

CITY OF TERRELL HILLS



Operating Budget FY 2018

City of Terrell Hills Fiscal Year 2018

This budget will raise more total property taxes than last year's budget by \$252,833 equal to a 5.2% increase, and of that amount \$48,502 is tax revenue to be raised from new property added to the tax roll this year.

The members of the City Council voted on the budget as follows:

For: Mayor Pro Tem – William Ochse Council Person – Marilyn Eldridge
 Council Person – Charles Parish Council Person – John Low
 Mayor – Anne Ballantyne

Against: None
Absent: None

Property Tax Rate Comparison

	2017	2016
Effective Tax Rate:	.330494	.329345
Property Tax Rate:	.347673	.339538
Effective Maintenance & Operations Tax Rate:	.299253	.284670
Rollback Tax Rate:	.347673	.350739
Debt Rate:	.048420	.054868

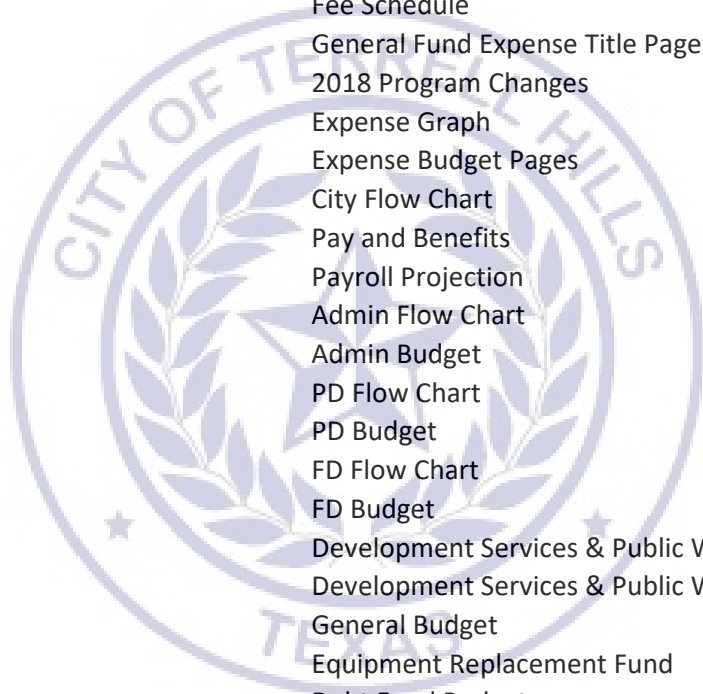
Total debt obligation for the City of Terrell Hills secured by property taxes: \$8,760,000.00

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Notice of Public Hearing on the 2018 Fiscal Year Budget for the City of Terrell Hills

The City of Terrell Hills City Council will hold a Public Hearing on the Proposed 2018 Fiscal Year Budget on December 11th 2017 at 5:00 p.m. at the Terrell Hills Municipal Complex. Located at 5100 N. New Braunfels Ave. The Budget will be available at the City Hall and available on the City Website at www.terrell-hills.com



City of Terrell Hills
Budget Calendar for FY 2018

August 14, 2017 (CC Meeting 5:00)	1. Vote to propose an increase in the tax rate 2. Set dates & times for 1 st and 2 nd public hearings & special meeting for adoption of tax rate
August 16, 2017 (11:30 am)	Pre-planning Budget Workshop
August 17, 2017	Submit proposed tax rate to Bexar County
September 6, 2017 (On or Before)	Public notice published in newspaper for public hearings on proposed tax rate and special meeting for adoption of tax rate
September 11, 2017 (CC Meeting 5:00)	1 st public hearing on proposed tax rate
September 13, 2017	Publish notice of vote on tax rate
September 14, 2017 (5:00 pm)	2 nd public hearing on proposed tax rate
September 15, 2017	Publish notice of vote on tax rate
September 18, 2017 (5:00 pm)	Special Meeting for adoption of tax rate
October 18, 2017 (11:30 am)	Budget Workshop
November 8, 2017 (11:30 am)	Publish 1 st draft of budget on City website
November 15, 2017 (11:30)	Budget Workshop Cancelled
November 22, 2017	Public notice published in newspaper for budget hearing
December 11, 2017 (CC Meeting 5:00)	1. Public hearing on FY 2018 Budget 2. City Council action on FY 2018 Budget



Budget Overview

The City of Terrell Hills budget process starts in May. The City uses a modified accrual method of accounting, which is consistent with the method presented in the annual independent audit report. Revenues are estimated based on prior years' history, trend analysis, economic forecasting and any shifts in policy or strategic goals as laid out by Council. The City Council will adopt, at the end of each year, a balanced budget. This means that the proposed expenditures are equal to or less than the proposed resources. On occasion, additional resources may be required mid-year in order to provide services appropriately. In these cases, the department seeking additional funds, along with the City Manager, will make a formal request for a budget amendment to City Council. If the request is approved, the budget is amended accordingly.



ORDINANCE NO. 1423

AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF TERRELL HILLS, TEXAS FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2018, AND ENDING DECEMBER 31, 2018; AND PROVIDING FOR THE INTRA-AND INTER-DEPARTMENTAL AND FUND TRANSFERS; AND DECLARING AN EFFECTIVE DATE

WHEREAS, the Budget has come before the City Council of the City of Terrell Hills, Texas for final review and consideration; and

WHEREAS, the City Council has conducted a public hearing, after proper notice, and has fulfilled all of the budget procedures in accordance with the laws of the State of Texas, including the Texas Local Government Code Chapter 102, and has complied with all of the applicable requirements of Federal Laws and Regulations; and

WHEREAS, said Budget is in good form and is in the best interest of the citizens of the City of Terrell Hills, Texas; and


WHEREAS, it is necessary, at this time, that said Budget be adopted.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TERRELL HILLS, TEXAS THAT:

1. The Budget for the Fiscal year 2018, attached hereto and made part hereof, is hereby approved and adopted by the City Council of the City of Terrell Hills, Texas, to be effective for the 2018 Fiscal year beginning on January 1, 2018 and ending December 31, 2018: and
2. The City Manager, or the Director of Administrative Services are hereby authorized to make intra- and inter- departmental fund transfers during the fiscal year as becomes necessary in order to avoid over expenditure of a particular account or fund; and

3. The City Manager, or the Director of Administrative Services are hereby authorized to make all expenditures that have been expressly approved and appropriated in this budget; and
4. This Ordinance shall take effect and shall be in full force and effect from and after January 1, 2018.

PASSED AND APPROVED THIS 11th DAY OF DECEMBER 2017.


Mayor, City of Terrell Hills

ATTEST:


Secretary-Manager



October 25, 2017

Anne Ballantyne,
City Council Members
Terrell Hills, Texas

To the Honorable Mayor and City Council:

We are pleased to present to the City Council and citizens of the City of Terrell Hills the 2018 Proposed Operating Budget. The Proposed Budget has been developed with the goal of providing quality services and maintaining the quality of life for the citizens of the City through efficient fiscal and personnel management while utilizing the City's Strategic Goals to guide the overall development and support the mission statement of our community.

The Proposed General Fund Budget total revenue is \$5,628,810 which represents an increase of 5.2% or approximately \$234,576 from the 2017 Budget. The projected increase can be attributed to the continued new construction and remodeling of properties in the community as well as the continued rise in property values. Current projections are that approximately 1/3 of the increase will be from new value added to the Ad Valorem tax base.

The Budget as presented is Balanced with no anticipated requirement to draw down the Reserve Funds while providing an estimated \$350,000 to transfer to the Capital Improvement Fund for future Street Projects. Additionally, the ¼ cent sales tax approved by voters for street maintenance will be transferred to the Capital Fund. These transfers reflect 8 % of the overall general fund budget.

Proposed expenditures reflect a 3% cost of living increase for City employees. The promotion of an Assistant City Manager, an increase in the salary for the Fire and Police Chief, a new incentive for retirees to have half of their accumulated sick time bought back from the city and finally, adding Columbus Day to the approved City Holiday Schedule.

The City started the Capital Improvement project on portions of Elizabeth, Grandview, Charles, Marion and Cross Streets with an anticipated completion date sometime in early 2018.

Overall, every effort has been made within the Proposed Budget to allocate resources in a sound manner that enables the effective delivery of municipal service for the safety, health, and welfare of the citizens of the City of Terrell Hills. These recommendations are forwarded to the Mayor and City Council for review and consideration.

Respectfully submitted,



Greg Whitlock
City Manager

Strategic Goals and Planning



Terrell Hills Vision Statement:

Terrell Hills is a premier neighborhood that is unique and multigenerational where neighbors' know each other. We like our community and want to maintain its character

Terrell Hills Mission Statement:

Terrell Hills is committed to preserving the character of our neighborhood and enhancing the quality of life for our citizens by providing excellent public safety, city services, infrastructure, and administration through sustainable and innovative processes as well as responsible fiscal management

Terrell Hills Goals:

- Limit debt to 1% of valuations
- Continue to recruit, develop and retain an educated, well trained, and highly qualified staff to serve our community
- Establish long term plans for infrastructure maintenance with no significant capital investment
- Continuously evaluate efficiencies in providing services to our community
- Maintain a response time to emergencies not to exceed an average of four minutes
- Enhance and beautify common areas through landscaping, lighting, minor construction and signage
- Respond to resident concerns within one business day
- Investigate incentives and opportunities for economic development in current non-residential zones
- Coordinate with local area and regional governments to develop a community wide drainage and flood protection plan
- Maintain minimum General Fund reserve equal to 180 days of operating revenue

Projected Budget Fund Balance

	2016 Final 31-Dec	2017 Estimated 31-Dec	2018 Proposed 31-Dec
Beginning Cash on Hand Balance	3,479,214	4,209,723	4,594,723
Excess of Revenue over Expenditure	<u>730,509</u>	<u>385,000</u>	<u>440,000</u>
Ending Cash Balance	4,209,723	4,594,723	5,034,723
Designated Reserve, Bonds	-765,392	-705,859	-711,059
Designated Reserve Crossing Guard	-60,405	-66,000	-60,500
Designated Reserve Capital Replacement	-347,733	-240,893	-384,893
Less Operating Reserve (180 days 2016 & 2017) (240 days 2018)	<u>-2,210,751</u>	<u>-2,464,122</u>	<u>-3,459,207</u>
Gross Ending Available Balance	\$825,442	\$1,117,849	\$419,064

City of Terrell Hills

2018 Fiscal Year

General Fund



Income

Estimated Tax Rate
Fiscal Year
2018

2017 Certified Ad Valorem Tax Rate

Debt rate	M&O rate	Total Rate
.054868	.284670	.339538

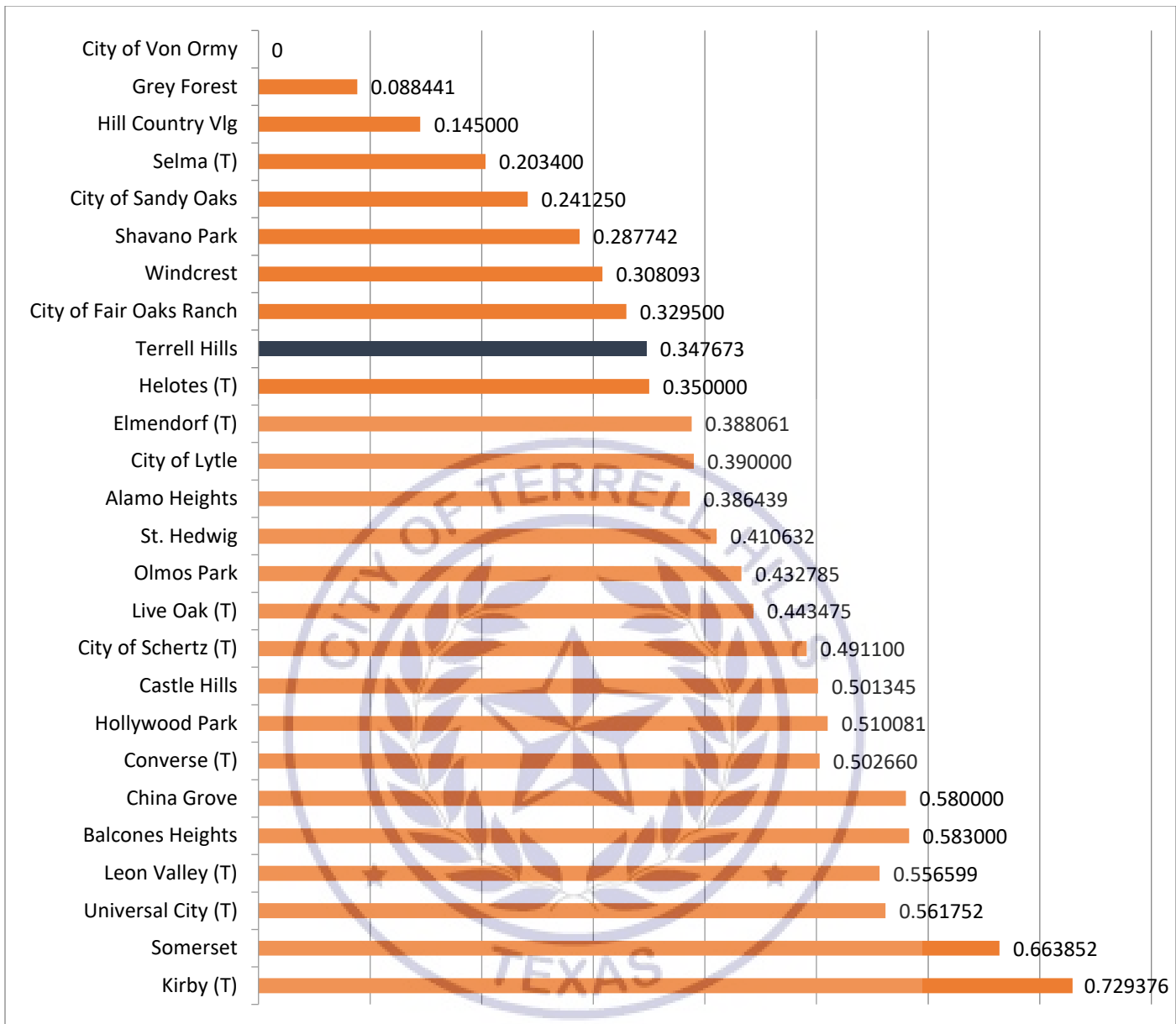
Estimated Valuation \$1,452,905,778

2018 Estimated Ad Valorem Tax Rate w/ \$16,000,000.00 in new valuations

Debt rate	M&O rate	Total Rate
.048420	.299253	.347673

Estimated Valuation \$1,471,755,113

Note: The rates calculated above are estimates only and may vary dependent upon actual valuations once certified by the Bexar County Appraisal District.



