

Harker Heights

*The Bright Star Of
Central Texas*

July 27, 2021

5:00 P.M.

CITY COUNCIL MEETING AGENDA





**NOTICE OF MEETING OF THE CITY COUNCIL OF
THE CITY OF HARKER HEIGHTS, TEXAS**

The City Of Harker Heights
305 Miller's Crossing
Harker Heights, Texas 76548
Phone 254/953-5600
Fax 254/953-5614

Notice is hereby given that, beginning at 5:00 p.m. on Tuesday, July 27, 2021, and continuing from day to day thereafter if necessary, the City Council of the City of Harker Heights, Texas, will hold a meeting in the Kitty Young Council Chamber at 305 Miller's Crossing, Harker Heights, Texas 76548. The subjects to be discussed are listed in the following agenda:

MEETING AGENDA

Mayor

Spencer H. Smith

Mayor Protem

Jennifer McCann

City Council

Michael Blomquist
Jackeline Soriano Fountain
Linda Nash
Sam Halabi

I. Invocation:

II. Pledge of Allegiance:

I Pledge Allegiance to the Flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Honor the Texas Flag. I pledge allegiance to thee Texas; one State under God, one and indivisible.

III. Roll Call:

IV. Mayoral Proclamations and Presentations:

V. Consent Items:

1. Discuss and consider approving the minutes of the meeting held on July 13, 2021, and take the appropriate action.

VI. Presentations by Citizens:

1. Receive a presentation by Simone Maynard regarding breeding license requirements in the City of Harker Heights and the importance of restrictions.
2. Citizens who desire to address the Council on any matter may do so during this item. Please understand that while the Council appreciates hearing your comments, State law (Texas Gov't Code §551.042) prohibits them from: (1) engaging in discussion other than providing a statement of specific factual information or reciting existing City policy, and (2) taking action other than directing Staff to place the matter on a future agenda. Please state your name and address for the record and limit your comments to three minutes.

VII. Recess into Executive Session:

1. Pursuant to the following designated section of the Texas Government Code, Annotated, Chapter 551, the Council may convene into executive session to discuss the following:
 - (A) Section 551.071 Consultation with Attorney – Conference with City Attorney to discuss confidential legal matters and to receive advice on matters in which the duty of the attorney to the governmental body conflicts with the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas and this chapter.
 - (B) Section 551.074 Personnel – Discuss and deliberate the employment, evaluation and duties of the City Manager.

VIII. Reconvene into Open Session:

1. Take action, if any, on matters discussed in Executive Session.

IX. Public Hearing:

1. Conduct a public hearing to discuss and consider approving an Amendment to §151.001 and §151.003 of the Harker Heights Code of Ordinances to add a definition and exemption for “Wall Art” and take the appropriate action. (Planning and Development Director)

X. Old Business:

XI. New Business:

1. Discuss and consider approving a Resolution adopting the Investment Policy of the City of Harker Heights, Texas; authorizing the City’s Investment Broker / Dealer List; and approving a list of Investment Training Sponsors and take the appropriate action. (Finance Director)

XII. Reports of Advisory Boards & Commissions:

1. Receive and discuss a presentation by Angie Wilson, Parks & Recreation Advisory Board and Tree Advisory Board Chair, regarding an Annual Update on Board Activities in 2020-2021. (Parks and Recreation Director)

XIII. Staff Reports:

1. Receive and discuss the Fiscal Year 2020 - 2021 Third Quarter Investment Report. (Finance Director)
2. Receive and discuss the Fiscal Year 2020 - 2021 Third Quarter Unaudited Financial Statement Report. (Finance Director)
3. Receive and discuss the City Manager’s Report. (City Manager)

XIV. Items from Council:

1. Council member closing statements.

XV. Announcements:

1. Updates and comments from the Mayor.

XVI. Adjournment:

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Harker Heights, Texas, a place readily accessible to the general public at all times, on the 23rd day of July 2021, by 4:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.



Julie Helsham
City Secretary

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at 254-953-5600, or FAX 254-953-5614, or email jhelsham@harkerheights.gov for further information.

Pursuant to Chapter 551 of the Government Code the City Council reserves the right to go into Closed Meeting on any item listed above if deemed necessary.

Note: On occasion the City Council may consider agenda items out of order.

The public may listen to live-stream audio of this meeting by dialing-in using your phone or join the meeting from your computer, tablet, or smartphone. Use the following information to connect to the meeting:

Please join the council meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/564618997>

You can also dial in using your phone.

United States (Toll Free): [1 877 309 2073](tel:18773092073)

United States: [+1 \(646\) 749-3129](tel:+16467493129)

Access Code: 564-618-997

Minutes of the City of Harker Heights Employee Benefits Trust and the City of Harker Heights Council Meeting held at 5:00 p.m. on Tuesday, July 13, 2021, in the Kitty Young Council Chamber at the Harker Heights City Hall at 305 Miller's Crossing, Harker Heights, Texas 76548:

Roll Call:	Spencer H. Smith	Mayor
	Michael Blomquist	Councilmember Place 2
	Lynda Nash	Councilmember Place 4
	Sam Halabi	Councilmember Place 5
	David Mitchell	City Manager
	Julie Helsham	City Secretary
Absent:	Jennifer McCann	Mayor Pro-tem
	Jackeline Soriano Fountain	Councilmember Place 3

At 5:02 p.m. the Mayor moved to recess the City Council meeting and called to order the City of Harker Heights Employee Benefits Trust meeting.

1. Members of the Trust discussed and considered approving a Resolution of the City of Harker Heights Employee Benefits Trust awarding contracts for the City of Harker Heights Employee Benefits Trust Group Medical Plan, Vision Benefits, Dental Benefits, Life Insurance, AD&D and Long Term Disability and authorizing the City Manager to enter into such contracts on behalf of the City and the Employee Benefits Trust. Leona Clay, Human Resource Director, made the presentation.

Nash made the motion to approve a Resolution of the City of Harker Heights Employee Benefits Trust awarding contracts for the City of Harker Heights Employee Benefits Trust group medical plan to Scott and White Health Plan, Superior Vision for vision benefits, Lincoln Financial for dental benefits, life insurance, AD&D, and long term disability benefits and authorizing the City Manager to enter into such contracts on behalf of the City and the Employee Benefits Trust. Seconded by Halabi. All in favor. Motion approved 3-0.

At 5:07 p.m. the Mayor adjourned the City of Harker Heights Employee Benefits Trust meeting and reconvened to the City of Harker Heights Council meeting.

1. Council discussed and considered approving a Resolution of the City Council of The City of Harker Heights, Texas, to pay for certain Employee Related Benefits and approving any transfers necessary to fund the Trust. Leona Clay, Human Resource Director, made the presentation.

Blomquist made the motion to approve a Resolution of the City Council of the City of Harker Heights, Texas, to pay for certain employee related benefits and approving any transfers necessary to fund the Trust. Seconded by Nash. All in favor. Motion approved 3-0.

Consent Items:

1. Council discussed and considered approving the minutes of the meetings held on June 22, 2021, and July 6, 2021.

Blomquist made the motion to approve the minutes of the meetings held on June 22, 2021, and July 6, 2021, with the corrections noted on the two addendums. Seconded by Nash. All in favor. Motion approved 3-0.

Presentations by Citizens:

1. Council received a presentation by Susan Franz, 12560 FM 2410, Harker Heights, Texas 76548, regarding the ability to build enclosures on her property to benefit wildlife rehabilitation.

Recess into Executive Session:

1. At 5:22 p.m. the Mayor announced a closed meeting for the following purposes:
 - (A) Pursuant to 551.089 of the Texas Government Code to discuss or deliberate the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

Reconvene into Open Session:

Mayor Smith reconvened the Regular Meeting at 5:59 p.m.

Public Hearing:

1. Council conducted a Public Hearing to discuss and consider approving an Ordinance of the City Council of the City of Harker Heights, Texas, amending the Fiscal Year 2020-2021 General Fund, Utility Fund, and Fixed Asset Fund Budgets. Ayesha Lealiiee, Finance Director, made the presentation.

Blomquist made the motion to approve an Ordinance of the City Council of the City of Harker Heights, Texas, amending the Fiscal Year 2020-2021 General Fund, Utility Fund, and Fixed Asset Fund Budgets. Seconded by Halabi. All in favor. Motion approved 3-0.

Staff Reports:

1. Council received and discussed the City Manager's Report. David Mitchell, City Manager, made the presentation. No action taken.

Items from Council:

1. Council Member Closing Statements.

Councilmember Blomquist stated that he attended the following events:

- July 8th – Harker Heights Chamber of Commerce – Business After Hours – Vive Les Arts Theatre Mixer
- July 8th – Harker Heights Parks and Recreation Fest
- July 10th – Harker Heights Farmers’ Market

Announcements:

1. Updates and Comments from the Mayor.

Mayor Smith stated that he attended the following events:

- June 26th – Harker Heights Farmer’s Market
- June 29th – Harker Heights hosted Commanding General III Corps and Four Mayors for the Community Engagement Luncheon
- July 1st – III Corps BBQ at Club Hood
- July 2nd – Meeting at Harker Heights City Hall with City Staff and a concerned Citizen
- July 3rd – Belton Independence Day Parade
- July 3rd – Harker Heights Farmer’s Market
- July 6th – Harker Heights City Council Meeting and Workshop
- July 10th – Harker Heights Farmer’s Market

Adjournment:

There being no further business the City of Harker Heights City Council Meeting was adjourned at 6:25 p.m.

CITY OF HARKER HEIGHTS, TEXAS:

Spencer H. Smith, Mayor

ATTEST:

Julie Helsham, City Secretary

**REQUEST TO ADDRESS THE CITY COUNCIL
For Items Not Previously Posted on the City Council Agenda**

Submit to: City Secretary

Email: jhelsham@harkerheights.gov

Fax: 254-953-5614

Location: City Hall, 305 Miller's Crossing, Harker Heights, TX 76548

Phone: 254-953-5600

NAME: Simone Maynard
ADDRESS: 3209 Eagle Ridge, Harker Heights TX
PHONE: 254 368 1420
E-MAIL: simone.maynard2003@gmail.com

SUBJECT TO ADDRESS:

- ~~City Ordinance~~
- Inquiry about Breeding licenses
Requirements in the City of HH and
the importance of Restrictions

MEETING DATE YOU WISH TO SPEAK: Next available meeting

This request is due to the City Secretary's Office by noon on the Wednesday prior to the Council Meeting. You will be given three minutes to address the City Council Members. No action can be taken. I understand that I must limit my comments to the subject listed. I will also refrain from the use of any obscene, vulgar, or profane language. I understand that if I do not follow this procedure, my speaking time may be terminated.

SIGNATURE: S. Maynard
DATE: July 16th 2021

(TO BE COMPLETED BY THE CITY SECRETARY)

Date Received: 7-16-2021

Time Received: 3:55 p.m. bfp



COUNCIL MEMORANDUM

AGENDA ITEM #IX-1

FROM: THE OFFICE OF THE CITY MANAGER

DATE: JULY 27, 2021

CONDUCT A PUBLIC HEARING TO DISCUSS AND CONSIDER APPROVING AN AMENDMENT TO §151.001 AND §151.003 OF THE HARKER HEIGHTS CODE OF ORDINANCES TO ADD A DEFINITION AND EXEMPTION FOR “WALL ART” AND TAKE THE APPROPRIATE ACTION.

EXPLANATION:

The City has received requests for non-commercial murals to be placed on the external walls of structures. The existing sign ordinance currently defines all murals as a regulated sign. This limits the ability for non-commercial murals to be painted on walls of structures.

ANALYSIS

As proposed, the ordinance amendment provides a common definition for “Wall Art” that classifies non-commercial murals as art. Additionally, the proposed ordinance is in line with the use of non-commercial murals covered under recent Freedom of Speech court cases.

STAFF RECOMMENDATION:

Staff recommends approval of an amendment to § 151.001 and § 151.003 of the Harker Heights Code of Ordinances to add a definition and exemption for “WALL ART”, based upon the following findings:

1. There has been a request for differentiation between commercial murals and non-commercial murals.
2. The proposed ordinance provides for a definition of “Wall Art” that allows for the inclusion of art in development.

ACTION BY CITY COUNCIL:

1. Motion to APPROVE/DISAPPROVE an amendment to § 151.001 and § 151.003 of the Harker Heights Code of Ordinances to add a definition and exemption for “WALL ART”, based upon staff’s recommendation and findings.
2. Any other action desired.

ATTACHMENTS:

1. Amending Ordinance
2. Strike Through Version of the Existing Ordinance

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HARKER HEIGHTS, TEXAS AMENDING §151.001 AND §151.003 OF THE CODE OF ORDINANCES; CREATING A DEFINITION OF “WALL ART”; PROVIDING AN EXEMPTION FOR “WALL ART” AND PROVIDING FOR AN EFFECTIVE DATE OF THE AMENDMENTS

WHEREAS, the City Council (“*Council*”) of the City of Harker Heights (“*City*”) finds that it is necessary and desirable to amend the Code of Harker Heights (“*Code*”) as hereinafter provided in order to preserve the public peace; and

WHEREAS, Wall Art can be a source of pride for communities; and

WHEREAS, Wall Art is protected under the first amendment; and

WHEREAS, the meeting at which this Ordinance was passed was open to the public, and notice of the time, place and purpose of said meeting was given as required by law, all in strict accordance with the requirements of the Texas Open Meetings Act;

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

SECTION 1: The City Council officially finds and declares that the facts and recitations set forth in the preamble to this ordinance are true and correct.

SECTION 2: SIGN REGULATIONS §151.001 and §151.003 of the Code of Ordinances of the City of Harker Heights is hereby amended to read as follows:

§ 151.001 DEFINITIONS.

