	44,453
2012	15,699	44,453
2013	17,006	44,453
2014	14,775	44,453
2015	16,313	44,453

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
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%
2014	4,814,440	4,260,031	106,503	90.70%	16,297,510	-3.96%	-6.15%
2015	4,750,924	4,213,140	97,517	90.73%	16,278,062	-0.12%	-1.10%

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
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%
2014	22,430	2,796	25,226	2.48%
2015	23,097	2,856	25,953	2.88%

Source: Utility Business Office

AVERAGE DAILY TREATED WASTEWATER VS. AVERAGE DAILY TREATMENT CAPACITY

Fiscal Years 2006 - 2015

Fiscal Year	Average Daily Wastewater Treated (MGD)			Average Daily Treatment Capacity (MGD)
	Temple-Belton WWTP	Doshier	Total	
2006	5.31	2.02	7.33	17.50
2007	4.55	2.21	6.76	17.50
2008	5.71	2.14	7.85	17.50
2009	3.46	2.25	5.71	17.50
2010	5.66	2.43	8.09	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
2014	6.49	1.43	7.92	17.50
2015	7.07	2.24	9.31	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

Fiscal Year Ending September 30,	Residential	Commercial	Total	Percentage Growth
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%
2014	19,259	2,127	21,386	2.69%
2015	19,823	2,160	21,983	2.79%

Source: Utility Business Office

**City of Temple, Texas
Top 10 Water Customers
For the year ended September 30, 2015**

Customer	Gallons	Revenue	% of Total Annual Revenue	% of Total Usage
Scott & White Hospital	177,915,800	\$ 668,220	4.11%	4.22%
Panda Temple Power, LLC	241,649,200	798,276	4.90%	5.74%
City of Morgan's Point Resort *	134,732,300	454,052	2.79%	3.20%
City of Temple	97,516,500	441,723	2.71%	2.31%
Dr Pepper Bottling	29,325,700	96,357	0.59%	0.70%
Pactiv Corporation	69,712,200	245,935	1.51%	1.65%
Wilsonart International	51,202,600	192,532	1.18%	1.22%
Housing Authority	34,914,400	132,977	0.82%	0.83%
Temple Public Schools	38,854,800	162,780	1.00%	0.92%
City of Troy *	37,288,700	163,376	1.00%	0.89%
	913,112,200	\$ 3,356,228	20.61%	21.68%

* Wholesale customers

\$ 1,059,151

**City of Temple, Texas
Top 10 Wastewater Customers
For the year ended September 30, 2015**

Customer	Gallons	Revenue	% of Total Annual Revenue	% of Total Usage
Scott & White Hospital	142,096,100	\$ 641,991	5.71%	6.31%
Wildwood Apartments	15,683,100	70,670	0.63%	0.70%
Housing Authority	31,249,600	141,371	1.26%	1.39%
Wilsonart International	26,069,700	118,505	1.05%	1.16%
Pactiv Corporation	29,585,400	133,394	1.19%	1.31%
Temple Public Schools	26,499,000	120,951	1.08%	1.18%
Meadow Village Apartments	17,218,600	77,781	0.69%	0.76%
Twin Oaks Apartments	14,427,800	64,973	0.58%	0.64%
Dr Pepper Bottling	14,822,000	66,747	0.59%	0.66%
City of Temple	14,224,800	67,662	0.60%	0.63%
	331,876,100	\$ 1,504,045	13.38%	14.74%

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	\$	263,938,450	Real and Personal	\$ 5,000	10/01/15
Fine Arts/Valuable Papers:					
Texas Municipal League	\$	234,739	Fine Arts	\$ 500	10/01/15
	\$	1,600,000	Valuable Papers & Records: Includes EDP Media	\$ 5,000	10/01/15
Contractor's equipment:					
Texas Municipal League	\$	6,129,960		\$ 1,000	10/01/15
Electronic Equipment:					
Texas Municipal League	\$	485,000	Equipment	\$ 1,000	10/01/15
Liability:					
Employee Dishonesty, Theft, Disappearance, & Destruction:					
Texas Municipal League	\$	200,000		\$ 5,000	10/01/15
Airport:					
Texas Municipal League	\$	1,000,000	Premises	\$ 0	10/01/15
	\$	1,000,000	Products/ Completed Operations	\$ 0	10/01/15
	\$	1,000,000	Hangar- Keepers-Each	\$ 2,500	10/01/15
	\$	1,000,000	Aircraft Non-Owned Aircraft Each Occurrence	\$ 0	10/01/15
Error & omissions:					
Texas Municipal League	\$	1,000,000		\$ 10,000	10/01/15
General:					
Texas Municipal League	\$	1,000,000		\$ 0	10/01/15