Income/Expense Budget

Estimated Fund Balance Dec. 31	<u>2016 Budget Actual</u>	<u>2017 Budget</u>	<u>2017 Budget Estimated Final</u>	<u>2018 w/3%COLA & position Adjustments and increase Capital</u>
Ordinary Income/Expense	\$3,778,052	\$3,887,883	\$3,887,883	\$4,423,009
Income				
4000 · Ad Valorem Tax				
4001 · Delinquent Ad Valorem	100,949.21	35,000.00	73,972.97	70,000.00
4002 · FY Ad Valorem Receipts	2,429,575.05	2,421,629.00	2,669,546.79	2,700,000.00
4003 · Prior Nondel Ad Valorem	1,534,478.62	1,817,948.00	1,586,532.38	1,700,000.00
	<u>304,376.00</u>	<u>265,000.00</u>	<u>315,000.00</u>	<u>320,000.00</u>
4020 · Bldg Permits	304,376.00	265,000.00	315,000.00	320,000.00
4050 · Court Fines	20,347.20	20,000.00	14,000.00	20,000.00
4051 · Court Technology	1,056.00	750.07	540.00	750.00
4070 · Franchise Tax				
4071 · Franchise Cable TV				
4072 · Franchise CPS				
4073 · Franchise SAWS				
4075 · Franchise AT&T				
4078 · Franchise MegaPath				
4081 · Franchise Grande				
4083 · Franchise MCI				
4085 · Time Warner Telephone				
4089 · Franchise SW Bell				
4091 · Franchise TW Telecom				
4095 · Franchise Verizon				
4099 · Granite Telecommunications				
4070 · Franchise Tax - All	466,524.64	430,701.26	465,840.98	470,000.00
4100 · Franchise PEG	0.00	0.00	0.00	0.00
4200 · Miscellaneous	0.00	0.00	0.00	0.00
4212 · Vehicle Sales	27,055.00	30,000.00	0.00	0.00
4213 · Board Fees	3,400.00	2,200.00	2,600.00	2,600.00
4214 · Burglar Alarms	225.00	860.00	1,600.00	860.00
4216 · Crossing Guard	6,288.63	6,000.00	5,500.00	5,500.00
4217 · Dog Tags	55.00	0.00	155.00	100.00
4218 · DONATIONS	1,000.00	2,000.00	300.00	2,000.00
4219 · Garage Sales	325.00	2,800.00	670.00	2,800.00
4222 · Receipt Book	2,392.28	3,000.00	1,200.00	3,000.00
4223 · Recycling Income	146.00	146.00	604.00	0.00
4226 · Parking Tickets	570.00	500.00	355.00	500.00
4200 · Miscellaneous - Other	1,126.60	700.00	800.00	700.00
4061 · PD Federal Asset Forfeiture	31,932.84	65,000.00	0.00	0.00
4300 · Sales Taxes				
4310 · Street Maint Tax	48,117.52	55,000.00	75,000.00	65,000.00
4300 · Sales Taxes - Other	192,470.09	230,000.00	300,000.00	260,000.00
4500 · Interest Income				
4502 · Interest Income Money Mkt	6,654.93	5,000.00	8,300.00	5,000.00
Total Income	<u>5,179,065.61</u>	<u>5,394,234.33</u>	<u>5,522,517.12</u>	<u>5,628,810.00</u>
Gross Profit	5,179,065.61	5,394,234.33	5,522,517.12	5,628,810.00

City of Terrell Hills Fee Schedule

<u>CATEGORY</u>	<u>2017 FEE</u>
Pet Registration/Tag	5.00
False Alarm Fee Schedule	(1-3) Free (4-5) 50.00 (6-7) 75.00 (8+) 100.00
Garage Sale Permit (2 days)	10.00
Estate Sale Permit (3 days)	20.00
Food License (1-2 employees)	100.00
Food License (3-6 employees)	150.00
Food License (7-10 employees)	250.00
Food License (11+ employees)	500.00
Open Records (copy of Ordinance)	5.00
Open Records (Police/Fire Report, resident)	none
Open Records (Police/Fire Report, non-resident)non-specified	3.00
Open Records (general)	.15 per page \$15.00 per hour personnel chg + 20% overhead
Board of Adjustment Request	100.00 plus 100.00 Admin fee *
Planning & Zoning Request	100.00 plus 100.00 Admin fee *
<p>*In the event that the requestor asks that an unscheduled Board of Adjustment or Planning and Zoning meeting be held the requestor will be responsible for advertising costs in the Express News.</p>	
Tree Trimming Permit (Annual)	25.00

CONSTRUCTION FEE SCHEDULE

All new Buildings, Additions, remodeling and renovations shall be based on the following Valuation Table.

VALUATION TABLE

(NEW BUILDINGS, ADDITIONS, AND REMODELS/RENNOVATIONS)

TOTAL VALUATION

Repair under \$1,500 (no inspections)

None

\$1,501-\$2,000

100.00

\$2,001-\$25,000

150.00 for the first \$2,000.00 plus \$15.00 for each additional \$1,000.00 or fraction thereof, to and including \$25,000.00

\$25,001-50,000

\$495.00 for the first \$25,000.00 plus \$10.00 for each additional \$1,000.00 or fraction thereof, to and including \$50,000

\$50,001-\$500,000

\$745.00 for the first \$50,000.00 plus \$5.00 for each additional \$1,000.00 or fraction thereof, to, and including \$500,000.00

\$500,001-\$1,000,000

\$2995.00 for the first \$500,000.00 plus \$4.00 for each additional \$1,000.00 or fraction thereof, and including \$1,000,000.00



\$1,000,001 and up	\$4995.00 for the first \$1,000,000.00 plus \$3.00 for each additional \$1,000.00 or fraction thereof
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OTHER BUILDING PERMIT FEES

Roofing, Walls and Fences	100.00
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Special Inspections to include verification of Fence variances, approval of Landscape in Rights-of-Way, and other inspections required by Inspector	100.00
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Driveway and Flatwork	100.00
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For the purpose of establishing a minimum building permit fee, the valuation of the building will be estimated by multiplying each of the two areas described in Section 301(b), par. 5 of the City Building Code, by the applicable rate per square foot in the schedule below, and then adding the two amounts together.

RATE SCHEDULE

I. Primary Areas (Occupied)	150.00
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II. Secondary Areas (Non-Occupied)	80.00
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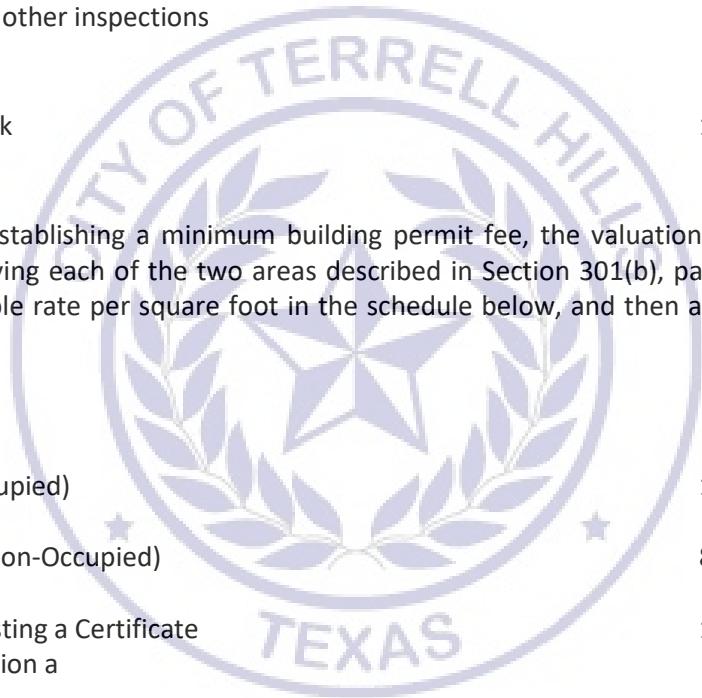
For Businesses requesting a Certificate of Occupancy Inspection a minimum fee of	100.00
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ELECTRICAL PERMIT FEES

Minimum Fee	100.00
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Repair and Minor Work to include 1 Inspection	100.00
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Renovations/ Remodels & Swimming Pools, no Service Upgrade Includes 2 inspections	175.00
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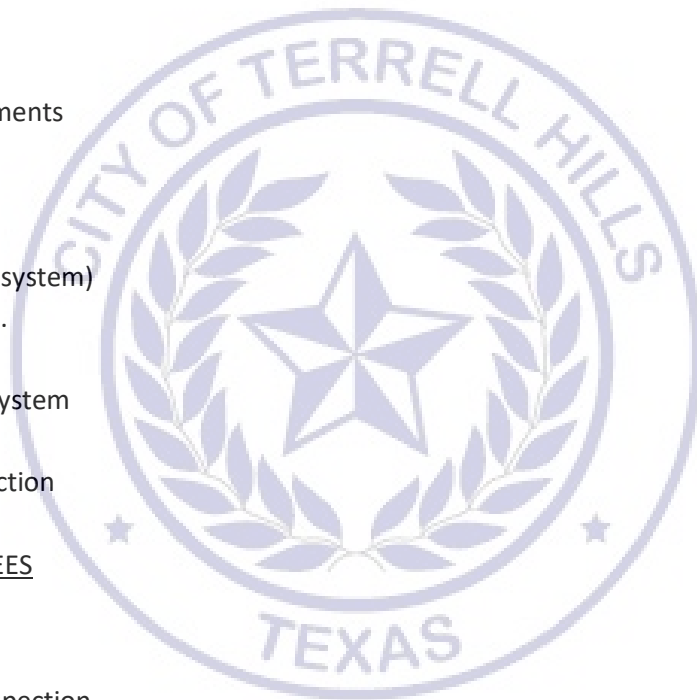
Renovations/ Remodels & Swimming Pools, with Service Upgrade Includes 3 inspections	200.00
New Residence/ Includes 5 inspections	400.00
Additional inspections above permitted (each)	100.00
All other Electrical will be based on # of required Inspections (each)	100.00

AIR CONDITIONING AND MECHANICAL PERMIT FEES

Minimum Fee	100.00
Change outs, replacements or warranty work includes 1 inspection.	100.00
All new Systems (first system) includes 2 inspections.	175.00
Each additional new system	75.00
Each Additional inspection	100.00

PLUMBING PERMIT FEES

Minimum Fee	100.00
Repairs, includes 1 inspection	100.00
Renovation and Remodels includes 2 inspections	175.00
Additions, includes 3 inspections	200.00
New construction, includes 6 inspections	350.00
Sprinkler systems (new or repair)	100.00
Additional inspections above permitted (each)	100.00



GAS PERMIT FEES

CPA lockout/gas test, includes 1 inspection	100.00
Relocate gas meter, includes 1 inspection	100.00
Minor repairs, includes 1 inspection	100.00
Renovations/Remodels, includes 2 inspections	175.00
New construction, includes 3 inspections	200.00
Medical Gas	150.00
Additional inspections above permitted (each)	100.00
Underground storage tanks (removal or install)	150.00

**Sewer Connections for new properties must pay the current Sewer impact fee

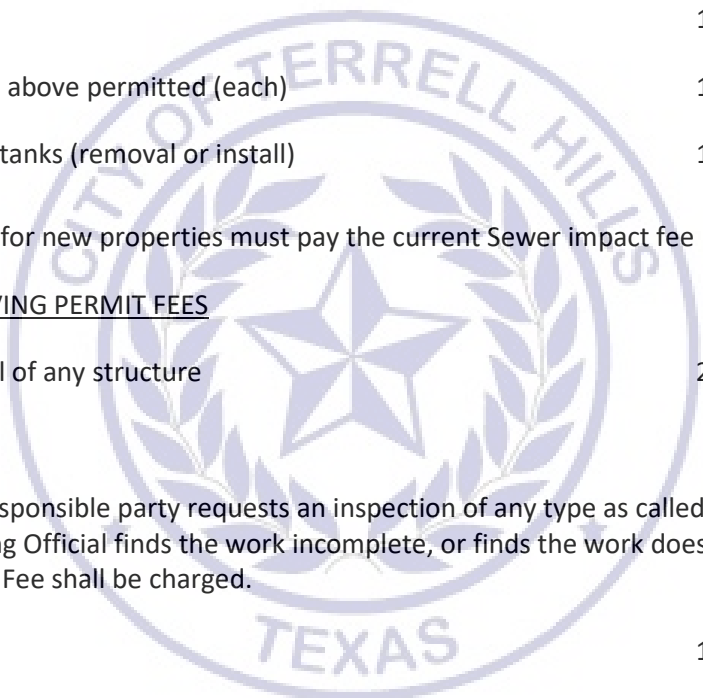
DEMOLITION OR MOVING PERMIT FEES

Demolition or removal of any structure	200.00
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RE-INSPECTION FEES

In all cases where a responsible party requests an inspection of any type as called for in the City Codes, and the Building Official finds the work incomplete, or finds the work does not meet Code, a Re-Inspection Fee shall be charged.

