

Lubbock Economic Development Alliance Overview

Mission and Purpose

The Lubbock Economic Development Alliance (LEDA) fund was established in FY 2004-05 and assumed the economic development activities for the City. LEDA programs include:

- Business Retention
- Business Recruitment
- Workforce Development
- Marketing of Lubbock's assets to attract primary job-producing investments

Goals and Objectives

- Encourage the creation and retention of jobs for existing businesses located in the City.
- Encourage the establishment of new businesses in the City.
- Stimulate business and commercial activities.
- Enhance the qualifications of the workforce presently in the City and attract qualified workers to the City in order to fill the needs of employers.

Accomplishments for FY 2014-15

- Received an unqualified audit opinion.
- Announced the location of new businesses locating or expanding in Lubbock.
- Assisted businesses in the creation of new jobs.
- Assisted businesses who invested in new buildings and equipment that results in new capital investment in Lubbock.
- Worked with businesses to grow the local workforce and increase employment in Lubbock.
- Partnered with SHRM, Workforce Solutions and the Chamber of Commerce to develop a wage survey to provide vital salary information to local businesses.
- Conducted and began implementation of a Strategic Plan for LEDA and the Lubbock community.
- Partnered with Workforce Solutions and TWC in obtaining a total of \$158,000 in grants to assist six area school districts in enhancing their Career and Technical Education (CTE) programs.

Objectives for FY 2015-16

- Continue keeping financial records and documentation in superior condition that will result in an unqualified opinion from independent auditors.
- Encourage business retention and expansion and new business recruitment that will result in more new businesses locating or expanding in the City.
- Seek out and respond to leads for potential new businesses that have an interest in relocating to the City.

- Call on businesses, site selectors, or others to recruit new positions or businesses to the City.
- Develop relationships with existing or new businesses that will result in the creation of more new jobs.
- Increase sales and marketing efforts to companies and site selectors in order to develop relationships with expanding companies.
- Continue working with local employers and educational entities to develop the quality workforce that is needed, including critical needs areas.

Revenue Overview

- An election was held on November 4, 2003 that authorized the collection of one-eighth of a cent of City sales tax for economic development purposes. Sales tax projected revenue totals \$5,774,154, an increase of \$277,660, or 5.1 percent.
- The grant from Market Lubbock, Inc. decreased \$1,041,532, or 42.8 percent, for FY 2015-16.

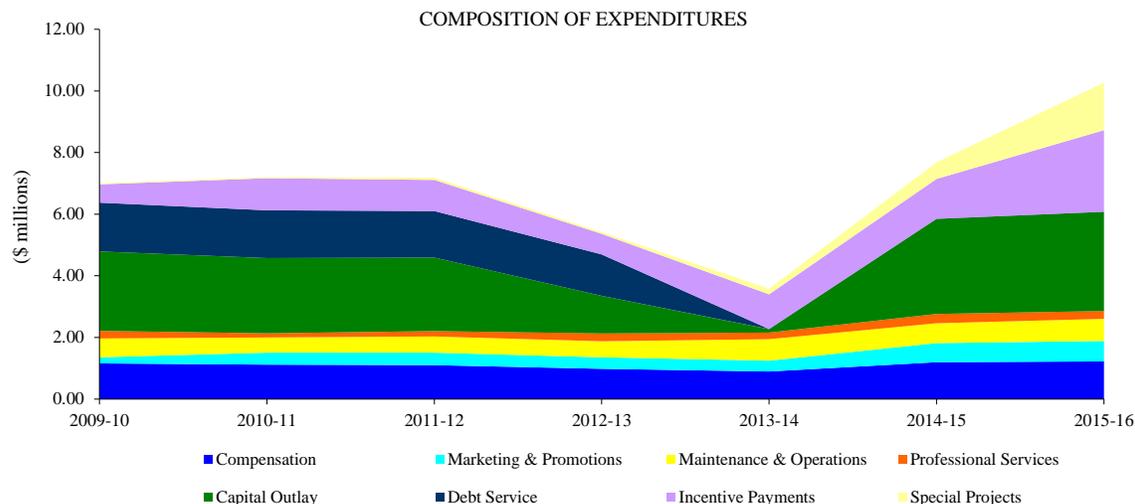
Expenditure Overview

- Funds are expended on administrative activities necessary to provide support and tools to encourage businesses to expand or relocate their business to the City. Expenses for administration, training, and maintenance of the business parks equate to approximately 23.6 percent of the total budget, and are budgeted to increase \$63,979, or 2.6 percent, in FY 2015-16.
- Funds are expended for business activities necessary to develop relationships with companies and site selectors that will enable LEDA to encourage businesses to expand or relocate their business to the City. Expenses related to promotions, sales meetings, and travels equate to 6.3 percent of the total budget and are budgeted to increase \$39,500, or 6.4 percent in FY 2015-16. The increase is due to the expansion of sales, marketing, and promotions to include not only traditional marketing expenses but also travel, meeting expenses, and economic development efforts to increase primary jobs and capital investment in the City.
- Funds are expended for incentives for businesses that invest new capital or create new jobs in the City. Expenses for incentives are expected to equate to 25.1 percent of the total budget and are budgeted to increase \$1,350,700, or 103.9 percent, in FY 2015-16.
- Infrastructure development equates to 30.4 percent of the budget, and is budgeted to increase \$130,958, or 4.2 percent, for FY 2015-16. Infrastructure projects in excess of \$37M have been identified for the Lubbock Business Park and Rail Port.

Lubbock Economic Development Alliance Overview

- Special projects equates to 14.6 percent of the budget, and is budgeted to increase \$1,002,500 in FY 2015-16. The increase includes funds for Workforce projects to partner with local community colleges and public school districts to increase skill-training availability.

Component Unit - LEDA



	Actual	Actual	Actual	Amended	Budget	% Change
FUNDING SOURCES	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	from Amended
Interest Earnings	\$ 14,103	20,141	31,630	30,500	62,111	103.6
Sales Tax	4,775,317	5,187,512	5,387,578	5,496,494	5,774,154	5.1
Grant from Market Lubbock, Inc.	2,995,000	2,150,000	2,531,079	2,432,528	1,390,996	(42.8)
Grant from U.S. Commerce Dept./ EDA	947,704	552,297	-	-	-	-
Other Income	55,576	7,969	675,231	20,720	18,320	(11.6)
Total Revenue Sources	8,787,700	7,917,919	8,625,518	7,980,242	7,245,581	(9.2)
Utilization of Net Assets	-	-	-	-	3,322,298	-
TOTAL FUNDING SOURCES	\$ 8,787,700	7,917,919	8,625,518	7,980,242	10,567,879	32.4

	Actual	Actual	Actual	Amended	Budget	% Change
EXPENSES	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	from Amended
Compensation	\$ 1,104,724	983,588	896,562	1,195,700	1,223,900	2.4
Benefits	222,132	216,355	193,806	293,200	297,184	1.4
Marketing & Promotions	404,348	371,585	351,935	622,000	661,500	6.4
Maintenance & Operations	526,529	521,407	693,587	646,500	716,195	10.8
Professional Services	169,612	255,043	218,085	297,000	259,100	(12.8)
Capital Outlay	2,388,437	1,221,367	112,867	3,085,342	3,216,300	4.2
Debt Service	1,507,775	1,346,022	-	-	-	-
Incentive Payments	1,009,771	667,333	1,128,032	1,300,000	2,650,700	103.9
Special Projects	72,635	53,184	179,230	540,500	1,543,000	185.5
TOTAL EXPENSES	\$ 7,405,963	5,635,884	3,774,104	7,980,242	10,567,879	32.4

*In FY 2010-11, LEDA changed its philosophy on how it budgets the utilization of net assets. Prior to FY 2010-11, LEDA budgeted to expense the entire balance of net assets. Beginning with FY 2010-11, LEDA only budgets the amount of reserves that are estimated to be spent in the next fiscal year.



Market Lubbock Economic Development Corp. Overview

Mission and Purpose

- Enhance and encourage economic development and job creation, and facilitate the development of new industries. Manage and oversee the operations of Visit Lubbock and Foreign Trade Zone 260 (FTZ). Visit Lubbock encompasses the operations of the Convention and Visitors Bureau (CVB) and Lubbock Sports.

Goals and Objectives

- Promote, assist, and enhance economic development and projects for eliminating unemployment and underemployment in the City.
- Encourage public and social economic welfare of citizens by promoting the inner city and economic development diversification of the area through the development or expansion of commercial activity.

Accomplishments for FY 2014-15

- Received an unqualified audit opinion.
- As FTZ 260 Grantee, oversaw the management of two active foreign trade zone businesses.
- Worked with Texas Tech University to form the Texas Tech Innovation and Entrepreneurship Sponsorship, a 3 year initiative to encourage innovation and entrepreneurship in Lubbock.
- Teamed with United Properties Southwest to develop a rail served building at Lubbock Rail Port.
- Booked over 38,000 room nights for meetings and conventions held in Lubbock with an economic impact of over \$11.9 million, based on Destination Marketing Association International (DMAI) standards.
- Serviced more than 41,000 room nights for meetings and conventions held in the City.
- Booked more than 130,000 room nights for sports events held in the City with an economic impact of over \$40.6 million, based on DMAI standards.
- Serviced 130,000 room nights for sports events held in the City.

Objectives for FY 2015-16

- Continue maintaining financial records and documentation in superior condition that results in an unqualified opinion from independent auditors.
- Pursue avenues and partnerships for encouraging the development of new business and job creation through entrepreneurial programs, incentives and workforce initiatives.
- Launch multi-channeled national workforce campaign in an effort to recruit a work-ready labor force to Lubbock to meet the needs of business.

- Continue to implement the strategies and actions specified in LEDA and Market Lubbock's Strategic Plan.
- Continue the Texas Tech Innovation and Entrepreneurship Sponsorship and evaluate opportunities for enhancing the program.
- Facilitate the activation of qualifying businesses and continue to offer technical assistance to all existing Lubbock FTZ businesses.
- Continue working with businesses that will benefit from FTZ status, and support the existing FTZ approved businesses.
- Continue recruiting new businesses, retain and expand existing businesses, and develop the workforce through training and placement assistance.
- Continue to work with community partners to promote downtown redevelopment and recruit new businesses to the downtown area, according to their needs.
- Increase press and editorial coverage for the City on State and National websites.
- Promote Lubbock attractions to the travel writer market.
- Continue building relationships with new and existing meeting planners in order to increase the amount of conventions that come to the City.
- Continue to service and maintain the large number of existing annual sports events, and develop relationships that would bring new regional, national and international sporting events to the City.
- Continue to build and communicate a consistent brand to target audiences outside of Lubbock, as well as to constituents of Lubbock.
- Continue to increase Visit Lubbock's social media presence.

Revenue Overview

- Market Lubbock, Inc. (MLI) is funded with 2.315 cent property tax rate allocation and interest on investments. Property tax revenue is estimated at \$2.75 million, a decrease of \$241,796, or 8.1 percent, from FY 2014-15.
- Visit Lubbock and the Lubbock Sports are funded by an allocation of the hotel occupancy tax. Hotel occupancy tax revenues are estimated at \$3.89 million, an increase of \$582,115, or 17.6 percent over FY 2014-15 funding levels.

Market Lubbock Economic Development Corp. Overview

Expenditure Overview

Market Lubbock, Inc.