**City of Temple, Texas
Insurance Coverage**

Table XXXI

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	10/01/15
Auto Physical Damage:			
Texas Municipal League	Per Schedule	25,000	
Law Enforcement:			
Texas Municipal League	\$ 1,000,000	\$ 10,000	10/01/15
Bonds:			
Western Surety Company	\$ 500,000	Finance Director	03/03/15
Hartford Casualty Ins. Co	\$ 500,000	City Manager	05/19/15
Hartford Casualty Ins. Co	\$ 500,000	Each (3) Finance	10/01/15
Hartford Casualty Ins. Co	\$ 200,000	City Secretary	10/01/15
Insurer's Indemnity	\$ 5,000	Electrical Inspector	06/08/15
	\$ 5,000	Plumbing Inspector	09/01/15
Worker's Compensation:			
Texas Municipal League			10/01/15

Source: City of Temple Legal Department

(1) Per occurrence, unless noted.

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



Fast Facts*

2015 Population: 73,408¹

2015 Assessed Value: \$3,840,746,157

Median Age ²: 36

Median Household Income²: \$48,581

Total Employment in Temple: 31,793

Total Labor Force in Temple: 33,046

Square Miles: 74.1

Developable Land Remaining: 33.79 Square Miles

Housing Units:

- Owner Occupied²: 59%
- Renter Occupied²: 41%
- Vacant²: 17.8%

Average Home Sale Price: \$152,286

Average Temperatures in January: HI: upper 60's LOW: upper 30's

Average Temperatures in July: HI: upper 90's LOW: lower 70's

Average Annual Temperature: 66.6 degrees

Rainfall:

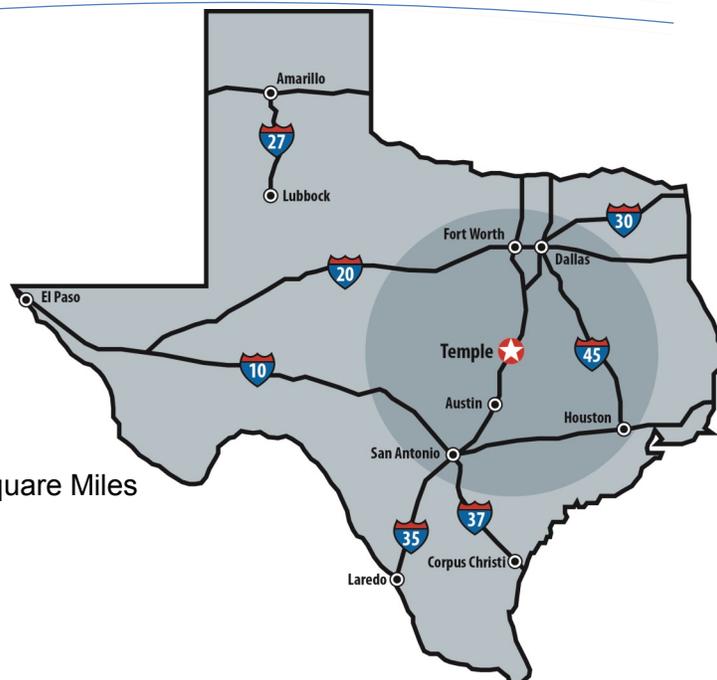
- Wettest Month: May / 4.5"
- Driest Month: July / 1.80"
- Average Annual Rainfall: 34.8"

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

84% of Texas' population is within 180 miles of Temple



¹ 2015 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.



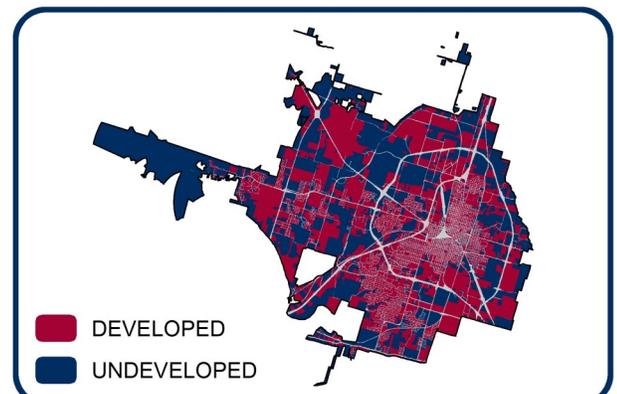
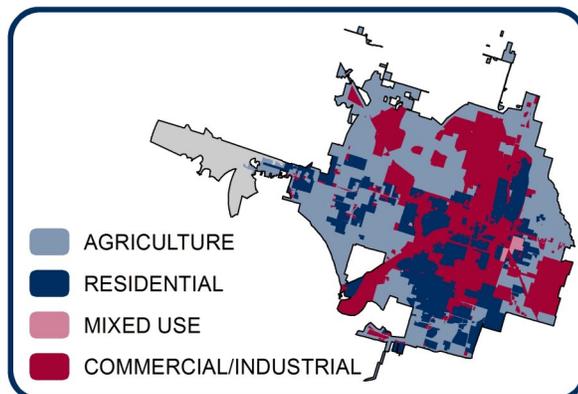
Miscellaneous Statistical Data