Re-Inspection Fee	150.00
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City of Terrell Hills

2018 Fiscal Year

General Fund

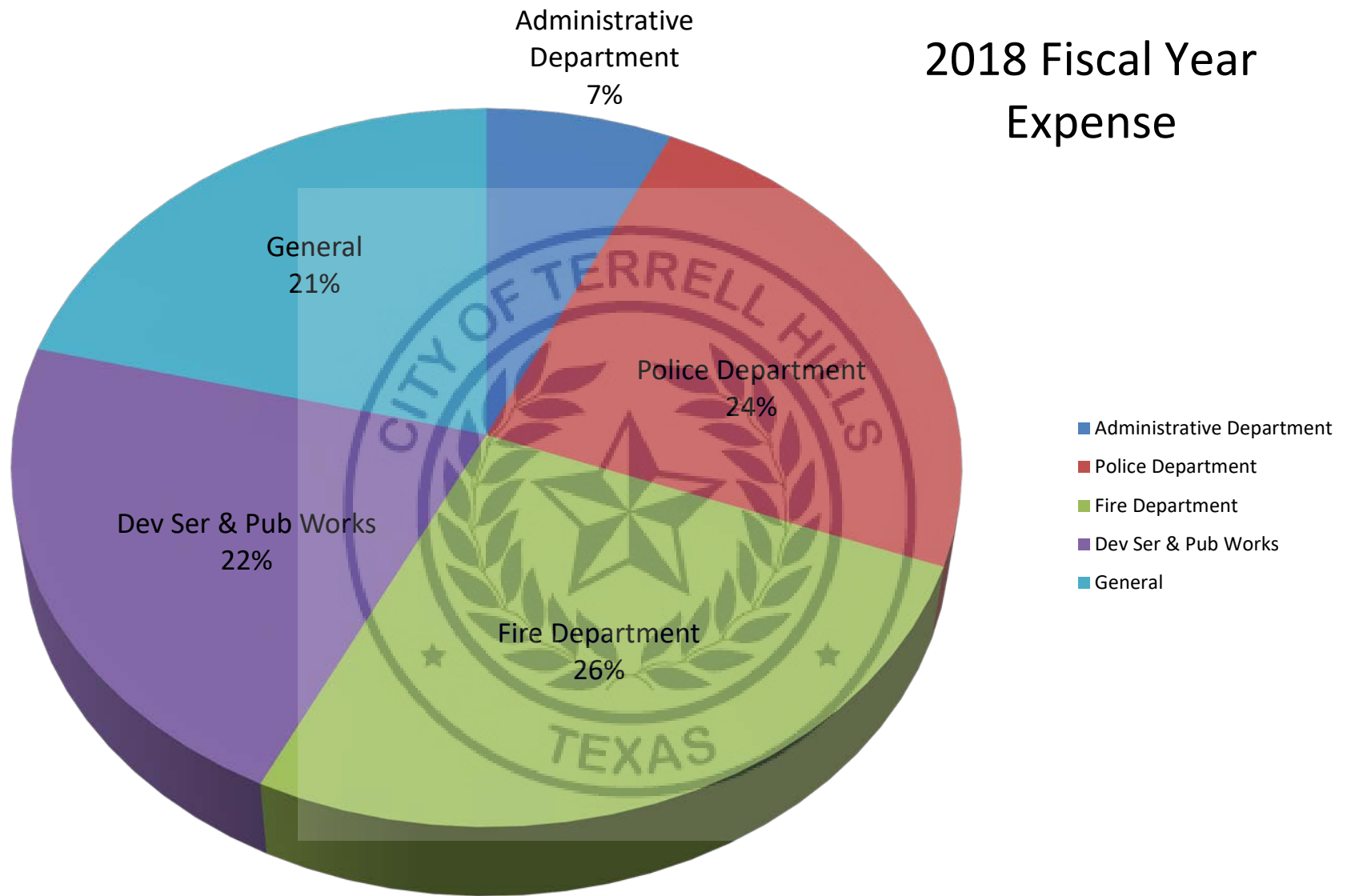


Expense

2018 Program Changes

2018 Program Change	Cost	Strategic Goal Met
3% COLA for employees	\$70,000	<ul style="list-style-type: none"> Continue to recruit, develop and retain an educated, well trained, and highly qualified staff to serve our community Continuously evaluate efficiencies in providing services to our community
Promotion of Assistant City Manager	\$30,000	<ul style="list-style-type: none"> Continue to recruit, develop and retain an educated, well trained, and highly qualified staff to serve our community Continuously evaluate efficiencies in providing services to our community
Sick Time Buy-Back for Qualifying Retiree's	\$0-10,000	<ul style="list-style-type: none"> Continue to recruit, develop and retain an educated, well trained, and highly qualified staff to serve our community
Increase in Transfer from General to Capital	\$25,000	<ul style="list-style-type: none"> Limit debt to 1% of valuations Establish long term plans for infrastructure maintenance with no significant capital investment Maintain minimum general fund reserve equal to 180 days of operating revenue
Increase Salary of Fire and Police Chief	\$8,500	<ul style="list-style-type: none"> Continue to recruit, develop and retain an educated, well trained, and highly qualified staff to serve our community Continuously evaluate efficiencies in providing services to our community Respond to resident concerns within one business day
Addition of Columbus Day to Official City Holiday Schedule	\$	<ul style="list-style-type: none"> Continue to Recruit, Develop and Retain an educated, well trained, and highly qualified staff to serve our community Continuously evaluate efficiencies in providing services to our community

2018 Fiscal Year Expense



Projected Expense Budget

Expense	2016 Budget Actual	2017 Budget	2017 Budget Estimated Final	2018 w/3%COLA & Program Changes
500000 · Administrative Expenses	6.00			
5001000 · Salaries Administrative	218,888.72	217,584.54	215,200.00	285,004.13
5001035 · CCAFE Expense	0.00	0.00	123.00	3,000.00
5001040 · TMRC	26,906.66	25,936.08	25,913.91	34,770.50
5001045 · CNCAF Expenses	106.81	50.00	0.00	685.00
5001050 · Med 1	13,812.09	15,000.00	12,200.00	15,415.00
5001060 · Dental (& Vision)	424.76	520.00	550.86	2,310.00
5001205 · Bank Charges	-27.50	500.00	2,916.41	500.00
5001225 · Admin Training	4,503.47	6,000.00	4,000.00	6,000.00
5001235 · Miscellaneous	3,196.15	4,000.00	3,850.00	4,000.00
5001240 · Office Expense	13,571.83	6,000.00	5,800.00	6,000.00
5001242 · Court Office Supplies	1,230.58	1,230.58	1,776.00	1,776.00
5001247 · Returned Checks	-282.00	0.00	-443.00	
Total 500000 · Administrative Expenses	282,337.57	276,821.20	271,887.18	359,460.63
510000 · Police Department				
5101000 · Salaries Police Department	914,160.00	964,785.12	920,000.00	948,445.84
5101035 · CCAFE Expense	3,473.60	3,800.00	4,930.00	3,800.00
5101040 · TMRC	118,567.27	115,002.39	117,339.01	115,710.39
5101045 · CNCAF Expense	2,245.90	2,900.00	2,800.00	2,200.00
5101050 · Med 1	57,326.48	58,600.00	58,756.26	62,260.00
5101060 · Dental (& Vision)	3,063.04	3,200.00	2,788.56	2,200.00
5101090 · Uniforms	5,390.88	10,000.00	8,400.00	10,000.00
5101102 · Animal Control	18,838.74	25,000.00	19,050.00	25,000.00
5101105 · CID	687.98	2,000.00	1,950.00	2,000.00
5101132 · Gas & Oil	15,954.84	25,000.00	18,341.33	25,000.00
5101157 · Radio Maintenance	637.50	2,000.00	1,800.00	2,000.00
5101178 · Tire & Battery	1,733.24	4,000.00	500.00	4,000.00
5101179 · Vehicle Repairs	14,492.98	10,000.00	8,300.00	10,000.00
5101225 · Training	17,700.71	17,000.00	17,000.00	17,000.00
5101235 · Miscellaneous	3,422.99	5,000.00	5,000.00	5,000.00
5101240 · Office Expense	3,894.63	4,000.00	4,000.00	4,000.00
5101330 · Vest	710.00	2,500.00	2,500.00	1,000.00
5101355 · PD ERF Transfer Out				
5101360 · PD Asset Forfeiture State Fund	314.01	0.00		
5101365 · PD Asset Forfeiture Fed Fund	40,413.89	65,000.00		
Total 510000 · Police Department	1,223,028.68	1,319,787.51	1,193,455.16	1,239,616.23

520000 - Fire Department

5201000 · Salaries Fire Department	837,150.73	957,867.69	912,266.92	991,167.34
5201035 · CCAFE Expense	636.48	300.00	560.00	530.00
5201040 · TMRC	106,434.00	114,177.83	110,794.43	120,922.42
5201045 · CNCAF - Fire Dept	316.80	500.00	440.15	575.00
5201050 · Med 1	67,308.73	75,000.00	72,000.00	80,760.00
5201060 · Dental (& Vision)	2,019.33	3,200.00	2,000.00	2,445.00
5201090 · Uniforms	9,825.75	9,900.00	9,900.00	9,900.00
5201128 · Fire Department Quarters	3,932.85	4,500.00	4,500.00	4,500.00
5201129 · Equipment & Maintenance	46,120.69	92,000.00	83,000.00	52,400.00
5201132 · Gas & Oil	6,824.13	6,500.00	7,400.00	8,500.00
5201157 · Radio Maintenance	1,697.50	2,500.00	2,200.00	2,500.00
5201178 · Tire & Battery	397.33	2,000.00	1,000.00	2,000.00
5201179 · Truck Repairs	6,349.78	6,500.00	6,079.41	7,000.00
5201225 · Training	9,819.38	11,500.00	11,500.00	14,000.00
5201235 · Miscellaneous	3,663.32	4,000.00	4,000.00	4,000.00
5201240 · Office Expense	2,037.87	3,000.00	2,394.70	3,000.00
5209000 · Fire Capital Outlay	22,017.88			
5201245 · ERF Transfer Out	30,600.00			66,000.00
Total 520000 · Fire Department	1,157,152.55	1,293,445.52	1,230,035.61	1,370,199.76

530000 - Dev Svcs & PW

5301000 · Salaries Streets & Sanitation	454,779.90	617,076.21	505,766.40	624,036.02
5301035 · CCAFE Expense	1,832.08	3,600.00	3,000.00	3,510.00
5301040 · TMRC	56,009.19	73,555.48	59,768.68	76,132.39
5301045 · CNCAF Expense	1,493.46	4,000.00	2,800.00	2,900.00
5301050 · Med 1	44,644.62	42,000.00	44,571.23	57,040.00
5301060 · Dental (& Vision)	2,181.58	4,500.00	2,550.47	3,140.00
5301090 · Uniforms	8,158.13	9,600.00	9,000.00	10,200.00
5301100 · Alley Maintenance	7,655.06	10,000.00	8,000.00	10,000.00
5301112 · Waste Disposal	113,527.77	124,000.00	110,000.00	124,000.00
5301132 · Gas & Oil	23,950.76	40,000.00	30,000.00	40,000.00
5301165 · Sprinkler & Park Maintenance	39,165.64	50,000.00	40,000.00	50,000.00
5301155 · Building Maintenance	161.99			
5301178 · Tire & Battery	9,506.86	10,000.00	6,000.00	10,000.00
5301179 · Equip Maint	44,577.97	47,000.00	36,000.00	47,000.00
5301225 · Training	3,073.12	4,500.00	4,015.00	4,500.00
5301235 · Miscellaneous	189.14	500.00	250.00	500.00
5301240 · Office Expense	1,244.73	1,500.00	850.00	2,000.00
5301375 · Materials & Equipment	7,749.71	32,000.00	32,000.00	10,000.00
5301380 · ERF Transfer Out	20,200.00			53,000.00
Total 530000 · Dev Svcs & PW	840,101.71	1,073,831.69	894,571.78	1,127,958.41

540000 - General

5401041 - Elections	0.00	4,500.00	1,275.00	3,000.00
5401101 - Appraisal District	21,386.98	25,000.00	22,200.00	23,000.00
5401103 - Audit	15,100.00	16,000.00	15,100.00	16,000.00
5401105 - Engineering Services	5,525.68	20,000.00	17,700.00	20,000.00
5401106 - Prosecutor	2,775.00	2,400.00	2,600.00	2,700.00
5401107 - Judge	2,400.00	2,400.00	2,400.00	2,400.00
5401108 - City Attorney	38,055.97	28,000.00	28,000.00	28,000.00
5401109 - Telephone	6,457.14	8,600.00	7,000.00	7,200.00
5401110 - CPS	24,675.67	20,600.00	25,600.00	25,000.00
5401111 - Street Lights CPS	19,691.31	19,500.00	19,931.88	20,000.00
5401112 - Water	10,584.61	10,000.00	10,000.00	11,000.29
5401114 - Dispatch	172,652.25	175,000.00	172,653.00	182,000.00
5401125 - EMS Contract	126,411.58	144,000.00	127,000.00	125,000.00
5401130 - Health Inspections	1,800.00	2,500.00	1,800.00	1,800.00
5401135 - Inspections				50,000.00
5401138 - Insect control	978.00	2,500.00	1,200.00	1,800.00
5401145 - Liability Insurance	37,586.59	44,000.00	46,278.10	44,000.00
5401146 - Workers' Compensation Insurance	72,658.00	75,000.00	72,660.00	75,000.00
5401150 - Newsletter	2,235.99	5,000.00	0.00	0.00
5401165 - Stormwater Mgmt Program	3,817.56	10,000.00	7,000.00	12,000.00
5401175 - Street Repairs	41,130.64	50,000.00	43,500.00	50,000.00
5401200 - Community Events	11,693.98	15,500.00	15,500.00	22,000.00
5401205 - Crossing Guard				5,500.00
5401210 - Contingencies	4,000.00	40,000.00	38,000.00	40,000.00
5401220 - Dues & Subscriptions	6,071.75	8,000.00	6,000.00	8,000.00
5401235 - Miscellaneous	4,710.68	3,000.00	3,000.00	4,000.00
5401245 - Postage	987.35	1,500.00	1,500.00	1,500.00
5401300 - Building Maintenance	62,528.41	45,000.00	45,000.00	47,150.00
5401325 - Computers	68,780.04	87,250.00	83,000.00	70,000.00
5401350 - Court Technology	0.00	500.00	250.00	500.00
5401600 - Payroll Taxes				
5401610 - Payroll City Life	3,269.35	3,629.35	810.00	3,500.00
5401650 - Payroll TMRC	-137.91	-51.20		
5401670 - FICA	143,398.29	140,438.51	140,438.51	140,438.51
5401675 - SUI	9,346.64	1,200.00	1,200.00	1,200.00
5401685 - Medicare	33,560.70	32,844.49	32,844.49	41,886.16
5401450 - Payroll Expenses	15,548.40	6,000.00	6,000.00	6,000.00
Total General	969,680.65	1,049,811.15	997,440.98	1,091,574.96
Total Expense	4,472,301.16	5,013,697.07	4,587,390.71	5,188,810.00
Net Ordinary Income	706,764.45	380,537.26	935,126.41	440,000.00

Fund Transfer for ERF (Seed Money)	296,933.00			25,000.00
Fund Transfer for Capital Street	300,000.00	325,000.00	325,000.00	350,000.00
Fund Transfer for Capital Street Sales Tax		60,000.00	75,000.00	65,000.00
Net Income	\$109,831.45	-\$4,462.74	\$535,126.41	\$0.00
Estimated General Fund Balance Dec. 31	3,887,883.02	3,883,420.28	4,423,009.43	4,423,009.43
8 Months Operating Reserve	2,981,534.11	3,342,464.71	3,058,260.47	3,459,206.66
Undesignated Reserve	906,348.91	540,955.57	1,364,748.96	963,802.77



2018 City Council:

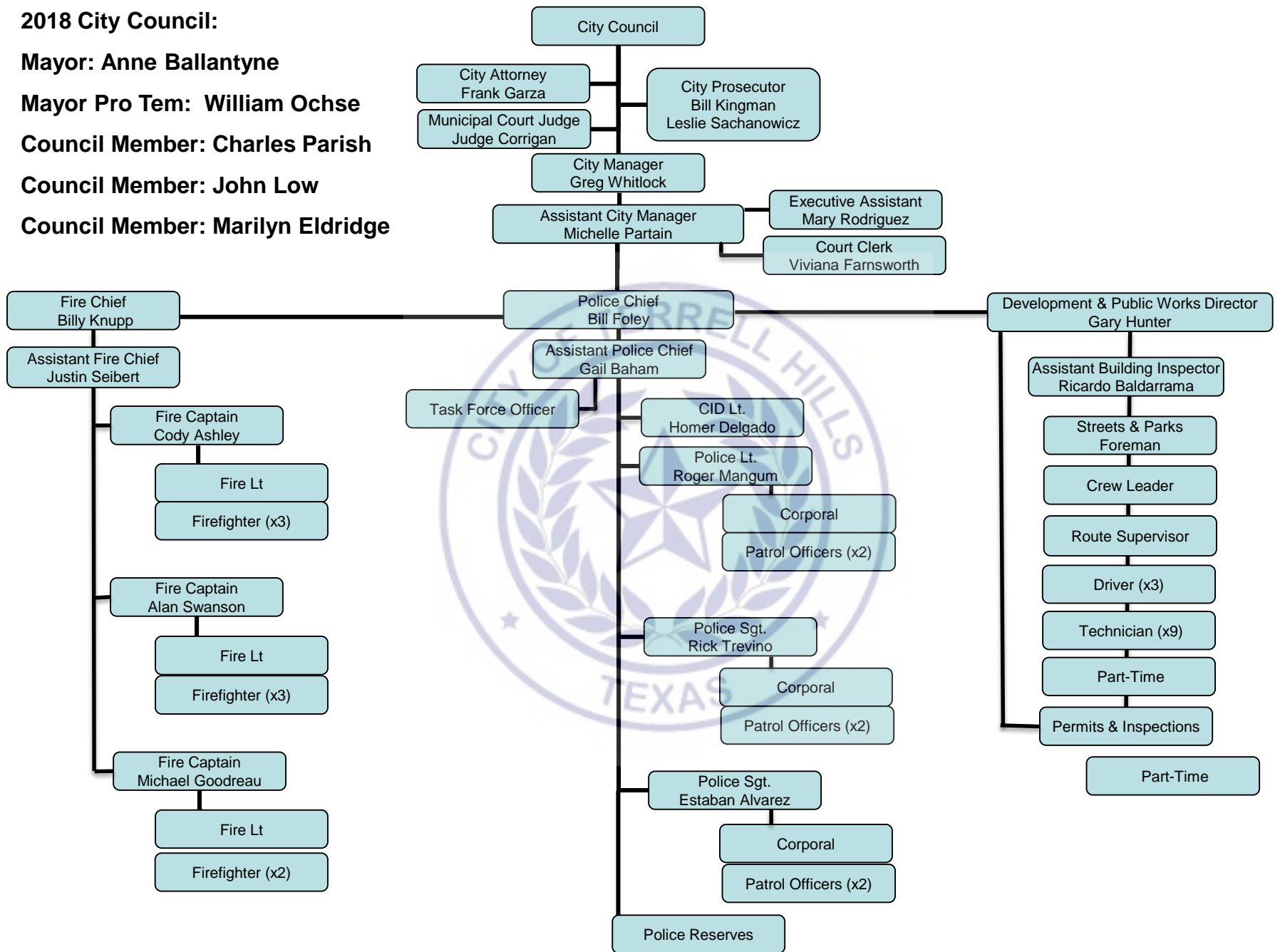
Mayor: Anne Ballantyne

Mayor Pro Tem: William Ochse

Council Member: Charles Parish

Council Member: John Low

Council Member: Marilyn Eldridge



Fiscal Year 2018 Pay and Benefits Plan

Base Pay

Administrative Department

Title	Authorized Positions		Base Rate/ Period
	2017	2018	
City Manager	1	1	\$113,000.00/ Annual*
Assistant City Manager	0	1	\$6,628.05 / monthly*
Director of Administrative Services	1	0	\$4,335.00 / monthly*
Executive Assistant	1	1	\$3,352.65/ monthly
Court Clerk	1	1	\$3,047.09/ monthly

* City Manager to receive \$200 per month vehicle allowance and \$50 per month phone allowance

* Assistant City Manager to receive \$100.00 per month vehicle allowance and \$50 per month phone allowance

Police Department

Chief	1	1	\$6,283.00/ monthly*
Assistant Chief	1	1	\$5,459.00/ monthly*
Lieutenant	2	2	\$4,632.85/ monthly
Sergeant	2	2	\$4,401.56/ monthly
Corporal	3	3	\$4,106.28/ monthly
Patrol Officer II	7	7	\$3,838.71/ monthly
Patrol Officer I/ In Training	As Needed	As Needed	\$3,552.40/ monthly

* Police Chief to receive \$200 per month vehicle allowance and \$50 per month phone allowance

* Assistant Police Chief to receive \$50 per month phone allowance

Fire Department

Chief	1	1	\$6,283.00/ monthly*
Assistant Chief	1	1	\$5,459.00/ monthly*
Captain	3	3	\$4,632.85/ monthly
Lieutenant	3	3	\$4,305.39/ monthly
Firefighter II	8	8	\$4,094.64/ monthly
Firefighter I/ In Training	As Needed	As Needed	\$3,552.40/ monthly

* Fire Chief to receive \$200 per month vehicle allowance and \$50 per month phone allowance

* Assistant Fire Chief to receive \$50 per month phone allowance

Development Services & Public Works

Director	1	1	\$5,355.92/ monthly*
Assistant Director/Building Inspector	1	1	\$3,948.60/ monthly*
Foreman	2	1	\$20.60/ hourly*
Senior Route Supervisor	1	1	\$16.24/ hourly*
Route Supervisor	2	1	\$16.73/ hourly
Crew Leader	1	1	\$16.13/ hourly
Crew Tech I	3	4	\$14.74/ hourly
Crew Tech II	4	4	\$15.53/ hourly
Crew Tech III	1	1	\$15.76/ hourly
Helper	As Needed	As Needed	\$13.00/ hourly
Part-Time Tech/Inspector	As Needed	As Needed	\$12.00-\$18.00/hourly DOQ

* Director, Assistant Director, Foreman & Senior Route Supervisor to receive \$50 per month phone allowance

Street Department personnel with a Texas Class B Commercial Drivers License will receive \$100.00 per month

Benefits

1. That new police officers and firefighters will be furnished an in-kind initial issue and be provided an annual uniform allowance of \$600 after completion of their training period. Development & Public Works Department employees will be provided an annual uniform allowance of \$600. Uniform allowances will be administered by department heads, whose approval will authorize City payments for uniform items.

2. That each full-time City employee shall receive longevity pay based on the salaries listed herein, such longevity pay to be based upon completed years of service to the City and computed as follows:

- a. First through third years 2% of base pay per year
- b. Fourth through seventh years 1% of base pay per year
- c. Eighth year onward 1/2 of 1% of base pay per year
- d. **Longevity Lateral Transfer for Experienced Employees** – For employees with confirmed previous experience in a comparable trade/field; after vetting and approval from both the Department Head and the City Manager, an experienced employee may be eligible to be paid at a higher rate up to 5 years of longevity.

3. That the fringe benefits of the employees be the same and hereby are as follows:

a. Holidays:

New Year's Day	Monday, January 1 st 2018
Martin Luther King Day	Monday, January 15 th 2018
President's Day	Monday, February 19 th 2018
Good Friday	Friday, April 13 th 2018
Memorial Day	Monday, May 28 th 2018
Independence Day	Wednesday, July 4 th 2018
Labor Day	Monday, September 3 rd 2018
Columbus Day	Monday, October 8 th 2018
Veteran's Day	Friday, November 12 th 2018
Thanksgiving Day	Thursday, November 22 nd 2018
Day after Thanksgiving	Friday, November 23 rd 2018
Christmas Day	Tuesday, December 25 th 2018

**** Fire & Police Shift Personnel will receive Holiday Time in the form of vacation days****

Holidays that fall on a Saturday will be observed on the preceding Friday, and holidays falling on a Sunday will be observed on the following Monday.

b. Sick Leave: Sick leave for full-time employees shall be earned at the rate of 8 hours month (12 hours applies to fire department personnel on 24 hour shifts) with a maximum accumulation of sixty days. Any employee with more than 30 days accumulated sick leave may use no more than 5 sick days as additional paid vacation. Any sick leave taken in excess of three consecutive days will require certification of a licensed physician. There will be no payment for unused sick leave upon an employee's termination.

c. Group Hospitalization Insurance: The City will provide group hospitalization and major medical insurance effective on the first day of the month following date of hire. Dependents' coverage and dental insurance shall be made available at the option of the individual employee. The City will contribute up to \$420 monthly to the City provided group plan for the employee and dependent insurance, with the employee responsible for the balance through payroll deduction. The City will also afford each employee the opportunity to obtain disability income and/or indemnity insurance for non-work-related accidents and illnesses, to be paid for by the employee through payroll deduction.

d. Group Life Insurance: Each employee will be provided with group life insurance based on the terms of the major medical policy and shall not exceed a total of \$50,000 in benefits. Dependents' coverage shall be made available at the option of the individual employee, the cost of which is to be paid by the employee.

e. Incentive Pay: Monthly pay to provide incentive for professional and educational accomplishment will be provided as shown below. Each employee is eligible for one incentive pay in each category related to their duty position. Certification of eligibility will be accomplished by the Department Head.

1) Education

Master's Degree	\$200.00
Bachelor's Degree	\$150.00
Associates Degree	\$75.00

(2) Professional Certification

Master Peace Officer/Master Firefighter/Court Clerk III	\$100.00
Advanced Peace Officer/Advanced Firefighter/Court Clerk II	\$75.00
Intermediate Peace Officer/Intermediate Firefighter/Court Clerk I	\$50.00

(3) Training Coordinator

\$80.00

(4) Fire Instructor/Police FTO

\$25.00

(5) EMS Instructor

\$50.00

(6) Fire Inspector

\$50.00

Each Firefighter will receive a \$10.00 cell phone allowance for emergency recall texting fees.

All Fire Captains and above, Police Sergeants and above, Public Works Foreman and above will receive \$50.00 per month cell phone allowance.

f. Vacation: Full-time Regular Employees shall be eligible for paid vacation days based on the following schedule;

After 6 months	5 days
1 year thru 10 years	10 days
11 years and onward	15 days

Note: Variations and exceptions from this schedule may be found in the Personnel Policy Handbook with City Council approval.

The Personnel Policy Handbook prescribes the use and accumulation of Vacation days.



Proposed Raise 3.00%

**Payroll Projections
Fiscal Year 2018
w/ 3% COLA & Positional Public Safety increases**

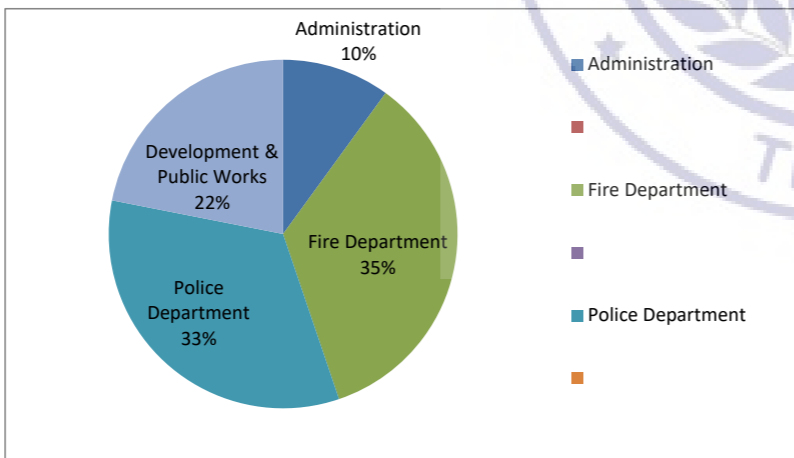
Department	Salary Projection	Social Security/city match	Medicare/ city match	TMRS/city match	Payroll Totals
Administration	\$285,004.13	\$17,670.26	\$4,132.56	\$34,770.50	\$341,577.45
Fire Department	\$991,167.34	\$61,452.37	\$14,371.93	\$120,922.42	\$1,187,914.06
Police Department	\$948,445.84	\$58,803.64	\$13,752.46	\$115,710.39	\$1,136,712.34
Development & Public Works	\$624,036.02	\$38,690.23	\$9,048.52	\$76,132.40	\$747,907.18
Total	\$2,848,653.33	\$176,616.51	\$41,305.47	\$347,535.71	\$3,414,111.01

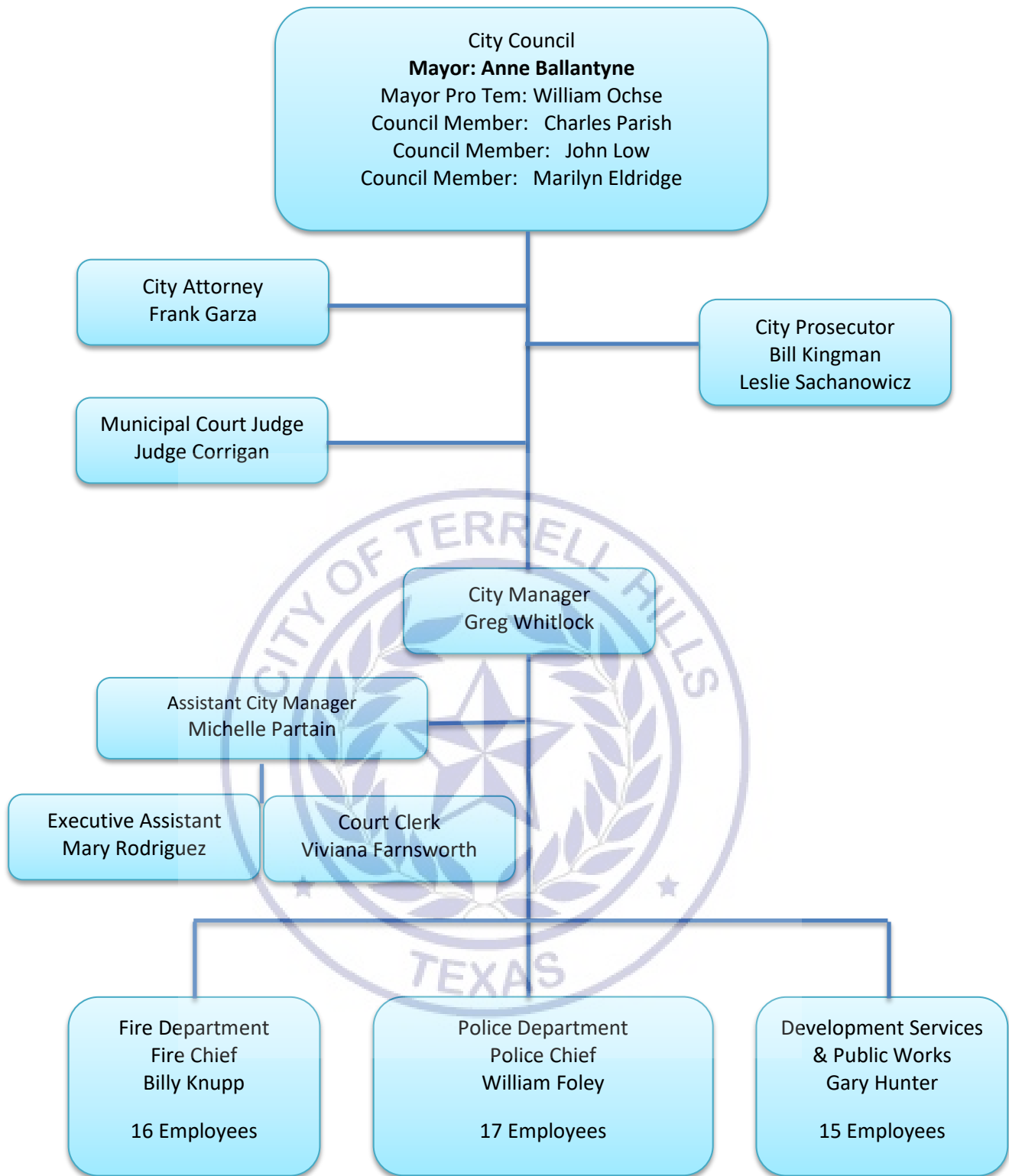
2017 budgeted amount \$2,757,313.56
 percentage difference 3.31%
 dollar diff \$91,339.77

Retirement/SS/Medicare 200:
 2017 Budgeted \$536,943.13
 Difference \$28,514.56
 Percentage Difference 5.31%

Total Difference \$119,854.32

This includes the **FULL** rate for **TMRS 12.20%**



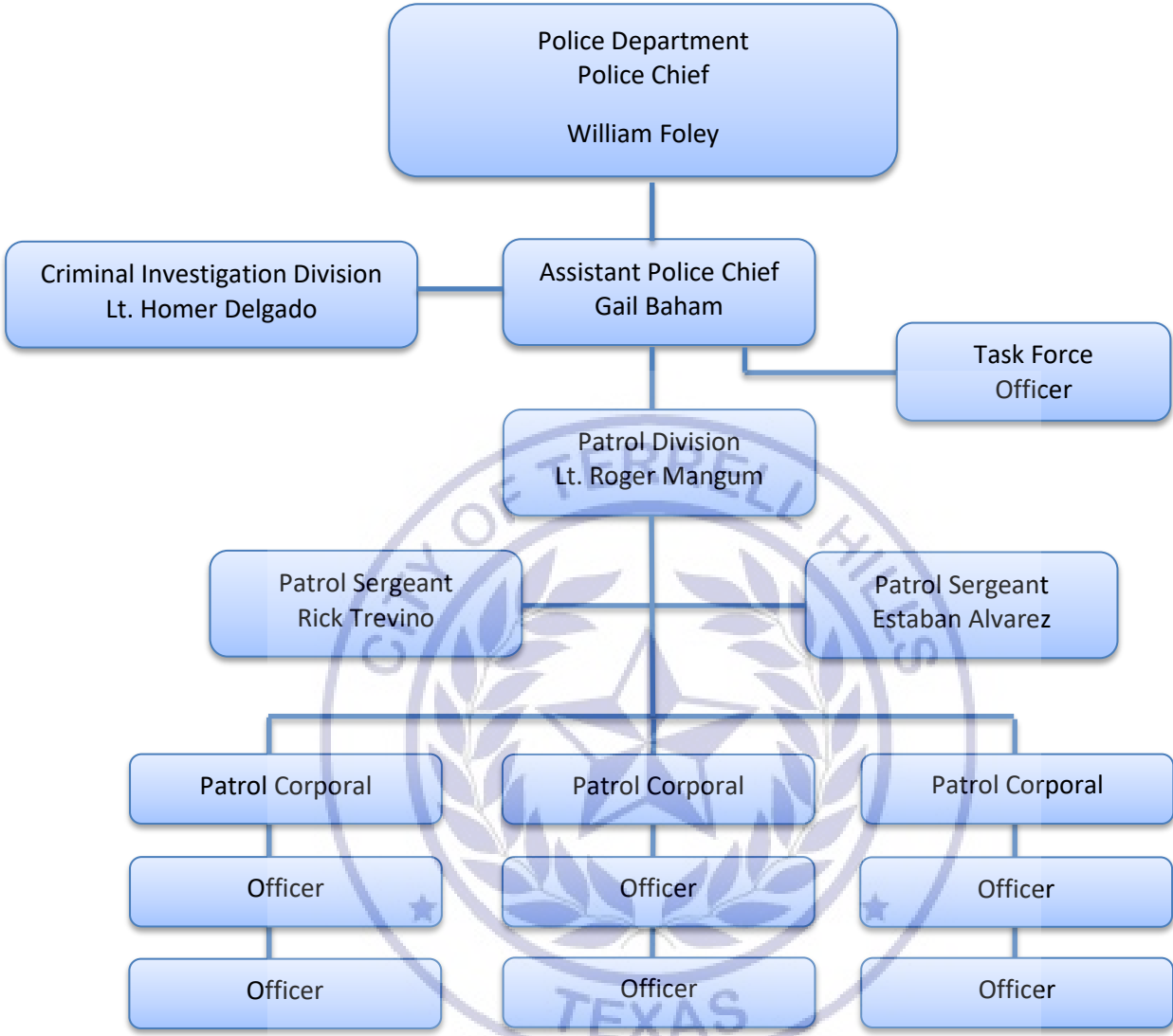




2018
Administrative Budget

	2016 Budget Actual	2017 Budget	2017 Budget Estimated Final	2018 w/3%COLA & Program Changes
500000 - Administrative Expenses	6.00			
5001000 - Salaries Administrative	218,888.72	217,584.54	215,200.00	285,004.13
5001035 - CCAFE Expense	0.00	0.00	123.00	3,000.00
5001040 - TMRC	26,906.66	25,936.08	25,913.91	34,770.50
5001045 - CNCAF Expenses	106.81	50.00	0.00	685.00
5001050 - Med 1	13,812.09	15,000.00	12,200.00	15,415.00
5001060 - Dental (& Vision)	424.76	520.00	550.86	2,310.00
5001205 - Bank Charges	-27.50	500.00	2,916.41	500.00
5001225 - Admin Training	4,503.47	6,000.00	4,000.00	6,000.00
5001235 - Miscellaneous	3,196.15	4,000.00	3,850.00	4,000.00
5001240 - Office Expense	13,571.83	6,000.00	5,800.00	6,000.00
5001242 - Court Office Supplies	1,230.58	1,230.58	1,776.00	1,776.00
5001247 - Returned Checks	-282.00	0.00	-443.00	
Total 500000 - Administrative Expenses	282,337.57	276,821.20	271,887.18	359,460.63

The Administrative Department provides Finance, Accounting, Human Resource, Municipal Court and the coordination of all City Departments and Services. The Salary portion covers four staff members including the Court Clerk, Executive Assistant, Assistant City Manager and the City Manager. Every effort is made to use the City's Mission Statement and Strategic Goals to guide the direction of all City Programs. We strive to provide a Friendly, Inviting and Cooperative organization to address the concerns and needs of the citizens of the City of Terrell Hills.





2018 PROPOSED BUDGET

	2016 Budget Actual	2017 Budget	2017 Budget Estimated Final	2018 w/3%COLA & Program Changes
510000 - Police Department				
5101000 - Salaries Police Department	914,160.00	964,785.12	920,000.00	948,445.84
5101035 - CCAFE Expense	3,473.60	3,800.00	4,930.00	3,800.00
5101040 - TMRC	118,567.27	115,002.39	117,339.01	115,710.39
5101045 - CNCAF Expense	2,245.90	2,900.00	2,800.00	2,200.00
5101050 - Med 1	57,326.48	58,600.00	58,756.26	62,260.00
5101060 - Dental (& Vision)	3,063.04	3,200.00	2,788.56	2,200.00
5101090 - Uniforms	5,390.88	10,000.00	8,400.00	10,000.00
5101102 - Animal Control	18,838.74	25,000.00	19,050.00	25,000.00
5101105 - CID	687.98	2,000.00	1,950.00	2,000.00
5101132 - Gas & Oil	15,954.84	25,000.00	18,341.33	25,000.00
5101157 - Radio Maintenance	637.50	2,000.00	1,800.00	2,000.00
5101178 - Tire & Battery	1,733.24	4,000.00	500.00	4,000.00
5101179 - Vehicle Repairs	14,492.98	10,000.00	8,300.00	10,000.00
5101225 - Training	17,700.71	17,000.00	17,000.00	17,000.00
5101235 - Miscellaneous	3,422.99	5,000.00	5,000.00	5,000.00
5101240 - Office Expense	3,894.63	4,000.00	4,000.00	4,000.00
5101330 - Vest	710.00	2,500.00	2,500.00	1,000.00
5101355 - PD ERF Transfer Out				
5101360 - PD Asset Forfeiture State Fund	314.01	0.00		
5101365 - PD Asset Forfeiture Fed Fund	40,413.89	65,000.00		
Total 510000 - Police Department	1,223,028.68	1,319,787.51	1,193,455.16	1,239,616.23

The Terrell Hills Police Department's 2018 proposed budget reflects the department's continued efforts to provide only the highest quality of police services to this community. The department is committed to protecting life and property, preventing crime and preserving the peace in a manner consistent with the freedoms secured by the constitution, always treating people with dignity, fairness and respect.

This proposal recognizes the mission and strategic goals set by the city council and allows this department to maintain our continued achievement of those standards. The proposed budget also assists the department in maintaining the excellent level of services provided by our officers.

A. NEW EQUIPMENT

Total: \$0.00

The equipment in this section will be purchased with Asset Forfeiture.

1. Equipment Replacement will be taken from Asset Forfeiture

a) Vehicles:

One (1) new patrol vehicle.

Includes extended power train warranty (5 years/100,000- whichever occurs first).

b) Other Equipment:

Vehicle Equipment:

This includes new and replacement emergency lights, graphics, cage kits, new consoles, weapon racks and installation as well as strip-down charges of retired vehicles and make ready for auction.

B. VEHICLE MAINTENANCE: Total \$10,000.00

All mechanical repairs necessary to maintain a safe and dependable patrol fleet.

C. TIRES AND BATTERIES: Total \$4,000.00

Replacement of worn out tires/batteries during the budget year.

D. RADIO AND COMMUNICATIONS: Total \$2,000.00

Anything related to repairs & maintenance on radio/communication equipment.

E. MISCELLANEOUS: Total \$5,000.00

Purchases not included in other line items which include supplies for July 4th parade, bike rodeo, best practices program requirements and pre-employment testing.

F. CID: Total \$2000.00

Items specifically for use in criminal investigations such as digital media, video replication supplies, photo paper for computer printing of investigational photos, crime scene processing and packaging items.

G. OPERATIONS:

Total: \$65,000

I. Gas and Oil: (\$25,000.00)

Fuel and Oil (including oil changes) for five patrol vehicles.

2. Training: (\$17,000.00)

a) In-service training schools: (\$8,800.00)

Includes off site and in-house training including audio/visual items used in training. This also includes state mandated training for licensing requirements, certification advancement, supervisor and investigational training.

b) Firearms Training: (\$6,200.00)

Includes ammunition, range supplies, and instructor development. All items used in mandated and additional Instructor Firearms development.

c) Animal Control Training: (\$2,000.00)

Includes onsite training for all patrol officers continuing education as basic animal control officers.

3. Animal Control: (\$25,000.00)

Primarily for quarantine, euthanasia and rabies testing fees when animals are taken to a local vet, as well as boarding animals for observation when the owner is unknown or unreachable. This cost also includes the cost of printing the 2016 TH Dog Tags.

H. OFFICE SUPPLIES:

Total: \$4,000.00

All supplies needed for day-to-day office operations; to include printer cartridges, printer paper, pens DVDs, SD Cards and unforeseen computer software needs.

I. UNIFORMS:

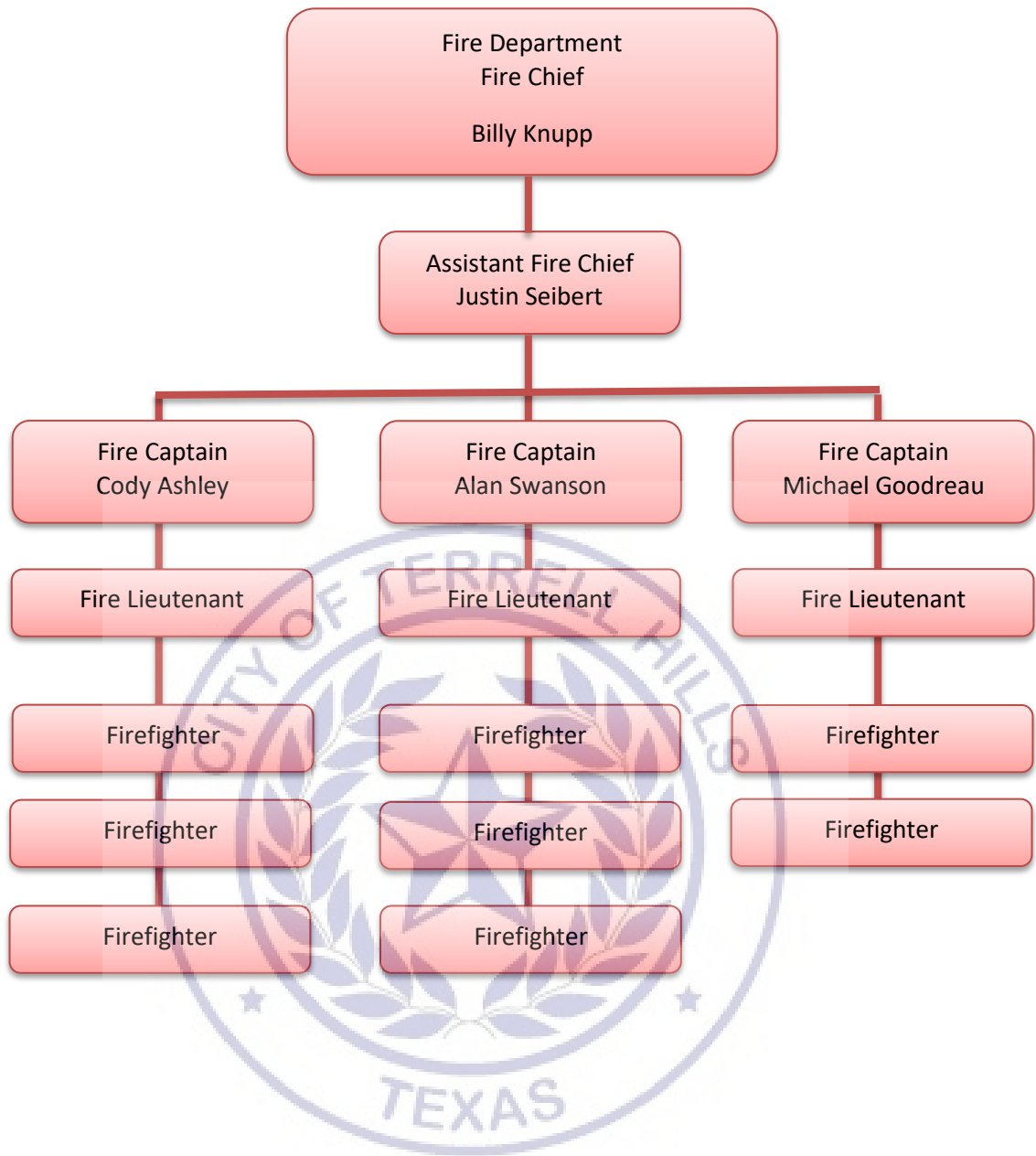
Total: \$10,000.00

\$600 annual uniform allowance for each of the **fifteen** full time officers. Also provides for an initial issue of uniforms to new officers when they are hired. Also allows for anticipated increase in cost associated with potential personnel turn over.

J. PROTECTIVE VESTS

Total: \$1,000.00

Allows for the replacement of soft body armor as well as initial issue for any newly hired officers.





Terrell Hills Fire Department Proposed Budget 2018



520000 - Fire Department	2016 Budget Actual	2017 Budget	2017 Budget Estimated Final	2018 w/3%COLA & Program Changes
5201000 - Salaries Fire Department	837,150.73	957,867.69	912,266.92	991,167.34
5201035 - CCAFE Expense	636.48	300.00	560.00	530.00
5201040 - TMRC	106,434.00	114,177.83	110,794.43	120,922.42
5201045 - CNCAF - Fire Dept	316.80	500.00	440.15	575.00
5201050 - Med 1	67,308.73	75,000.00	72,000.00	80,760.00
5201060 - Dental (& Vision)	2,019.33	3,200.00	2,000.00	2,445.00
5201090 - Uniforms	9,825.75	9,900.00	9,900.00	9,900.00
5201128 - Fire Department Quarters	3,932.85	4,500.00	4,500.00	4,500.00
5201129 - Equipment & Maintenance	46,120.69	92,000.00	83,000.00	52,400.00
5201132 - Gas & Oil	6,824.13	6,500.00	7,400.00	8,500.00
5201157 - Radio Maintenance	1,697.50	2,500.00	2,200.00	2,500.00
5201178 - Tire & Battery	397.33	2,000.00	1,000.00	2,000.00
5201179 - Truck Repairs	6,349.78	6,500.00	6,079.41	7,000.00
5201225 - Training	9,819.38	11,500.00	11,500.00	14,000.00
5201235 - Miscellaneous	3,663.32	4,000.00	4,000.00	4,000.00
5201240 - Office Expense	2,037.87	3,000.00	2,394.70	3,000.00
5209000 - Fire Capital Outlay	22,017.88			
5201245 - ERF Transfer Out	30,600.00			66,000.00
Total 520000 - Fire Department	1,157,152.55	1,293,445.52	1,230,035.61	1,370,199.76

During the 2018 Budget Year the Fire Department plans to continue to provide the highest quality of service to the citizens of this community by the following. Minimizing the loss of life and property of the citizens through suppression and prevention of fire, provide emergency medical care to the citizens, preventing accidents and injury to emergency service personnel, to mitigate the consequences of natural and man-made catastrophes, and to maintain continuous improvement of the system.

The Fire Budget's emphasis will be on education, and management of resources to innovatively continue to keep its response times below the established minimums as delineated by Council. The department is following Strategic Goals #2: Continue to Recruit, Develop and Retain an educated, well trained, and highly qualified staff to serve our community, #4: Continuously evaluate efficiencies in providing services to our community and #5: Maintain a response time to emergencies not to exceed an average of four minutes set forth by the City Council. The department intends to reach the preceding goals by utilizing the following Proposed Fire Department Budget.

Uniforms: \$ 9,900.00

Uniforms and other associated equipment including badges, footwear, and other items approved by the Fire Chief. The request is broken down to \$ 600.00 per fire department employee with an additional \$ 300.00 for miscellaneous uniform items.

Fire Department Quarters: \$ 4,500.00

This category covers expenses associated with the Firefighter Quarters. This line item has been reduced from last year's budget.

Fire Office Supplies: \$ 3,000.00

This line item will serve to provide all of the needed office supplies for normal fire department operations. We also will be taking all mailings and related items out of this category.

Equipment Replacement Fund \$ 66,000.00

This budget years installment to the ERF, these monies will be held as a reserve to be drawn from when needed.

Equipment and Maintenance: \$52,400.00

This line item can be broken down into four categories: The new equipment replacement fund, new equipment, regular equipment maintenance/certifications and equipment repairs.

Capital Purchases:

<i>Bunker Gear Replacement x 5 Sets</i>	\$ 16,000.00
<i>Rescue Equipment</i>	\$ 12,000.00
<i>Hose Replacement</i>	\$ 3,000.00
<i>Portable Radio</i>	\$ 4,800.00
<i>Misc. Tool & Replacements</i>	\$ 1,900.00
<i>SCBA Bottle Replacements</i>	\$ 4,800.00
Capital Sub Total	\$42,500.00

Maintenance:

Regular Equipment Testing/Certification: \$ 3,150.00

This line item is for the normal testing of equipment, apparatus and routine maintenance.

Equipment Repairs: \$ 5,250.00

This line item will cover the necessary repair and replacement of fire department assets.

EMS Supplies: \$ 1,500.00

This line item has been added to better represent money spent from miscellaneous. This money has been reallocated from the miscellaneous line item.

Maintenance Sub Total \$ 9,900.00

Gas and Oil: **\$ 8,500.00**

This line item will be holding even from last year.

Radio Maintenance: **\$2,500.00**

This line item will be towards the annual replacement of 1 battery per firefighter for maintenance purposes and any repairs not covered by the service contract ie. knobs, buttons and belt clips.

Tire and Battery: **\$2,000.00**

This covers tire and battery replacement for the department's vehicles.

Truck Repairs: **\$ 7,000.00**

Training: **\$ 14,000.00**

This category provides for a diverse training regimen required to maintain and enhance current capabilities. Some training is required by the State and Federal governments and includes basic firefighting refreshers, hazardous materials awareness as well as the emergency medical training required to maintain personnel certification.

The Training Budget can be further broken into 3 sub categories: Paramedic Certification Training, Renewal Fees, Conferences and Classes.

Regular Training - **\$ 5,000.00**

Certification Renewals - **\$ 3,000.00**

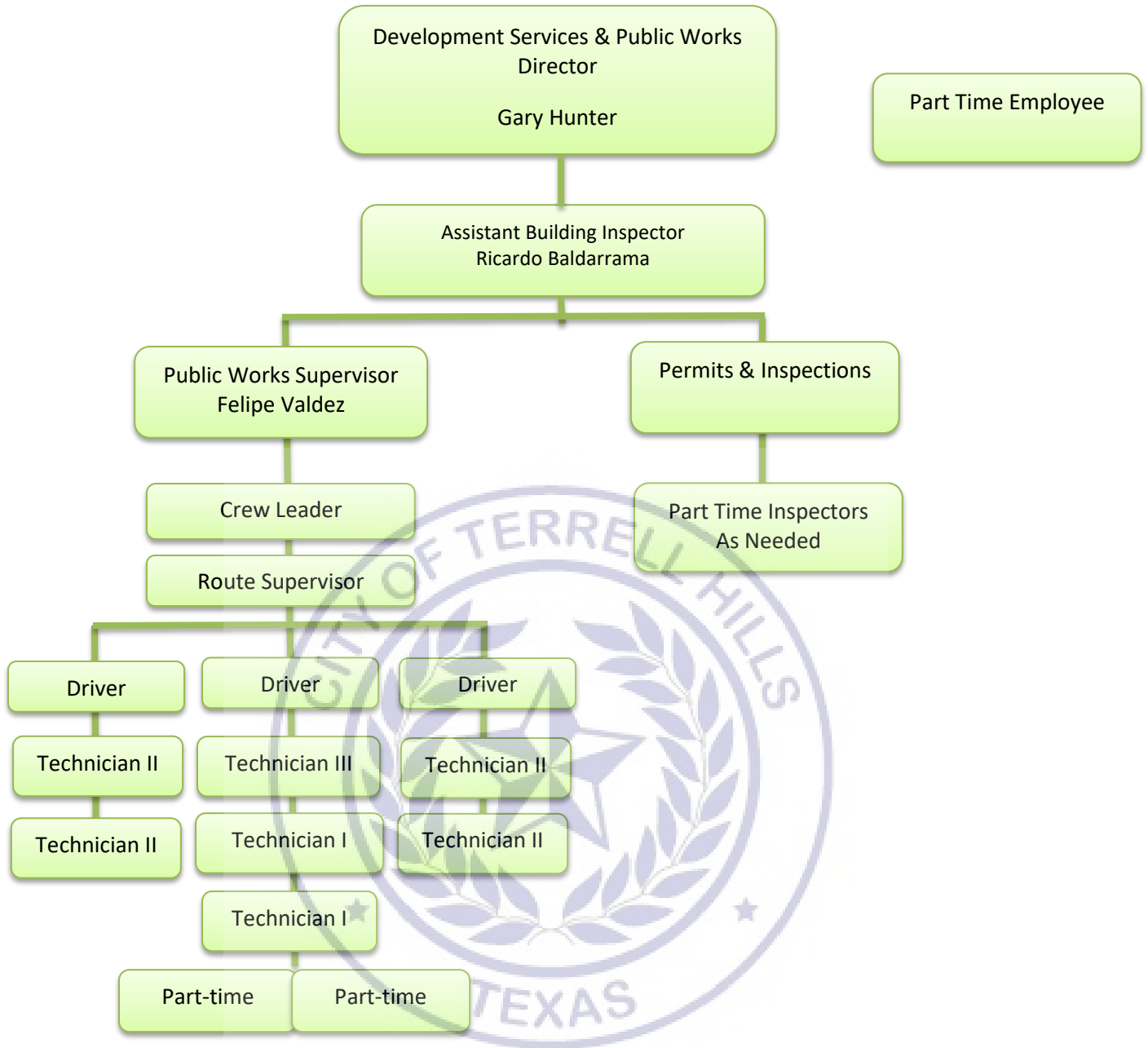
This line item covers all of the department's mandatory certificate and license renewals. This line item will actually fluctuate annually due to different certification periods of our employees. There are some renewals that do come annually for all employees that are covered from these monies.

Conference and Classes - **\$ 6,000.00**

This line item utilizes the remainder of the training budget and is spent on conferences and classes that our employees attend. These range from new learning to refresher courses. All of the classes attended cover required continuing education and must be approved by the Training Coordinator and the Fire Chief. Loss of these monies would make the accrual of continuing education much more difficult.

Miscellaneous: **\$ 4,000.00**

This category covers the miscellaneous expenses associated with the operation of the Fire Department. This includes replacement of minor equipment and disposable supplies. It also includes the supplies necessary to maintain our fire prevention and inspections program.



Proposed Budget 2018

530000 - Dev Svcs & PW	2016 Budget Actual	2017 Budget	2017 Budget Estimated Final	2018 w/3%COLA & Program Changes
5301000 - Salaries Streets & Sanitation	454,779.90	617,076.21	505,766.40	624,036.02
5301035 - CCAFE Expense	1,832.08	3,600.00	3,000.00	3,510.00
5301040 - TMRC	56,009.19	73,555.48	59,768.68	76,132.39
5301045 - CNCAF Expense	1,493.46	4,000.00	2,800.00	2,900.00
5301050 - Med 1	44,644.62	42,000.00	44,571.23	57,040.00
5301060 - Dental (& Vision)	2,181.58	4,500.00	2,550.47	3,140.00
5301090 - Uniforms	8,158.13	9,600.00	9,000.00	10,200.00
5301100 - Alley Maintenance	7,655.06	10,000.00	8,000.00	10,000.00
5301112 - Waste Disposal	113,527.77	124,000.00	110,000.00	124,000.00
5301132 - Gas & Oil	23,950.76	40,000.00	30,000.00	40,000.00
5301165 - Sprinkler & Park Maintenance	39,165.64	50,000.00	40,000.00	50,000.00
5301155 - Building Maintenance	161.99			
5301178 - Tire & Battery	9,506.86	10,000.00	6,000.00	10,000.00
5301179 - Equip Maint	44,577.97	47,000.00	36,000.00	47,000.00
5301225 - Training	3,073.12	4,500.00	4,015.00	4,500.00
5301235 - Miscellaneous	189.14	500.00	250.00	500.00
5301240 - Office Expense	1,244.73	1,500.00	850.00	2,000.00
5301375 - Materials & Equipment	7,749.71	32,000.00	32,000.00	10,000.00
5301380 - ERF Transfer Out	20,200.00			53,000.00
Total 530000 - Dev Svcs & PW	840,101.71	1,073,831.69	894,571.78	1,127,958.41

The Public Works Department mission will be to continue providing the best possible service for our residents of this city, continue to improve our operations, preventative maintenance of equipment, implement cost effective methods, and continue to encourage a respectful working environment for employees.

Uniforms: \$10,200

Increase \$600

\$600 annual uniform allowance for each of the employees which will include a maximum of \$200 for shoe allowance per year and the remainder going toward shirts, pants, jacket, and personal safety equipment.

Alley Maintenance: \$10,000

No Change

Category will still be used to continue maintenance and repair of our alleys of ruts, wash outs, standing water, etc., which has helped in reducing damage to vehicles and tires.

**Maintaining the alley has also helped in reducing the amount of clean-up after rain events (erosion control) and helps with our storm water management plan.

Waste Disposal: \$124,000

No Change

Since we have implemented changes that have helped in the amount of trips going to the land fill and using New Earth for our brush disposal, it has helped in keeping our costs down. Recycling has been staying steady but with the commodity pricing being low and with San Antonio increasing their program we have paid the last several months to Waste Management for the disposal of the recycling items.

Gas & Oil: \$40,000

No Change

This category will stay the same due to managing our routes a lot closer. Fuel and oil changes are calculated for 7 vehicles and 1 tractor. With changes to the routing and truck usage along with planning our daily activity's to be more effective will also reduce the amount of wear and tear on the vehicles also.

Office Supplies: \$2,000

Increase \$500

This line item will be increased due to the public works department now having a computer/printer for their daily operations. This will also include the needed supplies for the administration side of operations for permits, inspections and any other necessary items for daily activities.

Sprinkler Repairs/Park Maintenance: \$50,000 **No Change**

This category will be broke down into numerous areas.

- 1) Maintenance of the landscaping of our city hall and parks. There are certain things that need to be done such as lawn service, fertilizing/weed control, mulch/top soil, and general repairs.
- 2) Crestwood Park will have an allotted amount budgeted for repairs/painting playground equipment and approved upcoming projects.
- 3) Replacement of flags that have faded or replacement of flag poles.
- 4) Trimming of trees over roadways that could damage city vehicles.
- 5) Create a budget for Genesee Parkway toward tree trimming and sod replacement
- 6) Upgrades to the irrigation system on Genesee and possibly install a solar powered irrigation system at Morningside/Eventide Park.
- 7) Testing of Backflow Devices (Annual Test)

Tire & Battery: \$10,000 **No Change**

This line item will be for 7 vehicles and 1 tractor and 2 trailers. Ever since we have been enforcing our ordinance pertaining to alley maintenance and brush placement at the front curb, our tire budget has been able to be maintained with no change for four years from the usual \$19,000.

Equipment Maintenance: \$47,000 **No Change**

We have had several unexpected costly repairs this year and with the age of two of our trucks have contributed to some costly repairs and down time. We feel that by us continuing doing more in our preventive maintenance program and doing some of our own repairs we can still keep our maintenance budget at the same amount. This line item will be used to maintain all necessary repairs to vehicles, tractor, small equipment such as mowers, chainsaws, weed eaters, compressor, generator, etc. in a safe operable condition.

Training: \$4500

No Change

As the different classes become available we will be sending more individuals for additional training in safety aspects, dealing with community relations and any other classes that could be beneficial in our field of work.

Miscellaneous: \$500

No Change

We have been trying to keep this item at a minimum and feel that \$500.00 is still workable range. Items for this category will be minor items not specific to any particular area such as keys and disposable items that will not fit in any other category.

Materials and Equipment: \$10,000

This line item will be broke down into 5 categories:

1. New equipment
 - a. Replacement of lawn equipment such as mowers, weed eaters, trimmers and blowers
 - b. Hand tools for equipment repairs
2. Regular equipment (brooms, shovels, pitch forks, garbage cans)
3. Barricades (safety equipment)
4. Materials (sand, concrete, materials for playground repairs, etc.)
5. Recycle bins.

Note: *Items used for street repairs will no longer come out of this category (asphalt, tack oil, base material, crack sealing supplies) will now be charged to the category of street repair.*

Cleaning of the Storm Water Basin's and Mutt Mitt's are part of the storm water management budget

Equipment Replacement Fund Transfer: \$53,000

General Budget Category

540000 · General	2016 Budget Actual	2017 Budget	2017 Budget Estimated Final	2018 w/3%COLA & Program Changes
5401041 · Elections	0.00	4,500.00	1,275.00	3,000.00
5401101 · Appraisal District	21,386.98	25,000.00	22,200.00	23,000.00
5401103 · Audit	15,100.00	16,000.00	15,100.00	16,000.00
5401105 · Engineering Services	5,525.68	20,000.00	17,700.00	20,000.00
5401106 · Prosecutor	2,775.00	2,400.00	2,600.00	2,700.00
5401107 · Judge	2,400.00	2,400.00	2,400.00	2,400.00
5401108 · City Attorney	38,055.97	28,000.00	28,000.00	28,000.00
5401109 · Telephone	6,457.14	8,600.00	7,000.00	7,200.00
5401110 · CPS	24,675.67	20,600.00	25,600.00	25,000.00
5401111 · Street Lights CPS	19,691.31	19,500.00	19,931.88	20,000.00
5401112 · Water	10,584.61	10,000.00	10,000.00	11,000.29
5401114 · Dispatch	172,652.25	175,000.00	172,653.00	182,000.00
5401125 · EMS Contract	126,411.58	144,000.00	127,000.00	125,000.00
5401130 · Health Inspections	1,800.00	2,500.00	1,800.00	1,800.00
5401135 · Inspections				50,000.00
5401138 · Insect control	978.00	2,500.00	1,200.00	1,800.00
5401145 · Liability Insurance	37,586.59	44,000.00	46,278.10	44,000.00
5401146 · Workers' Compensation Insurance	72,658.00	75,000.00	72,660.00	75,000.00
5401150 · Newsletter	2,235.99	5,000.00	0.00	0.00
5401165 · Stormwater Mgmt Program	3,817.56	10,000.00	7,000.00	12,000.00
5401175 · Street Repairs	41,130.64	50,000.00	43,500.00	50,000.00
5401200 · Community Events	11,693.98	15,500.00	15,500.00	22,000.00
5401205 · Crossing Guard				5,500.00
5401210 · Contingencies	4,000.00	40,000.00	38,000.00	40,000.00
5401220 · Dues & Subscriptions	6,071.75	8,000.00	6,000.00	8,000.00
5401235 · Miscellaneous	4,710.68	3,000.00	3,000.00	4,000.00
5401245 · Postage	987.35	1,500.00	1,500.00	1,500.00
5401300 · Building Maintenance	62,528.41	45,000.00	45,000.00	47,150.00
5401325 · Computers	68,780.04	87,250.00	83,000.00	70,000.00
5401350 · Court Technology	0.00	500.00	250.00	500.00
5401600 · Payroll Taxes				
5401610 · Payroll City Life	3,269.35	3,629.35	810.00	3,500.00
5401650 · Payroll TMRC	-137.91	-51.20		
5401670 · FICA	143,398.29	140,438.51	140,438.51	140,438.51
5401675 · SUI	9,346.64	1,200.00	1,200.00	1,200.00
5401685 · Medicare	33,560.70	32,844.49	32,844.49	41,886.16
5401450 · Payroll Expenses	15,548.40	6,000.00	6,000.00	6,000.00
Total General	969,680.65	1,049,811.15	997,440.98	1,091,574.96

The General Services Budget primarily covers the contracted services such as insurance, auditing, engineering legal services as well as the dispatching and emergency medical services. In addition to the contracted services, the City's utilities including street lights, electricity, gas and water and several miscellaneous categories are budgeted in this area. General Services accounts for approximately 19% of the City's General Fund Budget. No significant changes are anticipated in this portion of the Budget for the 2018 Fiscal year.





EQUIPMENT REPLACEMENT FUND

The purpose of the Equipment Replacement Fund (ERF) is to ensure that adequate funds are available to purchase vehicles and equipment as it becomes obsolete or worn out, and at the same time minimize the budgetary impact for major purchases. The goal is to provide sufficient cash flow for annual purchases. The ERF is not designed to equal the replacement value of the fleet.

An important advantage of the ERF is that it prevents wide fluctuations in departmental operating budgets. For example, if the Fire Department did not need to replace any units in a given year, the department would continue paying fees into the ERF during that year. The positive result is that funding would then be available the next year, when the Fire Department might have a unit to replace, and its operating budget would not be depleted by making the purchase.

The amount a department budgets as their transfer to the ERF is based on the equipment used by the department, the equipment's estimated cost and its estimated life cycle. For example, if a garbage truck was purchased by the Public Works Department in 2016 for \$130,000 with an estimated life cycle of 15 years, the Public Works Department would transfer \$8,667 ($\$130,000/15$) into the ERF in each of the years 2016 through 2031.

Additionally, fee calculation and fund balances should be reviewed regularly to ensure that adequate funds are available and that the budget is stabilized for major purchases, with a goal of providing sufficient cash flow for annual purchases.

ERF Budget

REVENUES			2017 Budget	2017 Actual	2018 Budget
Fund Balance			\$351,733	\$351,733	\$232,733
Transfer from Police			\$0	\$0	\$0
Transfer from Fire			\$40,000	\$40,000	\$66,000
Transfer from Public Works			\$25,000	\$25,000	\$53,000
Interest Income			\$0	\$0	\$0
Sale of Disposed Equipment			\$7,040	\$7,040	
Transfer from General Fund					\$25,000
Total Revenues			\$423,773	\$423,773	\$376,733
EXPENDITURES		VIN#	2017 Budget	2017 Actual	2018 Budget
Police					
Squad Car #914	1562	\$	-	\$ -	\$ -
Squad Car #415	6254	\$	-	\$ -	\$ -
Squad Car #316	5136	\$	-	\$ -	\$ -
Squad Car #217	7723	\$	-	\$ -	\$ -
Squad Car #317	7724	\$	-	\$ -	\$ -
Fire					
Squad 1 - Chevrolet Pick-up	743	\$	40,000	\$ 60,000	\$ -
Engine 1 - Sutphen Fire Engine	3091	\$	-	\$ -	\$ -
Engine 2 - Ferrara Fire Engine	9682	\$	-	\$ -	\$ -
Public Works					
Packer Truck 001		\$	135,000	\$ 131,000	\$ -
Packer Truck 002		\$	-	\$ -	\$ -
Packer Truck 003		\$	-	\$ -	\$ -
Packer Truck 005		\$	-	\$ -	\$ -
F-350 Pick Up Truck	1691	\$	-	\$ -	\$ -
F-150 4 Door Pick Up Truck	8688	\$	-	\$ -	\$ -
John Deere Loader	4770	\$	-	\$ -	\$ -
Total Expenditures			\$ 175,000	\$ 191,000	\$ -
Net Income			\$248,773	\$232,773	\$376,733



Debt Fund Budget

The Debt Fund Budget was established to ensure the quality of decisions in relation to the City's financing activities, provide a comprehensive view of the City's long-term debt picture and make it easier for decision-makers to understand issues concerning debt issuance and management.

Debt will be issued for the purpose of meeting the needs of the community through funding of capital projects and equipment but without constituting an unreasonable burden to taxpayers.

Long-term debt is only issued to finance the acquisition and/or construction of capital improvements with an economic or useful life greater than five years and the term of the debt. Additionally, only capital needs identified in the capital improvement program will be considered. Refunding bonds will only be issued if the present value of debt service savings exceeds three percent of the outstanding par value of the refunded bonds.

City of Terrell Hills
2018
Debt Fund
Budget

	2016 Actual	2017 Estimated	2018 Budget
Estimated Starting Fund Balance	715,522	761,989	833,003
Income			
4001 - Ad Valorem Taxes	752,401	712,630.00	711,059.00
Total Income	752,401	712,630.00	711,059.00
Expense			
5501500 - Bond Principal	435,000	435,000.00	460,000.00
5501510 - Bond Interest	184,776	270,859.25	251,059.00
550152 - Service Fees	\$86,158.00		
Total Expense	705,934.00	705,859.25	711,059.00
Net Income	46,467.00	6,770.75	0.00
Estimated Ending Fund Balance	\$761,989.00	\$768,759.75	\$833,002.75

Period End	Series 2011 GO Bonds			Series 2012 Refunding Bonds			Series 2016 Refunding Bonds			Total by Date	Annual
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total		
02/01/2018	110,000.00	4,736.25	114,736.25	350,000.00	9,012.50	359,012.50	0.00	113,760.00	472,772.50	587,508.75	
08/01/2018	0.00	3,350.25	3,350.25	0.00	6,440.00	6,440.00	0.00	113,760.00	120,200.00	123,550.25	711,059.00
02/01/2019	110,000.00	3,350.25	113,350.25	350,000.00	6,440.00	356,440.00	0.00	113,760.00	470,200.00	583,550.25	
08/01/2019	0.00	1,788.25	1,788.25	0.00	3,447.50	3,447.50	0.00	113,760.00	117,207.50	118,995.75	702,546.00
02/01/2020	115,000.00	1,788.25	116,788.25	350,000.00	3,447.50	353,447.50	0.00	113,760.00	467,207.50	583,995.75	
08/01/2020							0.00	113,760.00	113,760.00	113,760.00	697,755.75
02/01/2021							550,000.00	113,760.00	663,760.00	663,760.00	
08/01/2021							0.00	102,760.00	102,760.00	102,760.00	766,520.00
02/01/2022							575,000.00	102,760.00	677,760.00	677,760.00	
08/01/2022							0.00	91,260.00	91,260.00	91,260.00	769,020.00
02/01/2023							605,000.00	91,260.00	696,260.00	696,260.00	
08/01/2023							0.00	79,160.00	79,160.00	79,160.00	775,420.00
02/01/2024							620,000.00	79,160.00	699,160.00	699,160.00	
08/01/2024							0.00	66,760.00	66,760.00	66,760.00	765,920.00
02/01/2025							650,000.00	66,760.00	716,760.00	716,760.00	
08/01/2025							0.00	53,760.00	53,760.00	53,760.00	770,520.00
02/01/2026							680,000.00	53,760.00	733,760.00	733,760.00	
08/01/2026							0.00	40,160.00	40,160.00	40,160.00	773,920.00
02/01/2027							705,000.00	40,160.00	745,160.00	745,160.00	
08/01/2027							0.00	33,286.25	33,286.25	33,286.25	778,446.25
02/01/2028							720,000.00	33,286.25	753,286.25	753,286.25	
08/01/2028							0.00	25,546.25	25,546.25	25,546.25	778,832.50
02/01/2029							740,000.00	25,546.25	765,546.25	765,546.25	
08/01/2029							0.00	17,406.25	17,406.25	17,406.25	782,952.50
02/01/2030							755,000.00	17,406.25	772,406.25	772,406.25	
08/01/2030							0.00	8,912.50	8,912.50	8,912.50	781,318.75
02/01/2031							775,000.00	8,912.50	783,912.50	783,912.50	
											783,912.50



Capital Funds Budget

The Capital Fund Budget provides for the Future Street and Infrastructure maintenance and improvement. The 2017 Budget provided for the resurfacing project that was approved in commenced in September 2017. Additionally, an updated Pavement Conditions Index (PCI) Study was commissioned by the City to assist with the development of a long term plan to maintain and rehabilitate all of the streets in the community.

The City in conjunction with Pape Dawson Engineers is monitoring the PCI Study to maintain and stay current on the city street condition for the community. The City is also investigating alternative options to extend the life of the resurfacing and street projects.

Finally, during the 2017 budget year the City held public hearings to explore the possibility for submitting bond proposals. After public input and the City will not be looking to any issuance of bonds for street rehabilitation at this time.

City of Terrell Hills
Fiscal Year 2018

Capital Funds
Budget

	<u>Jan - Dec 16</u>	<u>Jan - Dec 17 Estimate</u>	<u>Jan-Dec 18 Budget</u>
Estimated Starting Fund Balance	\$862,536.00	\$1,037,086.00	\$470,272.21
Income			
4500 - Interest Income-Svgs Acct	1,026.33	0.00	0.00
4502 - Interest Income - Money Mkt	0.00	0.00	0.00
4505 - CPSAWS	0.00	0.00	0.00
4600 - Transfers In	300,000.00	325,000.00	350,000.00
4610 - Street Sales Tax 1/4%	60,147.00	76,656.95	65,000.00
Total Income	361,173.33	401,656.95	415,000.00
Gross Profit	361,173.33	401,656.95	415,000.00
Expense			
5751350 - Capital Outlay--Street Projects	97,027.00	968,470.74	0.00
6000 - Bond Issue Costs (Admin)	89,596.00	0.00	0.00
6570 - Bank Charges	0.00	0.00	0.00
Total Expense	186,623.00	968,470.74	0.00
Net Income	174,550.33	-566,813.79	415,000.00
Estimated Ending Balance	\$1,037,086.00	\$470,272.21	\$885,272.21

City of Terrell Hills
2018 Fiscal Year
Budget



Appendix

6-28 General Financial Policies

GENERAL STATEMENT

These financial policies have been developed and approved by City Council to ensure continuity and understanding about the City's financial decisions. The policies outline the steps the City of Terrell Hills will follow when making all necessary financial decisions. These policies are to be reviewed and updated on an annual basis. It is important that the policies provide continuity among leadership of the City in an effort to achieve long term goals and fulfill the City's mission.

Section 1: Budget Process

1.0. The budget year for the City of Terrell Hills is January 1 to December 31. The charter states that the "City Council shall on the 1st day of October of each year, or as soon after as practicable, prepare a budget to cover all proposed expenditures of the City for the succeeding year." In practical terms, the City staff will ensure the budget is prepared for City Council consideration in the November council meeting of each year. This allows the Council to have adequate time to review the budget for passage and execution effective January 1.

1.1. Staff will use the following process to prepare the budget:

1.11. The effective tax rate is calculated in late July by Bexar County. That effective tax rate will be compared against the valuations and the current year's budget to determine the tax rate needed by the City to fund operations. The tax rate will to be set at an amount sufficient to cover budgeted Maintenance and Operations (M&O) and Interest and Sinking (I&S)/Debt Obligations. The tax rate will normally be set at the September council meeting. Because the City's fiscal year begins January 1, the tax rate set by council at the September council meeting will cover expenditures in the current tax year, not the upcoming tax year. For example, the 2015 effective tax rate is calculated in July of 2015. The City will set its 2015 tax rate at the September council meeting and that rate goes into effect for taxes collected from October 1, 2015 to January 31, 2016. The tax rate set at the September 2015 council meeting must be sufficient to meet M&O and debt obligations for the 2015 tax year. In effect, City staff is collecting taxes starting October 1, 2015 for money that has been spent since January 1, 2015.

1.12. Staff begins the budget process in late July of each year. The City Manager and department heads meet, pass out the current year budget, and determine the appropriate budget for the upcoming budget year. This data, with supporting documentation for equipment and any new programs, is submitted in late August.

1.13. The City Manager receives all the budget data by late August and begins preparation for the first Council workshop. This workshop should introduce Council members to the new budget. The City Manager should have a "rough draft" of the budget with numbers in sufficient detail to brief Council on any major new acquisitions or proposed programs. The

Manager may present multiple options in the event that Council decides to be more or less conservative with the finances. The City Manager should review and incorporate data relating to the City's goals and mission statement, and answer any questions Council may raise. The desired outcome of the first budget workshop should be a mutual understanding of the major programs/financial direction of the city. The City Manager takes these results and incorporates them into the budget for the second workshop.

1.14. The City Manager conducts the second workshop with City Council in mid-October. The final budget data is presented to Council and any further questions answered. At this point Council will narrow the budget to a final option that can be fine-tuned in preparation for a budget hearing and final passage.

1.15. The City Manager finalizes the budget and prepares for its possible passage at the November Council meeting. Appropriate ads are placed in the newspaper in advance of the public hearing per State Law. The Council will hold a public hearing and take public input at the November meeting. If there is extensive input by the public, the Council should consider tabling the budget and sending back to the City Manager for consideration the following month. The budget must be passed prior to the new fiscal year beginning January 1.

1.16 The City Manager will prepare a budget document in sufficient detail to describe the programs funded. The document should include sections highlighting the programs in each department. A separate section of the budget document is devoted to personnel programs, capital improvement programs and the debt schedule. The final budget is prepared in accordance with best practices from Government Finance Officers' Association (GFOA).

Section 2: Long Term Debt

2.0 The City establishes the following policy concerning the issue and management of debt. This debt policy, as presented to City Council and the citizens, was established to ensure the quality of decisions in relation to the City's financing activities, provide a comprehensive view of the City's long-term debt picture and make it easier for decision-makers to understand issues concerning debt issuance and management.

2.1 Conditions of Debt Issuance

2.11 Debt should be issued for the purpose of meeting the needs of the community through funding of capital projects and equipment but without constituting an unreasonable burden to taxpayers.

2.12 Long-term debt is only issued to finance the acquisition and/or construction of capital improvements with an economic or useful life greater than five years and the term of the debt. Additionally, only capital needs identified in the capital improvement program will be considered. Refunding bonds will only be issued if the present value of debt service savings exceeds three percent of the outstanding par value of the refunded bonds. Debt for other purposes, such as acquisition of capital assets, is covered separately in this policy.

2.2 Types of Debt

2.21 General Obligation Bonds General Obligation Bonds may only be issued with a majority approval of a popular vote. The use of the proceeds from GO Bonds is limited to the acquisition or improvement of real property and other uses allowed by law and applicable bond ordinances. City facilities, parks and public safety facilities are examples of facilities that could be financed with GO Bonds. To the extent that property tax revenues are used to fund debt service, a separate property tax will be levied.

2.22 Refunding Obligations Pursuant to the Government Code and various other financing statutes applicable in particular situations, the City Council is authorized to provide for the issuance of bonds for the purpose of refunding any long-term obligation of the City. Absent any significant non-economic factors, a refunding should produce minimum net debt service savings (net of reserve fund earnings and other offsets) of at least 3% of the then-outstanding par value of the refunded bonds, unless staff determines that a lower savings percentage is acceptable for issues or maturities with short maturity dates.

2.23 Tax Anticipation Notes Proceeds from Tax Anticipation Notes are used to fund projects whose source of payment is future tax revenues. These instruments have a term of one to three years and are for a specific purpose such as temporary financing for capital improvements, cash flow needs and major equipment leasing.

2.24 Tax Increment Financing Bonds The City may use these bonds to finance capital improvements within the tax increment reinvestment zone. Repayment is from property taxes generated within the zone.

2.25 Leases Leases may be used to finance major capital purchases, other than infrastructure, including fleet, major system upgrades and large equipment purchases. The useful life of the asset should not exceed the term of the lease.

2.26 Other Obligations There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to limited tax notes, non-enterprise revenue bonds, bond anticipation notes, grant anticipation notes and judgment or settlement obligation bonds.

2.3 Restrictions on Debt Issuance

- The City will not use long-term debt to finance current operations or normal maintenance.

- General obligation debt will not be issued if other, more financially efficient financing sources are available such as certificates of obligation, limited tax notes, leases or revenue bonds.
- Short-term debt will not be used to refinance long-term debt.
- All debt issuances shall be approved by the City Council.

2.31 Before any debt may be issued, the City will perform an analysis of the requirements to determine the impact on future budgets, the sufficiency of revenues to fund the debt service requirements and additional operating costs of the capital asset acquired. The analysis will ensure that debt service payments funded by the General Fund shall be not greater than 1% of current property valuations.

2.4 Characteristics of Debt Issuance

2.41 When the City finances capital projects by issuing bonds, it will pay back the bonds in a period not exceeding the expected life of those projects. Other standard terms shall include the following:

- Term may be up to 30 years depending on cash flow assumptions, and useful life of asset being financed.
- Call provisions will be shortest possible optional call consistent with optimal pricing.
- The City will seek level or declining debt repayment schedules and will avoid issuing debt that provides for balloon principal payments reserved at the end of the term of the issue.
- The City will avoid variable-rate debt due to the potential volatility of such instruments.
- Debt service reserve will be in conformity with bond covenants.
- Commercial insurance or other credit enhancements to the bond rating shall be considered when cost-effective.

2.5 Debt Issuance Process

2.51 The City will maintain good communications with bond rating agencies about its financial condition and will follow a policy of full disclosure on every financial report and bond prospectus. The City will also comply with all federal tax law provisions, including arbitrage requirements.

2.52 The City shall utilize the services of independent financial advisor(s) on debt financing when deemed prudent. Although not required, the City may utilize an RFP-selected pool of such financial advisors to mitigate time constraints and reduce overhead costs of the City in procuring such services. Bond counsel will be used for each transaction.

2.53 City staff shall review each debt issuance transaction on a case-by-case basis to determine the most appropriate method of sale.

- **Competitive Sale** In a competitive sale, bids for the purchase of the bonds are opened at a specified place and time and are awarded to the underwriter (or syndicate) whose conforming bid represents the lowest true interest cost to the City (TIC). This method is most advantageous when the debt to be issued is less complex, the municipal bond market for high-grade credits is stable, and the sale of the City's bonds is assured.
 - ◊ Bond sales shall be cancelable at any time prior to the time bids are to be received.
 - ◊ Upon award to the bidder whose conforming bid represents the lowest true interest cost, the City may restructure the bonds in accordance with the Official Notice of Sale. The City shall reserve the unfettered right to reject all bids or waive bid irregularities.

- **Negotiated Sale** In a negotiated sale, the City chooses the initial buyer of the bonds in advance of the sale date. The initial buyer is usually an investment banking firm, or a syndicate of investment banking firms interested in reoffering the bonds to investors through an underwriting process. This type of sale allows the City to discuss different financing techniques with the underwriter in advance of the sale date. This method is most advantageous when the debt issue is complex, debt structuring flexibility is required (as would be the case in a bond refunding) or the municipal bond market is unstable or uncertain.

- **Private Placement** In a private placement, the City may select a private purchaser willing to bid a below market rate. Such placements often allow debt to be issued more efficiently by eliminating the need for bond ratings and other associated issuance costs. Such financing will be analyzed on a case-by-case basis, depending primarily on rates prevailing in the placement market from time to time.

2.54 Professional services used in conjunction with a bond issuance may be obtained using a request for proposal (RFP). If an RFP is used, selection will be based on experience in the type of issuance and municipal bond activities, ability to perform needed services, conflicts of interest, fees and fee structure.

Section 3: Internal Controls for the City of Terrell Hills

3.1. The City will employ the following internal controls to make sure that all financial transactions are handled appropriately:

3.11. The Assistant City Manager serves the accounts payable function for the City. He/she prepares all checks and deposits. The City Manager signs the checks and ensures that all expenditures are valid and legal. Additionally, a member of the City Council also signs each check, with the exception of payroll and interest and sinking account administrative expenses.

3.12. The Assistant City Manager makes necessary journal entries, processes payroll and reconciles the bank statements on a monthly basis. The City maintains the following bank accounts: general fund for all non-payroll transactions, money fund for all bank deposits, interest and sinking fund for all debt payments, general fund payroll for all payroll transactions, and capital projects funds for capital projects deposits and expenditures.

3.13. The executive secretary maintains the petty cash fund to ensure money is available for small expenditures. The City Manager reviews the expenditures of these funds on a monthly basis.

3.14. Every expenditure must be approved by a Department Head or the City Manager. This is indicated by initials and date on every invoice the City receives. The City Manager reviews these initials prior to approving checks for payment.

3.15. The Assistant City Manager deposits money as quickly as possible and ensures that money received is secured to ensure safety. In no case will cash money be by the City for longer than five business days.

Section 4: Sales Tax Collections

4.1. The City receives payment monthly via the State Comptroller for sales tax revenues. One-fourth of one-percent of collections has been designated for Street Maintenance by the voters of the City of Terrell Hills. As such,

4.11. The appropriate amount is calculated monthly and moved via transfer to the City's Capital Fund to be allocated for street maintenance.

4.12. The Assistant City Manager makes necessary journal entries, processes payroll and reconciles the bank statements on a monthly basis. The City maintains the following bank accounts: general fund for all non-payroll transactions, money fund for all bank deposits, interest and sinking fund for all debt payments, general fund payroll for all payroll transactions, and capital projects funds for capital projects deposits and expenditures.