...

WALL ART. A mural intended as a decorative or ornamental feature that is painted directly onto a wall that contains no copy, advertising symbols, lettering, trademarks or other references to products, services, goods or anything sold on or off premises.

...

§ 151.003 PERMITS NOT REQUIRED.

...

(N) Wall Art.

SECTION 3: All ordinances or parts of ordinances in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

SECTION 4: All regulations provided in this Ordinance are hereby declared to be governmental and for the health, safety and welfare of the general public. Any member of the City Council or any City official or employee charged with the enforcement of this Ordinance, acting for the City in the discharge of official duties, shall not thereby become personally liable, and is hereby relieved from all personal liability for any damage that might accrue to persons or property as a result of any act required or permitted in the discharge of said duties.

SECTION 5: The change in the law made by this Ordinance applies only to an offense committed on or after the effective date of this Ordinance. For purposes of this section, an offense is committed on or after the effective date of this Ordinance if every element of the offense occurs on or after that date.

SECTION 6: An offense committed before the effective date of this Ordinance is covered by the law in effect when the offense was committed, and the former law is continued in effect for that purpose.

SECTION 7: This Ordinance shall be effective from and after its passage, and the City Clerk shall publish the caption or title of hereof within ten days of approval as required by law.

PASSED AND APPROVED AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF HARKER HEIGHTS ON THE 27TH DAY OF JULY, 2021, AT WHICH MEETING A QUORUM WAS PRESENT, HELD IN STRICT ACCORDANCE WITH THE PROVISIONS OF TEXAS GOVERNMENT CODE, CHAPTER 551.

Spencer H. Smith, Mayor

ATTEST:

Juliette Helsham, City Secretary

§ 151.001 DEFINITIONS.

For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning. All other words contained in this chapter shall have definitions as they appear in the current edition of Webster's New Collegiate Dictionary.

ADDRESS SIGN. A sign denoting the street address number and/or the name of the owner of the property, which sign is located on the same site as the building.

ALTERATIONS. Any change in copy, content, color, size, shape, position, location, construction, or supporting structure.

AREA OF SIGN. The area included within the outer dimensions of a sign, including those portions of the frame or support structure which either border or adjoin the face of the sign, or are of a size, dimension, or configuration which is intended to attract attention or are in excess of that necessary to support the sign. In the case of a multiple-faced sign, each face shall be deemed to be a separate sign for the purposes of determining the area of sign; each face is entitled to the allowable sign area. If a sign is placed on a wall or other surface, or if letters or other portions of the sign are supported individually, without any border, the area shall be computed by enclosing the entire sign within sets of parallel lines. The portion of the sign represented by a logo shall be calculated by enclosing the logo in geometrical figures consisting of right angles only from which the total area may be calculated.

AWNING. A projecting overhang of a rigid frame but otherwise composed of flexible canvas, nylon, or similar material.

BUILDING. Any structure used or intended for supporting or sheltering any use or occupancy.

BUILDING IDENTIFICATION SIGN. A sign displaying the name and/or address of a building, which sign is located on the same site as the building.

BUILDING OFFICIAL. The person who is so designated by the Building Code of the city, or his designated deputy.

BUSINESS IDENTIFICATION SIGN. A sign displaying the name of the business to which it pertains and/or the names or description of the products or services sold or offered by such business at the site on which the business and sign are located.

CHANGEABLE ELECTRONIC VARIABLE MESSAGE SIGN (CEVMS). A sign which permits light to be turned on or off periodically or which is operated in a way whereby light is turned on or off periodically (including any illuminated sign on which such illumination is not kept stationary or constant in intensity and color at all times when such sign is in use, LED (light emitting diode) sign or digital sign) and which varies in intensity or color. A CEVMS sign does not include a sign located within the right-of-way that functions as a traffic control device and that is described and identified in the Manual on Uniform Traffic Control Devices (MUTCD) approved by the Federal Highway Administrator as the national standard.

CONSTRUCTION SIGN. A temporary sign stating the names of those individuals or businesses directly connected with a construction project, or with any maintenance or improvement activity on a property including financial institutions, general and

subcontractors, architectural, and engineering firms, painting, roofing, and landscaping firms, and all such parties, addresses, and telephone numbers.

FACE OF A BUILDING. The general outer surface, not including cornices, windows, openings, or architectural projections of any kind.

FACE, SIGN FACE, OR FACE OF A SIGN. Any plane or other side of a sign which is painted or stained or lighted or has lettering or is illustrated, separately or in combination, to attract attention. In the case of a side other than a plane, the area thereof shall be computed as including only the minimum single display surface which is visible from any one position from which persons might usually view the same.

FACIA SIGN. Any sign attached to the facia of a building. It shall include any sign attached to a "projecting overhang" as defined in this section.

FREE-STANDING SIGN. A sign which is supported by one or more uprights, braces, pedestals, or other solid foundations in or upon the ground. It may be a multi-face sign and shall also include signs sometimes referred to as post signs, monument signs, pole signs, or ground signs.

GARAGE SALE OR ESTATE SALE SIGNS. Signs advertising the sale by the homeowner of items of personal property and containing only the words "Garage Sale" or "Estate Sale."

GLASS FRONTAGE. Total area of the front and side of a building: facing or abutting a public street or courtyard or parking area; utilized by a particular business; and, consisting of windows, show windows, or other glass covered space, through which the interior of the building is visible.

GRADE. The level of the public sidewalk at the closest distance to the sign, or ground level at the wall to which a sign may be attached, whichever is higher.

ILLUMINATED SIGN OR LIGHTED SIGN. Terms which may be used interchangeably and shall refer to any sign which has a source of light, either internal or external, for the purpose of illuminating such sign.

INSTITUTIONAL SIGN. Any on-premises sign relating to schools, churches, hospitals, universities, or similar institutions.

LICENSED CONTRACTOR. An individual, firm, or corporation duly licensed by the city to perform sign work required by the Standard Building Code.

LOST PET SIGN. A sign indicating the loss of a pet giving a description thereof and the address and phone number of the owner.

MAINTENANCE AND MINOR REPAIRS. All routine work associated with a sign that does not constitute a change in the sign configuration, structure, or size, such as painting, bulb or ballast replacement, replacement of facings, and the like.

MEDICAL EMERGENCY FACILITY DIRECTORY SIGN. Any sign which advises vehicular or pedestrian traffic of proper direction solely to emergency facilities of a hospital or medical clinic.

MONUMENT SIGN. A sign which has, as an integral part of its supporting structure, a message intended to attract attention, and said message may extend to grade. In differentiating from a ground sign, a **MONUMENT SIGN** has no free clearance between the face of the sign and the ground. Any such sign shall be considered a **MONUMENT SIGN**.

OFF-PREMISES SIGN. Any sign that advertises products, goods, services, business entities, or other items, entities, or activities that are not located on the same premises as the sign.

ON-PREMISES SIGN. Any sign that advertises products, goods, services, business entities, or other items, entities, or activities that are located on the same premises as the sign.

POLITICAL SIGN. A temporary sign indicating the name and/or picture of an individual seeking election or appointment to a public office, or relating to a forthcoming public election or referendum, or pertaining to the advocating by persons, groups, or parties of political views or policies.

PORTABLE SIGN. Any sign or other advertising device which is not intended to be permanently affixed to the ground or any supporting structure. Such signs include trailer-mounted signs. The Building Official shall have the authority to determine what signs are portable on a case by case basis.

PROJECTING SIGN. A sign which projects from and is supported by a wall of a building with the display surface of the sign in a plane other than a plane parallel to the wall.

PUBLIC ROADWAY. The entire width between property lines of a road, street, way, thoroughfare, or bridge if any part of same is open to the public for vehicular or pedestrian traffic.

PYLON SIGN. A free-standing structure which contains two or more separate business identification signs for entities within a shopping mall, strip center, or similar project.

REAL ESTATE SIGN. (Such as a "for sale" sign, "for lease" sign, "for rent" sign, and the like.) A sign indicating that the premises on which the sign is located, or any portion thereof, is for sale, lease, or rent, and containing any of the following information: a description of the premises offered for sale, lease, or rent. The sign may include information indicating a pending contract or the fact that the property is sold, or the fact that the building is open for public viewing.

ROOF SIGN. A sign located upon and above the roof of any building.

SHINGLE SIGN. A flat, non-electric, wooden or metal sign not exceeding 32 square feet in area, that is attached flat to the wall of a building.

SHOPPING CENTER. Any identifiable area or group of buildings or stores commonly referred to as SHOPPING CENTERS with one or more businesses having their principal or main entrance off and adjacent to parking areas or parking facilities and shall include any area so designated by the Building Official, or any pedestrian arcade, courtyard, promenade, or mall, whether covered by a roof or not, within or between any structures or buildings, upon which the principal or main entrance to one or more retail business therein are located.

SIGN.

(1) Any writing, name, number, figure, character, outline, emblem, graphic, window etching, stained or painted glass, mark, logo, mural, symbol, spectacle, display, delineation, announcement, advertising, billboard, signboard, flag, banner, pennant, bunting, device, appliance, structure erected for the purposes of supporting a sign, or any other thing of similar nature designed to attract attention outdoors, in or on any trace or wall, window, or store front of any building, or on any pole or other form of support or structure and shall

include all parts, portions, units, and materials composing the same, together with the frame, background, and support or anchorage thereof.

(2) The following shall not be deemed to be included within the definition of SIGN:

(a) Signs of a duly constituted governmental body including, but not limited to, traffic or similar regulatory devices required by law, and warnings at railroad crossings.

(b) Signs required to be maintained by law or governmental order, rule, or regulation provided that the total surface area of all such signs on any one lot or parcel does not then exceed ten square feet or as required by state law.

(c) Signs placed by a public utility for the safety, welfare, or convenience of the public, such as signs identifying high voltage, public telephone, or underground cable.

(d) Signs upon a vehicle, trailer, boat, or wagon, provided that any such vehicle, trailer, boat, or wagon with signs thereon is not conspicuously parked or left standing for advertising purposes so as to constitute a device or other type of sign pursuant to the definition of a SIGN.

(e) Signs not more than two in number and noticing or soliciting the sale, lease, or hire of a vehicle to which such signs are attached if such signs are nine inches by 12 inches or less.

(f) Signs located inside a building or structure provided the sign is not so located as to be visible and readable without intentional and deliberate effort from outside the building or structure.

(g) Barber poles of the traditional type and design not exceeding three feet in height (vertical portion of the pole) and not erected so as to extend more than 12 inches from the front of the building to which it is attached.

(h) Noncommercial decorations in a residential zone commemorating a generally recognized seasonal event or occasion.

(i) Commemorative/historical markers which have been approved by the City Council.

(j) Stained-glass windows in a residence or in a place of worship, as long as no commercial connotation is associated with same.

SITE. All of that contiguous ground area legally assembled into or as part of one building or business location, or one residence.

TEMPORARY SIGN. That type of sign that is not intended to remain in place indefinitely, and has a purpose limited in time.

WALL ART. A mural designed or intended as a decorative or ornamental feature that is painted directly onto a wall that contains no copy, advertising symbols, lettering, trademarks or other references to products, services, goods or anything sold on or off premises.

WALL SIGN. A sign which is affixed to (or painted on) an exterior wall of any building or structure with the display surface of the sign in a plane parallel to the plane of the wall. (Ord. 92-19, passed 10-6-92; Am. Ord. 2008-16, passed 5-27-08)

§ 151.002 PERMITS REQUIRED.

It shall be unlawful to erect, re-erect, construct, alter, or install any sign except as provided by this chapter and pursuant to a required permit for the same issued by the Building Official. Except as hereinafter provided, a permit shall be required for each sign. In addition, electrical permits shall be obtained for lighted or illuminated signs. A permit for alteration of a sign which involves only a change in copy, content, or color and which does not involve any change in any part of the structure or lighting of the sign itself shall not be denied on the basis that the sign is otherwise nonconforming, if such sign was erected in accordance with applicable city ordinances in force at the time.

(Ord. 92-19, passed 10-6-92) Penalty, see § 151.999

§ 151.003 PERMITS NOT REQUIRED .

The following shall be subject to all other requirements of this chapter even though a permit shall not be required therefor:

- (A) Maintenance and minor repairs to existing signs for which a valid permit was obtained if required at the time of the initial installation.
- (B) Repainting without the alteration of existing signs to which a valid permit was obtained if required at the time of the initial installation.
- (C) Signs for public safety and convenience or those required for the enforcement of private property rights, such as "Entrance," "Parking," "No Trespassing," or "No Parking" provided not more than one such sign is maintained on each street, courtyard, or alley frontage on each site area and provided such signs do not exceed 150 square inches in area in any residential zone or four square feet in any non-residential zone.
- (D) Public notice signs, such as notices to remove weeds.
- (E) Flags as permitted by § 151.016.
- (F) Political signs.
- (G) Garage sale or estate sale signs.
- (H) Lost pet signs.
- (I) Real estate signs.
- (J) Address and security protection signs.
- (K) Temporary signs advertising items for sale, as long as such signs do not constitute portable or free-standing signs as defined in this chapter and do not exceed two square feet in area.
- (L) Construction signs.
- (M) Changes in copy or content of changeable-type signs and legal nonconforming portable signs which were not constructed or installed in violation of any ordinance.

(N) Wall Art.

(Ord. 92-19, passed 10-6-92) Penalty, see § 151.999



CITY COUNCIL MEMORANDUM

AGENDA ITEM # XI-1

FROM: THE OFFICE OF THE CITY MANAGER

DATE: JULY 27, 2021

DISCUSS AND CONSIDER APPROVING A RESOLUTION ADOPTING THE INVESTMENT POLICY OF THE CITY OF HARKER HEIGHTS, TEXAS; AUTHORIZING THE CITY'S INVESTMENT BROKER / DEALER LIST; AND APPROVING A LIST OF INVESTMENT TRAINING SPONSORS AND TAKE THE APPROPRIATE ACTION.