- Compensation increased \$14,400, or 14.9 percent, for FY 2015-16. This includes increase in allocations for shared staff among Lubbock Economic Development Alliance (LEDA), Market Lubbock, Inc. (MLI) and Visit Lubbock.
- Maintenance and Operations decreased \$4,652, or 14.1 percent, due to efficiencies implemented in the management of the organization and its activities.
- Professional Services increased \$6,500 or 10.6 percent.
- Incentive Payments increased \$400,000, for FY 2015-16 to assist in the recruitment and development of downtown businesses.
- Special Projects increased \$62,427, or 9.2 percent, for FY 2015-16 to continue innovation and entrepreneurship initiatives and enhance the skills of the local workforce.
- Grants to LEDA decreased \$1,041,532, or 42.8 percent due to efforts in MLI for downtown redevelopment projects, workforce initiatives and the reduction of net assets utilized. The granting of funds from MLI to LEDA allows LEDA to continue to promote economic development in Lubbock, and to continue with required infrastructure projects for new businesses locating at Lubbock Business Park and Lubbock Rail Port.
- Maintenance and operations increased by \$23,204 or 9.3% due to the licensing fee for a new contact management system that integrated more fully with hotels, attractions, meeting planners and visitors.
- Marketing and promotions remained flat for FY 2015-16.
- Professional services increased \$7,055 or 4.9 percent due to the need to implement a strategic plan for Visit Lubbock in FY 2015-16.
- Capital Outlay increased by \$1,700 or 8.0% in order to allow for the updating of an additional computer workstation in FY 2015-16.
- Incentives decreased \$5,000 or 4.0 percent because the City of Lubbock required a portion of the multi-year contract for Texas Cotton Ginners to be paid in FY 2014-15, thus reducing the required incentives to be paid out in FY 2015-16.

Visit Lubbock, Inc.

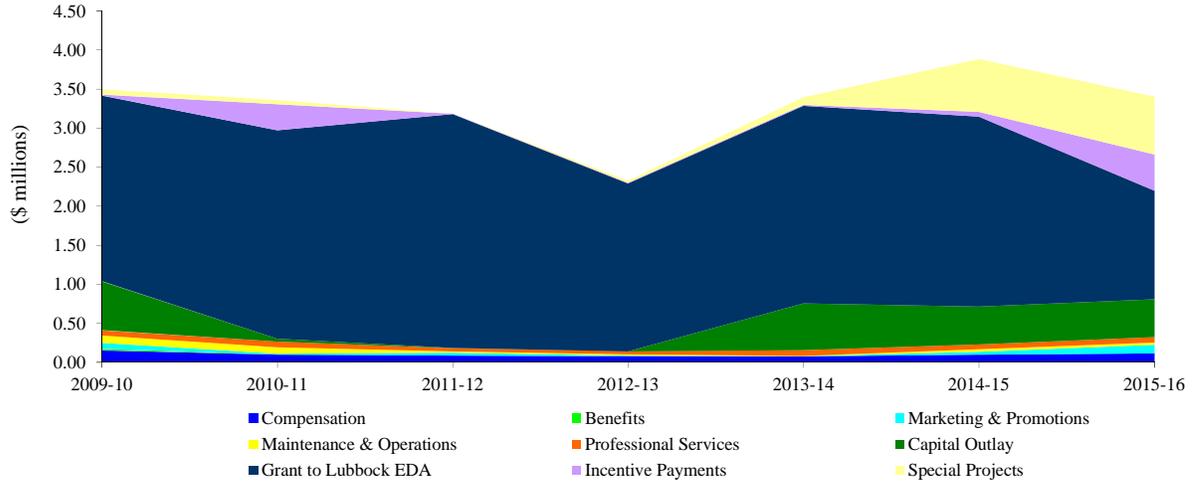
- Compensation increased \$42,000 or 5.2 percent due to budgeting for a possible 3% merit raise, an increase of staff due to expanding events and a higher allocation of shared staff to Visit Lubbock based on increasing activity and successes.

Lubbock Sports, Inc.

- Compensation increased \$8,800, or 4.4 percent, due to budgeting for a possible 3% merit raise, an increase of staff due to expanding events and a higher allocation of shared staff to Visit Lubbock based on increasing activity and successes.
- Marketing and promotions remained flat for FY 2015-16.
- Sporting events to be held in the City in the next fiscal year include the NJCAA Women's National Basketball Championship, The Pan American Games Wushu Championship and the USA Dive Championship.

Component Unit - Market Lubbock, Inc.

COMPOSITION OF EXPENDITURES

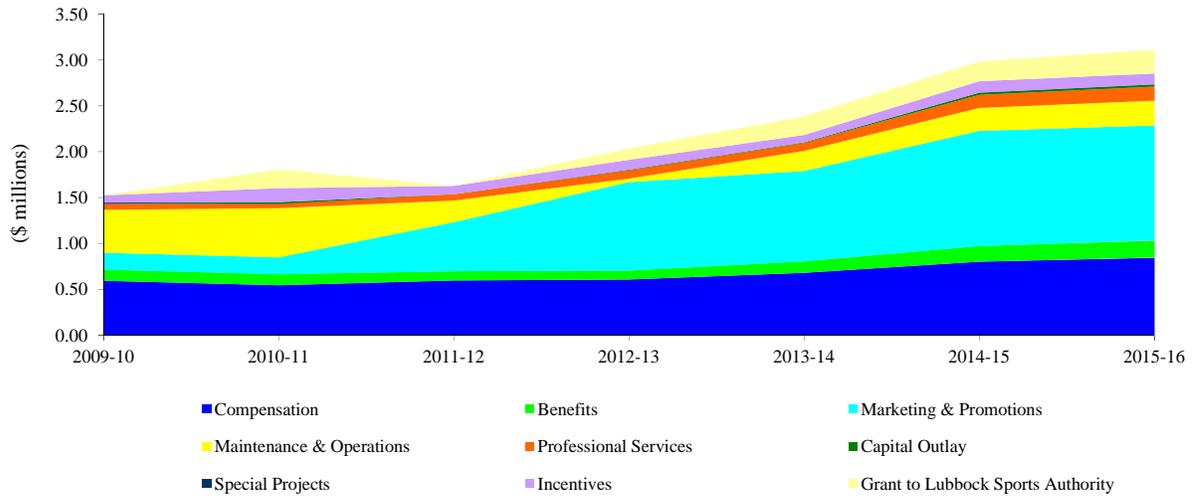


	Actual	Actual	Actual	Amended	Budget	% Change
FUNDING SOURCES	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	from Amended
Interest Earnings	\$ 9,399	3,204	5,279	2,320	2,620	12.9
Property Tax Allocation	3,390,233	3,394,499	3,406,947	2,994,764	2,752,968	(8.1)
Lease Income	-	-	-	2,063	6,150	198.1
Loan Proceeds	-	-	-	-	-	-
Total Revenue Sources	3,399,632	3,397,703	3,412,226	2,999,147	2,761,738	(7.9)
Utilization of Net Assets	-	-	-	887,706	638,358	(28.1)
TOTAL FUNDING SOURCES	\$ 3,399,632	3,397,703	3,412,226	3,886,853	3,400,096	(12.5)

	Actual	Actual	Actual	Amended	Budget	% Change
EXPENSES	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	from Amended
Compensation	\$ 81,329	76,400	74,456	96,400	110,800	14.9
Benefits	-	-	-	-	-	-
Marketing & Promotions	38,907	5,098	2,400	37,000	113,100	205.7
Maintenance & Operations	15,464	20,082	5,323	32,952	28,300	(14.1)
Professional Services	42,315	38,033	71,971	61,500	68,000	10.6
Capital Outlay	3,000	-	599,816	485,000	485,000	-
Grant to Lubbock EDA	2,995,000	2,150,000	2,531,079	2,432,528	1,390,996	(42.8)
Payment of Short-Term Loan	-	-	-	-	-	-
Incentive Payments	4,345	9,700	10,900	62,900	462,900	635.9
Special Projects	-	25,000	97,390	678,573	741,000	9.2
TOTAL EXPENSES	\$ 3,180,360	2,324,313	3,393,335	3,886,853	3,400,096	(12.5)

Market Lubbock, Inc. - Visit Lubbock, Inc.

COMPOSITION OF EXPENDITURES

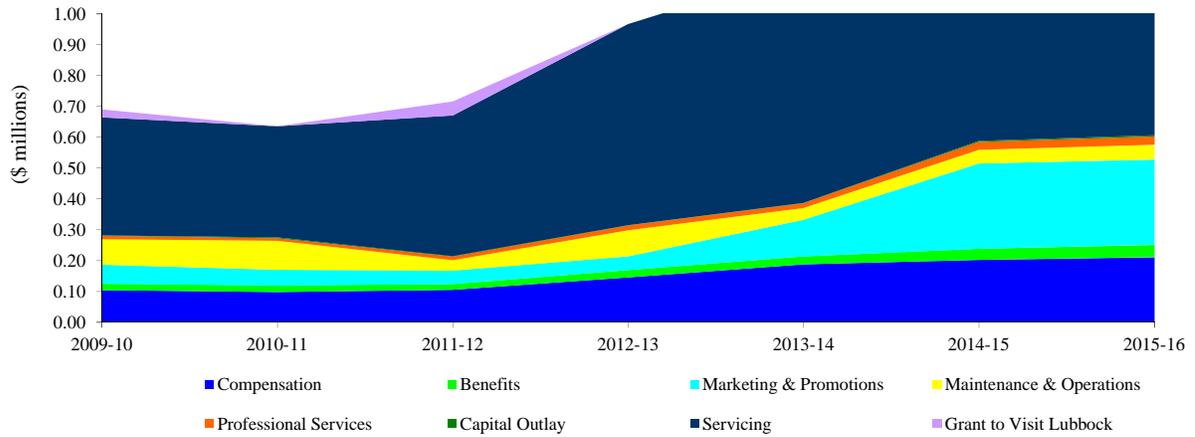


FUNDING SOURCES	Actual FY 2011-12	Actual FY 2012-13	Actual FY 2013-14	Amended FY 2014-15	Budget FY 2015-16	% Change from Amended
Interest Earnings	\$ 6,578	4,359	6,473	8,216	8,848	7.7
Hotel/Motel Tax	1,987,971	2,170,290	2,426,239	2,519,127	3,067,349	21.8
Hotel/Motel Tax True-Up	-	-	-	-	-	-
Sale of Promotional Items	7,308	3,861	5,058	3,500	2,500	(28.6)
Advertising Income	38,650	35,870	39,695	34,000	34,000	-
Grant from Lubbock Sports Authority	44,529	-	-	-	-	-
Other Income	-	-	42	-	-	-
Total Revenue Sources	2,085,036	2,214,380	2,477,507	2,564,843	3,112,697	21.4
Utilization of Net Assets	-	-	-	418,639	-	(100.0)
TOTAL FUNDING SOURCES	\$ 2,085,036	2,214,380	2,477,507	2,983,482	3,112,697	4.3

EXPENSES	Actual FY 2011-12	Actual FY 2012-13	Actual FY 2013-14	Amended FY 2014-15	Budget FY 2015-16	% Change from Amended
Compensation	\$ 594,089	604,123	679,118	801,700	843,700	5.2
Benefits	101,692	98,346	123,601	169,640	187,300	10.4
Marketing & Promotions	533,911	963,902	985,385	1,254,475	1,254,475	-
Maintenance & Operations	237,763	39,453	218,892	248,336	271,540	9.3
Professional Services	68,928	90,206	85,568	145,350	152,405	4.9
Capital Outlay	874	6,152	7,378	21,250	22,950	8.0
Special Projects	-	-	-	-	-	-
Incentives	90,140	107,339	79,330	125,000	120,000	(4.0)
Grant to Lubbock Sports Authority	-	124,730	207,369	217,731	260,327	19.6
TOTAL EXPENSES	\$ 1,627,397	2,034,251	2,386,641	2,983,482	3,112,697	4.3

Market Lubbock, Inc. - Sports Authority

COMPOSITION OF EXPENDITURES



FUNDING SOURCES	Actual FY 2011-12	Actual FY 2012-13	Actual FY 2013-14	Amended FY 2014-15	Budget FY 2015-16	% Change from Amended
Interest Earnings	\$ 1,748	1,158	1,721	2,184	2,352	7.7
Hotel/Motel Tax	630,408	688,223	760,116	789,216	823,109	4.3
Hotel/Motel Tax True-Up	-	-	-	-	-	-
Event Revenue	54,628	44,355	30,455	35,000	87,500	150.0
Event Trust Fund	-	-	139,218	-	-	-
Grant from Visit Lubbock	-	124,730	207,369	217,731	260,327	19.6
Transfer from Hotel Tax Fund	-	-	8	-	-	-
Total Revenue Sources	686,784	858,466	1,138,887	1,044,131	1,173,288	12.4
Utilization of Net Assets	28,483	107,982	4,630	73,878	-	(100.0)
TOTAL FUNDING SOURCES	\$ 715,267	966,448	1,143,517	1,118,009	1,173,288	4.9

EXPENSES	Actual FY 2011-12	Actual FY 2012-13	Actual FY 2013-14	Amended FY 2014-15	Budget FY 2015-16	Change from Amended
Compensation	\$ 104,720	145,405	187,728	201,800	210,600	4.4
Benefits	18,480	23,670	25,653	36,460	40,300	10.5
Marketing & Promotions	44,352	44,352	118,213	276,525	276,525	-
Maintenance & Operations	33,606	84,287	38,628	43,824	47,918	9.3
Professional Services	12,164	15,919	15,100	25,650	26,895	4.9
Capital Outlay	1,367	684	1,302	3,750	4,050	8.0
Servicing	456,049	652,131	756,893	530,000	567,000	7.0
Grant to Visit Lubbock	44,529	-	-	-	-	-
TOTAL EXPENSES	\$ 715,267	966,448	1,143,517	1,118,009	1,173,288	4.9



Civic Lubbock, Inc.

Mission and Purpose

Created by the Lubbock City Council in 1956, Civic Lubbock, Inc. is a non-profit 501(c)(3) corporation established to foster and promote educational, cultural, and entertainment programs, to include the visual and performing arts for the citizens of Lubbock and the surrounding areas.

Goals and Objectives

- Fund and promote cultural and entertainment activities and attractions.
- Operate concessions in the Civic Center, Auditorium, Coliseum, and other locations.
- Operate the Select-A-Seat ticketing service.

Accomplishments for FY 2014-15

- Administered and distributed \$459,408 in grant funding from the Cultural Arts Grant Program, the Texas Commission on the Arts, and other local grants.
- Funded the continuation of a long-range comprehensive arts and entertainment event calendar that is used by event organizers when planning their events.
- Partnered with the Civic Center in hosting a booth at the Lubbock Chamber of Commerce Business Expo to highlight the services available through Civic Lubbock, Inc.
- Inducted five individuals into the West Texas Walk of Fame.
- Donated Buddy Holly's bedroom suite and Converse sneakers to the Buddy Holly Center.

- Provided funding to assist with a reception honoring those involved in the acquisition of the 1958 Aerial Cyclone Motorcycle that once belonged to Buddy Holly and Waylon Jennings, and which is now on long-term loan to the Buddy Holly Center.

Objectives for FY 2015-16

- Implement fund raising efforts using grants and donations for future projects.
- Administer the Cultural Arts Grant Program and other grant programs that fund local cultural arts and entertainment events and projects.
- Plan and conduct future inductions into the West Texas Walk of Fame.
- Portions of the Civic Center will continue to be under renovations into FY 2015-16 which will reduce the number of events scheduled and concession revenue potential; budget reflects the anticipated impact to revenues.

Revenue Overview

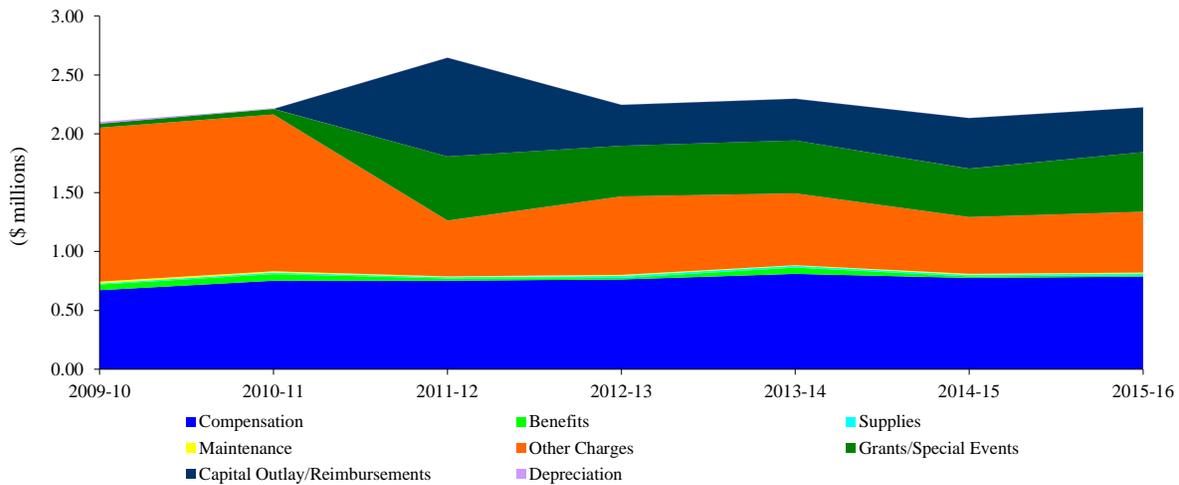
- Budgeted revenues increased \$92,542, or 4.2 percent, in FY 2015-16.

Expenditure Overview

- Budgeted expenditures increased \$88,634, or 3.9 percent, when compared with the FY 2014-15 Operating Budget. Increases in compensation, supplies, other charges, and grants/special events were offset by decreases in benefits, maintenance, capital outlay/reimbursements, and cost of goods sold.

Civic Lubbock, Inc. - Overview

COMPOSITION OF EXPENDITURES



	Actual	Actual	Actual	Amended	Budget	% Change
FUNDING SOURCES	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	from Amended
Civic Center Concessions	\$ 357,706	400,824	404,804	332,150	338,128	1.8
Auditorium/Coliseum Concessions	213,541	214,300	189,214	217,510	195,363	(10.2)
Select-A-Seat	549,251	862,892	752,258	603,376	638,738	5.9
Grants	320,605	385,668	393,074	334,851	421,400	25.8
Other Income	1,114,936	617,752	643,328	696,800	683,600	(1.9)
Total Revenue Sources	2,556,039	2,481,436	2,382,678	2,184,687	2,277,229	4.2
Utilization of Net Assets	217,571	-	50,401	68,908	65,000	(5.7)
TOTAL FUNDING SOURCES	\$ 2,773,610	2,481,436	2,433,079	2,253,595	2,342,229	3.9

	Actual	Actual	Actual	Amended	Budget	% Change
EXPENSES	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	from Amended
Compensation	\$ 751,204	763,441	810,267	776,229	787,327	1.4
Benefits	21,009	12,742	53,986	13,153	11,742	(10.7)
Supplies	9,591	16,630	15,194	12,917	15,000	16.1
Maintenance	6,335	8,131	5,477	7,975	6,672	(16.3)
Other Charges	474,733	665,966	609,787	481,516	518,219	7.6
Grants/Special Events	545,145	431,392	448,198	412,559	505,950	22.6
Capital Outlay/Reimbursements	838,637	347,130	355,245	428,776	380,301	(11.3)
Cost of Goods Sold	126,956	134,715	134,925	120,470	117,018	
TOTAL EXPENSES	\$ 2,773,610	2,380,147	2,433,079	2,253,595	2,342,229	3.9

Civic Lubbock, Inc. - Functional Overview

Civic Center Concessions

	Budget
FUNDING SOURCES	FY 2015-16
Alcohol Sales	\$ 139,000
Concession Sales	101,305
Catering	80,000
Soda Machine Sales	2,500
Merchandise	3,000
Other Income/ Expense Rebate	10,816
Interest	110
Food Vendors	1,350
Discounts Taken	47
TOTAL FUNDING SOURCES	\$ 338,128
EXPENSES	
Compensation	\$ 188,517
Benefits	2,529
Supplies	1,896
Maintenance	3,548
Other Charges	45,485
Cost of Goods	64,944
Capital Outlay/Reimbursements	8,506
TOTAL EXPENSES	\$ 315,425

Auditorium/Coliseum Concessions

	Budget
FUNDING SOURCES	FY 2015-16
Concession Sales	\$ 115,131
Alcohol Sales	63,695
Merchandise	16,054
Interest	130
Food Court Vendors %	-
Other Income/Expense Rebate	283
Discounts Taken	70
TOTAL FUNDING SOURCES	\$ 195,363
EXPENSES	
Compensation	\$ 88,157
Benefits	1,434
Supplies	2,284
Maintenance	1,205
Other Charges	25,932
Cost of Goods	48,973
Capital Outlay/Reimbursements	7,795
TOTAL EXPENSES	\$ 175,780

Administration

	Budget
FUNDING SOURCES	FY 2015-16
Other Income / Service Charge	\$ 355,850
Stagehand Wage Reimbursement	280,000
Stagehand Service Charge	47,600
Interest	150
Grants	421,400
TOTAL FUNDING SOURCES	\$ 1,105,000
EXPENSES	
Compensation	\$ 301,420
Benefits	5,911
Supplies	2,000
Maintenance	919
Other Charges	67,886
Capital Outlay/Reimbursements	350,000
Grants/Walk of Fame	505,950
TOTAL EXPENSES	\$ 1,234,086

Select-A-Seat

	Budget
FUNDING SOURCES	FY 2015-16
Handling Fees	\$ 609,867
Professional Fees	12,467
Commission Revenue	200
Printing Fee Revenue	3,771
Other Income	8,666
Interest Income	210
Maintenance Support Revenue	1,200
Equipment Rental Revenue	510
Discounts Taken	1,027
Southwestern Bell Grant	820
TOTAL FUNDING SOURCES	\$ 638,738
EXPENSES	
Compensation	\$ 209,233
Benefits	1,868
Supplies	8,820
Maintenance	1,000
Other Charges	378,916
Cost of Goods	3,101
Capital Outlay/Reimbursements	14,000
TOTAL EXPENSES	\$ 616,938



Vintage Township Public Facilities Corporation Overview

Department Mission and Purpose

Pursuant to the authority of the “Public Facility Corporation Act,” Chapter 303 of the Texas Local Government Code, cities may approve and authorize the creation of one or more nonmember, non-stock, nonprofit public facility corporations for the purpose of financing, refinancing, or providing for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing, and placement in service of public facilities in an orderly, planned manner and at the lowest possible borrowing costs.

The Vintage Township Public Facilities Corporation was created to issue Certificates of Obligation for the construction of public improvements and amenities in the Vintage Township Public Improvement District (PID).

Series 2008A bonds were issued for the construction of public amenities, such as parks and green spaces, signage, lighting, art work, water features and fountains, hardscape, landscape, and irrigation.

Series 2008B bonds were issued for construction of public infrastructure, such as water and sewer infrastructure, streets, and storm water drainage infrastructure and facilities.

Goals and Objectives

- Utilize assessments from the Vintage Township PID to pay debt service on 2008A and 2008B bonds.

Accomplishments for FY 2014-15

- Sufficient assessments were collected to pay the debt service on the bonds.

Revenue Overview

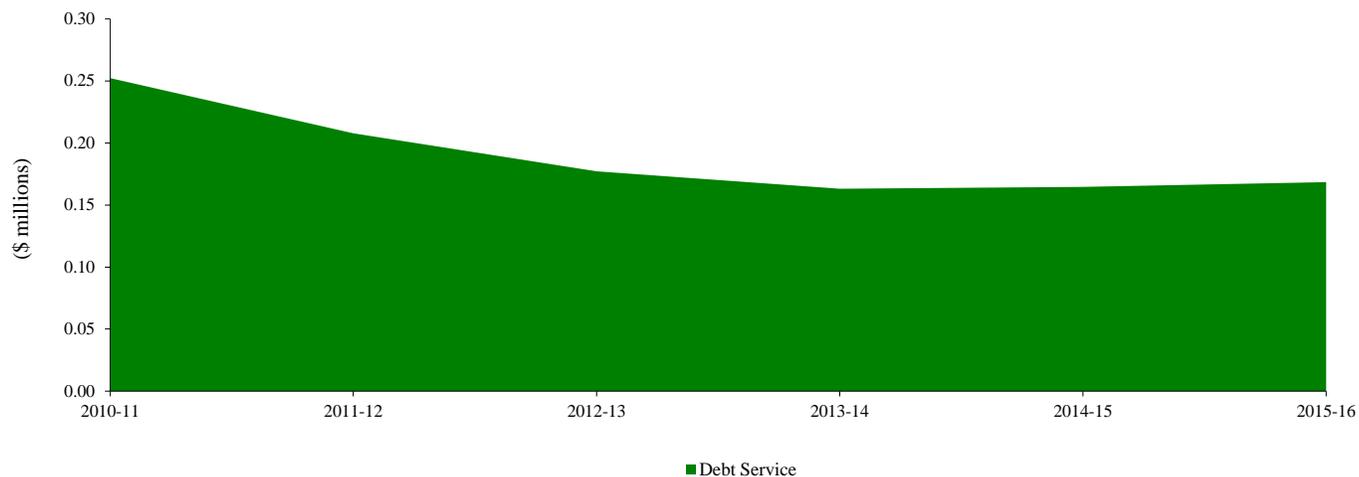
- The transfer from Vintage Township PID increased by \$3,968, or 2.4 percent.

Expenditure Overview

- The debt service payment increased by \$3,968, or 2.4 percent.

Vintage Township Public Facilities Corp. - Overview

COMPOSITION OF EXPENDITURES



	Actual	Actual	Actual	Amended	Budget	% Change
FUNDING SOURCES	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	from Amended
Transfer from Vintage PID	\$ 98,216	750,653	253,476	164,580	168,548	2.4
Total Revenue Sources	98,216	750,653	253,476	164,580	168,548	2.4
Utilization of Net Assets	109,703	-	-	-	-	-
TOTAL FUNDING SOURCES	\$ 207,920	750,653	253,476	164,580	168,548	2.4

	Actual	Actual	Actual	Amended	Budget	% Change
EXPENSES	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	from Amended
Compensation	\$ -	-	-	-	-	-
Benefits	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-
Debt Service	207,920	177,175	163,096	164,580	168,548	2.4
TOTAL EXPENSES	\$ 207,920	177,175	163,096	164,580	168,548	2.4

Financial Policy

The City has an important responsibility to its citizens to carefully account for public funds, prudently manage municipal finances, and to plan for the adequate funding of services desired by the public. These financial policies enable the City to achieve a long-term stable and positive financial condition by exercising integrity, prudence, responsible stewardship, planning, accountability, and full and continuous disclosure.

In addition to the guidelines presented in the City's Financial Policies, the City has implemented the following best practices as identified in Standard & Poor's "Ten Ways to Improve a G.O. Rating – Best Management Practices Make a Difference":

- Establish or enhance rainy day/budget stabilization reserves.
- Establish regular economic/revenue reviews to identify potential budget problems early.
- Prioritize spending plans/establish contingency plans for operating and capital budgets as a fallback financial strategy.
- Have a formalized capital improvement plan or a debt-affordability model to assess future financial liabilities.
- Develop a pay-as-you-go financing strategy as part of your operating and capital budget.
- Plan ahead and anticipate the impact of capital and operating costs on a multi-year financial plan.
- Establish benchmarks and priorities for the direction of your government and adhere to them.
- Establish and maintain effective management systems.
- Consider the affordability of actions or plans before they become part of your budget.
- Have a well-defined and coordinated economic development strategy.

I. OPERATIONS

A. REVENUES

The Annual Operating Budget shall be prepared such that current revenues plus transfers in will be sufficient to support current expenditures and transfers out. In order to maintain a stable level of services, the City shall use a conservative, objective, and analytical approach when preparing revenue estimates. The process includes an analysis of

probable economic changes and their impacts on revenues, historical collection rates, and trends in revenue shortfalls.

Charges for services and other revenues will be annually examined and adjusted as deemed necessary to respond to cost increases or any other changing circumstances. Revenue sources along with support for projections are included in the Operating Budget, which is a useful tool for monitoring revenue trends.

COLLECTIONS

Property Tax Collections: The City encourages the Lubbock Central Appraisal District to follow an aggressive policy of collecting property tax revenues. An average collection rate of at least 98 percent of current levy shall be maintained.

Other Revenue Collections: The City monitors and minimizes administrative costs necessary to generate revenues. Delinquent accounts and insufficient checks are turned over to an outside collections agency for collection. As collections are made, the collection agency remits the payments (net of fees) to the City. If insufficient checks are uncollectable, they are returned to the City and turned over to the District Attorney's office for collection. Collection efforts for overdue payments are pursued to the fullest extent of the law.

ENTERPRISE FUND REVENUES

Enterprise Funds are self-supporting from their own source rates, fees, and charges. Cost recovery includes direct operating and maintenance expense, indirect cost recovery, in-lieu of transfers to the General Fund for property tax and franchise fee payments, capital expenditures and debt service payments, where appropriate. Rate models are maintained to identify all sources and uses of funds and provide a 10-year planning tool for rate setting. Rate increases are proposed for consideration to the City Council during the annual budget process.

PROPERTY TAX

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax. The ad valorem tax is sufficient to provide payment of principal and interest on all ad valorem tax debt and for operations and maintenance costs as allowed by Article XI, Section 5, of the Texas Constitution as applicable to the City.

Financial Policy

SALES TAX

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321 Texas Tax Code, which grants the City the power to impose and levy a local sales and use tax within the City. In January 1995, the voters of the City approved the imposition of an additional sales and use tax of one-eighth percent as authorized by Chapter 323 Texas Tax Code, as amended. Collection of the additional tax commenced in October 1995 with the proceeds to be dedicated to the reduction of ad valorem taxation. In November 2003, voters approved an additional one-quarter percent sales and use tax, with the proceeds of one-eighth percent of the tax dedicated to the reduction of ad valorem taxation, and an additional one-eighth percent of the tax, under Section 4A of the Texas Development Corporation Act (Article 5190.6, Texas Revised Civil Statutes), to be used for economic development in the City. The collection of taxes authorized in the November 2003 election commenced in October 2004.

Collection and enforcement of the City's sales tax is handled through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax to the City on a monthly basis, after deduction of a two percent service fee. The proceeds of one and three-eighths percent are credited to the General Fund and one-eighth percent is credited to the Lubbock Economic Development Alliance Special Revenue Fund prior to the transfer to Lubbock Economic Development Alliance (LEDA).

DONATIONS/CONTRIBUTIONS

Donations from individuals and/or groups are managed in accordance with the *City of Lubbock Donations Policy*. Donations are to be managed in accordance with intended use and restrictions.

Assets donated or dedicated to the City are managed in accordance with the *City of Lubbock Donated Asset Policy*. Assets are to be recorded at estimated fair market value at time of transfer.

GRANTS

Grants are managed in accordance with the *City of Lubbock Grants Management Policy*. The City applies for grants that are consistent with the objectives and high priority needs identified by the City Council. The potential for incurring ongoing costs, including the assumption of support for grant-funded positions from local revenues, will be

considered prior to applying for a grant. The City recovers indirect costs wherever possible. All grant applications are reviewed for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet City policies. Funding sources for local matches will be identified prior to the application process. The City terminates grant-funded programs and associated positions when grant funds expire unless an alternate funding source is identified.

INTEREST EARNINGS

Investments are managed in accordance with the *City of Lubbock Investment Policy*. Interest earnings from the investment of unexpended funds are credited to the Investment Pool Internal Service Fund. The Investment Pool Fund receives all interest income for all City funds. Expenses necessary to generate interest income are charged to the Investment Pool Fund and then the net interest income is distributed to each fund in the ratio of their total cash balance in the total portfolio. Operating Fund interest may be used for any City budget purpose, upon approval by the City Council during the budget process. Bond interest earnings are used for debt service or bond projects.

HOTEL/MOTEL TAX

Hotel/Motel tax is 13 percent of the cost of a room night for hotels and motels in the City. There is an amount of six percent that is remitted to the State and seven percent that is remitted to the City. Hotel/Motel taxes are allocated in accordance with Ordinance No. 2012-00071. A detailed allocation is provided in the Operating Budget.

Changes to this allocation must be approved by City Council.

B. EXPENDITURES

The City operates on a current funding basis. Expenditures are budgeted and controlled so as not to exceed an amount equal to current revenues plus the planned use of appropriable net position accumulated through prior year savings. (The use of appropriable net position is guided by the Appropriable Net position Policy in Section C.

Prior to the proposal of any initiatives or plans that use resources, City Staff develops a financial impact

Financial Policy

analysis from which to evaluate affordability. This process is completed prior to the proposal of the initiative in the annual budget process.

City staff and City management review expenditures on a monthly basis, at a minimum, to ensure that expenditures track budget projections. If at any time an operating deficit exists or is projected, corrective action will be recommended. Corrective action may include, but is not limited to, a hiring freeze, expenditure reductions, fee increases, or use of fund balance. Expenditure deferrals to the following fiscal year, short-term loans, or use of one-time revenue sources will be avoided as attempts to balance the budget.

PURCHASING

The two important issues central to the Purchasing function are 1) the control aspect or commitment to full compliance with State purchasing statutes, which serve to maintain the public's confidence and trust in all contracting activities; and 2) the service commitment of the Purchasing Department to each City department.

Routine Purchases

Departments may issue purchase orders less than \$500 and make Purchasing Card transactions up to \$5,000 to procure items for which there is an approved budget when the item does not require technical or administrative review by specific departments (i.e. computer hardware and software, radio equipment, telecommunications equipment, fleet vehicle/ equipment supplies and services, and printing/ reproduction services). For a complete listing of all purchasing policies, please refer to the *Purchasing Policies and Procedures Manual*.

Petty Cash

Purchases using Petty Cash are subject to the same rules and documentation requirements as other City purchases. Additional information regarding petty cash purchases may be found in the *Petty Cash Administrative Policy*.

Purchasing Card Program

The Purchasing Card Program allows City employees to make small dollar expenditures (up to \$5,000) required for normal operations. The intent of this program is to enhance the capabilities of field personnel to perform operational tasks without an

administrative delay of obtaining a purchase order. Cards are issued in the name of the City and the individual Cardholder. The Cardholder is the only person entitled to use the card issued in their name and is responsible for all charges made against the card. Cardholders reconcile their receipts to a secure online statement. The cardholder's approver reviews the statement and receipts and forwards to the Program Administrator. Spending limits that have been provided to each Cardholder sets the maximum dollar amount for each single purchase (Single Transaction Limit), daily number of transactions, and the total dollar amount for all purchases made with a Purchasing Card within a monthly billing cycle. Each time a Cardholder makes a purchase with his/her Purchasing Card, the bank will electronically check transaction limits and the authorization request will be declined should the amount exceed these limits.

Additional information on the Purchasing Card policies and procedures may be found in the *Purchasing Card Policy*.

Under \$500 purchase orders

Departments have the authority to issue purchase orders for amounts up to \$500. However, departments are encouraged to use the more efficient Purchasing Card whenever possible.

Requisitions

For purchases less than \$5,000, the department head must electronically approve requisitions. For purchases greater than \$5,000, the department head's supervisor must electronically approve requisitions.

Emergency Purchases

Emergency Purchasing procedures are outlined in the *Purchasing Policies and Procedures Manual*. An emergency is defined as a disruption, which may vitally affect the public health, welfare or safety (i.e. flood, bombing, tornado, etc.). Department heads or their designees may purchase goods or services and then follow up later with a requisition describing the emergency along with an invoice indicating the receipt of goods and services.

When an emergency has been declared that qualifies for reimbursement under the Federal Emergency Management Agency (FEMA), the Accounting and Purchasing Departments will be notified. The Accounting Department will determine which

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accounts require an emergency subsidiary account and will assign the emergency subsidiary account and notify Purchasing. For purchases of goods, the Purchasing Department will ensure that all requisitions and purchase orders include the emergency subsidiary account for any items directly related to the emergency. The Emergency Operations Center will communicate to the Purchasing and Accounting Department when the emergency period has ended.

C. FINANCIAL CONDITIONS, RESERVES AND STABILITY RATIOS

FUND BALANCE/NET POSITION

When fund resources exceed uses, the result is fund balance accumulations for governmental funds and net position for proprietary funds. Reserves are maintained in fund balances/net position, at levels sufficient to protect the City's creditworthiness and to provide contingency funds in the event of emergency and/or unforeseen cash outlays. Additionally, reserves are created when the City Council takes action to set funds aside for a specific purpose or according to legal restrictions on the use of assets. Designations of fund balance/retained earnings are made when the appropriate level of management requests an amount, purpose, and timeframe for the designation. Designations are not authoritative and may be reallocated at any time. Reserves require City Council or other appropriate authoritative action to reallocate.

General Fund

The City targets an unrestricted fund balance in an amount equal to at least 20 percent of regular General Fund operating revenues to meet unanticipated contingencies and fluctuations in revenue.

Water and Wastewater Funds

The City targets appropriate net position in the Water and Wastewater funds in an amount equal to 25 percent of regular operating revenues. 10-year rate models are maintained in the Water Fund and Wastewater Funds to identify all sources and uses of funds and to provide a planning tool for rate setting. The rate model is a model where all projected revenues, operating and capital disbursements, debt service requirements, and transfers in/out are compiled to determine the rate necessary to yield the targeted ending balance. When the model predicts the

need for a rate increase, further intensive review is performed to determine if capital project construction timelines can be adjusted in order to smooth the rate. At a minimum, the rolling ten-year rate models are updated and analyzed as part of the budget preparation process and again mid-fiscal year, once prior year financial statements are issued.

Solid Waste, Airport and Storm Water Funds

The City targets appropriate net position in the Airport, Storm Water, and Solid Waste funds in an amount equal to 15 percent of regular operating revenues. 10-year rate models are maintained in the Solid Waste Fund, Airport Fund, and Storm Water Fund to identify all sources and uses of funds and to provide a planning tool for rate setting. The rate model is a model where all projected revenues, operating and capital disbursements, debt service requirements, and transfers in/out are compiled to determine the rate necessary to yield the targeted ending balance. When the model predicts the need for a rate increase, further intensive review is performed to determine if capital project construction timelines can be adjusted in order to smooth the rate. At a minimum, the rolling ten-year rate models are updated and analyzed as part of the budget preparation process and again mid-fiscal year, once prior year financial statements are issued. In the Solid Waste Fund, funds are designated in landfill closure and post closure care reserves for the purpose of covering the City's landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure.

Internal Service Funds

The City targets appropriate net position in the Internal Service Funds in an amount equal to eight percent of regular operating revenues.

Other Enterprise and Special Revenue Funds

The City targets appropriate net position in the Cemetery Fund, Civic Centers Fund, and Lake Alan Henry Fund in an amount equal to eight percent of regular operating revenues.

RISK MANAGEMENT

The City developed the Self-Insurance/Risk Fund for the purpose of self-insuring liability and workers' compensation. Funding is in the form of departmental contributions based on risk exposure

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and prior experience as determined by an actuary. As of April 1999, the City converted workers' compensation from self-insurance to participation in a governmental risk pool under a guaranteed cost program. In September 1999, the City purchased an excess liability policy with a \$250,000 per occurrence self-insured retention (SIR). Effective October 2006, the City increased its SIR to \$500,000 per occurrence. The City has consistently maintained policies of insurance for Airport Liability, Fire and Extended Coverage (Property), Boiler and Machinery and various equipment, crime and fine arts floaters. Reserves are reviewed annually by Risk Management staff and external auditors to assess financial stability. An actuarial study of the Self-Insurance Fund is obtained annually. Additionally, all Risk exposures not insured or uninsurable (i.e. pollution, water contamination, environmental) are potential liabilities expenditures against the retained earnings of the fund. City staff actively participates in programs to reduce expenses by actively managing claims and encouraging and supporting strong safety and loss prevention programs. The City targets appropriate net position in the Risk Fund in an amount equal to twenty percent of operating revenues.

SELF-INSURANCE HEALTH FUND

The City's health insurance plan is self-insured under an Administrative Services Only (ASO) Agreement. The City purchases stop loss coverage on an individual and aggregate basis in the event that costs exceed a certain threshold. In addition, the City purchases an excess policy for organ and tissue transplants which pays outside the stop loss coverage.

Funding for the health plan is derived from charges to departments on a per employee basis. The City provides health coverage to all full time employees and subsidizes coverage for dependents and retirees.

Employees contribute to the health plan through payroll deductions for dependent coverage in addition to the subsidy. Retirees contribute to the health plan through payments to Accounting for amounts not subsidized. The City's health plan is qualified Medicare Part D. The City is reimbursed by Medicare for a portion of prescription drugs for retirees or disabled members that are Medicare qualified.

Reserve and rate stabilization balances are analyzed annually to identify funding progress. Any

unrestricted cash balance should be utilized as rate stabilization for volatile health costs.

INVESTMENTS

The City's principal investment objectives are listed in order of priority:

- (1) Compliance – with all Federal, State, and other legal requirements (includes but is not limited to Chapter 2256 "Public Funds Investment Act" as amended and Chapter 2257 "Public Funds Collateral Act" as amended, of the Texas Government Code).
- (2) Safety – Preservation of capital and the protection of investment principal.
- (3) Liquidity – Maintenance of sufficient liquidity to meet anticipated disbursements and cash flows.
- (4) Diversification – Maintenance of diversity in market sector and maturity to minimize risk in a particular sector.
- (5) Yield – Attainment of a market rate of return equal to or higher than the benchmark performance measure established by the Chief Financial Officer.

The City has a formal written investment policy document that is reviewed annually and approved by the City Council. The Audit and Investment Committee monitors investment policies and results. Results are reported to management and to the City Council monthly, in either an oral or written presentation. For additional detail, please refer to the *City of Lubbock Investment Policy and Strategy*.

The City will utilize the Audit and Investment Committee to assist in monitoring the performance and structure of the City's investments. The Audit and Investment Committee shall be responsible for the investment strategy decisions, activities, and the establishment of written procedures for the investment operations consistent with this policy. Monitoring of the portfolio shall be performed by the Audit and Investment Committee no less than quarterly and verified by the City's independent auditor at least annually.

RETIREMENT PLANS

Each qualified employee is included in one of two retirement plans in which the City participates. These are the Texas Municipal Retirement System (TMRS) and the Lubbock Fire Pension Fund (LFPF). The City does not maintain accounting records, hold the

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investments or administer either fund. Funds are appropriated annually to meet the actuarially determined funding levels of the plan. TMRS is a statewide agent multiple-employee retirement system that provides pension benefits through a nontraditional joint contributory, defined contribution plan. LFPF is a single-employer, defined benefits pension plan maintained by members of the City's Fire Department with authority under the Texas Local Fire Fighters Retirement Act (Texas Revised Civil Statutes Article 6243e). The City also provides opportunities for investment by its employees of several tax-deferred long-term savings plans.

INVENTORIES

Inventories in Enterprise and Internal Service Funds consist of expendable supplies held for consumption. Inventories are valued at cost using the average cost method of valuation and when inventory is issued, it is accounted for using the consumption method. The targeted inventory turnover ratio is set at 1.8 times. Therefore, if an inventory item is not sold and replaced 1.8 times during a year, it is evaluated to determine if there is sufficient need to keep the item in stock.

In addition, for large volumes of parts and supply needs, such as for the electric and water infrastructure, the City solicits bids to establish annual pricing contracts with vendors to help supply maintenance and construction projects. Vendors are chosen in a competitive process and may be one or more vendors. The City contracts with the vendor to deliver only the inventory items needed, to the electric and water operations, "just-in-time" for use. This process reduces storage and leftover inventory items. The targeted turnover ratio and the primary vendor alliances also minimize inventory loss due to obsolescence.

D. BUDGET APPROPRIATION/CONTROL

Budget controls are designed to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund are included in the annual appropriated budget. Project-length financial plans are adopted for the capital program funds. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated

amount) is established by fund. A budget supplement, approved by City Council, is required if actual expenditures will exceed total budget. Fund appropriations of the City Council are allocated to programs, offices, departments, divisions, projects and character and object of expenditures by the City Manager.

BASIS OF BUDGETING

Annual budgets are adopted on a cash basis for all governmental funds. All annual appropriations lapse at fiscal year-end except for grants, special revenue funds, and capital project funds which maintain project-length budgets.

Each City department develops and maintains a mission to implement City Council goals and objectives. Performance benchmarks and activity measures are developed as part of the budget process that measure and track actual performance to budget benchmarks. When performance measures are developed, resources necessary to achieve the performance are estimated and submitted to City Management staff for review and modification.

Annually, the City Manager submits to City Council a proposed operating budget and capital program for the upcoming fiscal year. Public hearings are conducted to obtain taxpayer comments, and the budget is legally enacted through passage of an ordinance by the City Council.

Budgetary control is maintained by department and by the following category of expenditures: compensation, benefits, supplies, maintenance, professional services/training, other charges, scheduled charges, and capital outlay. All budget supplements must be approved by the City Council. Any necessary transfer of funds between accounts, departments or programs can be made by the City Manager for City purposes as a result of unusual or unforeseen conditions during the administration of the fiscal year.

The City uses a combination of Planned Program Budgeting, Zero Based Budgeting, and traditional line item budgeting to determine its operating budget.

The City approach annually reexamines existing program activities and analyzes the effect of reducing or reallocating current levels of resources.

Financial Policy

Re-evaluation of programs allows a response to changing economic and political environment, the needs of the community, the citizens, and employees.

BUDGET CONTROL

Control of expenditures is accomplished administratively through City Council adopted budget ordinances. Departmental budgets are reviewed monthly with management. The Finance Department prepares the monthly management report to advise the City Manager and City Council.

BUDGET REPORTS/MONITORING

Departments review cost center budget reports from the financial system that provide detail by line item of the status of expenditures as compared to budget. A summary report on contracts awarded and the status of the City's various capital projects is prepared as a monthly report and presented to the City Manager and the City Council.

Various tools are used to assist management in examining critical issues and economic conditions which could include, but are not limited to, rate models, rolling 5-year forecasts, revenue projections, cash flow analyses, and other tools that may be useful in planning for the future.

E. MANAGEMENT SYSTEMS

City Management is committed to providing effective information technology tools to support the financial operations of the City. Financial hardware and software is maintained by the Information Technology Department.

II. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

BASIS OF ACCOUNTING

The financial statements of the City conform to generally accepted accounting principles (GAAP) of the Governmental Accounting Standards Board (GASB) and recommended practices adopted by Government Finance Officers Association (GFOA).

INTERNAL CONTROL

The City is responsible for establishing and maintaining an internal control structure designed to

provide reasonable, but not absolute, assurance that the assets of the City are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

EXTERNAL AUDITING

The City is audited annually by outside independent auditors. The auditors must be a CPA firm that has the breadth and depth of staff to conduct the City's audit in accordance with GAAP and contractual requirements. The auditor's report on the City's financial statements must be completed in sufficient time such that the Comprehensive Annual Financial Report (CAFR) may be presented to the City Council at a Council meeting in February following the fiscal year end.

The auditors are accountable to the City Council and will have access to direct communication with the City Council if staff is unresponsive to auditor recommendations or if the auditors consider such communication necessary to fulfill their legal and professional responsibilities. The City will evaluate audit services at the conclusion of the auditor's contract term.

INTERNAL AUDITING

The Internal Auditor annually prepares an audit plan to audit such programs, accounts, areas, and/or processes as have been defined as priority areas by management. Reports are distributed to responsible department heads, directors, City Manager Direct Reports and the City Manager. Responses are required within a reasonable length of time, usually 30 days. The Internal Audit staff assists during the annual audit by the external auditors.

EXTERNAL FINANCIAL REPORTING

The Accounting Department prepares and publishes a CAFR. The CAFR is the official annual report for the City and contains appropriate statements, schedules and other information for the major operations of the City and its component units. Also included is an official audit opinion, and transmittal letter from management. The CAFR is prepared in accordance with GAAP and is submitted annually to the GFOA for evaluation for the Certificate of Achievement of Excellence in Financial Reporting. The CAFR is published and presented to the City Council at a City

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Council meeting in February following the fiscal year end. CAFRs are distributed to appropriate federal and state agencies, and other users, including but not limited to, other cities, bondholders, city staff, financial institutions, required information depositories, and others.

The Single Audit report is prepared and presented to grantors no later than nine months following the fiscal year end. The Single Audit report lists the status and current operations of all federal/state and local funding awarded and received.

INTERNAL FINANCIAL REPORTING

The Finance Department prepares and publishes a Monthly Management Report. The report updates the financial and operational status on a monthly basis.

III. CAPITAL ASSETS

CAPITAL IMPROVEMENT PROJECTS

Within the resources available each fiscal year, the City shall maintain capital assets and infrastructure at a sufficient level to protect the City's investment to minimize future replacement and maintenance costs, and to maintain service levels. As part of the annual budget process, the City reviews a projected five-year need for capital improvements and equipment, the current status of the City's infrastructure, replacement and renovation needs, and potential new projects. When projects are contemplated, related costs such as operations and maintenance costs are evaluated along with capital expenditures to assess affordability prior to proposal of the projects. All operation and maintenance costs are required to be included in any capital project proposal. All projects, ongoing and proposed, will be prioritized based on an analysis of current needs and resource availability. Capital project appropriations are approved on a project-length basis.

Capital project funds are used to accumulate resources to construct, install, or purchase new assets. They also enhance or improve existing facilities.

Capital Projects must have a cost of \$25,000 or more and generally have a life of five or more years. Many of the projects require more than one year for completion and are accounted for on a life-to-date basis. Capital Project summaries include the projects

and funds necessary over the next five years as part of overall long-term capital planning. Major sources of funding for capital projects are contributions from operating funds, debt issuance, Federal and State grants, and surpluses in fund balances/net position.

Project costs are capitalized and added to the City's Fixed Assets. If a project does not meet the criteria for capitalization, the costs will be treated as operating expenses and expensed as incurred.

CAPITAL REPLACEMENT POLICY

The City shall annually prepare a schedule for the replacement of its non-infrastructure capital assets and replace those assets within the resources available each fiscal year.

PROPERTY, PLANT, AND EQUIPMENT

Property, Plant, and Equipment is managed in accordance with the City of Lubbock Property, Plant, and Equipment Policy. Items having a unit cost of \$5,000 or more with a useful life longer than one year are capitalized as Fixed Assets. Fixed Assets are depreciated monthly using the straight line method of depreciation. Fixed Assets are inventoried annually by department managers, with vehicles being inventoried on a biennial basis. Transfers and deletions are initiated and authorized by department managers.

Fixed assets are reported in the Government Wide Financial Statements and the proprietary fund statements. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair value on the date of donation.

FINANCING

There are three basic methods of financing capital requirements:

- Funds may be budgeted from current revenues;
- Purchases may be financed through surplus unreserved/undesignated fund balance/retained earnings balances, subject to policy;
- Debt may be issued in accordance with the *Debt Policy*.

Debt is issued for new capital items. Pay-as-you go financing is used for (1) any operating capital outlay, and (2) permanent capital maintenance items. Items

Financial Policy

financed with debt must have useful lives that are less than the maturity of the debt.

IV. ECONOMIC DEVELOPMENT

PROMOTION OF A POSITIVE BUSINESS ENVIRONMENT

The City, through its regulatory and administrative functions strives to provide a positive business environment in which local businesses can grow, flourish and create jobs. The City Council and Staff are sensitive to the needs, concerns, and issues facing local businesses. In 1995, the City Council created Market Lubbock, Inc. to coordinate the economic development function. In 2004, voters passed a 1/8 cent sales tax for economic development. Lubbock Economic Development Alliance was formed to administer the sales tax and promote business expansion/retention and recruitment of new business for the City.

EXPANDING THE ECONOMY

The City encourages and participates in economic development efforts to expand Lubbock's economy and tax base and to increase local employment. These efforts focus on areas that include but are not limited to newly developing areas, inner city areas, and the Central Business District. The City's economic development program also seeks to expand the non-residential share of tax base to decrease the tax burden on residential homeowners.

ECONOMIC INCENTIVES

The City uses economic programs such as Enterprise Zones which provide incentives for businesses expanding or locating in specific areas of the City. These incentives include tax abatement and others, as allowed by law. The City also uses tax abatement in areas outside the Enterprise Zones to encourage industrial growth and development in Lubbock. The City coordinates with state and federal agencies on offering any incentives to programs they may provide for potential economic expansion. The City uses due caution in the analysis of tax incentives used to encourage development and periodically reviews tax abatement contracts to ensure that the community is receiving promised benefits in added value and job creation.

INTERLOCAL COOPERATION

The City's economic development program encourages close cooperation with other local jurisdictions, chambers of commerce, and groups interested in promoting the economic well-being of the area. The City, through LEDA, participates in a regional economic development entity called the High Ground of Texas, in recognition that promotion of regional economic development has a direct benefit to Lubbock citizens.

FREEPORT TAX EXEMPTION

A Freeport tax exemption exempts Freeport property from ad valorem taxation. Freeport property is various goods that are detained in Texas for 175 days or less and that are for the purpose of assembly, storage, manufacturing or processing. The City Council approved a Freeport tax exemption per Resolution No. 6142, dated December 16, 1998.

REDEVELOPMENT POLICIES

The City shall follow redevelopment policies for the acquisition, clearing, and reuse of land that is already platted, with public improvements already constructed, accepted, and maintained by the City. The policies may also include vacant, platted property. The City reserves the right to either participate or not participate depending on the amount of public benefit. The City may work with a developer(s) and negotiate appropriate City participation to support redevelopment deemed beneficial to the public. The City will not normally assume the role of lead developer.

Land Aggregation Policies

The purchase and aggregation of parcels is the responsibility of the developer(s) and the City does not intend to use eminent domain, unless the City Council agrees special circumstances exist. If the City does use eminent domain to obtain property for public use in a redevelopment project, including streets and utility rights of ways and easements, it will require the redevelopment to pay the cost of the condemnation if it benefits the redevelopment project. The City may determine that the abandonment of existing City right-of-way, easements, or public property will be a public benefit to a redevelopment project.

Financial Policy

Public Infrastructure

Redevelopment normally involves the reuse of land where paved streets, water and wastewater lines, and storm water facilities are already maintained by the City. The City will participate in the repair of structures only if the funds are available and there is sufficient public benefit. The City only participates in the rerouting and widening of streets, utility lines, and facilities if the cost is less than the cost of replacing and the benefit to the public outweighs the cost.

Amenities

Redevelopment may include the installation or replacement of improvements that improve or enhance the architectural, aesthetic, or character of a reuse project. These expenses can enhance the success and long term viability of the project. These items include lighting, landscaping, sidewalks, trails, street furniture, transit facilities, etc. The City may choose to pay for the developer portion of such amenities in those redevelopment situations where the benefits outweighs the cost.

TAX INCREMENT FINANCING POLICIES

The City shall use Tax Increment Financing (TIF) for the creation of Tax Increment Reinvestment Zones (TIRZ) as a useful funding mechanism to finance new public improvements in designated areas in order to simulate new private investments. The area needs to be an unproductive, underdeveloped, blighted area, or an area that is predominately open and underdeveloped. The City will not consider creating a TIRZ in a neighborhood, commercial district, or area where there is limited public purpose and the sole benefit is to the property owners to the detriment of the General Fund and the other taxpayers in the City. A TIRZ will also not be considered where there is not a significant proposed increase in property values due to private development or redevelopment.

The TIRZ is eligible to finance capital costs, financing costs, construction costs, real property assembly costs, relocation expenses, professional services, and administration and organization costs, direct operating costs for zone and project facilities, and improvements that add to the viability of the project and enhance property values. Funding sources may include Gap Financing, Pay-As-You-Go Financing, Revenue Bonds, Certificates of Obligation, and City Financing. Regardless of the source of funds, the TIRZ Financing Plan should attempt to correlate private improvements with the corresponding increment in property taxes, the timing of the receipts of those funds, and the debt issuance to fund public improvements.

City of Lubbock, TX
Finance Department
Investment Policy and Investment Strategy

Policy

The Executive Director of Finance, or Designee, of the City of Lubbock, Texas, is charged with the responsibility to prudently and properly manage any and all funds of the City. Time and demand deposits must be fully collateralized and all transactions appropriately authorized. The following investment policy addresses the procedures, controls, and practices, which must be exercised to ensure sound fiscal management. The statutory foundation for this Policy is the Public Funds Investment Act (the “Act”, Texas Government Code 2256) and the Public Funds Collateral Act, (Texas Government Code 2257.)

Scope

This policy shall apply to the investment of all financial assets and all funds of the City of Lubbock (hereinafter referred to as the "City") over which it exercises financial control. In order to effectively make use of the City's cash resources, all moneys, with the exception of certain bond proceeds which must be segregated and accounted for separately (“Bond Funds”), shall be pooled into one investment account (“Operating Funds”). The investment income derived from this account shall be distributed to the various City funds in accordance with the existing City Policy.

These funds are accounted for in the City of Lubbock Comprehensive Annual Financial Report (CAFR) and include:

General Fund
Special Revenue Funds
Debt Service Funds
Capital Projects Funds
Enterprise Funds (excluding WTMPA)
Internal Service Funds
Agency Funds

The Bond Funds Portfolio includes bond proceeds recorded in Capital Projects, Enterprise, and Internal Service Funds, while the Operating Portfolio includes all other resources in the other funds listed.

Objectives

The City's principal investment objectives are listed in order of priority:

- A. Compliance** with all Federal, State, and other legal requirements (includes but is not limited to Chapter 2256 Public Funds Investment Act, as amended and Chapter 2257 Public Funds Collateral Act, as amended, of the Texas Government Code)
- B. Safety:** Preservation of capital and the protection of investment principal.
- C. Liquidity:** Maintenance of sufficient liquidity to meet anticipated disbursements and cash flows.
- D. Diversification:** Maintenance of diversity in market sector and maturity to minimize market risk in a particular sector.
- E. Yield:** Attainment of a market rate of return equal to or higher than the performance measure established by the Executive Director of Finance, or Designee.

Responsibility and Control

Delegation of Authority

The ultimate responsibility and authority for investment transactions involving the City resides with the Executive Director of Finance, or Designee. The Executive Director of Finance, or Designee, has delegated the investment function to the Debt and Investment Analyst, or Designee, and all are designated as Investment Officers. (2256.005(f)) The Debt and Investment Analyst, or Designee is charged with executing the day-to-day investment functions for the City following the guidance and recommendations of the City's Audit and Investment Committee.

Audit and Investment Committee

The City will utilize the Audit and Investment Committee to assist in monitoring the performance and structure of the City's investments. The Audit and Investment Committee shall be responsible for the investment strategy decisions, activities, and the establishment of written procedures for the investment operations consistent with this policy. Monitoring of the portfolio shall be performed by the Audit and Investment Committee no less than quarterly and verified by the City's independent auditor at least annually. The Audit and Investment Committee shall discuss investment reports, investment strategies, and investment and banking procedures.

Investment Advisors

The Executive Director of Finance, or Designee, may in his/her discretion, with Council approval, appoint one or more investment advisors, registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.), to assist in the management of a portion of the City's assets. To be eligible for consideration, an investment advisor shall demonstrate to the Audit and Investment Committee knowledge of cash management and experience in managing public funds. Selection of any investment advisor shall be based upon their expertise in public cash management. An appointed investment advisor may be granted investment discretion within the guidelines of this Investment Policy with regard to the City's assets placed under its management. A contract made under authority of the Act may not be for a term longer than two years on the original contract term. A renewal or extension of the contract must be made by the City Council by resolution. (2256.003)¹

Prudence

The standard of prudence to be used for managing the City's assets is the "prudent person" rule (2256.006), which states, "Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." Investment officers acting in accordance with written procedures and exercising due diligence, shall not be held personally liable for a specific security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. The City's independent auditor will perform a compliance audit of management controls on investments and adherence to investment policies annually.

In accordance with the Act (2256.005 and 2256.008), the Investment Officers shall attend 10 hours of investment training within 12 months of assuming duties and 10 hours not less than once in a two-year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date. The investment training session shall be provided by an independent source approved by the Audit and Investment Committee. Training must include education in investment controls, security risks, strategy risks, market risks, and diversification of investment portfolio in order to ensure the quality and capability of investment management in compliance with the Act.

Investment Portfolio

Authorized Investments

The following are authorized investments for the City and all are authorized and further defined by the Act:

- Obligations of the United States or its agencies and instrumentalities, which have a liquid market with a readily determinable market value but excluding mortgage backed securities. (2256.009(1))
- Direct obligations of this state or its agencies and instrumentalities (2256.009(2)) rated not less than A or its equivalent by at least one nationally recognized investment rating firm. (2256.009(a)(5))
- Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States. (2256.009(a)(4))
- Obligations of states (other than Texas), agencies, counties, cities, and other political subdivisions of any state rated not less than A or its equivalent by at least one nationally recognized investment rating firm. (2256.009(a)(5))
- Fully collateralized certificates of deposit issued by a state or national bank that has its main office or a branch office in Texas and guaranteed, or insured by the Federal Deposit Insurance Corporation or its successor, secured by obligations authorized by this subchapter, or secured in any other manner and amount provided by law for deposits of the City (2256.0010)
- Fully collateralized repurchase agreements with a defined termination date; and secured by a combination of cash and obligations authorized by the Act (Section 2256.009(a)); such securities being purchased or held must be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with an independent third party selected and approved by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas. The term of any reverse repurchase agreements may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by the City under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement. (2256.011)^G

Before any repurchase agreements shall be executed with an authorized broker/dealer or financial institution, a Master Repurchase Agreement must be signed between the City and that broker/dealer or financial institution. The Investment Officer shall maintain a file of all executed Master Repurchase Agreements.^G
- Bankers' acceptances with a stated maturity of 270 days or fewer from the date of its issuance; and liquidated in full at maturity; and eligible for collateral for borrowing from a Federal Reserve Bank; and accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency (2256.012)
- Commercial paper with a stated maturity of 270 days or fewer from the date of its issuance, and rated not less than A-1 or P-1 (with stable or positive outlook), or an equivalent rating by at least two nationally recognized credit rating agencies, or; rated not less than A-1 or P-1 or an equivalent by one nationally recognized rating agency plus fully secured by an irrevocable letter of credit issued by a domestic bank (2256.013). Investment in commercial paper should be diversified by issuer and industry sector. Constant monitoring of the commercial paper is critical to foresee any changes in credit quality.^B
- No-load money market mutual funds regulated by the Securities and Exchange Commission, and with a dollar-weighted average stated maturity of 90 days or fewer, and whose investment objectives include the maintenance of a stable net asset value of \$1 for each share (2256.014(c)). The investment officers shall review and understand the fund's prospectus and statement of additional information to determine: portfolio composition; risk characteristics; duration and weighted average maturity; reputation and experience of the investment company; total expense ratio; philosophy; strategies and portfolio policies; and, if the fund is rated by a nationally recognized rating agency.^H

- Constant dollar, investment pools rated not less than AAA or an equivalent rating by at least one nationally recognized rating service and authorized by the City Council and as further defined by the Act, which invests in eligible securities as authorized by this subchapter (2256.016).

The following investments are prohibited by the Act (2256.009(b)):

- An obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal, i.e. interest-only collateralized mortgage obligations (IO's).
- Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest, i.e. principal-only collateralized mortgage obligations (PO's).
- Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
- Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index, i.e. CMO inverse floaters.
- Investment in the aggregate of more than 80 percent of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in money market mutual funds or mutual funds; investment in the aggregate of more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds; investment of any portion of bond proceeds, reserves, and funds held for debt service, in mutual funds; and investment of its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund in an amount that exceeds 10 percent of the total assets of the mutual fund (2256.014).

Existing Investments

The Investment Officer is not required to liquidate investments that were authorized investments at the time of purchase (2256.017).

Effect of Loss of Required Rating

An investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have a minimum rating. The Investment Officer shall take all prudent measures that are consistent with the City's investment policy to liquidate the investment(s) that does not have the minimum rating (2256.021). In accordance with Section (2256.005(b)), the Investment Officer shall monitor rating changes in current investments by keeping a monthly record of ratings issued by three nationally recognized rating agencies.

Investment Diversification

It is the intent of the City to diversify the investment instruments within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy and the securities markets. When conditions warrant, the guidelines below may be exceeded by approval of the Audit and Investment Committee.

The City may invest to the following limits as a percentage of its total portfolio^C:

- 100% in United States Treasury Obligations
- 50% in Certificates of Deposit
- 80% in Federal Instrumentalities or Agencies
- 70% in Repurchase Agreements collateralized by Federal Instrumentalities, or
- 100% in Repurchase Agreements collateralized by United States Treasury Obligations
- 10% in Commercial Paper (no more than 10% in any one issuer)
- 20% in Banker's Acceptances

Investment Pools

In accordance with the Act (2256.016) investment pools must be continuously rated no lower than AAA or equivalent, with a weighted average maturity of less than 60 days. The pool must have an advisory board. A thorough investigation of the pool is required prior to investing, and on a continual basis, as due diligence, and shall include but is not limited to, the following topics:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations, method of distribution, and treatment of gains and losses.
- A description of the method used to safeguard securities (including the settlement processes), and the frequency and method by which securities are priced.
- An annual audited financial statement.
- The yield and expense ratio of the pool, including a statement regarding how yield is calculated.
- The frequency of audit of the program.
- A description of eligible participants along with allowable frequency and size of deposits and withdrawals.
- A schedule for receiving statements and portfolio listings.
- The policy under which reserves, retained earnings, etc. may be utilized by the pool.
- A fee schedule, and when and how it is assessed.
- Information related to the fund's eligibility for accepting bond proceeds.
- Investments in a qualifying Investment Pool should be limited to no more than 5% of the total assets in the pool.

Investment Strategy

The City of Lubbock maintains portfolios, which utilize four specific investment strategy considerations, designed to address the unique characteristics of the fund groups represented in the investment portfolios. The policies detailed below are subject to an annual review to occur prior to the annual City Council action regarding the Investment Policy. (2256.005(d))

(1) Operating Funds and Commingled Pools Containing Operating Funds

The investment strategy for the portfolio containing operating funds, the Operating Portfolio, has as its primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. Investment maturities shall be matched against liabilities including debt service requirements.

The secondary objective of the Operating Portfolio is to create a portfolio structure, which will experience minimal volatility during economic cycles. This will be accomplished by purchasing high quality, short- to medium-term securities, which will complement each other in a laddered maturity structure.

The City shall maintain a dollar-weighted average maturity of two (2) years or less based on the stated final maturity dates of each security in its Operating Portfolio. The City shall at all times maintain at least 10% of its operating investment portfolio in instruments maturing in 120 days or less.^D

(2) Debt Service Funds

The investment strategy for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover each succeeding debt service obligation on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds any unfunded debt service payment date. The maximum weighted average maturity shall not exceed one (1) year.^D

(3) Debt Service Reserve Funds

The investment strategies for debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund from securities with a low degree of volatility. Except as may be required by the bond ordinance specific to an individual issue, securities should be of high quality with short- to intermediate-term maturities. The maximum weighted average maturity shall not exceed one (1) year.^D

Volatility shall be further controlled through the purchase of securities carrying the highest coupon available within the desired maturity and quality range using a laddered maturity structure. Such securities will tend to hold their value during economic cycles.

(4) Bond Funds

The investment strategy for bond funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility and unanticipated project outlays. The stated final maturity dates of securities held shall not exceed the estimated project completion date. The maximum weighted average maturity shall not exceed two (2) years.^D

Cash Flow

A cash flow analysis shall be reviewed and updated no less than semi-annually. This cash flow analysis is the basis for matching liabilities or obligations with security maturities as outlined in the strategies previously listed.^L

Maximum Maturity

The maximum maturity of any individual security the City may invest in shall be 5 years.^D

Derivatives

A derivative is any security whose cash flow characteristics (coupon, redemption amount, or stated and estimated maturity) depend upon one or more indices or that has embedded futures or options. They can be linked to different market sectors or interest rate scenarios including: 1) increasing or decreasing interest rates, 2) U.S. Treasury yield curve, 3) foreign yield curves, 4) relationship between two different yield curves, 5) foreign exchange rates 6) equity price movements, and 7) commodity price movements.

The City shall define a derivative for purposes of investment as any mortgaged backed security to eliminate possible extension, volatility and reinvestment risk. The City will not invest in any mortgage-backed securities (MBS) whether a straight pass-through mortgage backed or further derived mortgage backed security (CMO).

The City shall not define United States Agency and Instrumentality debentures as derivatives. Debentures have a defined maturity date, which cannot extend regardless of their structure. These will be restricted to a maximum maturity of three (3) years. Floating rate debentures may only float on the U.S. Treasury rates and not exceed one (1) year in maturity.

The Investment Officers will monitor the development of new financial instruments and may present to the Audit and Investment Committee amendments to the above definition. The Investment Officers will not invest in derivatives without approval from either the Committee or City Council.

Management Style

The City seeks an active, rather than passive, management of its portfolio assets. Assets may be sold at a loss only if the Investment Officers feel that the sale of the security is in the best long-term interest of the City. Supporting documentation shall be maintained by the Investment Officer for all sales of securities in which there is a book loss or where a security is sold in order to simultaneously purchase another security.

Authorized Financial Broker/Dealers and Institutions

As defined by the Act (2256.005(k)) the City shall maintain a list of authorized broker/dealers and financial institutions, which are approved by the Audit and Investment Committee for investment purposes. It shall be the policy of the City to purchase securities only from those authorized institutions and firms. The Committee will review and approve the list at least annually.

To be eligible for authorization, each broker/dealer or financial institution shall:

1. Complete and submit to the City a Broker/Dealer Questionnaire, which includes the firm's most recent financial statements.
2. Provide a written instrument certifying that they have received and thoroughly reviewed the City's investment policy and have implemented reasonable procedures and controls and understand the parameters set by the City of Lubbock.
3. Be a member of the FDIC (Financial Institutions only)
4. Be a "primary" dealer or regional dealer that qualifies under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). All broker/dealers must submit: (a) audited financial reports (b) proof of National Association of Security Dealers certification, and (c) proof of state registration (Broker/Dealers only).
5. Provide competitive offers, resulting in the sale of a security, to the City. If there are no sales from a particular broker/dealer over a 12-month period, this broker/dealer will be removed from the approved broker/dealer listing (Broker/Dealers only).

The Investment Officer, or investment advisor, shall maintain a file of all Broker/Dealer Questionnaires. Broker/dealers and other financial institutions will be selected on the basis of their expertise in cash management and their ability to provide service to the City's account.

The Investment Officers shall exercise due diligence in monitoring the activities of other officers and subordinate staff members engaged in transactions with the City. Employees of any firm or financial institution offering securities or investments to the City of Lubbock shall be trained in the precautions appropriate to public-sector investments and shall be required to familiarize themselves with the City's investment objectives, policies and constraints. In the advent of a material adverse change in the financial condition of the firm or financial institution, the City will be informed immediately by telephone and in writing.

All investment transactions must be competitively transacted and executed with broker/dealers or financial institutions that have been authorized by the City.^K The City will obtain at least 3 competitive offers. Exception: New issues will not be required to be competitively transacted as all broker/dealers would show the same price and yield.

Selection of Financial Institutions

Depositories shall be selected through the City's banking services procurement process, which shall include a formal request for application. In selecting depositories, the services available, service costs, and credit-worthiness of institutions shall be considered, and the Investment Officers, shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

The City shall select financial institutions from which the City may purchase certificates of deposit in accordance with the Act and this Policy. The City of Lubbock will have a written depository agreement with any financial institution with whom the City of Lubbock has time or demand deposits. The Investment Officer shall monitor the financial condition of financial institutions where certificates of deposit are held and report quarterly to the Audit and Investment Committee.

Collateralization of Public Deposits

Collateralization requirements are governed by Texas Government Code Chapter 2257 Public Funds Collateral Act. Collateralization will be required on three types of investments: time deposits, demand deposits, and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the required minimum collateral level will be 102% of market value of principal and accrued interest monitored and maintained by the financial institution.^{A,G} The City of Lubbock chooses to limit collateral to the following:

Underlying collateral shall be composed of those investments approved in this policy and mortgage-backed securities as defined in Texas Government Code Chapter 2257.002. The maturity of the collateral security shall be no longer than a 30-year stated final maturity. Market value of the collateral shall be priced at least daily for repurchase agreements and monthly for time and demand deposits (including mortgage-backed securities).^{A,E}

Collateral shall always be held by an independent third party with whom the City of Lubbock has a current custodial agreement. This should be evidenced by a written agreement in an effort to satisfy the Uniform Commercial Code (UCC) requirement for control.^A A safekeeping receipt must be supplied to the City of Lubbock for any transaction involving sales/purchases/maturities of securities and/or underlying collateral, which the City of Lubbock will retain. The right of collateral substitution is granted provided the substitution has prior approval of the City and is followed by the delivery of an original safekeeping receipt to the City of Lubbock, and the replacement collateral is received prior to the release of original collateral.^A

The collateral agreement must be:

- In writing
- Approved by the board of directors of the depository or its loan committee; and,
- Continuously, for the time of its execution, an official record of the depository institution.^A

Safekeeping of Securities

All securities owned by the City shall be held in City designated third party safekeeping. All trades executed by a dealer will settle Delivery vs. Payment through the City's safekeeping agent.

Securities purchased by the City shall be held in a segregated account. Collateral pledged to the City securing Certificates of Deposit shall be held in joint custody at the Federal Reserve Bank. It is the intent of the City that all securities be perfected in the name of the City.

Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by the City of Lubbock shall be conducted on a delivery-versus-payment (DVP) basis. That is, funds shall not be wired or paid until verification has been made that the collateral was received by the Trustee. The collateral shall be held in the name of the City. The Trustee's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City.

Same Day Funds Settlement Procedures

All new issues will be made depository book-entry eligible, and principal and interest will be paid to the depository by fiscal agents in same-day funds on the payment date. For all existing issues, payments of principal and interest will be made to depositories by the fiscal agents in same-day funds on the payment date.

Each depository should pay bondholders in same-day funds on the payment date. On, or prior to the morning of the payment date, CUSIP number identification and dollar amount notifications will be sent to each depository using automated communications.^J

Reporting

Investment reports shall be prepared monthly and be signed and submitted by the Investment Officers, in a timely manner. These reports will be submitted to the City Manager and City Council. This report shall describe in detail the investment position of the City, disclose the market value and book value of each fund group as well as each separate investment, and state the maturity date of each security and accrued interest for the reporting period. It must also express the compliance of the portfolio to the investment strategy contained in the City's Investment Policy, the Act, and Generally Accepted Accounting Principles (GAAP). Market pricing information is obtained through the use of appropriate software available either externally such as through investment advisors, or internally. A written record shall be maintained of all bids and offerings for securities transactions in order to insure that the City receives competitive pricing. An independent auditor will review monthly investment reports on an annual basis, as required by the Act.^F

Changes in Statutes, Ordinances or Procedures

This policy is designed to operate within the restrictions set forth in applicable State of Texas and Federal laws and statutes, but it does not permit all activity allowed by those laws. Changes to state or federal laws, which restrict a permitted activity under this policy, shall be incorporated into this policy immediately upon becoming law. Changes to state or federal laws, which do not further restrict this policy, shall be reviewed by the Audit and Investment Committee and recommended to the City Council when appropriate.

Performance Review

The Audit and Investment Committee shall meet no less than quarterly to review the portfolio's adherence to appropriate risk levels and to compare the portfolio's total return to the established investment objectives and goals.

The Investment Officers shall periodically establish a benchmark yield for the City's investments, which shall be equal to the average yield on the United States Treasury security, which most closely corresponds to the portfolio's actual weighted average maturity, or other benchmark as approved by the Audit and Investment Committee. When comparing the performance of the City's portfolio, all fees and expenses involved with managing the portfolio should be included in the computation of the portfolio's rate of return.

Ethics and Conflicts of Interest

Investment Officers, employees, and Audit and Investment Committee Members involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager and the Texas Ethics Commission, any material financial interests in financial institutions that conduct business within this City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of this City's portfolio. A disclosure statement with the Texas Ethics Commission and the City Manager will also be filed if an Investment Officer, employee, or Audit and Investment Committee Member is related within the third degree by consanguinity or within the second degree by affinity, as determined under Chapter 573, to an individual seeking to sell an investment to the City. Employees and officers shall subordinate their personal investment transactions to those of the City particularly with regard to the timing of purchases and sales.

Internal Controls

The Investment Officers shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Audit and Investment Committee and with the independent auditor on an annual basis. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees and officers of the City.

Policy Revisions

The City Council shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies (2256.005(e)). The Audit and Investment Committee will review the Investment Policy and Investment Strategies annually. The Audit and Investment Committee shall forward modifications to the Policy or a resolution stating there are no changes to the City Council annually for City Council action.

Notes to the Investment Policy and Investment Strategy

Government Financial Officers Association (GFOA) Recommended Investment Practices

- ^ACollateralization of Public Deposits (1984, 1987, 1993, and 2000)
- ^BCommercial Paper (2001)
- ^CDiversification of Investments in a Portfolio (1997, 2002)
- ^DMaturities of Investments in a Portfolio (1997, 2002)
- ^EFrequency of Purchased Securities Valuation in Repurchase Agreements (1999, 2003)
- ^FMark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools (1995, 2000, 2003)
- ^GRepurchase Agreements & Reverse Repurchase Agreements (1986, 1995, 1998, 2000, 2003)
- ^HUse of Various Types of Mutual Funds by Public Cash Managers (2003)
- ^ISelection of Investment Advisors for Non-Pension Fund Assets (2003)
- ^JSame-Day Funds Settlement Procedures (2003)
- ^KGovernmental Relationships with Securities Dealers (2003)
- ^LUse of Cash Flow Forecasts in Operations (2005)

Additional GFOA Recommended Investment Practices that are not applicable to the City of Lubbock's Investment Portfolio

- Market Risk (Volatility) Ratings (1995)
- Master Trust and Custodial Bank Security Lending Programs (1995)
- Security Lending Programs – