

AGENDA

NOTICE OF MEETING

Notice is hereby given that the governing body of the City of Canyon will meet on the 3rd day of May 2021 for a Work Session Beginning at 3:30 pm, followed by a Regular Commission Meeting beginning at 4:30 pm in the Commission Chambers of City Hall at 301 16th Street in the City of Canyon to discuss the following agenda items.

The meeting is broadcast on [YouTube](#). YouTube does provide closed captioning on the recorded video, it is not provided real-time.

3:30 pm Work Session – Discuss Possible Creation of a Canyon Visitors Bureau.

Break

4:30 pm Regular Commission Meeting

1. Call to Order.
2. Invocation.
3. Pledge of Allegiance.
4. Approval of the Minutes of the Meeting of April 19, 2021.
5. Public Comment – Comments from Interested Citizens.
6. Consider and Take Appropriate Action on Update of Governor Greg Abbotts Executive Orders Directed at Slowing the Spread of COVID-19 in the State of Texas.
7. Consider and Take Appropriate Action on Second and Final Reading of Resolution No. 14-2021, A Resolution of the City Commission of the City of Canyon Approving Funding to the Canyon Chamber of Commerce by Canyon Economic Development Corporation Supporting the Annual Independence Day Celebration.
8. Consider and Take Appropriate Action on Second and Final Reading of Resolution No. 15-2021, A Resolution Approving A Project Funding Agreement Between Canyon Main Street and Canyon Economic Development Corporation Relating to Funding a Twelve (12) Month All-Inclusive Marketing Plan for Canyon.
9. Consider and Take Appropriate Action on Resolution No. 22-2021, A Resolution of the City Commission of the City of Canyon, Texas, Amending the City of Canyon’s Fiscal Principles and Policies.
10. Consider and Take Appropriate Action on Resolution No. 23-2021, A Resolution of the City Commission of the City of Canyon, Texas, Amending the City of Canyon’s Comprehensive Fund Balance and Cash Reserve Policy.
11. Consider and Take Appropriate Action on Contract for Randall County to Assess and Collect Ad Valorem Taxes for the City of Canyon.
12. Consider and Take Appropriate Action on March 31, 2021 Financial Report by Finance Director Joel Wright.

13. Consider and Take Appropriate Action on March 31, 2021 Investment Report by Finance Director Joel Wright.
14. Initial Budget Discussion for 2021-2022 and Presentation of Budget Calendar.
15. Executive Session Pursuant to §551.071 Consultation with Attorney, and §551.072 Deliberations about Real Property.
16. Consider and Take Appropriate Action on Items Discussed in Executive Session.
17. Adjourn.



Joe Price, City Manager

I certify that the above Notice of Meeting was posted on the bulletin board of the Civic Complex of the City of Canyon, Texas on the 30th day of April 2021.



Gretchen Mercer, City Clerk

The City Commission of the City of Canyon at 2:30 pm in the City Commission Chambers of the Civic Complex for a Work Session followed by a Regular Meeting beginning at 4:30 pm. Mayor Gary Hinders presided over the meeting with the following Commissioners in attendance, Mayor Pro-Tem Cody Jones, Roger Remlinger, Paul R. Lyons and Randy Ray.

Also present were the following City Staff: City Manager Joe Price, Assistant City Manager Jon Behrens, City Secretary Gretchen Mercer, IT Director Shaun Holtman, Director of Communications and Community Engagement Megan Nelson, Director of Public Works Dan Reese, Assistant Director of Public Works Chris Enriquez, Police Chief Steve Brush, Wastewater Supervisor John Poole, Fire Chief Dennis Gwyn, Fire Department Captain Vince Whitfill, Business and Community Development Director Evelyn Ecker, Canyon Economic Development Corporation Board President Don Lee, Director of Planning and Development Danny Cornelius, Parks Director Brian Noel, Utility Supervisor Eric Whitten, and City Attorney Chuck Hester.

Mayor Hinders called the worksession to order at 2:30 pm.

Fire Chief Dennis Gwyn gave a power point presentation about the expansion needs of the Canyon Fire Department.

The City Commission ended the work session at 4:20 pm for a break.

Item 1. Call to Order.

Mayor Hinders called the meeting to order at 4:31 p.m.

Item 2. Invocation.

Mayor Pro-Tem Jones gave the invocation.

Item 3. Pledge of Allegiance.

The Pledge of Allegiance was led by Commissioner Remlinger.

Item 4. Approval of Minutes of the Meeting of April 5, 2021.

Commissioner Remlinger moved, duly seconded by Commissioner Ray to approve the minutes of April 5, 2021 as presented. Motion carried unanimously.

Item 5. Public Comment – Comments from Interested Citizens.

No comment made.

Item 6. Consider and Take Appropriate Action on Update of Governor Greg Abbotts Executive Orders Directed at Slowing the Spread of COVID-19 in the State of Texas.

City Manager Joe Price and Assistant City Manager Jon Behrens gave an update on COVID-19. Mr. Price stated people 18 years old and up are now eligible to receive the COVID-19 vaccine. Mr. Price stated Family Medicine in Canyon and United Pharmacy had some vaccines available.

Item 7. Update on the Outdoor Warning Sirens Improvement Project.

City Manager Joe Price gave a brief update on the status and proposed locations of the outdoor warning sirens. Mr. Price said the new sirens should be online by late fall and that procedures were in place to make sure the outdated sirens would operate as needed for this storm season. Fire Chief Dennis Gwyn reported they will be testing the sirens the last Friday of every month weather permitting and reminded all the outdoor warning sirens are meant to be heard outside, not indoors.

Item 8. First Reading of Resolution No. 14-2021, A Resolution of the City Commission of the City of Canyon Approving Funding to the Canyon to the Canyon Chamber of Commerce by Canyon Economic Development Corporation Supporting the Annual Independence Day Celebration.

Don Lee, President of the Canyon Economic Development Corporation presented Resolution No. 14-2021 for its first reading. Mr. Lee stated request from the Canyon Chamber of Commerce was for event expenses related to the Annual Independence Day Celebration in the amount of \$11,500. Mr. Lee said this funding meets the requirements of the Quality of Life guidelines in that it attracts tourist/visitors with an estimated attendance of 30,000 plus people. Mr. Lee stated the CEDC held a public hearing on April 8, 2021 with no opposition.

No action, first reading of Resolution No. 14-2021 only.

RESOLUTION NO. 14-2021
A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF
CANYON APPROVING FUNDING TO THE CANYON CHAMBER
OF COMMERCE BY CANYON ECONOMIC DEVELOPMENT
CORPORATION SUPPORTING THE ANNUAL INDEPENDENCE
DAY CELEBRATION.

Item 9. First Reading of Resolution No. 15-2021, A Resolution Approving a Project Funding Agreement Between Canyon Main Street and Canyon Economic Development Corporation Relating to Funding a Twelve (12) Month All-Inclusive Marketing Plan for Canyon.

Don Lee, President of the Canyon Economic Development Corporation presented Resolution No. 15-2021 for its first reading. Mr. Lee said the funding was proposed for a twelve month all-inclusive marketing plan for Canyon to be implemented by Canyon Main Street. Mr. Lee stated the plan included digital saturation with 3,360 commercials daily, static boards strategically placed, advertising in the TEXAS program and Discover Canyon. Mr. Lee stated the spring issue of West Texas Travel Host published a double page Canyon ad and it is placed in state travel centers across Texas as well as hotels. Mr. Lee said the plan also included a new website and mobile app for Canyon Main Street and new pole banners for 4th Avenue and 23rd Street for around 90 poles. Mr.

Lee said total funding requested was \$79,600 with funds disbursed from the CEDC Marketing Account that is specifically intended for promoting Canyon. Mr. Lee said the CEDC held a public hearing on April 8, 2021 with no opposition for the project funding.

No action, first reading of Resolution No. 15-2021 only.

RESOLUTION NO. 15-2021

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF CANYON APPROVING PROJECT FUNDING AGREEMENT BETWEEN CANYON MAIN STREET AND CANYON ECONOMIC DEVELOPMENT CORPORATION RELATING TO THE CANYON MAIN STREET MARKETING CAMPAIGN 2021.

- Item 10. Conduct a Public Hearing and Consider and Take Appropriate Action on Resolution No. 17-2021, A Resolution of the City Commission of the City of Canyon, Texas, Adopting the 2021 City of Canyon Hazard Mitigation Plan Update.

Assistant City Manager Jon Behrens presented Resolution No. 17-2021 for consideration. Mr. Behrens stated for the City of Canyon to be eligible to receive certain federal assistance associated with disaster mitigation, a natural hazard mitigation plan for the community has to be adopted and updated on a regular basis. Mr. Behrens said after working with CISD and the Panhandle Regional Planning Commission to update Canyon's Hazard Mitigation Plan, it was submitted and approved by the Texas Division of Emergency Management and FEMA.

Mayor Hinders opened the Public Hearing, there being no comment, Mayor Hinders closed the Public Hearing.

After discussion, Mayor Pro-Tem Jones moved, duly seconded by Commissioner Remlinger to approve Resolution No. 17-2021 updating the City of Canyon Hazard Mitigation Plan as presented. Motion carried unanimously.

RESOLUTION NO. 17-2021

A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS, ADOPTING THE 2021 CITY OF CANYON HAZARD MITIGATION PLAN.

- Item 11. Conduct a Public Hearing and Consider and Take Appropriate Action on Ordinance No. 1137, An Ordinance of the City Commission of the City of Canyon, Texas, Rezoning a 2.87 Acre Tract of Land in the City of Canyon, Randall County, Texas, Providing That the Zoning Classification be Posted Upon the Zoning District Maps of the City of Canyon, Providing That All Ordinances or Parts of Ordinances in Conflict Herewith are Expressly Repealed, and Providing for an Effective Date.

Director of Planning and Development Danny Cornelius presented Ordinance No. 1137 for consideration. Mr. Cornelius stated Daryl Furman, representing Kuhlman and Sons, L.P. submitted an application to change zoning adjacent to and south of the Canyon East Subdivision from SF-A

(Single-Family Agricultural Residential District) to RC-1 (Retail). Mr. Cornelius said Joe Shehan of J. Shehan Engineering initialized the request and planned to present a plat for approval at a later date if the zoning was approved. Mr. Shehan was present to answer any questions. Mr. Cornelius said 13 letters were sent out to property owners within 200' of the request with one response received in opposition. Mr. Shehan stated he hoped to purchase the property and put an office building for his Engineering Firm on it.

Mayor Hinders opened the Public Hearing.

Courtney Wiggins of 78 Canyon East Parkway addressed the Commission with concerns about light pollution, and increased traffic. Mr. Shehan responded he was planning a 3500 sf building to house up to 15 employees. Mr. Shehan said traffic would be pretty light and that generally only 1-2 people per week came to the office that were not employees.

There being no other comments, Mayor Hinders closed the Public Hearing.

Commissioner Lyons stated an office would be better than retail in regards to traffic. Ms. Wiggins responded she just wanted assurance.

After discussion, Commissioner Remlinger moved, duly seconded by Mayor Pro-Tem Jones to adopt Ordinance No. 1137 as presented. Motion carried unanimously.

ORDINANCE NO. 1137

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS, REZONING A 2.87 ACRE TRACT OF LAND IN THE CITY OF CANYON, RANDALL COUNTY, TEXAS, PROVIDING THAT THE ZONING CLASSIFICATION BE POSTED UPON THE ZONING DISTRICT MAPS OF THE CITY OF CANYON, PROVIDING THAT ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HERewith ARE EXPRESSLY REPEALED, AND PROVIDING FOR AN EFFECTIVE DATE.

Item 12. Executive Session Pursuant to §551.087 Deliberation on Economic Development Negotiations, §551.074 Board Appointments (Main Street Board), §551.071 Consultation with Attorney, and §551.072 Deliberations About Real Property

Mayor Hinders indicated the Commission would adjourn into Executive Session at 5:23 pm.

Item 13. Consider and Take Appropriate Action on Items Discussed in Executive Session.

Upon returning from Executive Session at 6:24 pm, the following action was taken:

Commissioner Remlinger moved, duly seconded by Mayor Pro-Tem Jones to appoint Lenzi Field to the seat vacated by Troy Davidson. Motion carried unanimously.

Item 14. Adjourn.

There being no further business, Mayor Pro-Tem Jones moved this meeting be adjourned.

Gary Hinders, Mayor

ATTEST:

Gretchen Mercer, City Secretary

To: Joe Price, City Manager
From: Evelyn Ecker, Director of Business & Community Development
Date: May 3, 2021
Re: Second and Final Reading of Resolution No. 14-2021. The City Commission of the City of Canyon approving a Project Funding Agreement Between Canyon Chamber of Commerce and Canyon Economic Development Corporation Relating to Funding a Quality of Life Event.

During the March 11, 2021 meeting of the Canyon Economic Development Corporation (CEDC) approved a project funding request from the Canyon Chamber of Commerce. The request is for event expense related to the Annual Independence Day Celebration in. This is funding under the guidelines of a Quality of Life event as well as an event that attracts tourist/visitors.

The Chamber requested \$11,500 to help with the cost of the 4th of July event. The event, with the parade, Fair on the Square, concert, and fireworks display is the largest of its kind in the state. It is estimated 30,000+ people attend the event. An uptick in attendance for this year is anticipated.

A Public Hearing was held April 8th, there was not any opposition for the project funding.

The first reading of Resolution No. 14-2021 was April 19th, 2021.

It is the recommendation of staff Resolution No. 14-2021 be approved.

RECOMMENDED MOTION

*“I move to **adopt/deny** Resolution No. 14-2021 approving the Funding the Annual Independence Day Celebration as requested by the Canyon Chamber of Commerce from the Canyon EDC.*

RESOLUTION NO. 14-2021

RESOLUTION OF THE CITY COMMISSION OF THE CITY OF CANYON APPROVING FUNDING TO THE CANYON CHAMBER OF COMMERCE BY CANYON ECONOMIC DEVELOPMENT CORPORATION SUPPORTING THE ANNUAL INDEPENDENCE DAY CELEBRATION.

WHEREAS, on April 8, 2021 the Canyon Economic Development Corporation (“CEDC”) conducted a public hearing regarding the use of sales and use tax revenues collected pursuant to the Development Corporation Act of 1979, TEX. LOC. GOV'T CODE CHAPTERS 501-505, (“the Act”) for funding a part of the Chamber of Commerce fourth of July celebration; and,

WHEREAS, the City Commission of the City of Canyon, Texas, finds it to be in the public interest for CEDC to provide funding to the Chamber of Commerce for the purpose of assisting with the Annual Independence Day Celebration. The CEDC board has approved and presented to the City Commission the funding proposal for consideration and approval following a first and second reading;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF CANYON;

SECTION 1:

That funding by CEDC to the Chamber of Commerce be, and it is hereby approved, and the sales tax revenue subject to the limitation of the Act, collected pursuant to the Act by CEDC may be used for the purpose of funding an amount not to exceed \$11,500 to assist the Chamber in the Annual Independence Day Celebration. The sales tax revenue referred to in this Resolution shall be the revenue on deposit in Sales Tax Improvement Fund (Fund 40) for direct costs related to the project.

READ in accordance with TEXAS LOCAL GOVERNMENT CODE §505.158 with a quorum of the City Commission duly and lawfully assembled and at a public meeting properly called and noticed in accordance with the Texas Open Meetings Act, on the first (1st) reading, on the 19th of April, 2021.

CITY OF CANYON, TEXAS

GARY HINDERS, Mayor

ATTEST:

Gretchen Mercer, City Secretary

RESOLUTION PASSED AND ADOPTED by the City Commission of the City of Canyon, Texas, with a quorum of the City Commission duly and lawfully assembled and voting and at a public meeting properly called and noticed in accordance with the Texas Open Meetings Act, on the second (2nd) and final reading, on the _____ of _____, 2021.

CITY OF CANYON, TEXAS

GARY HINDERS, Mayor

ATTEST:

Gretchen Mercer, City Secretary

To: Joe Price, City Manager
From: Evelyn Ecker, Director of Business & Community Development
Date: May 3, 2021
Re: Consider and Take Appropriate Action on Second and Final Reading of Resolution No. 15-2021. The City Commission of the City Canyon Approving a Project Funding Agreement Between Canyon Main Street and Canyon Economic Development Corporation Relating to Funding a Twelve (12) Month All-Inclusive Marketing Plan for Canyon.

During the March 11, 2021 meeting of the Canyon Economic Development Corporation (CEDC) approved project funding for a twelve (12) month all-inclusive marketing plan for Canyon to be implemented by Canyon Main Street program.

The plan includes digital saturation with 3,360 commercials daily, traditional static boards strategically placed with considerations of daily high traffic numbers, advertising in TEXAS program and Discover Canyon. The spring issue of West Texas Travel Host published a double page Canyon ad. The Travel Host is placed in state travel centers across Texas as well as hotels. A new website and mobile app for Canyon Main Street is being developed and new pole banners for 4th Avenue and 23rd Street, approximately 90 poles.

The total funding request is \$79,600. The funds would be disbursed from the CEDC Marketing Account. This account holds 10% of the sales tax revenue collected which is specifically intended for promoting Canyon.

A Public Hearing was held April 8th, there was not any opposition for the project funding.

The first reading of Resolution No. 15-2021 was April 19th, 2021

It is the recommendation of staff Resolution No. 15-2021 be approved.

RECOMMENDED MOTION

*“I move to **adopt/deny** Resolution No. 15-2021 approving the Funding Agreement between Canyon Main Street and Canyon EDC.*

CANYON ECONOMIC DEVELOPMENT CORPORATION
PROJECT FUNDING AGREEMENT

CANYON MAIN STREET

This agreement is made by and between the CANYON ECONOMIC DEVELOPMENT CORPORATION (“CEDC”), a Texas non-profit corporation duly organized and existing pursuant to the TEXAS DEVELOPMENT CORPORATION ACT and CANYON MAIN STREET (“CMS”), a Texas non-profit corporation duly organized and an existing business under the laws of the State of Texas and qualified to do business in Texas (hereinafter referred to as “Second Party.”)

1. The purpose of this agreement is to facilitate the proper use of funds held and administered by the CEDC, a tax supported non-profit corporation whose primary income is from sales tax collected within the City of Canyon and dedicated exclusively to economic development. The sales tax supporting CEDC is authorized as a local option under Chapters 501 - 505 TEX. LOC. GOV'T CODE, formerly TEX. REV. CIV. STAT. ART. 5190.6 §4B, the primary purpose of which is the developing, stabilizing, diversifying, and expanding the economy through the retention, recruitment, expansion and employment opportunities of the citizens of Canyon and the surrounding area and to enhance the quality of life of the citizens of Canyon and the surrounding area.
2. The project and performance requirements to be implemented by means of this agreement are described as follows:
 - a. Second Party will develop a comprehensive marketing plan for the CMS including outdoor advertising, local and regional advertising and other promotional activities in accordance with a written request submitted to CEDC. Creation of a new website and mobile app is to be a part of the marketing program.
 - b. Second party will conduct the campaign from July 2020 through July 2021.
3. CEDC will provide the following funding if Second Party is not in default hereunder as follows:
 - a. An amount not to exceed \$79,600 payable as invoices are submitted and approved by CEDC, to be paid from CEDC marketing account.
 - b. All other terms and provisions of this agreement notwithstanding, the obligations of the parties hereto are expressly made contingent upon the following:
 - i. approval of the financial incentives by the CEDC Board;
 - ii. approval of the financial incentives by the Canyon City Commission;
 - iii. compliance with the requirements of the TEXAS DEVELOPMENT CORPORATION ACT; and,
 - iv. provided that all obligations of CEDC hereunder shall terminate if Second Party fails to qualify for funding of financial incentives within 12 months from the date this agreement is signed by Second Party (the effective date).

4. The failure of Second Party to fully and timely comply with any performance requirement shall be an act of default by Second Party which shall entitle the CEDC to suspend further funding and, at its option, to terminate this agreement by written notice delivered pursuant to paragraph 9. In such event, all financial incentives provided by CEDC to Second Party shall be repaid to CEDC upon demand.
5. Second Party agrees to undertake the following actions in order to accomplish the project:
 - a. Comply at all times with the requirements of paragraph 2 of this agreement during the term of this agreement.
 - b. Permit an audit by the CEDC of the books and financial records of Second Party, at any time, to determine whether Second Party is in compliance with this agreement.
6. Second Party makes the following covenants and warranties to the CEDC and agrees to timely and fully perform the following obligations and duties:
 - a. Any false or substantially misleading statement contained herein or the failure of Second Party to comply and fully perform as required in this agreement shall be an act of default by Second Party. Failure to comply with any covenant or warranties shall constitute an act of default and entitle the CEDC to suspend further funding and at its option to terminate this agreement by written notice in accordance with paragraph 9 below.
 - b. Second Party is authorized to do business in Texas, is in good standing in the State of Texas and shall remain in good standing in the State of Texas during the term of this agreement.
 - c. The execution of this agreement has been duly authorized by the governing body of Second Party and all necessary corporate approvals have been obtained. Second Party's designated agent or officer executing this agreement is duly authorized and empowered to execute this agreement and bind Second Party to the covenants, warranties and other terms of this agreement. Second Party's execution of this agreement and the performance thereof is not contrary to any law, rule, regulation, or provisions of Second Party's organizational documents or any contract, instrument, or agreement to which Second Party is a party or by which it may be bound at the time this agreement is executed. The necessary authority for the agent whose signature that appears below is evidenced by a resolution or certificate furnished to CEDC or attached to this agreement.
 - d. No litigation or governmental proceeding is pending or to the knowledge of Second Party is contemplated or threatened against Second Party or affecting its operations or business that may result in any material or adverse change in Second Party's business, properties, or operations. To Second Party's knowledge, no additional consent, approval, or authorization of a governmental entity or other authority is required in connection with the execution and performance of this agreement or the transactions contemplated hereby.

- e. To Second Party's knowledge no certificate or statement delivered by Second Party to CEDC in connection with this agreement or any transaction contemplated by this agreement contains any untrue statement or fails to state the facts necessary to keep the statements contained therein from being misleading or false.
 - f. There are no bankruptcy proceedings or other legal proceedings currently pending or contemplated affecting the Second Party. The Second Party has not been informed of any intent to initiate involuntary bankruptcy proceedings against Second Party.
 - g. To its knowledge Second Party has acquired and maintained all necessary rights, licenses, permits, and authority to carry on its business in Texas and to perform the terms of this agreement and will continue to use its best efforts to maintain all necessary rights, licenses, and permits in current status and good standing.
 - h. The funds provided by CEDC shall be utilized solely for the purpose of the project as stated in this agreement and within the scope of the project as stated in this agreement and for no other purpose.
 - i. Second Party shall pay all taxes and assessments due and owing to all taxing authorities having jurisdiction over Second Party's property and business operations. In addition, Second Party shall timely pay all employment, income, franchise, and other taxes due and owing by Second Party to all local, state, and federal entities.
 - j. Second Party shall complete the project required by this agreement and shall provide the necessary staff and employees for the completion and performance of this agreement.
 - k. Second Party shall timely and fully perform and comply with all terms and conditions of this agreement.
 - l. Upon written request of CEDC Second Party shall notify CEDC in writing of substantial changes in the management of Second Party within seven (7) days. Substantial changes shall mean changes in executive officers, board members, or managers.
 - m. The Second Party agrees that with regard to all activities arising out of this agreement, the Second Party shall fully comply with all civil rights acts and specifically will not discriminate against any person upon the basis of race, color, national origin, gender, or by reason of being disabled.
7. The CEDC, under the following circumstances and at the sole discretion of its board of directors, may suspend the obligations under this agreement or may terminate this agreement without liability to the CEDC upon:

- a. The filing of bankruptcy proceedings or the appointment of a receiver of Second Party or any part of its assets or property and failure of such bankruptcy or receivership to be discharged within sixty (60) days of filing.
 - b. The adjudication of Second Party as a bankrupt.
 - c. A change in ownership of Second Party which constitutes a material change in the nature of Second Party's business and operations.
8. Second Party agrees to the following reports and monetary requirements in connection with the project:
 - a. Second Party shall provide periodic reports as requested by the CEDC.
 - b. During normal business hours, Second Party shall allow a representative of the CEDC reasonable access to its books and records to verify compliance with this agreement. CEDC agrees to maintain the confidentiality of such records. Information shall be used only for the purpose of administering the funding provided by CEDC pursuant to this agreement and for no other purpose; provided however, CEDC may, if required by legal process or at the direction of the office of the Attorney General provide such documentation to a third party as is required by the Attorney General or pursuant to such legal process.
9. Should Second Party fail to timely, fully, and completely comply with any one or more of the requirements, obligations, duties, terms, and conditions or warranties of this agreement such failure shall constitute an act of default by Second Party and, if not fully and completely cured within 60 days after written notice by CEDC to Second Party, the CEDC may terminate this agreement and pursue any legal remedies existing under the law; provided however, that Second Party's liability under this agreement shall be limited to the immediate return by Second Party of all funds or other economic incentives provided by the CEDC and any consideration previously paid to Second Party by the CEDC. The rate of interest on all funds paid by the CEDC to Second Party subject to refund shall be 6% per annum from the date of default. In the event CEDC should prevail in any litigation to recover funds pursuant to this paragraph, the CEDC shall, in addition to all other damages provided by this paragraph, be entitled to recover reasonable attorney's fees and expenses of litigation.
10. In the event of unforeseeable delays, in the performance of this agreement by Second Party, or force majeure, and upon a reasonable showing by Second Party that it has immediately and in good faith commenced and is diligently and continuously pursuing the correction, removal, or abatement of such delays by using its best efforts, CEDC may consent and excuse any such delay. The failure by Second Party to continuously and diligently pursue compliance shall constitute an act of default.
11. Any delay by the CEDC in providing notice of default to Second Party, shall in no event be deemed or constitute a waiver of such default by CEDC or waiver of any of its rights and remedies available under this agreement or at law or in equity.

12. Any waiver provided by CEDC to Second Party of an act of default shall not be deemed to constitute a continuing waiver or a waiver of any other existing or future act of default by Second Party even if the act or default is of the same or a similar nature.
13. Second Party specifically agrees that CEDC shall only be liable to Second Party for the amount of money actually budgeted and committed to the project described in this agreement. CEDC shall not be liable or held responsible for any other direct or indirect costs, attorney's fees, court costs, actual or consequential damages, direct or indirect, for any act of default by CEDC under the terms of this agreement. It is further stipulated and agreed that CEDC shall only be required to pay the amount of the project cost out of its sales tax revenues held and administered pursuant to the Development Corporation Act for the fiscal year in which the funding under this agreement is due together with unencumbered funds then on hand and from no other source. It is specifically agreed however, that in the event actual total sales tax revenues collected by CEDC for any year during which this agreement is to be performed should be less than the total amount of all grants to all contracting parties for that year, then in that event, CEDC shall fund projects in the order the grants were awarded after payment of CEDC's usual administrative cost and expenses. All contracting parties shall receive only their share of the available sales tax revenue for that year, less CEDC's customary and usual administrative costs and expenses and CEDC shall not be liable to any contracting party for any deficiency for that time or in the future. In the event of such revenue shortfall, CEDC will provide written notice to all contracting parties affected by the revenue shortfall along with such documentation as will allow the contracting party to ascertain their share of the funding to be provided.
14. This agreement incorporates the entire agreement of the parties hereto and supersedes any oral or written previous and contemporaneous agreements between the parties relating to the matters covered by this agreement. Except as otherwise provided herein, this agreement cannot be modified or amended without a written agreement of the parties.
15. No term or provision of this agreement or an act of the CEDC in the performance of this agreement shall be construed as making or constituting Second Party or its employees, or agents, partners of the CEDC or employees of the CEDC. This contract shall not benefit any third party not a direct party to this agreement.
16. The termination of this agreement as provided herein may be upon mutual agreement of the parties or pursuant to the provisions hereof relating to default. The termination of this agreement either by mutual agreement or by notice served by the CEDC shall extinguish all rights, duties, and obligations of the CEDC and Second Party except as provided herein.
17. This agreement may be executed in a number of identical counterparts each of which shall be deemed an original upon execution and shall constitute the same instrument.
18. This agreement is made pursuant to the laws of the State of Texas and shall be governed and interpreted under the laws of the State of Texas without regard to any conflict of laws provision. Venue in any litigation arising out of the execution or performance of this agreement shall be in the court of appropriate jurisdiction in Randall County, Texas and in

no other Venue. Second Party, by signing this agreement, consents to and waives any objections to *in personam* jurisdiction in Randall County, Texas.

19. In the event one or more of the provisions contained in this agreement should, for any reason, be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this agreement. This agreement shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.
20. This agreement is subject to all legal requirements contained in the Municipal Charter of the City of Canyon and Code and Ordinances of the City of Canyon and all other applicable state and federal laws and regulations. Second Party agrees that, in compliance with this agreement, it will promptly comply with all applicable laws, regulations, orders, and rules of the state, city, and other governmental entities.
21. This agreement shall be binding upon the parties hereto, their successors, and (where permitted) assigns. This agreement may not be assigned by either party without the specific prior written consent of the other, which consent shall not be unreasonably withheld or conditioned. Provided however, that in the event Second Party transfers all or substantially all its assets to another entity or merges with another entity to the extent that the underlying purpose of this agreement cannot, in the sole discretion of the CEDC's board of directors, be accomplished, the CEDC shall have the option to suspend its performance under this agreement or terminate this agreement.
22. Second Party represents that no member of the board of directors of the CEDC or member of the governing body of the City of Canyon or any officer or employee of the City of Canyon or CEDC will be compensated in any manner with respect to directly or indirectly bringing the parties together for the purpose of this agreement or participation in the negotiation or formation of this agreement. No finder's fee or other origination fee of any type will be paid or will become payable to any officer or employee of the City of Canyon, member of the governing body of the City of Canyon, or the governing body of the CEDC with regard to the formation or performance of this agreement.
23. All notices from one party to the other party required or permitted by this agreement shall be delivered personally or sent by certified mail postage prepaid addressed to the party at the address shown on the signature page. All notices shall be deemed given on the date so delivered or deposited in the mail unless otherwise provided. Either party may change its address by sending written notice of such change to the other party in the manner provided by this agreement.

24. All representations, warranties, covenants, and agreements of the Second Party pertaining to the transaction contemplated by this agreement shall survive the closing and shall constitute continuing obligations.

Effective Date: _____

CANYON ECONOMIC DEVELOPMENT
CORPORATION

Second Party:
CANYON MAIN STREET

By: _____
Don Lee
President/Chairman
1605 4th Ave
Canyon, TX 79015

By: _____
Printed Name: _____
Title: _____

RESOLUTION NO. 15-2021

RESOLUTION OF THE CITY COMMISSION OF THE CITY OF CANYON APPROVING PROJECT FUNDING AGREEMENT BETWEEN CANYON MAIN STREET AND CANYON ECONOMIC DEVELOPMENT CORPORATION RELATING TO THE CANYON MAIN STREET MARKETING CAMPAIGN 2021.

WHEREAS, on April 8, 2021 the Canyon Economic Development Corporation (“CEDC”) conducted a public hearing regarding the use of sales and use tax revenues collected pursuant to the Development Corporation Act of 1979, TEX. LOC. GOV'T CODE CHAPTERS 501-505, (“the Act”) to consider a funding agreement the primary purpose of which is advertising budget for a Canyon comprehensive marketing campaign; and,

WHEREAS, the City Commission of the City of Canyon, Texas, finds it to be in the public interest for CEDC to execute a Project Funding Agreement between the Canyon Economic Development Corporation and The Canyon Main Street, an entity qualified to do business in Texas, on the terms and conditions set forth in the Project Funding Agreement approved by the CEDC board and presented to the City Commission for consideration and approval following a first and second reading;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF CANYON;

SECTION 1:

That the Project Funding Agreement by and between CEDC and the Canyon Main Street be, and it is hereby approved, and the sales tax revenue collected pursuant to the Act by CEDC subject to the limitations of the Act may be used for the primary purpose of which is an advertising budget for a Canyon comprehensive marketing campaign in an amount not to exceed \$79,600. The sales tax revenue referred to in this Resolution shall be the revenue on deposit in Sales Tax Improvement Fund (Fund 40) for direct costs related to the project.

READ in accordance with TEXAS LOCAL GOVERNMENT CODE §505.158 with a quorum of the City Commission duly and lawfully assembled and at a public meeting properly called and noticed in accordance with the Texas Open Meetings Act, on the first (1st) reading, on the 19th of April, 2021.

CITY OF CANYON, TEXAS

GARY HINDERS, Mayor

ATTEST:

Gretchen Mercer, City Secretary

RESOLUTION PASSED AND ADOPTED by the City Commission of the City of Canyon, Texas, with a quorum of the City Commission duly and lawfully assembled and voting and at a public meeting properly called and noticed in accordance with the Texas Open Meetings Act, on the second (2nd) and final reading, on the _____ of _____, 2021.

CITY OF CANYON, TEXAS

GARY HINDERS, Mayor

ATTEST:

Gretchen Mercer, City Secretary

To: Honorable Mayor and City Commission
From: Joe Price, City Manager and Joel Wright, Director of Finance
Date: May 3, 2021
Re: Consider and Take Appropriate Action on Resolution No. 22-2021 Amending the Fiscal Principles and Policies

The goal of the Fiscal Principles & Policies is to enable the City to maintain a long-term stable and positive financial condition. The priorities of the City's fiscal management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The purpose of the Fiscal Policies is to provide guidelines for the Director of Finance in planning and directing the City's day to day financial affairs and in developing recommendations to the City Manager and City Commission. The scope of the policies spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management.

Noteworthy revisions to the policy:

- Bi-Monthly Financials presented each Commission Meeting (November, January, March, May, July and September)
- New section on Grant Guidelines
- Clarification of specific wording

City Staff views this policy as the umbrella and foundation for our day-to-day financial operations (spanning accounting, budgeting, debt management, and more). The policy has subsequent policies for more thorough processes and formalized procedures, operating under it. Some of those policies include:

- 1) Comprehensive Fund Balance and Cash Reserve Policy
- 2) Canyon Investment Policy (PFIA)
- 3) Procurement Card Policies and Procedures Manual
- 4) Cash Handling Training Manual
- 5) Utility Payment Policy
- 6) Accounting Processes and Procedures

Staff recommends approval of Resolution No. 22-2021

RECOMMENDED MOTION

“I move to **adopt/deny** Resolution No. 22-2021 for the Amendment of the City of Canyon Fiscal Principles and Policies”



FISCAL PRINCIPLES & POLICIES

Policy Purpose

The City of Canyon has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, to plan for the adequate funding of services desired by the public and to prepare for the future.

The overriding goal of the Fiscal Principles & Policies is to enable the City to maintain a long-term stable and positive financial condition. The priorities of the City's fiscal management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The purpose of the Fiscal Policies is to provide guidelines for the Director of Finance in planning and directing the City's day to day financial affairs and in developing recommendations to the City Manager and City Commission. The scope of the policies spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management.

Review of Policies – These policies will be reviewed administratively by the Finance Director and City Manager and will be presented annually to the City Commission for approval of any significant changes.

Accounting and Financial Reporting

Accounting – The Fiscal Administrator is the City's Director of Finance and is responsible for establishing and maintaining the chart of accounts and for properly recording financial transactions.

Accounts Receivable – These asset accounts reflect amounts owed to the City of Canyon from citizens, companies, or other governmental entities. All delinquent accounts will be pursued.

- Delinquent active utility accounts: Services will be discontinued in accordance with the disconnect policy as defined in the Code of Ordinances until payment is received. In rare instances payment plans can be granted.

- Delinquent inactive utility accounts: Information on customers will be submitted to Texas Revenue Recovery Association for collections on qualifying accounts.
- Any applicant for utility services must pay delinquent charges on previous accounts before services will be connected. In rare instances payment plans can be granted.
- Miscellaneous charges (street paving, property lease, etc), if not added to the utility account, will be billed on a monthly basis.
- Returned checks will be collected immediately without any grace period. If the returned check is for a utility account and the customer does not resolve the issue immediately, the utility services will be disconnected until the check amount and service charge have been paid by cash or money order. Any unpaid returned checks will be turned over to the County Attorney for collection.
- Delinquent court charges will be pursued by the issuance of warrants and/or by collection through a collection agency.
- The City of Canyon will review delinquent accounts and write off accounts deemed uncollectible after 3 years on an annual basis.

Internal Auditing

An internal audit program will be established and maintained by the Director of Finance to ensure compliance with City policies and procedures and to minimize the potential for fraud. This program will randomly select various employees, transactions or inventory to review. Activities to be audited include, but are not limited to, City purchase card accounts, daily cash receipts, personnel time entry, travel expenses and transfers of funds or goods. Transactions will be reviewed for proper recording, supporting documentations and consideration given as to whether the transaction is appropriate. All discrepancies will be identified, and the employee's Department Head will be notified. The City Manager will also be notified depending on the significance of the infraction. The City Manager may perform any of the internal auditing functions at his/her discretion.

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External Financial Reporting

The City will continue working to develop its accounting system in order to prepare and publish a comprehensive annual financial report (CAFR). The CAFR will be prepared in accordance with generally accepted accounting principles. The CAFR will be published and presented to the City Commission within 180 days after the end of the fiscal year. In case of a delay in reporting, the Director of Finance will inform the City Manager, and the City Manager will inform the City Commission of the delay and the reasons therefore.

Internal Financial Reporting

The Finance Department will prepare internal financial reports sufficient for management to plan, monitor, and control the City's financial affairs. Statements of Revenues and Expenditures, Actual and Budget, will be provided to Department Heads on a monthly basis

to aid them in monitoring compliance with budgetary restraints. The City Manager and City Commission will be provided with bi-monthly (November, January, March, May, July and September) financial statements including Balance Sheet and Statement of Revenues and Expenditures for each major fund, Schedule of Cash Position and Required Reserve, and Schedule of Secured Deposits.

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External Auditing

- The City of Canyon will engage an outside independent accounting firm (auditors) to perform an audit of the City's financial statements annually. The auditor must be a Certified Public Accounting firm of national accreditation and reputation, must specialize in audits of local governmental entities and must demonstrate that they have experienced staff available to conduct the City's audit in accordance with generally accepted auditing standards and contractual requirements. The auditor's report on the City's financial statements will be completed within 180 days of the City's fiscal year end, and the auditor's management letter will be presented to the City staff accordingly. A draft copy of the auditors' management letter will be provided by the auditor and discussed with management prior to the date of issuance if any materially significant internal control weaknesses are discovered.
- The Auditors are accountable to the City Commission and will have access to direct communication with the City Commission if the City staff is unresponsive to auditor recommendations or if the auditors consider such communication necessary to fulfill their legal and professional responsibilities.
- Auditor Rotation – The City of Canyon will not require auditor rotation.

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Internal Control

Objective – To provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or dispositions, and recorded with material accuracy. It is the intent of the City of Canyon to maintain an environment conducive to appropriate internal control at all times.

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Written Procedures – The Director of Finance is responsible for developing Citywide guidelines on accounting, cash handling, and other financial matters, in written form whenever appropriate. Such guidelines shall address procedures for daily close and reconciliation procedures and preparation of the department's daily bank deposit, if applicable. The Finance Department will provide and maintain a Cash Handling Training Manual to assist department employees who handle cash with written guidelines. The Finance Department will assist Department Managers as needed in tailoring these guidelines into detailed written procedures to fit each department's specific requirements.

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Department Managers' Responsibility – Each Department Manager is responsible to ensure that good internal control is maintained throughout the department, that all Finance Department guidelines on accounting and internal control are implemented, and that any recommendations made by the City's external independent auditor related to internal control within the department are addressed and corrected appropriately and timely.

Separation of Duties and Transaction Verification – In handling any kind of assets, separation of duties will provide verification of transactions by more than one person, indicated by the signature or initials of each individual.

Safeguarding of Cash – During regular business hours any cash or cash equivalent is to be receipted into the accounting system immediately and without delay and related documentation stored in the designated places. In rare exceptions, receipts may be stored in the vault for further processing. Receipts from drop boxes or off-site locations will be processed within the same day they are received at City Hall. During hours City Hall is closed any cash or cash equivalents are to be stored in the vault and the vault is to be locked. The Cash Handling Training Manual mentioned in Written Procedures above provides more specific guidelines with regard to safeguarding of cash.

Operating Budget

Preparation - The City's "operating budget" is the City's annual financial operating plan. It comprises governmental and enterprise funds, including the Debt Service Fund. The budget is prepared by the City Manager, or an appointee, with the cooperation of all City Departments.

Planning - The budget process will be coordinated so as to identify major policy issues for City Commission consideration several months prior to the budget approval date so that proper decision analysis can be made.

Balanced Budget – The operating budget will be balanced with current revenues and resources greater than or equal to current expenditures/expenses.

Adoption Process – Pursuant to the City of Canyon Home Rule Charter, Article VIII, Sections 8.01 through 8.04, a proposed budget will be presented by the City Manager to the City Commission at least 60 days before the beginning of each budget year. Upon approval by the City Commission, the budget shall be filed with the City Clerk and be made available to the public. The City Manager and the City Commission shall comply with all aspects of state law, City Charter and shall coordinate its consideration and adoption of the budget in a manner that allows full compliance with the provisions of the Tax Code and state regulations established for the setting of ad valorem tax rates based upon the adopted budget and known popularly as Truth in Taxation, including all required notices, hearings and meeting of deadlines.

Amendment Process – Budget Amendments may be made by ordinance as necessary.

Capital Outlay and Improvements

Preparation – The City’s Capital Outlay items will be included in each Department’s budget together with the operating budget. The fiscal impact of capital improvements on the operating budget will be integrated and monitored.

Facilities – Facilities are Capital Improvements and include any structures on properties owned by the City, the land upon which the facility is situated for the provision of City services, and the initial furniture, fixtures, equipment and apparatus necessary to put the facility into service. Facilities include, but are not limited to the following: administrative offices, golf course, parks, service buildings, storage yards, recreation areas, fire stations, water and sewer related structures and golf course club house and maintenance structures.

Infrastructure – Infrastructure includes permanently installed structures, which are placed underground, at grade or above grade, and which form the basis for the provision of City services. Included are streets and alley ways, water and sewer lines with related equipment, drainage channels, golf course and park irrigation, and storm sewers. Department Heads are responsible for compiling a maintenance schedule for infrastructure assets and for making requests for budget appropriations for such maintenance.

Machinery, Equipment and other Assets – This category includes fixed or moveable tangible assets that are used for operations of the City and will benefit the City for more than three years (3), including, but are not limited to, rolling stock and tools. They will be replaced on a rotation schedule according to the estimated life of the asset. Department Heads are responsible for maintaining the rotation schedule and making requests for budget appropriations in the capital outlay category. The City maintains a Capital Equipment Fund for planning and accounting for capital equipment replacement.

Control – All capital expenditures must be appropriated in the budget, either for one-time purchase expenditure, or by funding through the appropriate internal service funds. The availability of resources for such appropriations must be verified before a capital expenditure contract is executed. The City has implemented the use of internal service funds, Capital Equipment Fund and Capital Improvement Project Funds, to provide for the planning, funding and accounting for the City’s capital assets.

Alternate Resources – Where applicable, assessments, impact fees, pro-rata charges, drainage fees or other user-based fees should be used to fund capital projects which have a primary benefit to specified property owners. State and Federal grant opportunities will be explored when available. Large projects to improve infrastructure can be funded by debt when no other funding opportunities are available.

Debt Financing – Debt will be financed in accordance to the Canyon Home Rule Charter, Article IX, Sections 9.01 through 9.07, and applicable State Laws. Recognizing that debt is usually a more

expensive financing method, alternative financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives equal or greater than the average life of the debt issue. The exceptions to this requirement are the traditional costs of marketing and issuing debt, capitalized labor for design and construction of capital projects, and small component parts which are attached to major equipment purchases.

Infrastructure Maintenance – The City recognizes that deferred infrastructure maintenance (street, water and sewer lines, etc.) increases future capital costs multi-fold. Therefore, a portion of the General and Water/Sewer Fund budget will be set aside each year to maintain the quality of streets and water/sewer lines and equipment. The amount will be established annually so that repairs will be made according to the established rotation schedule.

Reporting – Periodic financial reports will be prepared to enable the Department Managers to manage their capital budgets and to enable the Finance Department to monitor and control the capital budget as authorized by the City Manager.

Revenue Management

Simplicity – The City will strive to keep the revenue system simple, which will result in a decrease of compliance costs for the taxpayer or service recipient and a corresponding decrease in avoidance to pay. The City will avoid nuisance taxes, fees, or charges as revenue sources.

Certainty – An understanding of the revenue source increases the reliability of the revenue system. The City will try to understand its revenue sources, and enact consistent collection policies so that assurance can be provided that the revenue base will materialize according to plans and budgets.

Equity – The City will seek to minimize forms of subsidization between entities, funds, services, utilities, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances.

Administration – The benefits of a revenue will exceed the cost of producing the revenue. The cost of collection will be reviewed periodically for cost effectiveness as a part of the indirect cost by cost of services analysis. Where appropriate, the City will use Revenue Recovery Associations or collection agencies in order to reduce administrative costs of collection and write-offs.

Revenue Adequacy – The City will require that there be a balance in the revenue system. The revenue base will have the characteristics of fairness and neutrality as it applies to cost of services, willingness to pay, and ability to pay.

Cost/Benefit of Abatement – The City will use due caution in the analysis of any tax, fee, or water and wastewater incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) analysis will be performed as a part of such review.

Diversification and Stability – In order to protect the government from fluctuations in a revenue source due to change in state law, fluctuations in the economy, and variations in weather (in the case of water and wastewater), a diversified revenue system will be maintained which will contribute to stability of income.

Nonrecurring Revenues – One-time revenues will not be used for ongoing operations. Nonrecurring revenues will be used only for nonrecurring expenditures, unless specified by the entity providing the nonrecurring funds. Care will be taken not to use these revenues for budget balancing purposes.

Property Tax Revenues –

1. Process. Property shall be assessed at 100% of the fair market value as appraised by the Potter Randall Appraisal Districts. Reappraisal and reassessment shall be done regularly as required by State Law. The City has contracted with Randall County Tax Assessor-Collector for the collection of property taxes. A 98% collection rate will serve as a goal for tax collections, with a delinquency rate of 2% or less. All delinquent taxes will be aggressively pursued through collection by a collection agency or attorney, as contracted by the Randall County Tax Assessor-Collector.
2. Limited Reliance on Property Tax. The City will continue to balance reliance on property tax by seeking additional revenue sources (sales tax and service charges) and attempting to expand and diversify the City's tax base.

Exemptions – The City of Canyon currently does not have any local exemptions. The City does adhere to the 65 and older tax freeze. New allowances will be determined by Commission on a case-by case basis. Tax abatements should be used selectively and only when a high probability of economic return in excess of the forgone revenue exists.

User-Based Fees – For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be a periodic review of fees and charges to ensure that fees provide adequate coverage of costs of services.

Proprietary –Proprietary funds will pay the General Fund for direct services rendered (Legal, Finance, Computer Services, etc.).

Franchise Agreements – The City will monitor the status of existing financial agreements and take necessary actions to negotiate new agreements as they near expiration or as they need revisions to best serve the citizens of Canyon.

General and Administrative Charges – A method will be maintained whereby the General Fund may impose a charge to the proprietary, fiduciary and/or other funds for general and administrative services (indirect cost) performed on the fund's behalf.

Utility Rates – The City will review and adopt utility rates that will generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs. This policy does not preclude drawing down cash balances to finance current operations. However, it is desired that any extra cash balance be used to fund operations and capital projects City-wide.

Interest Income – Interest earned from investment of available moneys will be distributed to each fund respective to the balance generating the interest of that fund.

Revenue Monitoring – Revenues received from external collections (i.e. Sales Tax) will be regularly monitored, comparing to budget or reports obtained from external sources, and variances will be investigated. Reports on trends will be provided for monitoring to the City Manager and City Commission monthly.

Expenditure Control

Appropriations – The level of budgetary control is the department level in the General, Water Works/Sewer System, and Golf Funds, and the fund level in all other funds. When budget amendments are necessary, approval by City Commission is necessary. The City Manager has the authority to make line-item transfers within the Fund. Refer to the City Charter for Budget Procedures.

Central Control – Significant budgetary savings in any department will be centrally controlled and may not be spent by the department without specific City Manager authorization.

Purchasing – All purchases shall be in accordance with the City's purchasing procedures. Purchases and any contracts exceeding the limit established by state law (\$50,000) will conform to a formal bidding process. Recommendations on purchases and contracts that are subject to the bidding process or proposal process will be made to the City Commission for approval.

Procurement Card Program – The City uses a procurement card program for low-cost purchases made at the department level. The program is designed to operate within the City's purchasing policies. The program is operated following the guidelines contained in the Procurement Card Policies and Procedures Manual.

Prompt Payment – All invoices will be paid within 30 days of receipt in accordance with the prompt payment requirements of State law. Procedures will be used to take advantages of all purchase discounts where considered cost effective.

Equipment Financing – Unless a direct benefit is perceived to be derived from financing an equipment purchase, the City strives to avoid financed purchases of equipment.

Asset Management

Investments – The City’s investment practices will be conducted in accordance with the Investment Policy approved by the City Commission.

Cash Management – The City’s cash flow will be managed to maximize the cash invested, while maintaining available cash to pay claims incurred from ongoing operations.

Investment Performance – The City Commission will be provided with a quarterly report prepared by the Finance Director and approved by the City Manager on this investment performance and balances, in accordance with the Public Funds Investment Act.

Fixed Assets and Inventory – These assets will be reasonably safeguarded, properly accounted for and prudently insured. Each Department Head is responsible for the upkeep, accounting and inventory control for assets in that department.

Financial Impact

Risk Management Program – The City will aggressively pursue every opportunity to provide for the public’s and City employee’s safety and to manage its risks. All reasonable options will be investigated to minimize losses. Such options may include risk prevention programs, risk transfer and insurance coverage.

Compensated Absences – Benefits for full-time employees include paid vacation, sick and comp leave in accordance with the Personnel Policy Handbook. Available and accrued absences are paid out of the budgeted operating salary account for the proper department.

Equipment Replacement – Each Department Manager is responsible for maintaining the listing of all major rolling vehicle stock, their estimated life expectancy and anticipated replacement date, together with future year projections. Based on these factors, internal lease payments will be made annually to the City’s Capital Equipment Fund (internal service fund) in order to build reserves for the replacement of equipment. Equipment purchases will be staggered over the years and Department Heads are responsible for making requests in the budget annually for replacement.

No Operating Deficits – Current expenditures will be paid with current revenues. Deferrals and Short-term loans will be avoided as budget balancing techniques. Reserves will be used only for emergency or non-recurring expenditures, except when the unassigned fund balance can be reduced because the level exceeds minimums set by the City’s Fund Balance and Reserve Policy.

Fund Balance

Objective – The City has implemented a Comprehensive Fund Balance and Reserve Policy approved by the City Commission. The policy provides for maintenance of an adequate fund balance and specifies the means and measurements for doing so.

Debt Management

Short-Term Debt – It is the policy of the City to avoid short-term debt whenever possible. For this purpose, short-term is considered less twelve months or less. Purchases are preferred over leasing equipment. Should the need for short-term debt arise, every attempt will be made to retire the debt by fiscal year end.

Long-Term Debt – Long-term debt will not be used for operating purposes, and the life of a bond issuance will not exceed the useful life of the project financed.

Self-Supporting Debt- When appropriate, self-supporting revenues will pay debt service in lieu of tax revenue.

Rating – Full disclosure of operations will be made to the bond rating agencies. The City staff, with the assistance of fiscal advisors or bond counsel, will prepare the necessary disclosures for presentation to the rating agencies.

Federal Requirements – The City will maintain procedures to comply with arbitrage rebate and other Federal requirements as necessary.

Debt Burden – The Debt Burden should be limited and within the financial means of the City to service adequately.

Bond Issuance Advisory Fees and Costs – The City will be actively involved in the selection of all financial advisors, underwriters, paying agents, and bond counsel. The City shall evaluate the merits of professional advisors and consultants as well as the kinds of services and fee structures available from independent financial advisors, investment banking firms, and commercial banks. The City will carefully itemize and scrutinize all costs associated with the issuance of bonds.

Grants

The City shall seek to obtain and effectively administer federal, state and foundation grants-in-aid that address the City's current and future priorities and policy objectives.

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Grant Guidelines – The City shall seek to obtain those grants that are consistent with priority needs and objectives identified by ~~the City Commission.~~

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Indirect Costs – The City shall recover indirect costs to the maximum amount allowed by the funding source. The City may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant.

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Grant Review – The City shall review all grant submittals requiring an in-kind match requirement to determine their potential impact on the operating budget, and the extent to which they meet the City’s policy objectives. If there is a cash match requirement, the source of funding shall be identified and approved prior to application.

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Prior to submission, all grant requests will be reviewed by City Management to ensure the benefits to the City exceed the administrative costs incurred throughout the life of the grant.

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Grant Program Termination – The City shall terminate grant-funded programs and associated positions as directed by the City Commission when grant funds are no longer available, unless alternate funding is identified.

Staffing and Training

Adequate Staffing – Staffing levels will be adequate for the fiscal functions of the City to function effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload management alternatives, including technology, will be explored before adding staff.

Seasonal Staff – Summer help will be utilized on a part-time basis to accommodate seasonal fluctuations in the demand for work. Seasonal work includes swimming pool staffing, mowing, short-term projects, and regular work assignments to free up full-time staff for seasonal projects.

Training – The City will support the continuing of education efforts of all staff including the investment in time, travel and materials for maintaining a current perspective concerning financial and technical issues, certifications and continuing education as required or desired for a position. Staff will be held accountable for communicating, teaching, and sharing with other staff members all information and training materials acquired from seminars, conferences, and related education efforts.

Awards – The City will support efforts and involvements which result in meeting standards and receiving exemplary recitations on behalf of any of the City’s fiscal policies, practices, processes, products, or personnel.

Approval by City Commission

Effective Date – This policy will become effective on the date following the initial approval by City Commission.

Annual Review – This policy will be reviewed annually by the Director of Finance and the City Manager and changes must be approved by City Commission.

Appendix A

Listing of all City of Canyon Fiscal and Financial Policies

- 1) Comprehensive Fund Balance and Reserve Policy
- 2) Canyon Investment Policy (PFIA)
- 3) Procurement Card Policies and Procedures Manual
- 4) Cash Handling Training Manual
- 5) Utility Payment Policy
- 6) Accounting Processes and Procedures

RESOLUTION NO. 22-2021

**A RESOLUTION OF THE CITY COMMISSION OF
THE CITY OF CANYON, TEXAS, AMENDING THE
CITY OF CANYON'S FISCAL PRINCIPLES AND
POLICIES**

WHEREAS, the Government Finance Officers Association (GFOA) recommends that a municipality establish a policy with respect to Fiscal Principles and Policies; and,

WHEREAS, City staff has drafted, reviewed and recommends specific improvements be made to increase the City's fiscal policy principles; and,

WHEREAS, City staff has begun to take steps to improve the City's Bond Rating to obtain low-interest debt, a policy with the established standards will help improve our Credit Rating with S&P; and,

WHEREAS, the City Commission of the City of Canyon, Texas, desiring to have a firm financial foundation for economic stability and to maintain a prudent level of financial resources, concurs with staff's recommendation and finds that it is in the public interest to adopt said Policy as hereinafter attached; and,

WHEREAS, the City Commission of the City of Canyon, Texas, hereby authorizes that this policy shall be administered on behalf of the City Manager by the Director of Finance and will be responsible for the City's Fiscal Policies in accordance with the rules governing the Policy.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS:

SECTION 1.

That, the findings set out in the preamble are in all things hereby approved.

SECTION 2.

That, the Fiscal Principles and Policies dated May 2021 be amended and approved as the City's Fiscal Principles & Policies of the City of Canyon.

SECTION 3.

That, this Resolution and its authorization shall be effective immediately upon its passage and shall continue in full force and effect as it is amended, revoked, or superseded by the City commission of the City of Canyon, Texas; and until the participating institution receives a copy of any such amendment or revocation.

PASSED, APPROVED, AND ADOPTED, on this the 3rd day of May, 2021, at a regular meeting of the City Commission of the City of Canyon, Texas which meeting was held in compliance with the Open Meetings Act, Tex Gov't Code, §551.001, et.seq. at which meeting a quorum was present and voting.

CITY OF CANYON, TEXAS

GARY HINDERS, MAYOR

ATTEST:

GRETCHEN MERCER, CITY SECRETARY

To: Honorable Mayor and City Commission
From: Joe Price, City Manager and Joel Wright, Director of Finance
Date: May 3, 2021
Re: Consider and Take Appropriate Action on Resolution No. 23-2021 Amending the Comprehensive Fund Balance and Cash Reserve Policy

The purpose of this policy is to establish a key element of the financial stability of the City by setting guidelines and parameters for budgetary fund balance and an assigned reserve fund.

In the context of financial reporting, the term fund balance is used to describe the net position (*Net Position means the difference between (1) assets and deferred outflows of resources, and (2) liabilities and deferred inflows of resources*) of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net position of governmental funds calculated on a government's budgetary basis. While in both cases fund balance is intended to serve as a measure of the financial resources available in a governmental fund; it is essential that differences between GAAP fund balance and budgetary fund balance be fully appreciated.

Unassigned fund balance is an important measure of economic stability. It is essential that the City maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and other similar circumstances.

This policy will ensure that the City maintains an adequate fund balance in the City's general fund and utility fund for the purposes of:

- Providing sufficient cash flow for daily operations
- Securing and maintaining a higher investment grade bond rating
- Offsetting significant economic declines or revenue shortfalls
- Providing funds to meet unforeseen emergency expenditures
- Demonstrating a commitment to long-term financial planning objectives

Our current Investment Policy has some aspects of a fund balance policy. We have taken time to create a new standalone Comprehensive Fund Balance and Cash Reserve Policy.

The Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unrestricted cash fund balance that should be maintained in the general fund for GAAP and budgetary purposes. Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period. In

AGENDA

particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.

As the City Staff and City Commission takes great pride in having a stable financial condition, we also want to move towards improving our bond rating and preparing for our first Capital Improvement Program.

Noteworthy Changes:

- Changes to terminology of a ‘cash reserves’ regarding fund balance
- Changes to definition of ‘cash reserves’
- Creation for Enterprise Fund CIP
- Definition of Enterprise Fund CIP (includes Golf Course)

Staff has amended that Policy that the City Commission can appreciate and will set a foundation for the future. We would request the Commission consider adoption of the amended Policy.

Staff recommends approval of Resolution No. 23-2021

RECOMMENDED MOTION

*“I move to **adopt/deny** Resolution No. 23-2021 for the Amending of the City of Canyon Comprehensive Fund Balance and Reserve Policy”*



Comprehensive Fund Balance and Cash Reserve Policy

Policy Purpose

The City desires to maintain a prudent level of financial resources to guard its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures. In addition, this policy is intended to document the appropriate Cash Reserve level to protect the City's credit worthiness and provide adequate cash flow based upon the traditional operating cycle. Cash Reserves are accumulated and maintained to provide stability and flexibility to respond to unexpected adversity and/or opportunities and to minimize the costs associated with short-term cash borrowing. Standard & Poor's Global Rating Services and Moody's Investors Service analysis in addition to Government Finance Officers Association (GFOA), recommends the establishment of a formal fund balance policy because they "minimize political considerations of adequate reserve levels and keep the municipalities more focused on providing structural balance in their operations."

This policy will ensure that the City maintains an adequate fund balance in the City's general fund for the purposes of:

- Providing sufficient cash flow for daily operations
- Securing and maintaining a higher investment grade bond rating
- Offsetting significant economic declines or revenue shortfalls
- Providing funds to meet unforeseen emergency expenditures
- Demonstrating a commitment to long-term financial planning objectives

The Governmental Accounting Standards Board ("GASB") issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB-54"). One objective of this standard was to improve, including the understandability, the usefulness of fund balance information by providing clear fund balance classifications. GASB-54 abandoned the reserved, unreserved, and designated classifications of fund balance and replaced them with five classifications: nonspendable, restricted, committed, assigned, and unassigned.

GASB-54 requires local governments to focus on the constraints imposed upon resources when reporting fund balance in governmental funds. The fund balance classifications indicate the level of constraints placed upon how resources can be spent and identify the sources of those constraints. The following five classifications serve to inform readers of the financial statements of the extent to which the City is bound to honor constraints on the specific purposes for which resources in a fund can be spent.

For clarification purposes, the terms GAAP fund balance and budgetary fund balance are distinguished in two different uses of the same term. Budget professionals commonly use this same term to describe the net position of governmental funds calculated on a government's budgetary basis. While in both cases fund balance is intended to serve as a measure of the financial resources available in a governmental fund; it is essential that differences between GAAP fund balance and budgetary fund balance be fully appreciated.¹

For the intentions of this policy, budget fund balance will represent net cash position and cash receivables. However, GAAP fund balance must be recognized for Governmental Fund and GASB-54 purposes.

Definitions

Fund Balance Reporting in Governmental Funds

Nonspendable Fund Balance – Fund balance reported as “nonspendable” represents fund balance that is:

- (a) not in a spendable form such as prepaid items; or
- (b) legally or contractually required to be maintained intact such as an endowment.

Classification - Non-spendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):

- a. The City will maintain a fund balance equal to the balance of any long-term outstanding balances due from others (including other funds of the City),
- b. The City will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset with liabilities and actually result in fund balance),
- c. The City will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained in-tact, and
- d. The City will maintain a fund balance equal to the balance of any land or other non-financial assets held for sale.

Restricted Fund Balance – Fund balance reported as “restricted” consists of amounts that can be spent only on the specific purposes stipulated by law, enabled legislation or by the external providers of those resources. An example would be debt reserve funds as established by debt covenant or other funds established by laws or legislation.

Committed Fund Balance – Fund balance reported as “committed” are self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for the specific purposes determined by a formal action of the City Commission, which is the highest level of decision-making authority, and that require the same level of formal action to remove the constraint. An example would be committing hotel/motel tax funds for future construction of a Visitor's Center.

Authority to Commit - Commitments will only be used for specific purposes pursuant to a formal action of the City Council. The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A vote is required to approve a commitment and a majority vote is required to remove a commitment.

Assigned Fund Balance – Fund balance reported as “assigned” consists of amounts that are subject to a purpose constraint that represents an intended use established by the City Commission or by their designated body or official. The City Commission has hereby authorized the City Manager as the official to assign fund balance to a specific purpose. The purpose of the assignment must be narrower than the purpose of the General Fund. Formal action is *not* necessary to impose, remove, or modify a constraint in Assigned Fund Balance. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget. An example would be encumbrances (i.e. Purchase Orders) for purchase of goods, supplies and/or construction services.

Authority to Assign - The City Commission delegates the responsibility to assign funds not to exceed \$50,000 to the City Manager or their designee to be used for specific purposes. City Council shall

have the authority to assign any amount of funds to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. The assignments may occur subsequent to fiscal year-end.

Unassigned Fund Balance – Fund balance reported as “unassigned” represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications. An example would be spendable funds not classified as non-spendable, restricted, committed or assigned.

Authority

The Canyon City Commission is responsible for the approval of financial policies which establish and direct the operations of the City of Canyon. The City Manager is responsible for carrying out the policy directives of the City Commission and managing the day-to-day operations of the executive departments, including the Department of Finance. This policy shall be administered on behalf of the City Manager by the Director of Finance.

Monitoring Performance

The City will measure its compliance with this policy on an annual basis during the City’s budgeting process. During the course of the fiscal year the Department of Finance shall closely monitor the City’s revenues and expenditures to ensure Reserves are not used beyond any planned usage. If the target level of Reserves is not met at fiscal year-end or is not likely to be met at any point within a ten-year time horizon, then during the annual budget process a plan to replenish the Reserve levels will be developed by collaboration among affected departments and the Department of Finance based on the requirements outlined in this policy.

Periodic Review of the Targets – At a minimum, during the annual financial planning/budget process staff shall review the current and ten-year projected Reserves to ensure that they are appropriate given the economic and financial risk factors the City is subject to.

Funding the Reserves and Definition of Reserves

Funding of Reserve (unassigned fund balance) targets will generally come from excess revenues over expenditures or one-time revenues.

Definition:

~~The City of Canyon will determine the cash reserves using a modified accrual basis whereby cash reserves represent the net cash available after all revenues have been received and deposited and all incurred expense commitments have been paid. For example: Just like your checkbook at home at the end of the month, it represents how much cash you have in the fund.~~

Excess of Reserves

In the event Reserves exceed the minimum balance requirements, at the end of each fiscal year, any excess Reserves may be used in the following ways:

1. Fund long-term accrued liabilities, including but not limited to debt service, pension liability, and other postemployment benefits (for example, OPEB liability) as directed and approved within the long-term financial plan and the annual budget ordinance. Priority will be given to those items that relieve budget or financial operating pressure in future periods;

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2. Appropriated to lower the amount of bonds or debt service payments (all forms of debt);
3. Increase the pay-as-you-go contributions needed to fund capital projects in the City's Capital Improvement Plan;
4. Increase the contributions needed to fund equipment in the City's Capital Equipment Fund;
5. One-time expenditures that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or
6. Start-up expenditures for new programs, provided that such action is approved by the City Council and is considered in the context of multi-year projections of revenue and expenditures as prepared by the Department of Finance.

Designated Reserves

The following fund reserves are utilized by the City of Canyon:

- General Fund Reserve
- General Fund CIP
- Utility Fund Reserve
- Enterprise Fund CIP

General Fund Reserve

Components of the Reserve:

- Operating Expenses – The City will maintain a Budget Fund Balance in the General Fund equivalent to, at a minimum, twenty-five percent (25%) of regular ongoing operating expenditures (equivalent to 3 months) and, at a maximum, thirty-five percent (35%) of regular ongoing operating expenditures. For the purposes of this policy, current fiscal year's actual expenditures will exclude significant non-recurring items.¹
- Debt Service – In addition to the aforementioned reserve for operating expenses, the City will maintain a minimum level of Fund Balance in the Debt Service Fund equal to debt service payments for Bonds due within the next 6 months.²

General Fund Capital

Components of the Reserve:

- Capital Funding – The City will begin funding the General Capital Improvement Fund to, at a minimum, fully fund the General Fund projects (excludes other Funds-Utility, Golf, etc.) identified in the first year of the City's Five-Year Capital Improvement Plan and, at a maximum, to fund all General Fund projects identified in the plan. For the purposes of this policy, any projects to be financed by new debt will be excluded from this calculation.³

Utility Fund Reserve

Components of the Reserve:

- Operating Expenses – The City will maintain a Budget Fund Balance in the Utility Fund equivalent to, at a minimum, fifteen percent (15%) of regular ongoing operating expenditures and, at a maximum, twenty-five percent (25%) of regular ongoing operating expenditures. For the purposes of this policy, current fiscal year's actual expenditures will exclude significant non-recurring items and depreciation expense.⁵
- Debt Service – The City will maintain a minimum level of Fund Balance in the Utility Fund equal to debt service payments due within the next 6 months.²

Canyon Fund Balance and Reserve Policy

June 2020

[Revised May 2021](#)

Page 4

Enterprise Fund Capital

Components of the Reserve:

- Capital Funding – The City will begin funding the Enterprise Capital Improvement Fund to, at a minimum, fully fund the enterprise fund (Water Works & Sewer System, Golf, etc.) projects (excludes governmental-type) identified in the first year of the City’s Five-Year Capital Improvement Plan and, at a maximum, to fund all enterprise fund projects identified in the plan. For the purposes of this policy, any projects to be financed by new debt will be excluded from this calculation.³

Designated Circumstances

The minimum reserves (unassigned fund balance) may be spent under these circumstances:

- Natural disasters, including but not limited to tornados, fire or flood.
- Opportunities for a grant in which the matching portion may require a portion of the minimum unassigned fund balance.
- Shortfall in the budgeted revenue in excess of 20%.
- Unforeseeable expenditures in excess of 20% over budget.
- When unforeseen circumstances or emergencies in another fund require a fund transfer from the General Fund.

Replenishment of Reserves

-
1. When designated circumstances have reduced the reserve balance below the targeted minimum level, the replenishment is to occur within 12 months.
 2. Depending on the severity of the reduction of the minimum reserve the following measures will be taken to replenish the reserve fund balance:
 - a. Should calculations reveal that the minimum reserve balance will be replenished through normal activity within the next 12 months no action is necessary
 - b. Reduction of expenditures
 - c. Delay of capital purchases
 - d. Increase in fees and/or taxes
 - e. Salary freeze
 - f. Hiring freeze

References / Sources / Justification

¹ The Government Finance Officers Association (GFOA) recommends, at a minimum, that general purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. GFOA acknowledges that a government’s particular situation may require a level of unrestricted fund balance (aka reserves) in the general fund significantly in excess of this recommended minimum level. The City of Canyon utilizes expenditures as a basis for its minimum calculation because it is more predictable than revenues. The City has established a higher three-month (25%) minimum balance based upon (1) the unpredictability of its revenues, sales tax revenue in particular, (2) the perceived exposure to significant one-time outlays, such as natural disasters, (3) the potential drain upon general fund resources from other funds, (4) the potential impact on the City’s bond ratings, and (5) existing commitments and assignments for pension fund liability, reliever route maintenance, etc.

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- ² The Municipal Securities Rulemaking Board (MSRB) states that a typical debt service reserve fund requirement might be a fixed percent of the outstanding par value or the maximum annual debt service of the issue(s). The City of Canyon has chosen to go with the latter.
- ³ Best practice established by the City of Fort Worth, Texas in their 2014-15 Financial Management Policy Statements.
- ⁴ GFOA's A Risk-Based Analysis of General Fund Reserve Requirements, May 2013. This factor concerns the extreme events (e.g., natural disasters) the City is vulnerable to, the public safety programs that must be funded during the occurrence of an extreme event, and the federal or state programs that would help and how long it would take to get assistance. For example, reimbursement from the Federal Emergency Management Agency (FEMA) does not always occur right away, so it is important to have reserves to absorb the cost in the meantime, and FEMA does not necessarily reimburse 100 percent of the cost of responding to an event.
- ⁵ GFOA's Determining the Appropriate Levels of Working Capital in Enterprise Funds (Best Practice) recommends that governments develop a target amount of working capital that best fits local conditions for each fund, starting with a baseline of ninety (90) days of working capital and then adjusting the target based on the particular characteristics of the enterprise fund in question. The City of Andrews has set a higher minimum based upon the following considerations: (1) large peaks and valleys in cash position during the year, (2) volatility in demand for services, and (3) difficulty in raising rates and revenues.
- ⁶ The City of Canyon Fiscal Principles & Policies states "The City maintains a pay-as-you-go philosophy regarding capital expenditures."

A Snapshot of Targeted "Cash" Reserves vs Actual

| Reserve | Minimum 2020 Target | Maximum 2020 Target | Actual 3/31/20 |
|---|---------------------|---------------------|----------------|
| General Fund | \$ 2,763,890 (25%) | \$ 3,869,445 (35%) | \$2,763,890 |
| Debt Service Fund Amount (restricted) | \$ 192,150 (50%) | No Maximum | \$317,149 |
| Utility Fund | \$1,208,610 (15%) | \$2,014,350 (25%) | \$1,208,610 |
| Total Fund Balance (less restricted) | \$ 3,972,500 | \$5,883,795 | \$3,972,500 |
| Total Fund Balance | \$ 4,164,650 | \$5,883,795 | \$4,289,649 |
| General and Utility Fund CIP Fund Balance | N/A | N/A | \$1,755,176 |

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(Note: The minimum reserve fund will be invested, per the Canyon Investment Act. General and Utility CIP Fund Balance for information purposes ONLY.)

RESOLUTION NO. 23-2021

**A RESOLUTION OF THE CITY COMMISSION OF
THE CITY OF CANYON, TEXAS, AMENDING THE
CITY OF CANYON'S COMPREHENSIVE FUND
BALANCE AND CASH RESERVE POLICY**

WHEREAS, the Government Finance Officers Association (GFOA) recommends that a municipality establish a policy with respect to an appropriate level of unrestricted Fund Balance in the General Fund.; and,

WHEREAS, City staff has reviewed GASB-54 and recommends specific improvements be made to increase compliance with Accounting Standards; and,

WHEREAS, City staff has begun to take steps to improve the City's Bond Rating to obtain low-interest debt, a policy with the established standards will help improve our Credit Rating with S&P; and,

WHEREAS, the City Commission of the City of Canyon, Texas, desiring to have a firm financial foundation for economic stability and to maintain a prudent level of financial resources, concurs with staff's recommendation and finds that it is in the public interest to adopt said Policy as hereinafter attached; and,

WHEREAS, the City Commission of the City of Canyon, Texas, hereby authorizes that this policy shall be administered on behalf of the City Manager by the Director of Finance and will be responsible for the reservation of City funds in accordance with the rules governing the Policy.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS:

SECTION 1.

That, the findings set out in the preamble are in all things hereby approved.

SECTION 2.

That, the Comprehensive Fund Balance and Reserve Policy date amended May 2021 be approved as the Comprehensive Fund Balance and Cash Reserve Policy of the City of Canyon.

SECTION 3.

That, this Resolution and its authorization shall be effective immediately upon its passage and shall continue in full force and effect as it is amended, revoked, or superseded by the

City commission of the City of Canyon, Texas; and until the participating institution receives a copy of any such amendment or revocation.

PASSED, APPROVED, AND ADOPTED, on this the 3rd day of May, 2021, at a regular meeting of the City commission of the City of Canyon, Texas which meeting was held in compliance with the Open Meetings Act, Tex Gov't Code, §551.001, et.seq. at which meeting a quorum was present and voting.

CITY OF CANYON, TEXAS

GARY HINDERS, MAYOR

ATTEST:

GRETCHEN MERCER, CITY SECRETARY

To: Joe Price, City Manager
From: Joel Wright, Director of Finance
Date: May 3, 2021
Re: Consider and Take Appropriate Action on Contract for Randall County to Assess and Collect Ad Valorem Taxes for the City of Canyon

We were recently notified by Christina McMurry, Randall County Tax Assessor-Collector, of the need to update the contract between the City of Canyon and Randall County for the duties, actions, and steps of assessing and collecting ad valorem taxes for the City performed by the Randall County Tax Assessor-Collector.

I have reviewed the updated contract. The contract is the same as the previous one; however, it is simply being updated for signature by Christy Dyer as Randall County Judge.

It is staff's recommendation that the updated contract for Randall County to assess and collect ad valorem taxes for the City of Canyon be approved.

RECOMMENDED MOTION

*"I move to **approve/not approve** the contract between the City of Canyon and Randall County for Randall County Tax Assessor-Collector to assess and collect ad valorem taxes for the City of Canyon."*

EFFECTIVE TERM: This contract shall commence the date the last signature is affixed and end when both parties mutually agree; provided however that The City shall have the right to terminate this agreement by giving ninety (90) days written notice of their desire and intention to terminate this agreement, and The County may terminate only on July 1, if prior notice of one year is given.

SERVICES TO BE PERFORMED BY THE COUNTY: The County agrees and contracts to collect current ad valorem taxes for The City on property that The City is entitled by law to collect, based on and assessed against real and personal property by virtue of the Constitution and Statutes of Texas. The County shall also collect delinquent taxes on property located in Randall County for The City.

The City may appoint an employee to calculate and publish its effective tax rate or they may appoint the Randall County Tax Assessor-Collector to calculate and publish the effective tax rate. The City will pay for any publication costs, as required by state law, at the rate currently charged by the publication. The City will provide information requested by The County regarding the calculation and publication of its effective tax rate.

Further, The County shall maintain all the property and appropriate files regarding tax accounts and records pertaining to current and delinquent ad valorem property taxes regarding The City residents and property owners and property in Randall County in the same manner and with the same diligence in its records and performances that The County now follows in its own policies regarding the collection of its own ad valorem

taxes. At all times during office hours The City shall be entitled to inspect, or have audited, all its tax records being retained and serviced by The County.

Further, The County shall perform and cooperate with The City in all of the other activities necessitated by this contract in order to promptly and efficiently perform and consummate the same, just as though The County were engaged in the assessing and collecting its own taxes.

The City authorizes The County to choose a delinquent tax attorney to represent The City in the collection of delinquent taxes and hereby consents in the selection of attorney by The County as required by Section 6.30(b), Texas Property Tax Code. The City will be covered under The County's contract with the delinquent tax attorney and will receive the same fee schedule as The County under that contract.

Further, tax refunds shall be made from available collections by The County after notification of change by the Potter-Randall Appraisal District and The City will be furnished the details on the monthly reports required by this contract.

If a taxpayer applies to The County Tax Collector for a refund of an overpayment or erroneous payment of taxes and the collector determines that the payment was erroneous or excessive, and the auditor for the unit agrees with the collector's determination, the collector shall refund the amount of the excessive or erroneous payment from available tax collections or from funds appropriated by the unit for making refunds. However, the collector may not make the refund unless the governing body of the taxing unit that employs the collector also determines that the payment was erroneous or excessive and approves the refund if the amount of the refund exceeds \$2, 500.

If a refund is not claimed within three (3) years after the date of payment, the taxpayer waives the right to the refund. The governing body of the taxing unit may extend the deadline provided by Section 31.11(c-1) for a single period not to exceed two (2) years on a showing of good cause by the taxpayer. If refunds are not claimed during the allotted time frame, The County will refund the pro-rata share of the refund to The City.

TAX RATE: The City shall adopt a tax rate for the current tax year and shall notify the assessor for the unit of the rate adopted before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit.

PAYMENT IN CONSIDERATION FROM THE CITY TO THE COUNTY:

The City agrees to pay The County a fee each year of this contract which will be determined annually on actual prior years cost as consideration for the performance by The County of this contract. It is agreed that this is a reasonable method to determine the annual fee for collecting and/or assessing the ad valorem taxes of The City.

The County agrees to inform The City of the annual fee for the next fiscal year no later than May 15 each year. The City agrees to pay the annual collection fee on or before February 15 of each year.

ROLLBACK ELECTION: In the event an election by the voters of the taxing unit under Section 26.08 of the Texas Property Tax Code requires the tax rate of The City be rolled back, The City agrees to pay The County all costs involved in administering such

rollback. These costs will be in addition to any other consideration set out herein and will be paid by The City to The County at such time as such costs are incurred.

LATE ADOPTION OF TAX RATE: In the event The City has not adopted a tax rate and delivered notification of such rate to The County in the manner prescribed by law by Sections 26.05 and 31.01(h) of the Texas Property Tax Code, The City agrees to pay The County, as additional compensation, the actual cost of preparing and mailing the tax statements of The City. These additional costs shall include, but not be limited to, postage, computer programming, paper, outsourcing and employees' time.

SPLIT PAYMENT/DISCOUNT: The parties hereto agree that the split/discount payment options as provided in Section 31.03 and 31.05 of the Texas Property Tax Code of the State of Texas, will not be granted and that no split/discount payments of The City taxes will be accepted.

PARTIAL PAYMENTS: The parties hereto agree that partial payments for both current and delinquent taxes as provided in Section 31.07 and Section 33.02 of the Texas Property Tax Code of the State of Texas, are authorized for taxes collected hereunder.

ADDITIONAL COSTS: In the event The City requests programs or reports, in addition to those being presently furnished The City by The County, The City agrees to pay The County its actual costs, including programming costs, for preparing and furnishing such programs and reports.

DELIVERY OF THE CITY FUNDS: The taxes of a taxing unit that are collected by the county collector shall be deposited in the unit's depository daily, unless the governing body of that unit by official action provides that those deposits may be made less often than daily. The City funds held by The County will be collateralized as required by Chapter 2256, Government Code. The City agrees a deposit will be made to The City account when accumulated collections exceed \$1,000 or at a minimum of once a month.

ACCEPTABLE METHODS OF PAYMENT BY TAXPAYERS: The County agrees to accept as payment from taxpayers United States currency or a check or money order and shall accept payment by credit card or electronic funds transfer. The County is not required to accept checks from taxpayers who have previously given insufficient funds checks or payments rejected by a financial institution to The County.

REPORTS: The County will furnish The City with collection reports listed in Appendix A.

IN WITNESS WHEREOF, the parties hereto have executed this contract on this _____ day of _____, 2021 in Randall County, Texas, same being signed by those parties and officers hereunto duly authorized by law to bind both of the parties hereto.

CITY OF CANYON, TEXAS

RANDALL COUNTY, TEXAS

By: _____

Joe Price
City Manager

By: _____

Christy Dyer
Randall County Judge

By: _____

Christina McMurray
County Tax Assessor-Collector

ATTEST:

Gretchen Mercer
City Secretary

Susan Allen
Randall County Clerk

To: Joe Price, City Manager
From: Joel Wright, Director of Finance
Date: May 3, 2021
Re: Consider and Take Appropriate Action on March 31, 2021 Financial Report by Finance Director Joel Wright

I have prepared financial statements for the major governmental and enterprise funds of the City of Canyon as follows:

Governmental Funds - Balance Sheet and Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:

- General Fund
- Debt Service Fund

Enterprise Funds - Balance Sheet and Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual

- Water & Sewer Fund
- Golf Fund

Key points of the financial statements (government-wide) as of and for the six months ended March 31, 2021, are:

- General Fund: Total assets = **\$7,213,431**
Fund balance – unassigned = **\$6,634,778**
Total revenues = **\$6,925,292**
Sales tax revenue = **\$1,513,810**
Total expenditures = **\$5,271,204**
Transfers in = **\$250,000**
Net change in fund balance = **\$1,929,522** increase
- Debt Service Fund: Total assets = **\$386,793** (majority cash)
Property taxes collected = **\$443,532**
Debt service payments = **\$315,350** (2016 general obligation bonds)
- Water & Sewer Fund: Total current assets = **\$5,054,327**
Unrestricted net position = **\$2,866,732**
Total revenues = **\$4,514,982**
Total operating expenses = **\$2,120,111**
Transfers out = **(\$670,000)**
Change in net position = **\$447,811** increase

AGENDA

- Golf Fund: Total current assets = \$ 275,004
Unrestricted deficit = (\$1,043,461)
Total revenues = \$370,966
Total operating expenses = \$637,593
Transfers in = \$420,000
Change in net position = \$153,382

RECOMMENDED MOTION

*“I move to **approve/not approve** the Financial Report for the City of Canyon as of March 31, 2021.”.*

**CITY OF CANYON
BALANCE SHEET
GENERAL FUND
GOVERNMENTAL FUND
MARCH 31, 2021 AND SEPTEMBER 30, 2020**

| | <u>3/31/2021</u> | <u>09/30/2020</u> |
|--|------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | 3,823,862 | 1,638,175 |
| Investments | 984,042 | 982,493 |
| Accounts receivable, net | 667,516 | 668,842 |
| Tax receivable, net | 28,453 | 28,453 |
| Due from other funds | 1,177,710 | 1,131,907 |
| Due from CEDC | 13,109 | 13,109 |
| Due from other governments | <u>518,739</u> | <u>1,107,230</u> |
| Total assets | <u>7,213,431</u> | <u>5,570,209</u> |
| LIABILITIES | | |
| Accounts payable | 14,594 | 296,499 |
| Due to other funds | 63,414 | 66,963 |
| Payable to other governments | 46,199 | 50,665 |
| Accrued expenses | <u>12,994</u> | <u>9,374</u> |
| Total liabilities | <u>137,201</u> | <u>423,501</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenues | <u>204,122</u> | <u>204,122</u> |
| FUND BALANCES | | |
| Restricted: | | |
| By enabling legislation for special projects | 28,966 | 28,966 |
| Assigned to: | | |
| Special projects | 208,364 | 208,364 |
| Unassigned | <u>6,634,778</u> | <u>4,705,256</u> |
| Total fund balances | <u>6,872,108</u> | <u>4,942,586</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>7,213,431</u> | <u>5,570,209</u> |

CITY OF CANYON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
GOVERNMENTAL FUND
For the Six Months Ended March 31, 2021

| | Budget Six Months Ended 3/31/2021 | Actual Six Months Ended 3/31/2021 | Budget Remaining | % Budget Remaining |
|---|--|--|-----------------------------|-------------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ 2,909,826 | \$ 2,949,230 | \$ 39,404 | 1.35% |
| Sales tax | 2,470,000 | 1,513,810 | (956,190) | -38.71% |
| Franchise fees | 875,000 | 428,071 | (446,929) | -51.08% |
| Mixed beverage tax | 21,500 | 19,298 | (2,202) | -10.24% |
| Licenses and fees | 187,500 | 89,557 | (97,943) | -52.24% |
| Fines and forfeitures | 234,940 | 93,054 | (141,886) | -60.39% |
| Intergovernmental | 789,235 | 343,909 | (445,326) | -56.43% |
| Grants and donations | - | 328,789 | 328,789 | |
| Charges for services | 2,553,115 | 1,076,910 | (1,476,205) | -57.82% |
| Interest earnings | 18,000 | 4,631 | (13,369) | -74.27% |
| Other | 75,491 | 78,033 | 2,542 | 3.37% |
| Total revenues | <u>10,134,607</u> | <u>6,925,292</u> | <u>(3,209,315)</u> | -31.67% |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,320,302 | 601,927 | 718,375 | 54.41% |
| Public safety | 4,983,696 | 2,494,838 | 2,488,858 | 49.94% |
| Streets | 1,142,337 | 302,674 | 839,663 | 73.50% |
| Culture and recreation | 2,219,946 | 860,716 | 1,359,230 | 61.23% |
| Conservation and development | 320,154 | 128,178 | 191,976 | 59.96% |
| Sanitation | 1,441,204 | 562,708 | 878,496 | 60.96% |
| Debt service: | | | | |
| Principal & interest | 183,023 | 181,480 | 1,543 | 0.84% |
| Capital outlay | 316,565 | 138,683 | 177,882 | 56.19% |
| Total expenditures | <u>11,927,227</u> | <u>5,271,204</u> | <u>6,656,023</u> | 55.81% |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,792,620)</u> | <u>1,654,088</u> | <u>(1,792,620)</u> | 100.00% |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | - | 25,434 | 25,434 | |
| Transfers in | 1,792,620 | 250,000 | (1,542,620) | -86.05% |
| Total other financing sources (uses) | <u>1,792,620</u> | <u>275,434</u> | <u>(1,517,186)</u> | |
| NET CHANGE IN FUND BALANCE | - | 1,929,522 | 1,929,522 | |
| FUND BALANCE - BEGINNING | <u>4,942,586</u> | <u>4,942,586</u> | | |
| FUND BALANCE - ENDING | <u>\$ 4,942,586</u> | <u>\$ 6,872,108</u> | | |

CITY OF CANYON
SCHEDULE OF SALES TAX COLLECTIONS
AS OF MARCH 31, 2021 AND YEARS ENDED SEPTEMBER 30, 2020, 2019 AND 2018

| <u>Month</u> | 2017-2018 <u>Collections</u> | 2018-2019 <u>Collections</u> | 2019-2020 <u>Collections</u> | Year-to Date 2020-2021 <u>Collections</u> |
|-----------------|---------------------------------|---------------------------------|---------------------------------|---|
| October | 231,485 | 235,520 | 253,690 | 294,809 |
| November | 294,952 | 297,762 | 278,470 | 361,056 |
| December | 220,749 | 261,394 | 272,371 | 297,686 |
| January | 225,820 | 242,562 | 266,319 | 321,163 |
| February | 320,829 | 295,203 | 334,436 | 379,214 |
| March | 220,711 | 302,480 | 244,530 | 364,485 |
| April | 260,761 | 229,684 | 237,337 | |
| May | 331,122 | 276,064 | 296,275 | |
| June | 217,963 | 239,182 | 272,009 | |
| July | 230,351 | 248,431 | 276,036 | |
| August | 264,752 | 281,787 | 439,973 | |
| September | <u>230,520</u> | <u>245,711</u> | <u>301,112</u> | |
| Total | 3,050,015 | 3,155,780 | 3,472,559 | 2,018,413 |
| Less CEDC's 25% | <u>(762,504)</u> | <u>(788,945)</u> | <u>(868,140)</u> | <u>(504,603)</u> |
| | <u>2,287,511</u> | <u>2,366,835</u> | <u>2,604,419</u> | <u>1,513,810</u> |

**CITY OF CANYON
BALANCE SHEET
DEBT SERVICE FUND
GOVERNMENTAL FUND
MARCH 31, 2021 AND SEPTEMBER 30, 2020**

| | 3/31/2021 | 09/30/2020 |
|--|------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | 386,451 | 257,286 |
| Due from other funds | 342 | 342 |
| Total assets | 386,793 | 257,628 |
| LIABILITIES | | |
| Total liabilities | - | - |
| FUND BALANCES | | |
| Restricted: | | |
| Debt service | 386,793 | 257,628 |
| Total fund balances | 386,793 | 257,628 |
| Total liabilities, deferred inflows of resources, and fund balances | 386,793 | 257,628 |

CITY OF CANYON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
GOVERNMENTAL FUND
For the Six Months Ended March 31, 2021

| | Budget Six Months Ended 3/31/2021 | Actual Six Months Ended 3/31/2021 | Budget Remaining | % Budget Remaining |
|-----------------------------------|--|--|-----------------------------|-------------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ 435,557 | \$ 443,532 | \$ 7,975 | 1.83% |
| Interest earnings | 500 | 214 | (286) | -57.20% |
| Miscellaneous | 1,884 | 769 | (1,115) | -59.18% |
| Total revenues | <u>437,941</u> | <u>444,515</u> | <u>6,574</u> | 1.50% |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 245,000 | 245,000 | - | 0.00% |
| Interest and other charges | 137,025 | 70,350 | 66,675 | 48.66% |
| Total expenditures | <u>382,025</u> | <u>315,350</u> | <u>66,675</u> | 17.45% |
| NET CHANGE IN FUND BALANCE | 55,916 | 129,165 | 73,249 | |
| FUND BALANCE - BEGINNING | <u>257,628</u> | <u>257,628</u> | | |
| FUND BALANCE - ENDING | <u>\$ 313,544</u> | <u>\$ 386,793</u> | | |

**CITY OF CANYON
BALANCE SHEET
WATER & SEWER FUND
ENTERPRISE FUND
MARCH 31, 2021 AND SEPTEMBER 30, 2020**

| | <u>3/31/2021</u> | <u>09/30/2020</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,508,159 | \$ 3,556,253 |
| Restricted cash for construction | 184,858 | 503,190 |
| Receivables, net | 1,308,198 | 1,315,202 |
| Due from other funds | 237 | 238 |
| Inventories | 33,192 | 32,382 |
| Prepaid expenses | <u>19,683</u> | <u>19,683</u> |
| Total current assets | <u>5,054,327</u> | <u>5,426,948</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 5,036,614 | 5,036,614 |
| Construction in progress | 4,168,145 | 3,603,031 |
| Buildings and improvements | 433,001 | 433,001 |
| Improvements other than buildings | 12,250,553 | 12,250,553 |
| Equipment | 3,361,355 | 3,361,355 |
| Infrastructure | 43,294,048 | 43,294,048 |
| Less accumulated depreciation | <u>(20,854,663)</u> | <u>(20,854,663)</u> |
| Total noncurrent assets | <u>47,689,053</u> | <u>47,123,939</u> |
| Total assets | <u>52,743,380</u> | <u>52,550,887</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred charge on refunding | 62,612 | 62,612 |
| Deferred pension & OPEB contributions | 117,169 | 117,169 |
| Deferred pension economic/demographic losses | 11,295 | 11,295 |
| Deferred pension & OPEB assumption changes | <u>23,880</u> | <u>23,880</u> |
| Total deferred outflows of resources | <u>214,956</u> | <u>214,956</u> |

Continued

**CITY OF CANYON
BALANCE SHEET
WATER & SEWER FUND
ENTERPRISE FUND
MARCH 31, 2021 AND SEPTEMBER 30, 2020**

Continuation

| | 3/31/2021 | 09/30/2020 |
|---|------------------|-------------------|
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 105,249 | 539,013 |
| Accrued liabilities | 2,173 | 2,173 |
| Accrued interest | 61,156 | 61,156 |
| Due to other funds | 387,013 | 218,111 |
| Unearned revenues | 14,000 | 14,000 |
| Contingent liability | 456,000 | 456,000 |
| Customer deposits | 284,437 | 274,894 |
| Total current liabilities | 1,310,028 | 1,565,347 |
| Noncurrent liabilities: | | |
| Accrued compensated absences | 102,795 | 102,795 |
| Net pension liability | 374,613 | 374,613 |
| Other post-employment benefit obligations | 410,172 | 410,172 |
| Notes payable | 1,409,282 | 1,409,282 |
| Certificates of obligation payable | 8,730,537 | 8,730,537 |
| Total noncurrent liabilities | 11,027,399 | 11,027,399 |
| Total liabilities | 12,337,427 | 12,592,746 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension & OPEB economic/demographic gains | 111,684 | 111,684 |
| Pension excess earnings | 182,323 | 182,323 |
| Pension & OPEB assumption changes | 45,033 | 45,033 |
| Total deferred inflows of resources | 339,040 | 339,040 |
| NET POSITION | | |
| Net investment in capital assets | 37,415,136 | 37,415,136 |
| Unrestricted | 2,866,732 | 2,418,921 |
| Total net position | 40,281,868 | 39,834,057 |

CITY OF CANYON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER AND SEWER FUND
ENTERPRISE FUND
For the Six Months Ended March 31, 2021

| | Budget | Actual | | |
|--|----------------------|----------------------|--------------------|-------------------|
| | Six Months | Six Months | | |
| | Ended | Ended | Budget | % Budget |
| | 3/31/2021 | 3/31/2021 | Remaining | Remaining |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| OPERATING REVENUES: | | | | |
| Charges for services: | | | | |
| Water sales | \$ 5,964,336 | \$ 2,789,531 | \$ (3,174,805) | -53.23% |
| Sewer charges | 2,740,848 | 1,377,045 | (1,363,803) | -49.76% |
| Sewer penalties | 372,000 | 342,000 | (30,000) | -8.06% |
| Lease and other income | 54,246 | 6,406 | (47,840) | -88.19% |
| | <u>9,131,430</u> | <u>4,514,982</u> | <u>(4,616,448)</u> | <u>-50.56%</u> |
| OPERATING EXPENSES: | | | | |
| Personnel costs | 1,932,098 | 865,388 | 1,066,710 | 55.21% |
| Supplies and contractual services | 1,427,449 | 651,280 | 776,169 | 54.37% |
| Utilities | 1,346,500 | 526,010 | 820,490 | 60.94% |
| Capital outlay | 721,500 | 77,433 | 644,067 | 89.27% |
| Intercity charges | 161,127 | - | 161,127 | 100.00% |
| | <u>5,588,674</u> | <u>2,120,111</u> | <u>3,468,563</u> | <u>62.06%</u> |
| OPERATING INCOME (LOSS) | <u>3,542,756</u> | <u>2,394,871</u> | <u>(1,147,885)</u> | <u>-32.40%</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Investment earnings | 45,300 | 4,893 | (40,407) | -89.20% |
| Interest and fiscal charges | (1,372,448) | (1,281,953) | 90,495 | 6.59% |
| | <u>(1,327,148)</u> | <u>(1,277,060)</u> | <u>50,088</u> | <u>3.77%</u> |
| INCOME (LOSS) BEFORE TRANSFERS | 2,215,608 | 1,117,811 | (1,097,797) | -49.55% |
| TRANSFERS | <u>(2,215,608)</u> | <u>(670,000)</u> | <u>1,545,608</u> | <u>-69.76%</u> |
| CHANGE IN NET POSITION | <u>-</u> | <u>447,811</u> | <u>447,811</u> | |
| NET POSITION - BEGINNING | <u>39,834,057</u> | <u>39,834,057</u> | | |
| NET POSITION - ENDING | <u>\$ 39,834,057</u> | <u>\$ 40,281,868</u> | | |

**CITY OF CANYON
BALANCE SHEET
GOLF FUND
ENTERPRISE FUND
MARCH 31, 2021 AND SEPTEMBER 30, 2020**

| | 3/31/2021 | 9/30/2020 |
|--|------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 64,443 | \$ 75,692 |
| Accounts receivable | - | 12,855 |
| Due from other funds | 65,014 | 65,014 |
| Inventories | 145,547 | 145,547 |
| Total current assets | 275,004 | 299,108 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 397,138 | 397,138 |
| Buildings and improvements | 460,018 | 460,018 |
| Improvements other than buildings | 709,452 | 709,452 |
| Equipment | 1,243,576 | 1,243,576 |
| Infrastructure | 720,958 | 720,958 |
| Less accumulated depreciation | (2,230,517) | (2,230,517) |
| Total noncurrent assets | 1,300,625 | 1,300,625 |
| Total assets | 1,575,629 | 1,599,733 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred charge on refunding | 24,297 | 24,297 |
| Deferred pension & OPEB contributions | 34,225 | 34,226 |
| Deferred pension economic/demographic losses | 3,299 | 3,299 |
| Deferred pension & OPEB assumption changes | 6,975 | 6,975 |
| Total deferred outflows of resources | 68,796 | 68,797 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 90,119 | 139,041 |
| Accrued liabilities | 5,814 | 5,814 |
| Accrued interest | 8,370 | 8,370 |
| Due to other funds | 790,213 | 913,826 |
| Due to other governments | 5,882 | 10,834 |
| Total current liabilities | 900,398 | 1,077,885 |

Continued

**CITY OF CANYON
BALANCE SHEET
GOLF FUND
ENTERPRISE FUND
MARCH 31, 2021 AND SEPTEMBER 30, 2020**

Continuation

| | <u>3/31/2021</u> | <u>9/30/2020</u> |
|---|-------------------------|-------------------------|
| Noncurrent liabilities: | | |
| Accrued compensated absences | 41,699 | 41,699 |
| Net pension liability | 109,426 | 109,426 |
| Other post-employment benefit obligations | 114,023 | 114,023 |
| Note payable | 292,603 | 292,603 |
| Certificates of obligation payable - net of current portion | <u>894,240</u> | <u>894,240</u> |
| Total noncurrent liabilities | <u>1,451,991</u> | <u>1,451,991</u> |
| Total liabilities | <u>2,352,389</u> | <u>2,529,876</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension & OPEB economic/demographic gains | 32,298 | 32,298 |
| Pension excess earnings | 53,257 | 53,257 |
| Pension & OPEB assumption changes | <u>12,463</u> | <u>12,463</u> |
| Total deferred inflows of resources | <u>98,018</u> | <u>98,018</u> |
| NET POSITION | | |
| Net investment in capital assets | 152,543 | 152,543 |
| Reserved golf cart and greens capital improvement | 84,936 | 84,936 |
| Unrestricted (deficit) | <u>(1,043,461)</u> | <u>(1,196,843)</u> |
| Total net position | <u><u>(805,982)</u></u> | <u><u>(959,364)</u></u> |

CITY OF CANYON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
GOLF FUND
ENTERPRISE FUND

For the Six Months Ended March 31, 2021

| | Budget Six Months Ended 3/31/2021 | Actual Six Months Ended 3/31/2021 | Budget Remaining | % Budget Remaining |
|--|--|--|-----------------------------|-------------------------------|
| OPERATING REVENUES: | | | | |
| Charges for services: | | | | |
| Golf services | \$ 646,000 | \$ 257,240 | \$ (388,760) | -60.18% |
| Sales of goods | 280,000 | 113,499 | (166,501) | -59.46% |
| Other income (loss) | - | 227 | 227 | |
| | 926,000 | 370,966 | (555,034) | -59.94% |
| OPERATING EXPENSES: | | | | |
| Personnel costs | 687,762 | 309,283 | 378,479 | 55.03% |
| Supplies and contractual services | 477,126 | 196,841 | 280,285 | 58.74% |
| Utilities | 27,000 | 12,673 | 14,327 | 53.06% |
| Intercity charges | 157,100 | 118,796 | 38,304 | 24.38% |
| | 1,348,988 | 637,593 | 711,395 | 52.74% |
| OPERATING INCOME (LOSS) | (422,988) | (266,627) | 156,361 | 36.97% |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Investment earnings | - | 9 | - | |
| Interest and fiscal charges | - | - | - | |
| | - | 9 | - | |
| INCOME (LOSS) BEFORE TRANSFERS | (422,988) | (266,618) | 156,361 | 36.97% |
| TRANSFERS IN | 422,988 | 420,000 | (2,988) | -0.7% |
| CHANGE IN NET POSITION | - | 153,382 | 153,373 | |
| NET DEFICIT - BEGINNING | (959,364) | (959,364) | | |
| NET DEFICIT - ENDING | \$ (959,364) | \$ (805,982) | | |

To: Joe Price, City Manager
From: Joel Wright, Director of Finance
Date: May 3, 2021
Re: Consider and Take Appropriate Action on March 31, 2021 Investment Report by Finance Director Joel Wright.

I have prepared a **Schedule of Cash & Cash Equivalents** as of March 31, 2021, for the City of Canyon. The accounts are presented by fund.

All cash is deposited with the City's depository bank, Happy State Bank, in checking accounts, short-term certificates of deposit or Insured Cash Sweep (ICS) accounts.

A summary of cash, available and designated/restricted, is presented on the second page of the schedule. Available cash as of March 31, 2021 = \$6,932,506

Also presented on the second page of the schedule is the City's current status with regard to the required reserve as stated in the Fund Balance and Reserve Policy. The policy requires the unassigned cash reserve balance be maintained between 25% and 35% of the current fiscal year total budgeted expenditures for the General Fund, at least 50% of the annual scheduled debt service payment for the Debt Service Fund, and between 15% and 25% of the current fiscal year total budgeted expenditures for the Utility Fund. As of March 31, 2021, the total available cash balance of the General Fund, Debt Service Fund and Utility Fund balance was \$6,932,506 which is within the targeted range for the reserve.

I have prepared a **Schedule of Secured Deposits** as of March 31, 2021, for the City of Canyon.

Balances of all accounts included in the City's depository contract with Happy State Bank totaled **\$10,522,160** as of March 31, 2021 (Note: this includes the accounts of the CEDC).

The total market value of securities pledged by Happy State Bank as of March 31, 2021, was \$10,647,044.

The cash deposits held by the City of Canyon's depository bank, Happy State Bank, were adequately secured by FDIC insurance and securities pledged by the bank for the benefit of the City of Canyon as of March 31, 2021.

RECOMMENDED MOTION

"I move to **approve/not approve** the Investment Report of the City of Canyon as of March 31, 2021"

CITY OF CANYON
SCHEDULE OF CASH & CASH EQUIVALENTS
AS OF MARCH 31, 2021 AND SEPTEMBER 30, 2020

| | Interest Rate at 3/31/2021 | 3/31/2021 | 9/30/2020 |
|--|---|---------------------|---------------------|
| Cash and cash equivalents | | | |
| General Fund: | | | |
| Secured by bank pledged securities: | | | |
| Bank account - checking | 0.12% | \$ 27,524 | \$ 309,185 |
| Certificates of deposit (6 - 12 month terms) | | | |
| CD #4758 7/11/2021 Maturity | 0.31% | 153,476 | 153,240 |
| CD #4895 8/15/2021 Maturity | 0.31% | 521,765 | 520,964 |
| CD #5076 4/20/2021 Maturity | 0.31% | 153,111 | 152,876 |
| CD #4970 5/6/2021 Maturity | 0.36% | <u>155,690</u> | <u>155,413</u> |
| Total secured by bank pledged securities | | 1,011,566 | 1,291,678 |
| Insured Cash Sweep (ICS) account | 0.25% | 3,795,423 | 1,327,629 |
| Cash drawers | n/a | <u>915</u> | <u>915</u> |
| Total cash and cash equivalents - General Fund | | <u>\$ 4,807,904</u> | <u>\$ 2,620,222</u> |
| Debt Service Fund: | | | |
| Secured by bank pledged securities: | | | |
| Bank account - checking | 0.12% | <u>\$ 386,451</u> | <u>\$ 257,286</u> |
| Water & Sewer (Utility) Fund: | | | |
| Secured by bank pledged securities: | | | |
| Bank account - checking | 0.13% | \$ 101,638 | \$ 342,100 |
| Insured Cash Sweep (ICS) account | 0.25% | <u>3,406,521</u> | <u>3,214,153</u> |
| Total cash and cash equivalents | | <u>\$ 3,508,159</u> | <u>\$ 3,556,253</u> |
| Restricted cash - 2012 certificates of obligation proceeds | | | |
| Secured by bank pledged securities: | | | |
| Bank account - checking | n/a | \$ 10,763 | \$ 283,453 |
| Insured Cash Sweep (ICS) account | 0.25% | <u>174,095</u> | <u>219,737</u> |
| Total restricted cash | | <u>\$ 184,858</u> | <u>\$ 503,190</u> |
| Golf Fund: | | | |
| Secured by bank pledged securities: | | | |
| Bank account - checking | 0.02% | \$ 64,143 | \$ 75,392 |
| Cash drawers | n/a | <u>300</u> | <u>300</u> |
| Total cash and cash equivalents | | <u>\$ 64,443</u> | <u>\$ 75,692</u> |

Continued

CITY OF CANYON
SCHEDULE OF CASH & CASH EQUIVALENTS
AS OF MARCH 31, 2021 AND SEPTEMBER 30, 2020

Continuation

| | Interest Rate at 3/31/2021 | 3/31/2021 | 9/30/2020 |
|--|---|---------------------|---------------------|
| Cash and cash equivalents | | | |
| Capital Fund: | | | |
| Secured by bank pledged securities: | | | |
| Bank account - checking | 0.13% | \$ 254,333 | \$ 638,694 |
| | | | |
| Summary: | | | |
| Total Cash and Cash Equivalents - All Funds | | \$ 9,206,148 | \$ 7,651,337 |
| Less: Obligated & Restricted Cash | | | |
| Capital Equipment Fund- purchases budgeted for FY 20-21 | CEF | (254,333) | (760,000) |
| Utility Fund AMI project - portion to be paid out of reserves | UF | (250,000) | (500,000) |
| Lone Star accumulated unexpended penalty received since 2/1/2020 | UF | (798,000) | (394,000) |
| Transfer to CIP for force main - proposed | UF | (400,000) | (400,000) |
| | | | |
| Debt service - 2016 general obligation bonds | | (386,451) | (257,286) |
| Restricted cash - 2012 certificates of obligation proceeds | | (184,858) | (503,190) |
| | | <u>\$ 6,932,506</u> | <u>\$ 4,836,861</u> |

Summary of Available Cash vs Targeted Reserves (per current Fund Balance and Reserve Policy) and Related Cash Reserve Balances:

| Reserve | Minimum Target | Maximum Target | Available Cash 03/31/2021 |
|--|----------------|----------------|---------------------------|
| General Fund (25% minimum - 35% maximum) | \$ 2,981,807 | \$ 4,174,529 | \$ 4,807,904 |
| Debt Service Fund (50% minimum - no maximum) | \$ 192,150 | No maximum | \$ 386,451 |
| Utility Fund (15% minimum - 25% maximum) | \$ 1,376,510 | \$ 2,294,183 | \$ 2,860,159 |
| Total Reserve Balance (less restricted) | \$ 4,358,317 | \$ 6,468,712 | \$ 7,668,063 |
| Total Reserve Balance | \$ 4,550,467 | \$ 6,468,712 | \$ 8,054,514 |

Comment: The available cash in total is within or above the targeted range as required by the current Fund Balance and Reserve Policy as of March 31, 2021.

CITY OF CANYON
SCHEDULE OF SECURED DEPOSITS
AS OF MARCH 31, 2021 AND SEPTEMBER 30, 2020

| | <u>Bank Account</u> <u>Balance</u> <u>3/31/2021</u> | <u>Bank Account</u> <u>Balance</u> <u>9/30/2020</u> |
|---|---|---|
| Cash and cash equivalents | | |
| Checking accounts and short-term certificates of deposit secured by Happy State Bank pledged securities: | | |
| City of Canyon: | | |
| General Fund | | |
| Checking account | \$ 233,460 | \$ 319,159 |
| Certificates of deposit | 984,042 | 982,493 |
| Debt Service Fund - checking account | 385,404 | 257,204 |
| Water & Sewer (Utility) Fund -checking account | 96,600 | 343,977 |
| Water & Sewer (Utility) Fund - restricted | 95,377 | 283,453 |
| Golf Fund - checking account | 63,029 | 41,921 |
| Capital Fund - checking account | 254,333 | 638,694 |
| Board of City Development - checking account | 92,847 | 45,471 |
| Emergency Management Fund - checking account | 5,533 | 6,333 |
| LEOSE Fund - checking account | 2,015 | 3,040 |
| Library Gifts & Memorials Fund - checking account | 6,000 | 5,066 |
| D-FY-IT Fund - checking account | 563 | 563 |
| Total City of Canyon | <u>2,219,203</u> | <u>2,927,374</u> |
| Canyon Economic Development Corporation | | |
| CEDC - checking account | 533,605 | 399,465 |
| CEDC Marketing - checking account | 209,903 | 161,202 |
| CEDC - certificate of deposit | 60,155 | 60,102 |
| Total CEDC | <u>803,663</u> | <u>620,769</u> |
| Total deposits secured by pledged securities | <u>3,022,866</u> | <u>3,548,143</u> |
| Insured Cash Sweep (ICS) and CDARS accounts secured by FDIC-insured institutions | | |
| City of Canyon: | | |
| General Fund - ICS account | 3,795,423 | 1,327,629 |
| Water & Sewer (Utility) Fund - ICS account | 3,406,521 | 3,214,153 |
| Water & Sewer (Utility) Fund - restricted - ICS account | 174,095 | 219,737 |
| Total City of Canyon | <u>7,376,039</u> | <u>4,761,519</u> |
| Canyon Economic Development Corporation | | |
| CDARS account | 123,255 | 123,020 |
| Total FDIC-insured deposits | <u>7,499,294</u> | <u>4,884,539</u> |
| Total deposits | <u>\$ 10,522,160</u> | <u>\$ 8,432,682</u> |
| Securities Pledged by Happy State Bank for City of Canyon | | |
| Total market value of pledged securities (see attached) | <u>\$ 10,647,044</u> | <u>\$ 11,136,659</u> |

Comment: The cash deposits held by the City of Canyon's depository bank, Happy State Bank, were adequately secured by securities pledged by the bank for the benefit of the City of Canyon as of March 31, 2021 and September 30, 2020.

as of **03/31/2021**

PLEDGES to PLEDGEE
Pledged To: CITY OF CANYON

For Holding Company **Happy State Bank** Customer **Happy State Bank**

| SafeKeeping Code Receipt# Location | CUSIP Trans# | Description Coupon Maturity Date | FAS 115 PreRefund Price | Moody S&P | Original Face Remaining Face Pledged% | Pledged | | | |
|--|--------------------------|--|----------------------------|--------------|---|----------------------|---------------------|---------------------|----------------------|
| | | | | | | Original Face | Par Value | Book Value | Market Value |
| TIB | 302716BS3 C09879 | FYI PPTYS WASH LEASE REV 5.000000 06/01/2038 | AFS 0.00 | NA AA | 500,000.00 500,000.00 100.00% | 500,000.00 | 500,000.00 | 563,998.30 | 599,775.00 |
| TEXAS INDEPENDENT BANK | | | | | | | | | |
| TIB | 3140Q8AV7 C09810 | FN CA0919 3.500000 12/01/2047 | AFS | NA NA | 1,893,987.00 1,893,987.00 100.00% | 1,893,987.00 | 1,039,023.12 | 1,075,186.13 | 1,105,019.05 |
| TEXAS INDEPENDENT BANK | | | | | | | | | |
| TIB | 34281PTF0 C09882 | FLORIDA ST GOVERNMENTAL UTIL AUTH UTIL REV 5.000000 10/01/2036 | AFS 0.00 | A1 AA | 500,000.00 500,000.00 100.00% | 500,000.00 | 500,000.00 | 573,708.86 | 630,255.00 |
| TEXAS INDEPENDENT BANK | | | | | | | | | |
| TIB | 35563PGB9 C09755 | SCRT 2018-3 HA 3.000000 08/25/2057 | AFS 0.00 | NA NA | 2,000,000.00 2,000,000.00 100.00% | 2,000,000.00 | 1,399,085.01 | 1,373,900.24 | 1,479,779.34 |
| TEXAS INDEPENDENT BANK | | | | | | | | | |
| TIB | 38374MU98 C09758 | GNR 2006-17 TW 6.000000 04/20/2036 | AFS | NA NA | 1,686,000.00 1,686,000.00 100.00% | 1,686,000.00 | 1,029,575.77 | 1,127,788.95 | 1,185,966.79 |
| TEXAS INDEPENDENT BANK | | | | | | | | | |
| TIB | 598801KJ6 C09916 | MILAN MICH AREA SCHS 5.000000 05/01/2033 | AFS 0.00 | NA AA | 1,000,000.00 1,000,000.00 100.00% | 1,000,000.00 | 1,000,000.00 | 1,151,043.59 | 1,275,460.00 |
| TEXAS INDEPENDENT BANK | | | | | | | | | |
| TIB | 77924PAP0 C11055 | ROUND ROCK TEX TRANSN & ECONOMIC DEV CORP SA 3.580000 08/15/2039 | AFS | NA AA | 1,805,000.00 1,805,000.00 100.00% | 1,805,000.00 | 1,805,000.00 | 1,891,989.53 | 1,944,508.45 |
| TEXAS INDEPENDENT BANK | | | | | | | | | |
| TIB | 833715EZ4 C09949 | SOCORRO TEX INDPT SCH DIST 5.000000 08/15/2040 | AFS | Aaa NA | 2,000,000.00 2,000,000.00 100.00% | 2,000,000.00 | 2,000,000.00 | 2,213,821.98 | 2,426,280.00 |
| TEXAS INDEPENDENT BANK | | | | | | | | | |
| 8 Total Pledged | To: COCYN CITY OF CANYON | | | | | 11,384,987.00 | 9,272,683.90 | 9,971,437.58 | 10,647,043.63 |

The information contained herein, while believed to be reliable, is not guaranteed.

Pledges By Pledgee And Maturity



Pledged To: CITY OF CANYON

Happy State Bank - Happy, TX

As Of 9/30/2020

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| Receipt# Safekeeping Location | CUSIP | ASC 320 | Description Maturity Prerefund | Pool/Type Coupon | Moody S&P | Original Face Pledged Percent | Pledged | | | |
|---|-----------|---------|---|---------------------|--------------|----------------------------------|----------------------|---------------------|----------------------|----------------------|
| | | | | | | | Original Face | Par | Book Value | Market Value |
| TIB: TIB | 598801KJ6 | AFS | MILAN MI AREA SCHS MI 33 05/01/33 | 5.00 | AA | 1,000,000.00 100.00% | 1,000,000.00 | 1,000,000.00 | 1,159,286.53 | 1,287,900.00 |
| TIB: TIB | 38374MU98 | AFS | GNR 2006-17 TW 04/20/36 | 6.00 | | 1,686,000.00 100.00% | 1,686,000.00 | 1,146,402.29 | 1,257,480.67 | 1,333,167.96 |
| TIB: TIB | 34281PTF0 | AFS | FLORIDA ST GOVTL UTIL FL 36 10/01/36 | 5.00 | A1 AA | 500,000.00 100.00% | 500,000.00 | 500,000.00 | 577,772.46 | 635,695.00 |
| TIB: TIB | 302716BS3 | AFS | FYI PROPERTIES-REF WA 38 06/01/38 | 5.00 | AA | 500,000.00 100.00% | 500,000.00 | 500,000.00 | 567,975.24 | 605,725.00 |
| TIB: TIB | 77924PAP0 | AFS | ROUND ROCK TX TRANSPR TX ; 08/15/39 | 3.58 | AA | 1,805,000.00 100.00% | 1,805,000.00 | 1,805,000.00 | 1,897,260.36 | 1,901,026.00 |
| TIB: TIB | 833715EZ4 | AFS | SOCORRO ISD-BLDG TX 40 08/15/40 | 5.00 | Aaa | 2,000,000.00 100.00% | 2,000,000.00 | 2,000,000.00 | 2,230,364.67 | 2,429,460.00 |
| TIB: TIB | 3140Q8AV7 | AFS | FNMA 30YR 12/01/47 | CA0919 3.50 | | 1,893,987.00 100.00% | 1,893,987.00 | 1,236,486.23 | 1,280,041.90 | 1,309,524.53 |
| TIB: TIB | 35563PGB9 | AFS | SCRT 2018-3 HA 08/25/57 | 3.00 | | 2,000,000.00 100.00% | 2,000,000.00 | 1,542,084.79 | 1,513,563.11 | 1,634,160.36 |
| 8 Securities Pledged To: 16 - CITY OF CANYON | | | | | | | 11,384,987.00 | 9,729,973.31 | 10,483,744.94 | 11,136,658.85 |

Although the information in this report has been obtained from sources believed to be reliable, its accuracy cannot be guaranteed.

To: Honorable Mayor and City Commission
From: Joe Price, City Manager and Joel Wright, Director of Finance
Date: May 3, 2021
Re: Initial Budget Discussion for 2021-2022 and Presentation of Budget Calendar

The city staff has begun the initial phases of the 2021-2022 Fiscal Year Budget Process. This agenda item will be aimed to have an early discussion on the budget process timeline and milestone activities.

Noteworthy Items:

- Same Budget Format from Last Year (Joel working to improve implementation with Excel Spreadsheet)
- New Items to be added this budget (see attachment); to meet GFOA Best Practices
- Budget Calendar (see attachment)
- Internal Budget Structure with City Staff (Joe, Joel and Jon)

The City Staff is beginning to get a consultant for a City Strategic Plan. This activity is required for the City Budget (GFOA Best Practices). We will have this scheduled tentatively for September. However, we may want some interim items for this upcoming Fiscal Year.

No action necessary.

RECOMMENDED MOTION

None



FY 2021 – 2022 Budget & Tax Rate Calendar

Goal & Objective Setting Phase

| | |
|---|--|
| April 19 th – 30 th | Staff Meetings by Departments to discuss Missions, Goals & Objectives, Accomplishments and Performance Measures. Review Progress on FY 2020-2021 Progress of Missions, Goals & Objectives, Accomplishments and Performance Measures |
| May 7 th | Draft Missions, Goals & Objectives, Accomplishments and Performance Measures due. |
| May 14 th | Administration feedback on Draft Missions, Goals & Objectives, Accomplishments and Performance Measures provide to departments. |
| May 28 th | Final Missions, Goals & Objectives, Accomplishments and Performance Measures due |

Financial Phase

| | |
|--|--|
| May 28 th | Staff Budget Meeting |
| May 28 th – June 11 th | Staff Budget Meetings by Department |
| May 21 st | Begin Staff Budget for Line Item & Capital Requests |
| June 21 st | Staff Budget / Budget Requests DUE |
| July 19 th | Budget Council Work Session (Optional) |
| July 25 th | Deadline for Certified Tax Rolls (PRAD) |
| July 30 th | Proposed Budget filed with City Secretary (LGC 102.005) Certification of anticipated collection rate (County) Calculation of effective and rollback tax rates (County) |
| August 2 nd | Budget Council Work Session (Optional) |

Budget Adoption Phase

| | |
|------------------------|---|
| August 6 th | City must post notice on the city's website, in the form prescribed by the comptroller, the following: (1) the no-new-revenue tax rate and the voter-approval tax rate, along with an explanation of how they were calculated; |
|------------------------|---|

(2) the estimated amount of interest and sinking fund balances and the estimated amount of maintenance and operation or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding existing debt obligations; and

(3) a schedule of the city's debt obligations.

August 16th

COMMISSION MEETING

Receive Budget and schedule public hearing for Sept. 6th
Discuss tax rate; take record vote to place tax rate on agenda; schedule one public hearing for Sept. 20th (if required)
Budget Work Session - Optional

August 16th

DEADLINE to Call for an Election (November); if Canyon adopts a tax rate that exceeds the greater of the taxing unit's *voter-approval tax rate* or *de minimis rate*

(If Canyon adopts a tax rate that exceeds the *voter approval tax rate* (3.5%) but not the *de minimis rate*, the voters would be required to petition for a tax approval election instead of the city being required to hold an automatic election)

August 20th

Publish notice of public hearing on proposed Budget at least 10 days before P.H. Before August 22nd, publish notice of proposed tax rate if the proposed rate is less than or equal to the effective rate or publish notice of proposed tax rate and dates of public hearings if the proposed rate is more than the effective rate.

August 23rd

DEADLINE to adopt a tax rate that exceeds the *voter approval tax rate* (3.5%) (71st day before the November uniform election date) [Budget Must Be Adopted Prior to the Date, if tax rate exceeds the voter-approval rate but not the *de minimis rate*]

Sept. 6th

COMMISSION MEETING

-Conduct public hearing on Budget
-Ordinance in support of Budget (Record Vote)
30th day before the date the governing body of the municipality makes its tax levy for the fiscal year (must file a month in advance)
-Ratification Vote if a budget will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget (Record Vote) (if required)
-Ordinance adjusting/increasing/ Schedule of Rates & Fees
-Announce date, time, and place of vote on tax rate

Sept. 20th

COMMISSION MEETING

Conduct public hearing on proposed tax rate (if required)
-Ordinance adopting a tax rate (If tax increase) (Record Vote)

FY 2021 – 2022

New Budget Items and Assignments

New Items to Add to the Budget (excludes updating items):

- 1) New Budget MS Word Document (incorporated with Excel)
 - a. Assigned to Joel Wright
- 2) Fund Analysis Section
 - a. Assigned to Joe Price and Joel Wright
- 3) Budget Cover Page
 - a. Assigned to Megan Nelson and Gretchen Mercer
- 4) Unfunded Items from previous budget year (non-published item: Commission item)
 - a. Assigned to Jon Behrens
- 5) Population Trends (separate from P&D Budget Breakdown)
 - a. Assigned to Danny Cornelius
 - i. Guidance: Include Population and Utility Accounts
- 6) Creation of Top Ten Most Common Budget Questions
 - a. Assigned to Megan Nelson and Joel Wright
 - i. Guidance: Example of City of Naples, Florida (budget document)
- 7) Creation of Financial Policy Document Table
 - a. Assigned to Joel Wright and Joe Price
 - i. Guidance: This should just be a table listing all our financial policies and a hyperlink taking the reader to those policies.
- 8) Summary of Change Between Proposed and Adopted Budget (required by GFOA)
 - a. Assigned to Joel Wright and Joe Price
 - i. Guidance: City of Leavenworth, KS

FY 2021 – 2022

New Budget Items and Assignments

- 9) Top Ten Management Characteristics (Credit Rating Page)
 - a. Assigned to Joel Wright
 - i. Guidance: Illustration that we are meeting S&P's Top 10 Management Characteristics
 - ii. Example: Milwaukee Metropolitan Sewerage District, WI

10) Page on the Definition of a Balanced Budget

- a. Assigned to Joe Price
 - i. Guidance: Dunwoody, Georgia

Joel Wright Discretion to Add the Following Items or Wait Until Next Year:

- 1) Long-Range Financial Planning more robust
- 2) Budget Development Page (Short term factors impacting the Annual overall budget)
 - a. Example: Town of Parker, CO
- 3) Mitigating Future Challenges Page
 - a. Example: Kern County, CA or City of Midlotian, Texas
- 4) Where does your property Tax Go Page? (Megan Nelson)
 - a. Example: City of Avondale, AZ
- 5) Comparison Between Budget and Financial Reporting
 - a. Example: Lufkin, TX

FY 2021 – 2022

New Budget Items and Assignments

Budget Items Lacking and Needing Help:

- 1) Canyon Strategic Plan (and progress of plan)
- 2) Canyon CIP
- 3) Long-Term Financial Plan