BACKGROUND:

The Public Funds Investment Act (PFIA), Section 2256.005 of the Texas Government Code, requires the City to review and adopt its Investment Policy on an annual basis.

- There have been no changes made to the investment policy this year.

The PFIA Section 2256.025 requires an entity to review, revise and adopt a list of qualified broker / dealers on annual basis.

- BBVA merged with PNC Bank and the attached resolution reflects the name change and the change in contact person. PNC Bank has also notified us that, although they will hold all current certificates of deposit to maturity, they will not issue additional certificates of deposit to commercial, corporate, or investment banking segments.
- All other qualified broker / dealers have not changed and are listed on the attached resolution.

The PFIA Section 2256.008 requires that all investment officers attend investment training from an independent source approved by the City Council.

- There are no changes to the list of training sponsors, and all are listed on the attached resolution.

RECOMMENDATION:

Staff recommends approving the Resolution.

ACTION BY THE CITY COUNCIL:

1. Motion to APPROVE/DISAPPROVE a Resolution adopting the Investment Policy of the City of Harker Heights, Texas; authorizing the City's Investment Broker / Dealer List; and approving a list of investment training sponsors.
2. Any other action desired.

ATTACHMENTS:

1. Resolution.
2. Investment Policy.

RESOLUTION NO. _____

A RESOLUTION ADOPTING THE INVESTMENT POLICY OF THE CITY OF HARKER HEIGHTS, TEXAS; AUTHORIZING THE CITY'S INVESTMENT BROKER/DEALER LIST; AND APPROVING A LIST OF INVESTMENT TRAINING SPONSORS

WHEREAS, the Public Funds Investment Act, Section 2256.005 of the Texas Government Code, requires that the City of Harker Heights, Texas adopt an investment policy and review it annually; and

WHEREAS, the attached investment policy and incorporated revisions comply with the Public Funds Investment Act and authorize the investment of the City of Harker Heights' funds in safe and prudent investments; and

WHEREAS, the Public Funds Investment Act, Section 2256.025 of the Texas Government Code, requires that the City Council review, revise, and adopt a list of qualified broker/dealers annually; and

WHEREAS, the following firms are registered with the Securities and Exchange Commission and with the State of Texas and their qualifications have been reviewed:

Stifel Nicolaus – Michael Bell
TexSTAR – Investment Pool
LoneStar – Investment Pool
Texas Class – Investment Pool; and

WHEREAS, the following banks are listed as qualified broker/dealers in order to invest funds with them:

Bancorp South – Randy Sutton
First National Bank Texas – Nancy Mullins
PNC Bank – Martin Morales; and

WHEREAS, the Public Funds Investment Act, Section 2256.008 of the Texas Government Code, requires that all investment officers of the City of Harker Heights attend investment training from an independent source approved by the City Council; and

WHEREAS, the City Council approves of the investment training courses sponsored by:

University of North Texas Center for Public Management
Texas Municipal League
Government Finance Officer's Association
Government Treasurer's Organization of Texas.

THEREFORE, BE IT RESOLVED by the City Council of the City of Harker Heights, Texas, that:

1. The City of Harker Heights has complied with the requirements of the Public Funds Investment Act and that the investment policy, as attached, has been reviewed and is hereby adopted as the investment policy of the City of Harker Heights.
2. The above list of qualified broker/dealers is approved for investment transactions with the City of Harker Heights.
3. The above list of investment training sponsors is approved for training of the City of Harker Heights' investment officers.

PRESENTED AND PASSED on this the 27th day of July 2021, by a vote of _____ ayes and _____ nays at a regular meeting of the City Council of the City of Harker Heights, Texas.

CITY OF HARKER HEIGHTS, TEXAS:

Spencer H. Smith, Mayor

ATTEST:

Julie Helsham, City Secretary

CITY OF HARKER HEIGHTS INVESTMENT POLICY

I. POLICY STATEMENT

It is the policy of the City of Harker Heights ("City") that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the City and conforming to all applicable State and City statutes governing the investment of public funds. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. It is the intent of the City to be in complete compliance with local law and the Texas Public Funds Investment Act of Texas Government Code Chapter 2256. The earnings from investments will be used in a manner that best serves the public trust and interests of the City.

II. SCOPE

This investment policy applies to the investment activities of the City of Harker Heights and serves to satisfy the statutory requirements of the Public Funds Investment Act of Texas Government Code Chapter 2256. All financial assets of the City to include the following fund types, which are defined in the City's Comprehensive Annual Financial Report ("CAFR"), shall be administered in accordance with the provisions of the policies:

- General Fund
- Debt Service Fund
- Capital Projects Fund
- Enterprise Funds
- Fixed Asset Fund
- Hotel/Motel Fund
- Restricted Courts Fund

All financial assets of the City to include the following fund types, which are not defined in the City's Comprehensive Annual Financial Report ("CAFR"), shall be administered in accordance with the provision of the policies:

- Employee Benefits Fund

Any new funds created by the City unless specifically exempted by the City Council shall also be administered in accordance with the provisions of these policies. The investment policy does not apply to the following funds, which are separately administered:

- Texas Municipal Retirement Fund
- Deferred Compensation Fund

III. INVESTMENT OBJECTIVES AND STRATEGY

It is the policy of the City that all funds shall be managed and invested using the following priorities with a primary emphasis on safety of principal, liquidity and yield:

Suitability

An understanding of the suitability of the investment to the financial requirements of the City is important. Any investment eligible in the investment policy is suitable for all City funds.

Safety of Principal

Safety of principal is the foremost objective of the City. Investments of the City shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. To obtain this goal, diversification is required in the portfolio's composition.

Liquidity

The City's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated. Portfolio maturities will be structured to meet the obligations of the City first, and then to achieve the highest return of interest consistent with the objectives of this policy.

Marketability

Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification

Diversification of the portfolio will include diversification by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding will be used on each sale and purchase. The suitability of each investment decision will be made on the basis of these objectives.

Yield

The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints and the cash flow of the portfolio. "Market rate of return" shall be defined as the average yield of the current three-month U.S. Treasury Bill. (A treasury bill is a non-interest bearing security issued by the U.S. Treasury to finance the national debt.)

Public Trust

All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction which might impair public confidence in the City's ability to govern effectively.

IV. INVESTMENT STRATEGY BY FUND GROUPS

In order to better diversify, maximize interest earnings and otherwise meet stated objectives, fund groups may be combined into one or more internal investment pools. Although fund monies may be combined into a single asset portfolio, proportional fund ownership will be accounted for separately. The city maintains separate portfolios for some individual funds or groups of funds that are managed in accordance with the terms of this policy and by the investment strategies listed below:

- A. General Operating Funds. This pooled investment group includes the general fund, debt service fund, and enterprise funds. The primary investment strategy for operating funds is to assure that anticipated cash flows are matched with adequate investment liquidity. The maximum maturity of an individual investment shall not exceed two years.
- B. Capital Project Funds. These funds primary revenue source is bond proceeds and are subject to arbitrage yield limitations. The primary investment strategy is to assure that anticipated cash flows are matched with adequate investment liquidity. The maximum maturity of an individual investment shall not exceed two years.
- C. Debt Service Sinking Funds. The primary investment strategy for debt service sinking funds is to match investment maturities with debt service payment requirements. The maximum maturity of an individual investment shall not exceed two years.

V. RESPONSIBILITY AND CONTROL

Delegation

The City Manager, Finance Director and Assistant Finance Director are designated as Investment Officers of the City and are responsible for investment management decisions and activities that are consistent with this investment policy and the Public Funds Investment Act. The Finance Director may delegate duties to additional staff as necessary. The authority to invest the City's funds is effective until rescinded or until the termination of employment.

Management and Internal Control

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. The Investment Officer shall designate a staff person as a substitute in the event circumstances require timely action and the Investment Officer is not available.

The Investment Officer shall be responsible for monitoring market prices and rating changes in investments. This will be done through monthly statements/reports, newsletters, financial advisors, and/or investment managers. Once received, applicable information will be input into the investment software for tracking purposes.

Training

The Investment Officer and any designee(s) must attend at least one initial investment related training session containing at least ten (10) hours of instruction within twelve (12) months of assuming their duties. As a part of their ongoing training, they also must attend an investment related training session not less than once in a two-year period beginning October 1 (two fiscal year periods) and receive not less than eight (8) hours of instruction. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Public Funds Investment Act. The training must be provided by an independent source approved by the City Council on an annual basis by resolution.

Transaction Authority

No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer and approved by the City Council. The persons holding these positions are also designated as authorized to transact wire transfers, buy/sell, and trade investments in accordance with the goals and objectives of the City's investment strategy.

Cash Flow Forecasting

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The City shall maintain a comprehensive cash management program, which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, and the management of banking services.

Prudence

In accordance with the Public Funds Investment Act, the investments shall be made with the exercise of due care which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their own capital as well as the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal, liquidity, and yield. The Investment Officer and those delegated investment authority under this policy, when acting in accordance with the written procedures and this policy and in accordance with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio provided that deviations from expectations for a specific security's credit risk, market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

VI. ETHICS AND CONFLICTS OF INTEREST**Conflicts of Interest**

Investment Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

Disclosure

Investment Officers who have a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement disclosing that personal business interest. A personal business relationship exists if the investment officer:

- Owns 10% or more of the voting stock/shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- Receives funds exceeding 10% of the investment officer's gross income for the previous year; or
- Acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. The statements must be filed with the Texas Ethics Commission and the City of Harker Heights' City Council.

VII. INTERNAL CONTROLS

The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the Director of Finance shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures.

VIII. AUTHORIZED AND PROHIBITED INVESTMENTS

Authorized Investments

Acceptable investments under this policy shall be limited to the instruments listed below. The investments are to be chosen in a manner which promotes diversity of market sector and maturity. Financial assets of the City of Harker Heights may be invested only in the following:

1. A certificate of deposit or share certificate if the certificate is issued by a depository institution that has its main office or a branch office in the State of Texas and is:
 - a. Guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor or the National Credit Union Share Insurance Fund or its successor;
 - b. Secured by obligation that are described in 5-9 below, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates but excluding those mortgage backed securities listed under "Prohibited Investments" in this section;
 - c. Secured in any other manner and amount provided by law for deposits of the investing entity.

2. In addition to the authority to invest funds in certificates of deposit as described in (1) above, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment:
 - a. The funds are invested by an investing entity through
 - i. a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City Council; or
 - ii. a depository institution that has its main office or a branch office in the State of Texas and that is selected by the City Council
 - b. The broker or depository institution selected by the City Council arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City (i.e. the CDARS Program);
 - c. The full amount of the principal and accrued interest of each certificate of deposit is insured by the United States or an instrumentality of the United States; and
 - d. The City Council appoints its depository institution or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.
3. Obligations, including letters of credit, of the United States or its agencies and instrumentalities including the Federal Home Loan Banks.
4. Direct obligations of the State of Texas or its agencies and instrumentalities.
5. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
6. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC or by the explicit full faith and credit of the United States.
7. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent.
8. Interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor or the National Credit Union Share Insurance Fund or its successor.
9. Interest-bearing banking deposits other than those described in number 3 if:
 - a. The funds invested are invested through
 - i. a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City Council; or
 - ii. a depository institution that has its main office or a branch office in the State of Texas and that is selected by the City Council
 - b. The broker or depository institution arranges for the deposit of funds in one or more federally insured depository institution regardless of location

- c. The full amount of principal and accrued interest of the deposit is insured by the United States or an instrumentality of the United States; and
 - d. The custodian of the deposits is the same as described in (a) above, an entity as described in Section 2257.041(d) of the Local Government Code, or a clearing broker dealer.
10. Investment pools authorized by resolution by the City Council. Investment pools shall invest the funds it receives from the City in authorized investments permitted by the Public Funds Investment Act Section 2256.016. Investment pool eligibility is discussed in the Public Funds Investment Act Section 2256.016 and 2256.019 and includes a requirement to be continuously rated no lower than “AAA” or “AAA-m” or an equivalent rating by at least one nationally recognized rating service.

Any investment made above shall meet all of the following criteria:

- Interest rate must be fixed
- It must be a direct investment – not a fund managed by others
- It cannot be a principal or interest only strip

Callable provisions are allowed with the following criteria:

- Only one-time calls
- Must have frequencies of three months or longer
- Cannot buy callables at a dollar price above Par (100)
- Maximum ownership 25% of portfolio
- Will not use call date as a maturity date

Any investments made above are required to receive a minimum of three rate quotes from brokers/dealers.

Any exceptions to the above allowed investments and maturity horizons must be approved in advance by the City Council and then shall be approved only if there are clear and compelling reasons to make the exception.

All security transactions entered into by the City shall be conducted on a delivery versus payment basis.

Prohibited Investments

The investment officer has no authority to use any of the following investment instruments which are strictly prohibited:

1. Repurchase agreements,
2. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal,
3. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest,

4. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years,
5. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index, and
6. Any other investment instrument that is not specifically listed as an authorized investment above.

IX. SELECTION OF BANKS AND DEALERS

Depository

The City will designate one banking institution through a competitive process as its central banking service provider at least every three years. This institution will be used for normal banking services including disbursements, deposits, lockbox, controlled disbursement and/or safekeeping of securities. Other banking institutions from which the City may deposit funds or purchase certificates of deposit will also be designated after they have followed the procedures listed below under "Authorized Broker/Dealers and Qualified Bidders".