GOVERNMENT

Form of government:.....	Council-Manager, July 8, 1922
Area in square miles:	74.1
Date of original public sale of town lots:	June 20, 1881
Original charter, special:	March 27, 1907
Amendment to charter:	August 5, 1919
Second charter, home rule city:	July 8, 1922
Amendment to charter:	April 7, 1926
Third charter, present:.....	September 23, 1953
Amendment to charter:	October 23, 1967
Amendment to charter:	April 2, 1977
Amendment to charter:	January 20, 1990
Amendment to charter:	May 4, 1996
Amendment to charter:	May 6, 2000
Amendment to charter:	November 4, 2014
2015 Population (est.):.....	73,408

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

7,000' full precision approach runway and a 4,740' crosswind runway serving general aviation, jet, charter, medical, helicopter and military operations

Open 5 am—10 pm 7 days a week, 365 days a year

Home of the Central Texas Air Show!



Fire Protection

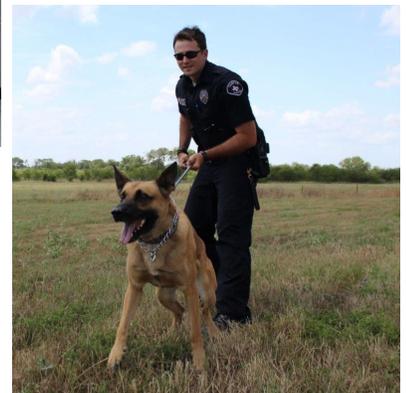
Number of stations: 8

Number of hydrants: 3,441

Number of fire fighters: 120

Fire fighters per 1,000 population: ... 1.63

Insurers Services Office (ISO) Rating:.. 3



Police Protection

Number of stations: 1

Number of sworn officers: 144

Sworn officers per 1,000 population:..... 1.95



Miscellaneous Statistical Data

SERVICE STATISTICS CONTINUED



Libraries

Number of libraries (public):	1
Number of volumes:	184,993
Circulation of volumes (2013-2014):.....	409,970
Library cards in force:	49,080

Parks and Recreation

Park acreage developed:	718
Park acreage undeveloped:	108.9
Golf course:.....	1
Baseball/softball fields:.....	17
Tennis courts:.....	14
Swimming pools:	4
Soccer fields:.....	8
Picnic pavilions:.....	26
Basketball courts:.....	18
Playgrounds:	41
Community center:	1
Recreation center:.....	3
Multi-use fields:	8
Sand volleyball courts:	2
Trail miles:.....	18
Extreme skate park:	1
Disc golf course:.....	2
Family water park:.....	1





Miscellaneous Statistical Data

SERVICE STATISTICS CONTINUED



Streets

Paved streets: 1,058 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: 599 miles
 Daily average water treatment: 14.40 MGD*
 Water treatment plant capacity: 41.40 MGD
 Number of water service connections: 25,953
 Source of water: Surface Water
 Wastewater collection system: 90 sq. miles
 Miles of wastewater collection system lines: .. 389 miles
 Number of lift stations: 32
 Daily average wastewater treatment:
 Doshier Farm 2.24 MGD
 Temple-Belton WWTP..... 7.07 MGD
 Maximum capacity of treatment plants:
 Doshier Farm 7.5 MGD
 Belton Wastewater Treatment Plant... 10.0 MGD
 Number of wastewater treatment plants: 2
 Number of wastewater service connections: 21,983

*MGD—Million gallons daily





Miscellaneous Statistical Data

EDUCATION STATISTICS

Temple Independent School District

Senior high school: 1

Number of classrooms:..... 132

Middle schools:..... 3

Number of classrooms:..... 142

Elementary schools: 9

Number of classrooms:..... 265

Admin. personnel & support: 622*

Teachers: 605*

Total Students: 8,635*

Annual budget: \$84,600,000

*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:	123
Number of full-time students ¹	1,769
Number of part-time students ¹	3,428
Population served	174,365
Counties served:	3
East Bell, Milam and East Williamson Counties	
Annual budget:	\$47,230,969

* 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:..... 1,094



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 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, 2015, 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 28, 2016.

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 28, 2016



INDEPENDENT AUDITORS' 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, 2015. 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, 2015.

**INDEPENDENT AUDITORS' 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 28, 2016

**CITY OF TEMPLE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditor's report issued was unmodified.

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs was unmodified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ___yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants

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

\$ 300,000

Auditee qualified as low-risk auditee?

X yes ___ no

**CITY OF TEMPLE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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.