Authorized Broker/Dealers and Qualified Bidders

The Investment Officer will maintain a list of approved financial institutions and securities broker/dealers who are authorized to provide investment services in the State of Texas. These may include primary dealers or regional dealers that qualify under the Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) and qualified depositories as established by Texas Local Government Code Chapter 105.

Every financial institution and broker/dealer with whom the City transacts business will be provided a copy of this Investment Policy to ensure that they are familiar with the goals and objectives of the investment program. The financial institution or broker/dealer will be required to return a signed copy of the Certification Form certifying that the policy has been received and reviewed (Exhibit A). A recommendation for addition to the list of qualified bidders will be submitted to the City Manager and City Council for approval. A list of broker/dealers will be taken to the City Council to be approved by resolution annually.

X. BID SOLICITATION METHODS

In order to ensure the best rates are being received, the Investment Officer will on occasion request bids/quotes from authorized broker/dealers for investments. These can be oral, in writing, via e-mail, or any combination thereof.

XI. DIVERSIFICATION AND MATURITY LIMITATIONS

It is the policy of the City to diversify its investment portfolio. The Investment Officer shall be required to diversify maturities, types of investment instruments, and broker/dealers. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than

one (1) year. Unless matched to a specific requirement and proper approval received in advance from the City Council, the investment officer may not invest any portion of the portfolio for a period greater than two (2) years. The investment officer may not invest more than 50% of the portfolio in any one agency.

XII. SAFEKEEPING AND CUSTODY

The laws of the State of Texas and prudent treasury management require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by either an independent third party financial institution, the City's designated depository or designated agent.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third-party custodian and designated agents shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, CUSIP number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is insured and registered in the City's name.

XIII. COLLATERALIZATION

Collateralization will be required on all deposits and certificates of deposit. The collateralization level shall be equal to at least one hundred and two percent (102%) of the aggregate market value of the deposit or investment including accrued interest less an amount insured by the Federal Deposit Insurance Corporation ("FDIC"). Evidence of the pledged collateral shall be documented by a tri-party custodial agreement with the collateral pledged clearly listed in the agreement. All securities pledged to the City for certificates of deposit or demand deposits shall be held by an independent third-party bank, a Federal Reserve Bank or a branch of a Federal Reserve Bank. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged. An authorized City Official must approve release and/or substitution of collateral before such action is taken. Collateral shall be reviewed monthly to assure that the market value of the securities pledged equals or exceeds the related deposit or investment balance. Collateral requirements shall be in accordance with Chapter 2256 and 2257 of the Texas Government Code. The City of Harker Heights shall accept only the following securities as collateral for cash deposits and certificates of deposit:

1. FDIC and its successor's insurance coverage.
2. Obligations of the U.S., its agencies and instrumentalities including agency and instrumentality issued mortgage-backed collateral.
3. Other obligations, the principal of and interest on, which are unconditionally guaranteed or insured by the State of Texas, the U.S. government or its agencies and instrumentalities.
4. Obligations of states, agencies thereof, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of no less than "A" or its equivalent with a remaining maturity of ten (10) years or less.

XIV. PERFORMANCE EVALUATION AND REPORTING

Quarterly Reports

In accordance with the Public Funds Investment Act, not less than quarterly the Investment Officer shall prepare and submit to the City Council a written report of investment transactions for all funds for the preceding reporting period within a reasonable time after the end of the period. The quarterly investment report must:

1. describe in detail the investment position of the City on the date of the report;
2. be prepared jointly by all investment officers of the City;
3. be signed by each investment officer of the City;
4. contain a summary statement of each pooled fund group prepared in accordance with generally accepted account principles that states the:
 - a) beginning market value for the reporting period,
 - b) additions and changes to the market value during the period,
 - c) ending market value for the period, and
 - d) fully accrued interest for the reporting period;
5. state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested; market value shall be determined by reference to published prices in the Wall Street Journal or by reference to other commonly recognized source of market information;
6. state the maturity date of each separately invested asset that has a maturity date;
7. state the account or fund in the City for which each individual investment was acquired;
8. state the compliance of the investment portfolio of the City as it relates to:
 - a) the investment strategy expressed in the City's investment policy, and
 - b) relevant provisions of the Public Funds Investment Act;
9. state the total rate of return on the investment portfolio, and
10. be reviewed by the City's independent auditors as part of the City's annual audit and the result of this review shall be reported to the City Council.

Audits

A compliance audit will be performed in conjunction with the City's annual financial audit. A compliance audit focuses on management controls and adherence to the existing investment policy. Any purchase investments outside of the investment pool that are not money market funds or certificates of deposits will be reviewed annually by an independent auditor. The result of this review by the independent auditor must be submitted to the governing body in conjunction with the City's annual audit.

XV. INVESTMENT POLICY ADOPTION BY CITY COUNCIL

The City's investment policy shall be adopted by the City Council. This policy shall be reviewed and adopted on an annual basis by the City Council.

XVI. GLOSSARY

A glossary of financial terms referenced herein is appended to this policy. (Appendix A).

PASSED AND APPROVED at a regular meeting of the City Council of the City of Harker Heights, Texas, this 27th day of July, 2021 at which meeting a quorum was present.

Spencer H. Smith, Mayor
City of Harker Heights

Attest:

Juliette Helsham, City Secretary
City of Harker Heights

Appendix A GLOSSARY

AGENCIES: Federal agency securities.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO): A type of bond secured on mortgages where the mortgage repayments are used to pay interest on the bonds.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Harker Heights. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at a maturity for full face value, e.g. U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

FEDERAL FARM CREDIT BANK (FFCB): Government sponsored banks that are part

of the Farm Credit System which is a cooperatively owned nationwide system of banks and associations that provide services to farmers, ranchers or producers.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLB's is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks.

GENERAL ACCEPTED ACCOUNTING PRINCIPLES (GAAP): Uniform minimum standards for financial accounting and

recording encompassing the conventions, rules, and procedures that define accepted accounting principles.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "passthroughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) - registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the Custody State--the so-called legal list. In other states, the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

RATINGS: Credit ratings are opinions about credit risk. The City of Harker Heights uses

Standard and Poor's for its credit ratings. Following is the scale used for municipalities:

- AAA – extremely strong capacity to meet financial commitments
- AA* – very strong capacity to meet financial commitments
- A* – strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances
- BBB* – adequate capacity to meet financial commitments, but more subject to adverse economic conditions
- BB* – less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions
- B* – more vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments
- CCC* – currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments
- CC – highly vulnerable; default has not yet occurred, but is expected to be a virtual certainty
- C – currently highly vulnerable to non-payment, and ultimate recovery is expected to be lower than that of higher rated obligations
- D – payment default on a financial commitment or breach of an imputed promise; also used when a bankruptcy petition has been filed or similar action taken

*may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

Following is the scale for Principal Stability funds also known as “money market fund ratings” commonly used for investment pools:

- AAAm – extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk
- AAm* – very strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk; differs from AAAm only to a small degree
- Am* – strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk, but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than funds in higher-rated categories
- BBBm* – adequate capacity to maintain principal stability and to limit exposure to principal losses due to credit risk; adverse economic conditions or changing circumstances are more likely to lead to a reduced capacity to maintain principal stability
- BBm* – speculative characteristics and uncertain capacity to maintain principal stability; vulnerable to principal losses due to credit risk
- Dm – fails to maintain principal stability resulting in a realized or unrealized loss of principal

*may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

REGIONAL DEALERS: (See primary dealers) A group of brokers that have the ability to buy and sell from various investment houses.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby

securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

TENNESSEE VALLEY AUTHORITY (TVA): A wholly owned agency of the United States established in 1933 to provide electric power in a region that includes seven southeastern states. Of the six U.S. agencies that issue their own debt, TVA is the only one directly owned by the federal government.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than 10 years.

TREASURY NOTES: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a

maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment expressed as a percentage.

(a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**CITY OF HARKER HEIGHTS (the "City")
INVESTMENT POLICY CERTIFICATION FORM
as required by Texas Government Code Section 2256.005(k-l)**

This certification form is executed pursuant to Texas Government Code Chapter 2256, Public Funds Investment Act. The undersigned Qualified Representative certifies that:

1. The Qualified Representative is duly authorized to execute this Certification Form on behalf of the Company named below, and
2. The Qualified Representative has received and reviewed the City of Harker Heights' Investment Policy, and
3. The Company has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between it and the City that are not authorized by the City's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires and interpretation of subjective investment standards.

Signature of Qualified Representative

Company Name: _____

Printed Name: _____

Title: _____

Date: _____



CITY COUNCIL MEMORANDUM

AGENDA ITEM # XII-1

FROM: THE OFFICE OF THE CITY MANAGER

DATE: JULY 27, 2021

RECEIVE AND DISCUSS A PRESENTATION BY ANGIE WILSON, PARKS & RECREATION ADVISORY BOARD AND TREE ADVISORY BOARD CHAIR, REGARDING AN ANNUAL UPDATE ON BOARD ACTIVITIES IN 2020-2021.

EXPLANATION:

This presentation will provide the City Council with an overview of the Parks and Recreation Advisory Board and Tree Advisory Board discussions presented during the 2021 fiscal year and any goals or objectives for the future.

ATTACHMENTS:

1. None.



CITY COUNCIL MEMORANDUM

AGENDA ITEM # XIII-1

FROM: THE OFFICE OF THE CITY MANAGER

DATE: JULY 27, 2021

RECEIVE AND DISCUSS THE FY 2020 – 2021 THIRD QUARTER INVESTMENT REPORT.

BACKGROUND:

Attached is the investment report for the third quarter of fiscal year 2021. The total amount invested as of June 30, 2021, was \$34,150,276.90. This is \$5,352,762.985 more than the \$28,797,513.92 that was invested as of June 30, 2020.

As shown in the graph below, total investments increased by \$994,113.09 from the second quarter of the 2021 fiscal year. The \$923,067.23 decrease in the General Fund can be attributed to transfers made for daily operating expenses. The increase in the Utility Fund can be attributed to a payables transfer made to the fund from the General Fund in the amount of \$1,247,936 in April 2021. The 2020 Street Improvement Project is the primary reason for the decrease of \$327,579.65 in the Capital Improvement Fund. Although the City has several other projects in the engineering phase, this project is already in the construction phase.

Description	As of 03/31/2021	As of 06/30/2021	Increase (Decrease)
01 General Fund	20,636,449.41	19,713,382.18	(923,067.23)
02 Utility Fund	1,666,411.40	3,663,449.24	1,997,037.84
03 Drainage Fund	100,298.78	208,562.49	108,263.71
04 Sanitation Fund	155,868.67	202,799.14	46,930.47
05 Capital Improvement Fund	7,382,374.15	7,054,794.50	(327,579.65)
06 Debt Service Fund	2,643,651.17	2,707,668.42	64,017.25
11 Hotel / Motel Fund	389,080.04	420,223.79	31,143.75
12 Restricted Court Fund	182,030.19	179,397.14	(2,633.05)
Total / Average	33,156,163.81	34,150,276.90	994,113.09

The Investment Portfolio by Maturity Range, page 4 of the attached Investment Report, shows that most of the City’s investments (69.02%) will mature within one month of June 30, 2021. Included in this category are the City’s checking accounts, pool accounts, and one Certificate of Deposit which matured on July 23, 2021. There are currently no investments that exceed a maturity range of one year.

The City’s current investments have interest rates that range from 0.01% to 1.75%. As a comparison, Treasury Bill rates for a one-month investment as of June 30, 2021 was 0.05% and for a one-year investment was 0.07%.

RECOMMENDATION:

None.

ACTION BY COUNCIL:

None.

ATTACHMENTS:


1. Investment Report – June 30, 2021.

City of Harker Heights
 Portfolio Management - Portfolio Summary
 As of 6/30/2021

Description	Yield	Face Amount/Shares	Cost Value	Market Value	Days To Maturity	% of Portfolio
CDARS Program	0.295	4,429,054.27	4,429,054.27	4,429,054.27	167	12.97
Certificate of Deposit	0.573	7,686,598.81	7,686,598.81	7,687,881.48	136	22.51
Checking Accounts	0.150	10,436,550.40	10,436,550.40	10,436,550.40	1	30.56
Pool Accounts	0.050	11,596,790.75	11,596,790.75	11,596,790.75	1	33.96
Total / Average	0.230	34,148,994.23	34,148,994.23	34,150,276.90	53	100.00

Interest Income Earned Through June 30, 2021: \$130,932.58
 Average Daily Balance Through June 30, 2021: \$31,851,482.99

This quarterly investment report has been prepared in full compliance with the City of Harker Heights' Investment Policy and the Public Funds Investment Act (Texas Government Code, Chapter 2256.023).



 Ayesha Lealjee, Finance Director

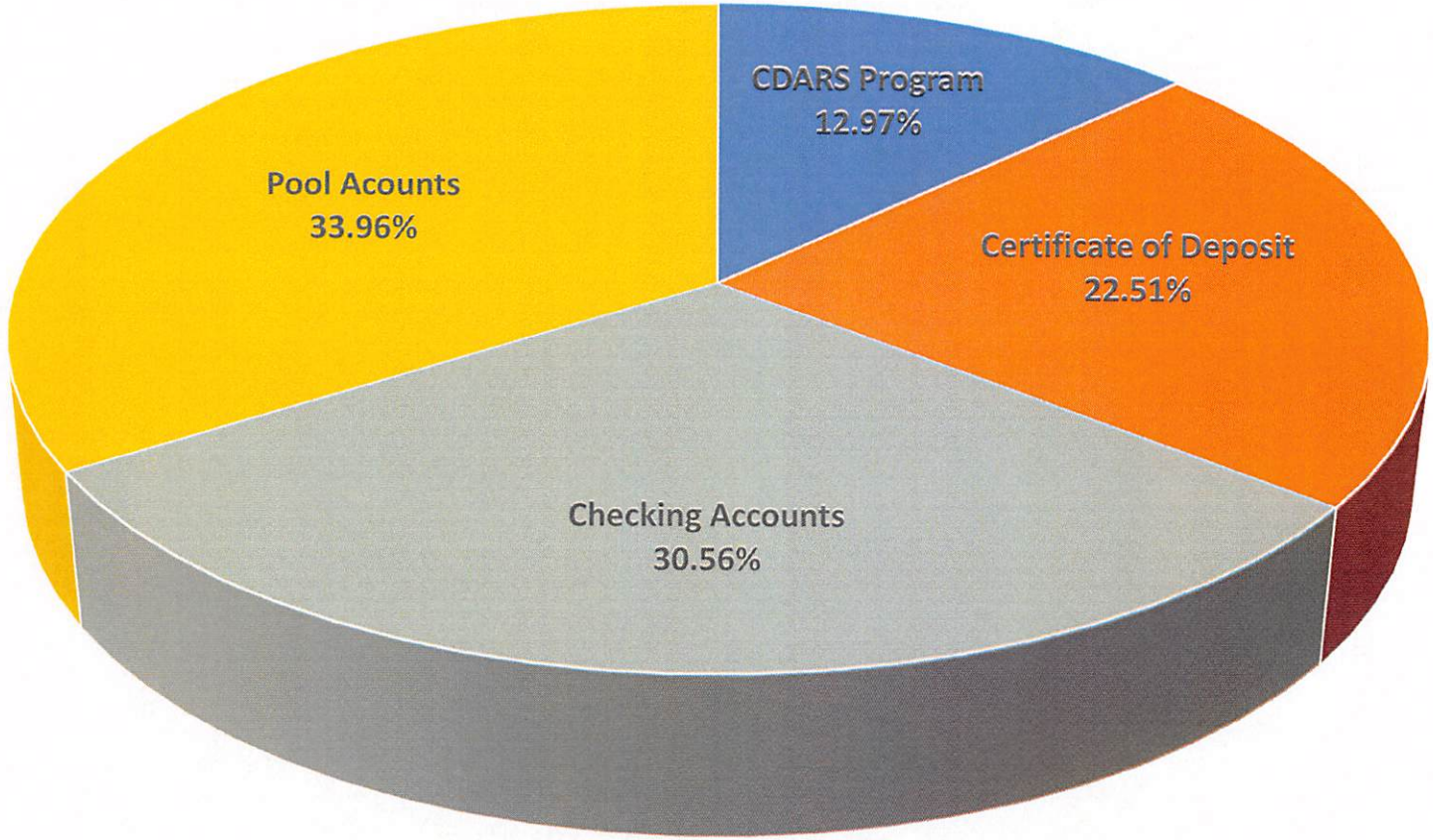
7/21/21



 David R. Mitchell, City Manager

7/21/21

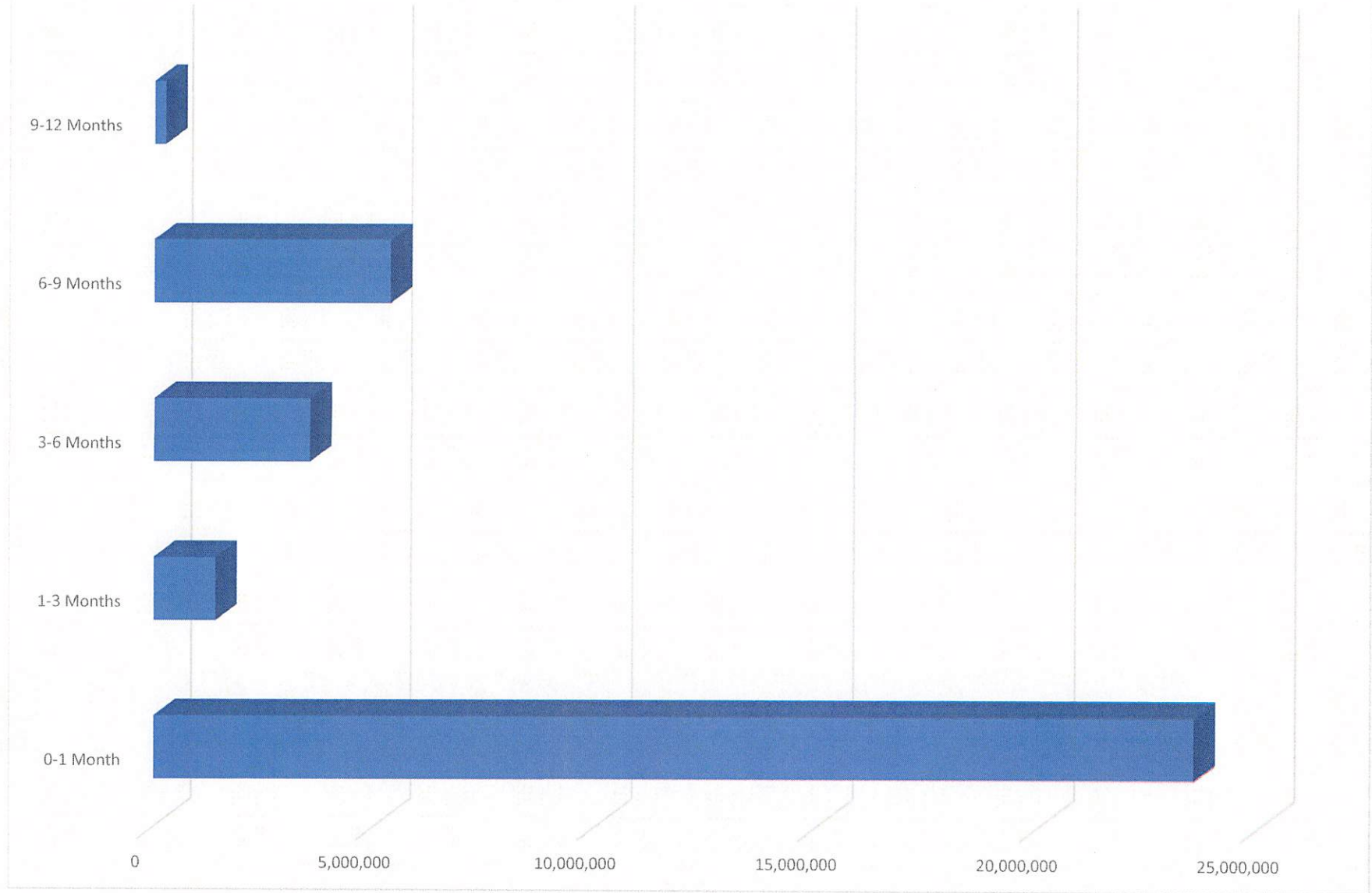
PORTFOLIO HOLDINGS DISTRIBUTION BY ASSET CLASS



City of Harker Heights
Investment Portfolio - by Maturity Range (all)
As of 6/30/2021

Description	Maturity Date	Days To Maturity	Yield	Face Amount / Shares	Cost Value	Market Value	% of Portfolio
0-1 Month							
BancorpSouth - Checking MM	N/A	1	0.150	10,361,759.00	10,361,759.00	10,361,759.00	30.34
BBVA - Temple, TX 1.55 7/23/2021	7/23/2021	23	1.550	1,533,233.75	1,533,233.75	1,533,233.75	4.49
First National Bank Texas - Checking MM	N/A	1	0.100	74,791.40	74,791.40	74,791.40	0.22
LoneStar LGIP	N/A	1	0.010	1,132,174.51	1,132,174.51	1,132,174.51	3.32
Texas Class LGIP	N/A	1	0.061	9,119,774.78	9,119,774.78	9,119,774.78	26.71
TexStar LGIP	N/A	1	0.010	1,344,841.46	1,344,841.46	1,344,841.46	3.94
Total / Average 0-1 Month		2	0.192	23,566,574.90	23,566,574.90	23,566,574.90	69.02
1-3 Months							
BancorpSouth Bank - Harker Heights, TX 0.5 8/28/20	8/28/2021	59	0.500	1,003,744.38	1,003,744.38	1,003,744.38	2.94
BBVA - Temple, TX 0.2 8/24/2021	8/24/2021	55	0.200	400,666.86	400,666.86	400,666.86	1.17
Total / Average 1-3 Months		58	0.414	1,404,411.24	1,404,411.24	1,404,411.24	4.11
3-6 Months							
BancorpSouth Bank - Harker Heights, TX 0.25 10/11/	10/11/2021	103	0.250	1,000,000.00	1,000,000.00	1,000,000.00	2.93
BancorpSouth Bank - Harker Heights, TX 0.25 10/11/	10/11/2021	103	0.250	500,000.00	500,000.00	500,000.00	1.46
First National Bank Texas - Killeen, TX 0.07 12/2/	12/2/2021	155	0.070	1,038,631.84	1,038,631.84	1,038,631.84	3.04
First National Bank Texas - Killeen, TX 1.4 10/14/	10/14/2021	106	1.400	768,137.34	768,137.34	768,137.34	2.25
Goldman Sachs Bank USA - New York, NY 1.75 10/18/2	10/18/2021	110	1.750	247,000.00	247,000.00	248,282.67	0.72
Total / Average 3-6 Months		119	0.550	3,553,769.18	3,553,769.18	3,555,051.85	10.40
6-9 Months							
BancorpSouth Bank - Harker Heights, TX 0.25 3/2/20	3/2/2022	245	0.250	2,001,260.27	2,001,260.27	2,001,260.27	5.86
BBVA - Temple, TX 0.1 3/3/2022	3/3/2022	246	0.100	750,693.55	750,693.55	750,693.55	2.20
First National Bank Texas - Killeen, TX 0.06 1/6/2	1/6/2022	190	0.060	2,622,285.09	2,622,285.09	2,622,285.09	7.68
Total / Average 6-9 Months		218	0.136	5,374,238.91	5,374,238.91	5,374,238.91	15.74
9-12 Months							
BancorpSouth Bank - Harker Heights, TX 0.25 4/14/2	4/14/2022	288	0.250	250,000.00	250,000.00	250,000.00	0.73
Total / Average 9-12 Months		288	0.250	250,000.00	250,000.00	250,000.00	0.73
Total / Average		53	0.230	34,148,994.23	34,148,994.23	34,150,276.90	100.00

PORTFOLIO HOLDINGS BY MATURITY RANGE





CITY COUNCIL MEMORANDUM

AGENDA ITEM # XIII-2

FROM: THE OFFICE OF THE CITY MANAGER

DATE: JULY 27, 2021

RECEIVE AND DISCUSS THE FY 2020-2021 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT REPORT.

BACKGROUND:

Attached are the unaudited financial statements for the third quarter of fiscal year 2021. Items on the statements that are highlighted in yellow are paid or received on a one-time, annual basis. The following is a summary of the information you will find attached:

		As of June 30, 2021		
	Page(s)	Revenues	Expenses	Fund Balance
General Fund	1-5	\$ 21,279,292	\$ 16,411,441	\$ 17,201,495
Utility Fund	6-8	7,242,834	6,199,977	3,216,609
Sanitation Fund	9-10	1,778,830	1,610,232	316,077
Drainage Fund	11-12	646,560	475,785	226,746
Debt Service Fund	13	3,143,685	548,209	2,646,393
Hotel/Motel Fund	14	75,851	16,875	420,271
Restricted Courts Fund	15	91,750	83,500	179,711
				<u>\$ 24,207,302</u>

RECOMMENDATION:

None.

ACTION BY COUNCIL:

None.

ATTACHMENTS:

1. Unaudited Financial Report – June 30, 2021.

GENERAL FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
BEGINNING FUND BALANCE		9,859,615	12,333,644	125.09%		
REVENUES						
Taxes						
Tax Receipts	9,444,498	10,143,100	9,993,740	98.53%	549,242	5.82%
Total Taxes	9,444,498	10,143,100	9,993,740	98.53%	549,242	5.82%
Other Taxes and Special Assessments						
Cable Franchise Fees	251,373	335,000	241,849	72.19%	(9,524)	-3.79%
Electricity Franchise Fees	756,320	953,000	780,468	81.90%	24,148	3.19%
Gas Franchise Fees	58,197	70,000	73,254	104.65%	15,057	25.87%
Telephone Franchise Fees	21,147	10,000	7,660	76.60%	(13,487)	-63.78%
Mixed Drink Tax	82,287	70,000	91,877	131.25%	9,590	11.65%
Bingo Tax	35,253	20,000	25,715	128.58%	(9,538)	-27.06%
Sales Tax	5,617,291	6,927,400	6,889,739	99.46%	1,272,448	22.65%
Total Other Taxes and Special Assessments	6,821,868	8,385,400	8,110,562	96.72%	1,288,694	18.89%
Licenses and Permits						
Platting and Rezoning	9,776	30,000	21,702	72.34%	11,926	121.99%
City Registration Fee	32,338	35,000	23,390	66.83%	(8,948)	-27.67%
Building Permits	175,059	250,000	151,602	60.64%	(23,457)	-13.40%
Contractor's Registration	13,354	15,000	17,560	117.07%	4,206	31.50%
Fire Permit Revenue	6,635	10,000	6,155	61.55%	(480)	-7.23%
Total Licenses and Permits	237,162	340,000	220,409	64.83%	(16,753)	-7.06%
Fines and Fees						
Court Fines	756,006	1,000,000	743,322	74.33%	(12,684)	-1.68%
Total Fines and Fees	756,006	1,000,000	743,322	74.33%	(12,684)	-1.68%

- a) Electric franchise payments as of the third quarter total \$780,468 for the 2021 fiscal year which is \$24,148 more than the \$756,320 received during the same period last fiscal year. There is still one final payment remaining before the fiscal year ends.
- b) Gas franchise payments total \$73,254 at the end of the third quarter and are 104.65% of the \$70,000 budgeted. There is still one final payment remaining before the fiscal year ends.
- c) \$91,877 has been received in mixed drink tax revenue as of June 30, 2021. Revenue for this line item has been received on a monthly basis since February 2021; payments received thus far include receipts from vendors for July 2020 to May 2021.
- d) Although bingo tax revenue has surpassed its budgeted amount by \$5,715 with \$25,715 received, revenue for this line has decreased when compared to the same time period as last year by \$9,538.
- e) \$6,889,739 has been received in sales tax revenue which is \$1,272,448 more than received in the prior year. It is also 99.46% of the \$6,927,400 budgeted.
- f) Platting and rezoning revenue for the third quarter of 2021 has increased by \$11,926 over the prior year's amount of \$9,776 with \$21,702 received in revenue. This is a good sign of business getting back to normal.
- g) Contractor's registration is also up over the prior year by \$4,206 with \$17,560 received in revenue.

GENERAL FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget		Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
Charges for Services							
Aquatic Activities	78	40,000	11,985	29.96%	h	11,907	15265.38%
Recreation Programs	2,808	15,000	4,538	30.25%		1,730	61.61%
Youth Sports Activities	34,894	100,000	54,278	54.28%		19,384	55.55%
Concession Stand	5,190	5,000	802	16.04%	i	(4,388)	-84.55%
Adult Activities	1,089	10,000	2,565	25.65%	j	1,476	135.54%
Park Facility Rentals	18,430	30,000	20,785	69.28%		2,355	12.78%
False Alarm Fees	1,650	0	2,434	0.00%		784	47.52%
Ambulance Collection Fees	(42,159)	(58,000)	(31,958)	55.10%		(10,201)	-24.20%
Ambulance Service	478,372	715,000	337,828	47.25%	k	(140,544)	-29.38%
Animal Services	53,725	75,000	90,278	120.37%	l	36,553	68.04%
Total Charges for Services	554,077	932,000	493,535	52.95%		(60,542)	-10.93%
Intergovernmental							
Grant Revenue	75,584	137,800	432,917	314.16%	m	357,333	472.76%
Reimburse Bell County	7,873	5,000	9,693	193.86%		1,820	23.12%
Central TX Trauma Council	2,376	2,000	3,518	175.90%		1,142	48.06%
Total Intergovernmental	85,833	144,800	446,128	308.10%		360,295	419.76%
Investment Earnings							
Interest Income	231,398	250,000	69,451	27.78%	n	(161,947)	-69.99%
Gain on Investments	49	0	0	0.00%		(49)	0.00%
Total Investment Earnings	231,447	250,000	69,451	27.78%		(161,996)	-69.99%
Contributions and Donations							
Donations	2,980	0	5,720	0.00%		2,740	91.95%
Donations - Police	10	0	2,040	0.00%		2,030	20300.00%
Donations - Healathy Homes	1,000	0	1,625	0.00%		625	62.50%
Donations - Library	0	0	10,057	0.00%		10,057	0.00%
Donations - Parks & Rec	1,805	0	5,000	0.00%		3,195	177.01%
Donations - National Night Out	0	0	25	0.00%		25	0.00%
Donations - Pet Adoption Center	10,992	15,000	11,848	78.99%		856	7.79%
Donations - Activity Center	3,000	0	0	0.00%		(3,000)	-100.00%
Total Contributions and Donations	19,787	15,000	36,315	242.10%		16,528	83.53%

h) \$11,985 has been received in aquatic activity revenue which is \$11,907 more than last fiscal year. This is because the pool was not open in 2020 due to the pandemic.

i) Concession stand revenue is down by \$4,388 from the prior year with \$802 received through the third quarter due to tournament rentals being down.

j) Adult activity revenue has increased over the prior year with the restart of programming after the pandemic. The third quarter has resulted in \$2,565 in revenue which is \$1,476 over the \$1,089 received last year during the same time period.

k) Ambulance service revenue collected through AMB Services totals \$337,828 and is at 47.25% of the \$715,000 budgeted.

l) \$90,278 has been collected in Animal Services revenue which includes adoption and reclaim fees.

m) Grant revenue through June 30, 2021 totals \$432,917 which includes the \$371,995 received in Coronavirus Relief Funds.

n) Interest rates remain low which is reflected in the interest income line item which is down by \$161,947 from the prior year with \$69,451 earned through the third quarter.

GENERAL FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
Miscellaneous						
Credit Card Fees	(29,733)	(35,000)	(28,058)	80.17%	(1,675)	-5.63%
Technology Fee - MyPermitNow	8,307	10,000	7,266	72.66%	(1,041)	-12.53%
Cash Over (Short)	(20)	0	2	0.00%	22	-110.00%
Miscellaneous Income	14,698	20,000	12,895	64.48%	(1,803)	-12.27%
Taxable Income	10,685	16,000	6,109	38.18%	(4,576)	-42.83%
Insurance Proceeds	40,457	0	61,361	0.00%	20,904	51.67%
Settlement of Claim	1,620	0	300	0.00%	(1,320)	-81.48%
Public Nuisance Assmt Pmt	10,651	0	17,151	0.00%	6,500	61.03%
Auction Abandoned Property	3,380	0	304	0.00%	(3,076)	-91.01%
Lease Agreement Proceeds	0	0	405,000	0.00%	405,000	0.00%
Total Miscellaneous	60,045	11,000	482,330	4384.82%	422,285	703.28%
Transfers In						
Transfer from Water	200,000	500,000	500,000	100.00%	300,000	0.00%
Transfer from Sanitation	125,000	200,000	100,000	50.00%	(25,000)	0.00%
Transfer from Restricted Court	45,000	83,500	83,500	100.00%	38,500	0.00%
Total Transfers In	370,000	783,500	683,500	87.24%	313,500	0.00%
TOTAL REVENUES	18,580,723	22,004,800	21,279,292	96.70%	2,698,569	14.52%
EXPENDITURES						
Personnel Services						
Salaries	8,455,816	12,329,400	9,128,191	74.04%	672,375	7.95%
Overtime	363,041	526,900	385,249	73.12%	22,208	6.12%
Workers Compensation	131,094	143,900	148,942	103.50%	17,848	13.61%
Health Insurance	804,945	1,068,900	685,604	64.14%	(119,341)	-14.83%
Social Security	649,533	983,600	711,188	72.30%	61,655	9.49%
Retirement	1,296,588	1,896,000	1,407,778	74.25%	111,190	8.58%
Total Personnel Services	11,701,017	16,948,700	12,466,952	73.56%	765,935	6.55%
Supplies						
Office	66,094	98,400	47,079	47.84%	(19,015)	-28.77%
Vehicle	167,653	236,500	156,768	66.29%	(10,885)	-6.49%
General	101,355	124,600	94,642	75.96%	(6,713)	-6.62%
Equipment	48,116	69,800	32,119	46.02%	(15,997)	-33.25%
Uniforms	61,570	107,300	37,168	34.64%	(24,402)	-39.63%
Recreational (Parks & Rec / Activity Ctr)	3,580	6,000	3,773	62.88%	193	5.39%
Chemical (Parks & Recreation)	3,686	12,200	8,383	68.71%	4,697	127.43%
Clinical (Pet Adoption Center)	22,199	20,000	31,211	156.06%	9,012	40.60%
Animal Care (Pet Adoption Center)	26,044	60,000	22,426	37.38%	(3,618)	-13.89%
Medical (Fire Operations)	42,862	60,000	41,628	69.38%	(1,234)	-2.88%
Total Supplies	543,159	794,800	475,197	59.79%	(67,962)	-12.51%

o) Revenues total \$21,279,292 at the end of the third quarter. This is 96.70% of the \$22,004,800 budgeted and \$2,698,569 more than the \$18,580,723 collected last year.

p) Chemical supplies purchased for the pool are at 68.71% of the \$12,200 budgeted with \$8,383 spent at the end of the third quarter. This is \$4,697 more than the prior year with the opening of the pool for the 2021 season.

q) PAC clinical supplies expense total \$31,211 or 156.06% of the \$20,000 budgeted; this is also \$9,012 more than the \$22,199 spent last fiscal year.

GENERAL FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget		Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
Maintenance							
Vehicle	140,907	139,000	88,581	63.73%		(52,326)	-37.14%
Building	80,983	101,300	79,710	78.69%		(1,273)	-1.57%
Equipment	261,625	335,700	282,694	84.21%	r	21,069	8.05%
Ground	99,768	165,900	95,841	57.77%		(3,927)	-3.94%
Total Maintenance	583,283	741,900	546,826	73.71%		(36,457)	-6.25%
Insurance							
Property and Liability	176,647	194,000	182,046	93.84%		5,399	3.06%
Total Insurance	176,647	194,000	182,046	93.84%		5,399	3.06%
Services							
Unemployment Expense	5,062	0	955	0.00%	s	(4,107)	-81.13%
Election Expense	645	30,000	28,035	93.45%	t	27,390	4246.51%
Lobbying Expense	0	0	44	0.00%		44	0.00%
Utilities	338,192	497,000	316,381	63.66%		(21,811)	-6.45%
Dues and Subscriptions	33,550	57,400	34,925	60.84%		1,375	4.10%
Travel and Training	76,400	139,700	48,873	34.98%		(27,527)	-36.03%
Impound Expense	318	500	0	0.00%		(318)	-100.00%
Telephone	64,612	91,600	64,434	70.34%		(178)	-0.28%
Equipment Rental	9,801	30,000	7,132	23.77%		(2,669)	-27.23%
Contract Labor	385,441	455,100	326,336	71.71%		(59,105)	-15.33%
Online Transaction Fees	3,147	6,800	3,916	57.59%		769	24.44%
Adaptive Sports	6,318	10,000	848	8.48%		(5,470)	-86.58%
Tree City USA	3,201	10,000	8,756	87.56%		5,555	173.54%
Living Legacy	2,290	4,500	2,376	52.80%		86	3.76%
Trophies and Awards	4,678	15,000	4,356	29.04%		(322)	-6.88%
Uniforms and Equipment (Rec)	13,768	45,000	20,433	45.41%		6,665	48.41%
Programs (Parks & Rec / Activity Ctr)	33,239	63,800	47,772	74.88%		14,533	43.72%
Adult Sports	0	2,000	1,548	77.40%		1,548	0.00%
Grant Expense	64,533	147,500	70,917	48.08%		6,384	9.89%
LEOSE Training	3,153	7,000	415	5.93%		(2,738)	-86.84%
COVID-19 Expenses	11,271	5,000	350,444	7008.88%	u	339,173	3009.25%
Sheltering Expenses (Winter Storm Uri)	0	0	1,161	0.00%		1,161	0.00%

r) The equipment maintenance line item in the General Fund not only finances machinery maintenance but also software and hardware maintenance. Through the third quarter this expense totals \$282,694 and is \$21,069 more than the \$261,625 spent last year.

s) Unemployment expenses are down \$4,107 from the prior year due to the CARES Act 50% credit employer's receive for each claim.

t) \$28,035 was spent on the November 2020 and May 2021 elections.

u) COVID-19 expenses reimbursed by the Coronavirus Relief Fund totals \$350,444 or \$345,444 more than budgeted.

GENERAL FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget		Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
Services							
Bank Fees	514	800	2,349	293.63%	v	1,835	357.00%
Audit Fees	29,200	30,000	29,200	97.33%		0	0.00%
Tax Appraisal Contract	78,300	108,000	75,212	69.64%		(3,088)	-3.94%
Nuisance Abatements	4,505	245,000	125,000	51.02%	w	120,495	2674.69%
State Tax Payments	293,682	335,000	255,974	76.41%		(37,708)	-12.84%
Medical Director Contract	24,000	20,000	20,000	100.00%		(4,000)	-16.67%
Fire Prevention	988	6,000	1,479	24.65%		491	49.70%
Safety Training	710	900	822	91.33%		112	15.77%
Public Awareness	3,375	5,000	3,505	70.10%		130	3.85%
Total Services	1,494,893	2,368,600	1,853,598	78.26%		358,705	24.00%
Miscellaneous							
Legal Fees	57,151	72,000	58,140	80.75%		989	1.73%
Advertising	11,311	28,200	9,357	33.18%		(1,954)	-17.28%
Required Public Notices	5,615	14,900	16,084	107.95%	x	10,469	186.45%
Professional Fees	160,048	237,700	167,944	70.65%		7,896	4.93%
Prosecutor Fees	0	58,000	9,565	16.49%		9,565	0.00%
Rent Expense	0	0	342	0.00%		342	0.00%
Transportation (HOP)	0	0	0	0.00%		0	0.00%
Heart of TX Defense Alliance	17,000	17,000	17,000	100.00%		0	0.00%
Harker Heights Chamber of Commerce	30,000	50,000	37,500	75.00%		7,500	25.00%
Killeen Chamber of Commerce	9,375	0	0	0.00%		(9,375)	-100.00%
Youth Task Force	0	10,500	0	0.00%		0	0.00%
Economic Development	22,585	22,500	20,000	88.89%		(2,585)	-11.45%
Boys & Girls Club Contribution	30,000	30,000	30,000	100.00%		0	0.00%
Greater Killeen Community Clinic	9,500	12,000	12,000	100.00%		2,500	26.32%
Pitney Bowes Lease	2,620	3,500	2,620	74.86%		0	0.00%
Xerox Rental	6,717	15,600	11,520	73.85%		4,803	71.51%
Total Miscellaneous	361,922	571,900	392,072	68.56%		30,150	8.33%
Reserves and Transfers							
Reserve for Personnel	8,715	0	(5,250)	0.00%		(13,965)	-160.24%
Reimbursement: Seton Medical	579,131	0	0	0.00%		(579,131)	-100.00%
Transfer to Fixed Assets	0	0	0	0.00%		0	0.00%
Transfer to Capital Projects	0	500,000	500,000	100.00%		500,000	0.00%
Total Reserves and Transfers	587,846	500,000	494,750	98.95%		(93,096)	-15.84%
TOTAL EXPENDITURES	15,448,767	22,119,900	16,411,441	74.19%	y	962,674	6.23%
INCREASE/DECREASE	3,131,956	(115,100)	4,867,851				
ENDING FUND BALANCE		9,744,515	17,201,495				

v) Bank fees total \$2,349 as of the end of the third quarter of the 2021 fiscal year. Staff is keeping an eye on all criteria to minimize any additional bank fees charged to the City.

w) Nuisance abatement expenses total \$125,000 through the third quarter of FY 2021 primarily due to the Lynn Drive project. This is 51.02% of the budgeted amount of \$245,000.

x) \$16,084 has been spent on Required Public Notices which includes public hearing notices, ordinance notices and any other notices which are required to be printed by the City.

y) Total expenditures through the third quarter are \$16,411,441 or 74.19% of the \$22,119,900 budgeted.

UTILITY FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget		Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
BEGINNING FUND BALANCE		3,257,117	2,173,752	66.74%			
REVENUES							
Sales							
Water Income	4,122,669	6,254,600	4,145,532	66.28%		22,863	0.55%
Sewer Income	2,821,597	3,871,900	2,947,393	76.12%		125,796	4.46%
Water Meter Tap Fees	16,816	10,000	11,066	110.66%	a	(5,750)	-34.19%
Sewer Tap Fees	12,163	10,000	4,999	49.99%	b	(7,164)	-58.90%
Connect Fees	64,625	80,000	33,275	41.59%	b	(31,350)	-48.51%
Total Sales	7,037,870	10,226,500	7,142,265	69.84%		104,395	1.48%
Miscellaneous							
Transfers, Turn On and Off	11,947	15,000	8,585	57.23%		(3,362)	-28.14%
Penalties	72,285	90,000	69,525	77.25%		(2,760)	-3.82%
Credit Card Fees	(66,156)	(80,000)	(75,991)	94.99%	c	9,835	14.87%
Online Payment Fees	58,132	75,000	68,104	90.81%	d	9,972	17.15%
Cash Over (Short)	(42)	0	(8)	0.00%		34	-80.95%
Interest Income	25,683	30,000	16,765	55.88%		(8,918)	-34.72%
Miscellaneous Income	3,552	4,000	13,199	329.98%	e	9,647	271.59%
Other Income	70	0	0	0.00%		(70)	-100.00%
Insurance Proceeds	8,474	0	390	0.00%		(8,084)	-95.40%
Gain on Sale of Assets	0	0	0	0.00%		0	0.00%
Net Value of Investments	0	0	0	0.00%		0	0.00%
Assessment Income	0	0	0	0.00%		0	0.00%
Transfer from Debt Service Fund	0	0	0	0.00%		0	0.00%
Total Miscellaneous	113,945	134,000	100,569	75.05%		(13,376)	-11.74%
TOTAL REVENUES	7,151,815	10,360,500	7,242,834	69.91%	f	91,019	1.27%

- a) Water Meter Tap Fees total \$11,066 or 110.66% more than the \$10,000 in revenue budgeted. This is 5,750 less than the prior year due to the number of new homes and businesses being built.
- b) In FY 2020, Cedarbrook Ridge Phase 2 paid for 224 residential lots to have new taps installed. During the current year, the subdivisions are much smaller resulting in a decrease in revenues for tap and connection fees totaling \$38,514 from the prior year.
- c) Payments made to the credit card vendors who handle our kiosk, telephone, and online credit card transactions are posted here. Due to the increased usage of these methods of payment, \$75,991 has been paid out as of June 30, 2021 which is \$9,835 more than the \$66,156 paid out through the same time period last year. This is 94.99% of the \$80,000 budgeted.
- d) Revenue received from the \$2 convenience fee charged to customers who utilize the online payment portal for one-time payments or who have a monthly debit/credit card draft is posted to "Online Payment Fees". This revenue is used to pay INCODE / Tyler Technologies for the maintenance and use of the website "Municipal Online Payments" (payments come out of the equipment maintenance expense line item). Total revenue received through the third quarter totals \$68,104 which is \$9,972 more than the \$58,132 received in the same time period last year and 90.81% of the \$75,000 budgeted.
- e) \$13,199 has been collected in miscellaneous income with \$10,354 of that for sewer rehabilitation work.
- f) Revenues total \$7,242,834 through the third quarter of FY 2021 or 69.91% of the \$10,360,500 budgeted. \$7,151,815 was collected through FY 2020's third quarter which is \$91,019 less than the amount for FY 2021.

UTILITY FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
EXPENDITURES						
Personnel Services						
Salaries	761,990	1,120,700	732,896	65.40%	(29,094)	-3.82%
Overtime	42,888	86,000	68,771	79.97%	25,883	60.35%
Workers Compensation	15,250	16,500	17,070	103.45%	1,820	11.93%
Health Insurance	84,738	117,500	70,972	60.40%	(13,766)	-16.25%
Social Security	61,092	92,300	60,754	65.82%	(338)	-0.55%
Retirement	120,588	180,400	119,859	66.44%	(729)	-0.60%
OPEB Expense	0	3,000	0	0.00%	0	0.00%
Total Personnel Services	1,086,546	1,616,400	1,070,322	66.22%	(16,224)	-1.49%
Supplies						
Office	21,413	33,500	22,332	66.66%	919	4.29%
Vehicle	32,613	46,000	25,512	55.46%	(7,101)	-21.77%
General	13,744	15,100	7,846	51.96%	(5,898)	-42.91%
Equipment	4,470	4,000	4,130	103.25%	(340)	-7.61%
Belt Press	17,357	20,000	28,947	144.74%	11,590	66.77%
Lab	8,237	11,000	5,852	53.20%	(2,385)	-28.95%
Total Supplies	97,834	129,600	94,619	73.01%	(3,215)	-3.29%
Maintenance						
Vehicle	55,341	45,000	39,104	86.90%	(16,237)	-29.34%
Building	6,184	2,000	1,186	59.30%	(4,998)	-80.82%
Equipment	100,307	134,600	95,281	70.79%	(5,026)	-5.01%
Ground	468	2,000	1,470	73.50%	1,002	214.10%
Repair and Maintenance	120,940	160,000	126,936	79.34%	5,996	4.96%
New Service Meters	49,219	100,000	28,401	28.40%	(20,818)	-42.30%
UV Lights	14,183	35,000	23,345	66.70%	9,162	0.00%
Odor Control Chemical	22,687	40,000	21,136	52.84%	(1,551)	-6.84%
Total Maintenance	369,329	518,600	336,859	64.96%	(32,470)	-8.79%
Insurance						
Property and Liability	26,398	27,700	26,680	96.32%	282	1.07%
Total Insurance	26,398	27,700	26,680	96.32%	282	1.07%

g) Overtime is at 79.97% of its budget with \$68,771 paid out through the third quarter due to employees working during Winter Storm Uri as well as water main breaks that have occurred throughout the City.

h) \$4,130 in equipment supplies have been spent which is 103.25% of the \$4,000 budgeted. This line item is overbudget due to the purchase of equipment needed to use on manholes when using the Vactor Truck (\$3,311).

i) 144.74% of the belt press supply line item has been spent with \$28,947 of the \$20,000 budgeted used at the end of the third quarter. Polymer is the major expense out of this line item.

j) The Vehicle Maintenance line item through the third quarter of the 2021 fiscal year has decreased by \$16,237 when compared to the prior year with \$39,104 in expenses versus \$55,341.

k) The swap out of new service meters, tracked in the "New Service Meters" line item, has decreased due to turn over in the Utility Department as well as staff having to deal with the aftermath of Winter Storm Uri in February 2021.

UTILITY FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
Services						
Uniforms	14,091	19,000	11,884	62.55%	(2,207)	-15.66%
Unemployment Expense	62	0	305	0.00%	243	0.00%
Utilities	235,972	320,000	231,451	72.33%	(4,521)	-1.92%
Dues and Subscriptions	2,139	3,400	2,326	68.41%	187	8.74%
Travel and Training	7,936	18,000	8,516	47.31%	580	7.31%
Telephone	9,042	10,700	6,029	56.35%	(3,013)	-33.32%
Equipment Rental	54,706	51,800	33,639	64.94%	(21,067)	-38.51%
Contract Labor	193,653	278,800	190,135	68.20%	(3,518)	-1.82%
State Fees	46,203	46,200	47,538	102.90%	1,335	2.89%
Total Services	563,804	747,900	531,823	71.11%	(31,981)	-5.67%
Bond Expense						
Principal Payments	0	1,597,700	0	0.00%	0	0.00%
Interest Expense	220,883	396,600	144,358	36.40%	(76,525)	0.00%
Issuance Cost	23,602	0	0	0.00%	(23,602)	0.00%
Bond Expense	244,485	1,994,300	144,358	7.24%	(100,127)	0.00%
Intergovernmental Payments						
Water Purchases	1,944,049	2,805,900	1,748,882	62.33%	(195,167)	-10.04%
Transfer to General Fund	100,000	500,000	500,000	100.00%	400,000	400.00%
Total Intergovernmental Payments	2,044,049	3,305,900	2,248,882	68.03%	204,833	10.02%
Miscellaneous						
Bad Debt	15,178	65,000	81,714	125.71%	66,536	438.37%
Audit Fees	27,200	27,400	27,200	99.27%	0	0.00%
Required Public Notices	618	4,000	864	21.60%	246	39.81%
Professional Fees	25,918	35,000	50,695	144.84%	24,777	95.60%
Amortization Adv Refunding	42,509	47,900	35,961	75.08%	(6,548)	-15.40%
Total Miscellaneous	111,423	179,300	196,434	109.56%	85,011	76.30%
Reserves and Transfers						
Transfer to Fixed Assets	100,000	500,000	500,000	100.00%	400,000	0.00%
Transfer to Capital Projects	300,000	1,100,000	1,050,000	95.45%	750,000	0.00%
Total Reserves and Transfers	400,000	1,600,000	1,550,000	96.88%	1,150,000	0.00%
TOTAL EXPENSES	4,943,868	10,119,700	6,199,977	61.27%	1,256,109	25.41%
INCREASE/DECREASE	2,207,947	240,800	1,042,857			
ENDING FUND BALANCE		3,497,917	3,216,609			

l) State Fees total \$47,538 as of the third quarter due to an increase in fees as well as the payment of \$100 in fines. The City is also completing a Manhole Monitoring Project in lieu of paying the total amount of the fine.

m) \$81,714 has been posted in bad debt as of June 30, 2021 which is \$66,536 more than last fiscal year. This is due to part of the 2020 fiscal year's bad debt being posted to the current fiscal year.

n) A Risk and Resiliency Assessment was started in the third quarter in order to comply with the American Water Infrastructure Act of 2018. This was not originally budgeted for and is why this line item is over budget by \$15,695 or 144.84%.

o) Total expenses through the third quarter of FY 2021 are \$6,199,977 or 61.27% of the \$10,119,700. This is \$1,256,109 more than the \$4,943,868 spent during the same time period last fiscal year.

SANITATION FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
BEGINNING FUND BALANCE		229,316	147,479	64.31%		
REVENUES						
Garbage Income	1,611,744	2,208,000	1,662,085	75.28%	50,341	3.12%
Interest Income	2,195	2,000	667	33.35%	(1,528)	-69.61%
Miscellaneous Income	782	1,000	847	84.70%	65	8.31%
Garbage Franchise Fees	153,400	169,200	115,231	68.10%	(38,169)	-24.88%
TOTAL REVENUES	1,768,121	2,380,200	1,778,830	74.73%	10,709	0.61%

a) Total revenues are \$1,778,830 through the third quarter of FY 2021 which is \$10,709 more than the prior year and 74.73% of the \$2,380,200 budgeted.

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
EXPENSES						
Personnel Services						
Salaries	23,075	44,100	28,554	64.75%	5,479	23.74%
Overtime	2,644	6,000	2,777	46.28%	133	5.03%
Workers Compensation	880	1,000	1,004	100.40%	124	14.09%
Health Insurance	4,720	5,200	3,926	75.50%	(794)	-16.82%
Social Security	2,159	3,800	2,363	62.18%	204	9.45%
Retirement	4,448	7,500	4,683	62.44%	235	5.28%
OPEB Expense	0	100	0	0.00%	0	0.00%
Total Personnel Services	37,926	67,700	43,307	63.97%	5,381	14.19%
Supplies						
General	557	200	281	140.50%	(276)	-49.55%
Equipment	0	500	0	0.00%	0	0.00%
Total Supplies	557	700	281	40.14%	(276)	-49.55%
Maintenance						
Equipment	6,089	3,000	2,598	86.60%	(3,491)	-57.33%
Ground	0	0	0	0.00%	0	0.00%
Total Maintenance	6,089	3,000	2,598	86.60%	(3,491)	-57.33%
Insurance						
Property and Liability	1,168	1,300	1,211	93.15%	43	3.68%
Total Insurance	1,168	1,300	1,211	93.15%	43	3.68%

b) 140.50% of the general supply budget has been spent through the third quarter primarily for water at the Recycling Drop Center.

c) Equipment maintenance expenses total \$2,598 which is \$3,491 less than the prior year and 86.60% of the \$3,000 budgeted.

SANITATION FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget		Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
Services							
Uniforms	766	900	785	87.22%	d	19	2.48%
Utilities	126	300	100	33.33%		(26)	-20.63%
Dues & Subscriptions	75	0	0	0.00%		(75)	-100.00%
Travel and Training	(75)	500	0	0.00%		75	-100.00%
Telephone	664	800	578	72.25%		(86)	-12.95%
Equipment Rental	887	1,100	555	50.45%		(332)	-37.43%
Roll Off Dumpster	174,991	205,000	186,406	90.93%	e	11,415	6.52%
Garbage Contract	1,263,911	1,730,400	1,144,836	66.16%		(119,075)	-9.42%
Total Services	1,441,345	1,939,000	1,333,260	68.76%		(108,085)	-7.50%
Miscellaneous							
Brush Grinding	19,800	25,000	9,900	39.60%		(9,900)	-50.00%
Mulch Hauling	0	0	0	0.00%		0	0.00%
Bad Debt	900	10,000	19,275	192.75%	f	18,375	2041.67%
Advertising	542	800	400	50.00%		(142)	-26.20%
Professional Fees	0	5,500	0	0.00%		0	0.00%
Total Miscellaneous	21,242	41,300	29,575	71.61%		8,333	39.23%
Reserves and Transfers							
Transfer to Fixed Assets	50,000	100,000	100,000	100.00%		50,000	100.00%
Transfer to General Fund	75,000	225,000	100,000	44.44%		25,000	33.33%
Transfer to Capital Projects	0	0	0	0.00%		0	0.00%
Total Reserves and Transfers	125,000	325,000	200,000	61.54%		75,000	60.00%
TOTAL EXPENSES	1,633,327	2,378,000	1,610,232	67.71%	g	(23,095)	-1.41%
INCREASE/DECREASE	134,794	2,200	168,598				
ENDING FUND BALANCE		231,516	316,077				

d) Although uniforms are at 87.22% of the \$900 budgeted with \$785 spent through the third quarter, this is in line with the previous year's expense of \$766.

e) With the change in the second quarter to three pickup loads a day and the popularity of the Drop Site, the Roll Off Dumpster line item is at \$186,406 at the end of the third quarter. This is 90.93% of the \$205,000 budgeted and \$11,415 more than spent on the dumpsters last fiscal year.

f) \$19,275 has been posted in bad debt as of June 30, 2021 which is \$18,375 more than last fiscal year. This is due to part of the 2020 fiscal year's bad debt being posted to the current fiscal year.

g) Total expenses through the third quarter total \$1,610,232 or 67.71% of the \$2,378,000. This is \$23,095 more than the \$1,633,327 in expenses the prior year.

DRAINAGE FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
BEGINNING FUND BALANCE		57,547	55,971	97.26%		
REVENUES						
Drainage Fees	635,653	864,000	645,340	74.69%	9,687	1.52%
Interest Income	1,883	2,000	592	29.60%	(1,291)	-68.56%
Miscellaneous Income	0	0	628	0.00%	628	0.00%
Insurance Proceeds	2,045	0	0	0.00%	(2,045)	-100.00%
TOTAL REVENUES	639,581	866,000	646,560	74.66%	6,979	1.09%

a) Drainage revenues through the third quarter of FY 2021 total \$646,560 which is \$6,979 more than the \$639,581 posted for the same time period last year which included \$2,045 in insurance proceeds.

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
EXPENSES						
Personnel Services						
Salaries	59,482	88,600	65,042	73.41%	5,560	9.35%
Overtime	832	1,000	1,682	168.20%	850	102.16%
Workers Compensation	1,466	1,600	1,674	104.63%	208	14.19%
Health Insurance	4,727	8,300	5,104	61.49%	377	7.98%
Social Security	4,479	6,900	4,915	71.23%	436	9.73%
Retirement	9,025	13,400	9,973	74.43%	948	10.50%
OPEB Expense	0	500	0	0.00%	0	0.00%
Total Personnel Services	80,011	120,300	88,390	73.47%	8,379	10.47%
Supplies						
Vehicle	2,202	4,000	1,935	48.38%	(267)	-12.13%
General	299	500	279	55.80%	(20)	-6.69%
Equipment	153	5,000	3,092	61.84%	2,939	0.00%
Total Supplies	2,654	9,500	5,306	55.85%	2,652	99.92%
Maintenance						
Vehicle	5,424	3,000	2,387	79.57%	(3,037)	-55.99%
Equipment	3,360	4,000	5,355	133.88%	1,995	59.38%
Ground	4,116	30,000	1,387	4.62%	(2,729)	-66.30%
Total Maintenance	12,900	37,000	9,129	24.67%	(3,771)	-29.23%
Insurance						
Property and Liability	1,981	2,200	2,081	94.59%	100	5.05%
Total Insurance	1,981	2,200	2,081	94.59%	100	5.05%

b) Overtime is at 168.20% of its budget with \$1,682 paid out through the third quarter due to employees working during Winter Storm Uri.

c) \$5,355 in equipment maintenance has been spent which includes the repairs to an A/C compressor (\$2,614) and muffler (\$1,212) on DR-04.

DRAINAGE FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
Services						
Uniforms	1,708	2,500	1,360	54.40%	(348)	-20.37%
Unemployment Expense	0	0	0	0.00%	0	0.00%
Dues and Subscriptions	200	300	280	93.33%	80	40.00%
Travel and Training	152	1,000	65	6.50%	(87)	-57.24%
Equipment Rental	67	500	0	0.00%	(67)	-100.00%
Contract Labor	375	4,000	2,275	56.88%	1,900	506.67%
Total Services	2,502	8,300	3,980	47.95%	1,478	59.07%
Bond Expense						
Principal Payments	0	238,100	0	0.00%	0	0.00%
Interest Expense	62,186	125,900	59,254	47.06%	(2,932)	-4.71%
Issuance Cost	0	0	0	0.00%	0	0.00%
Amortization Bond Issue	0	(4,900)	0	0.00%	0	0.00%
Total Bond Expense	62,186	359,100	59,254	16.50%	(2,932)	0.00%
Miscellaneous						
Bad Debt	1,155	6,000	6,401	106.68%	5,246	454.20%
Advertising	0	0	0	0.00%	0	0.00%
Professional Fees	200	400	200	50.00%	0	0.00%
Required Public Notices	0	0	1,044	0.00%	1,044	0.00%
Total Miscellaneous	1,355	6,400	7,645	119.45%	6,290	464.21%
Reserves and Transfers						
Transfer to Fixed Assets	75,000	200,000	150,000	75.00%	75,000	100.00%
Transfer to General Fund	0	0	0	0.00%	0	0.00%
Transfer to Capital Projects	50,000	150,000	150,000	100.00%	100,000	200.00%
Total Reserves and Transfers	125,000	350,000	300,000	85.71%	175,000	140.00%
TOTAL EXPENSES	288,589	892,800	475,785	53.29%	187,196	64.87%
INCREASE/DECREASE	350,992	(26,800)	170,775			
ENDING FUND BALANCE		30,747	226,746			

d) Equipment towing is paid for out of the contract labor line item and is \$1,900 more than the \$375 spent last year with \$2,275 spent through the third quarter of the 2021 fiscal year.

e) \$6,401 has been posted in bad debt as of June 30, 2021 which is \$5,246 more than last fiscal year. This is due to part of the 2020 fiscal year's bad debt being posted to the current fiscal year.

f) Expenses total \$475,785 or 53.29% of the \$892,800 budgeted for FY 2021. This is \$187,196 more than last fiscal year's third quarter.

DEBT SERVICE FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
BEGINNING FUND BALANCE		36,983	50,917	137.68%		
REVENUES						
Interest Income	7,736	7,000	870	12.43%	(6,866)	-88.75%
Ad Valorem Tax	2,764,208	3,208,400	3,142,286	97.94%	378,078	13.68%
Proceeds from Sale of Ref Bonds	4,075,000	0	0	0.00%	(4,075,000)	-100.00%
Miscellaneous Income	0	0	529	0.00%	529	0.00%
TOTAL REVENUES	6,846,944	3,215,400	3,143,685	97.77%	(3,703,259)	-54.09%
EXPENDITURES						
BCAD Fees	23,481	32,500	23,790	73.20%	309	1.32%
Bond Issuance Cost	48,331	0	0	0.00%	(48,331)	-100.00%
Debt Service - Principal	60,000	2,244,200	65,000	2.90%	5,000	8.33%
Debt Service - Interest	540,003	917,300	459,419	50.08%	(80,584)	-14.92%
Payment to Ref Bond Escrow Agent	75,243	0	0	0.00%	(75,243)	-100.00%
Payment of Refunded Bond	4,015,000	0	0	0.00%	(4,015,000)	-100.00%
TOTAL EXPENDITURES	4,762,058	3,194,000	548,209	17.16%	(4,213,849)	-88.49%
INCREASE/DECREASE	2,084,886	21,400	2,595,476			
ENDING FUND BALANCE		58,383	2,646,393			

a) Revenues total \$3,143,685 of which \$3,142,286 is property taxes collected for the purpose of repaying debt. Total revenues are 97.77% of the \$3,215,400 budgeted and \$3,703,259 less than last fiscal year due to the proceeds received for the refunding of the 2011 Combination Tax & Revenue Certificates of Obligation.

b) Expenditures through the third quarter total \$548,209 which is \$4,213,849 less than last fiscal year. This is due to the issuance of the 2020 General Refunding Bond which refinanced the Series 2011 Combination Tax & Revenue Certificates of Obligation.

HOTEL MOTEL FUND

	FY 2019-20	FY 2020-21		Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
	Oct - Jun Activity	Adopted Budget	Oct - Jun Activity			
BEGINNING FUND BALANCE		345,880	361,295	104.46%		
REVENUES						
Interest Income	2,565	2,500	389	15.56%	(2,176)	-84.83%
Hotel/Motel Tax	64,148	85,000	70,342	82.76%	6,194	9.66%
HOT Distr. from Bell County	4,237	4,000	5,120	128.00%	883	20.84%
TOTAL REVENUES	70,950	91,500	75,851	82.90%	4,901	6.91%
EXPENDITURES						
Chamber Events	3,750	5,000	3,750	75.00%	0	0.00%
Food & Wine Festival	5,625	7,500	5,625	75.00%	0	0.00%
Total Advertising	9,375	12,500	9,375	75.00%	0	0.00%
Food & Wine Festival	1,875	2,500	1,875	75.00%	0	0.00%
Total Promotion of the Arts	1,875	2,500	1,875	75.00%	0	0.00%
Tournaments - Chamber Hosted	5,625	7,500	5,625	75.00%	0	0.00%
Tournaments - City Hosted	0	5,000	0	0.00%	0	0.00%
Total Tournaments / Sporting Events	5,625	12,500	5,625	45.00%	0	0.00%
TOTAL EXPENDITURES	16,875	27,500	16,875	61.36%	0	0.00%
INCREASE/DECREASE	54,075	64,000	58,976			
ENDING FUND BALANCE		409,880	420,271			

a) Revenues total \$75,851 or 82.90% of the \$91,500 budgeted. This amount is \$4,901 more than last fiscal year's total of \$70,950 even with the temporary closure of one of the local hotels.

b) Total expenditures are \$16,875 and the same as spent during the October to June time frame last fiscal year.

RESTRICTED COURTS FUND

	FY 2019-20 Oct - Jun Activity	FY 2020-21 Adopted Budget	FY 2020-21 Oct - Jun Activity	Percent of Budget	Increase (Decrease) From Prior Year	Percent of Increase (Decrease)
BEGINNING FUND BALANCE		187,721	171,461	91.34%		
REVENUES						
Interest Income	1,867	1,800	367	20.39%	(1,500)	-80.34%
Child Safety Fund	36,846	37,000	36,871	99.65%	25	0.07%
Time Payment Reimb Fund	3,812	7,000	9,513	135.90%	5,701	149.55%
Municipal Jury Fund	145	500	269	53.80%	124	85.52%
Building Security Fines	16,623	24,000	14,784	61.60%	(1,839)	-11.06%
Admin of Justice Fines	1,667	2,000	620	31.00%	(1,047)	-62.81%
Court Technology Fines	18,458	25,000	12,858	51.43%	(5,600)	-30.34%
Local Truancy Diversion Fund	24,310	32,000	16,188	50.59%	(8,122)	-33.41%
Teen Court Program	230	300	280	93.33%	50	21.74%
TOTAL REVENUES	103,958	129,600	91,750	70.79%	(12,208)	-11.74%
EXPENDITURES						
Child Safety Fund	35,000	35,000	35,000	100.00%	0	0.00%
Building Security Fund	10,000	1,000	1,000	100.00%	(9,000)	-90.00%
Admin of Justice Fund	0	2,500	2,500	100.00%	2,500	0.00%
Court Technology Fund	0	15,000	15,000	100.00%	15,000	0.00%
Local Truancy Diversion Fund	0	30,000	30,000	100.00%	30,000	0.00%
Total Transfers to General Fund	45,000	83,500	83,500	100.00%	38,500	0.00%
School Safety Expenses	0	0	0	0.00%	0	0.00%
Child Safety Fund	0	0	0	0.00%	0	0.00%
TOTAL EXPENDITURES	45,000	83,500	83,500	100.00%	38,500	0.00%
INCREASE/DECREASE	58,958	46,100	8,250			
ENDING FUND BALANCE		233,821	179,711			

- a) Total fine revenue collected by the Municipal Court Department through the third quarter totals \$91,383. Fines in the categories of building security, administration of justice, court technology, and local truancy have declined when compared to the last fiscal year.
- b) Budgeted transfers to the General Fund have been completed.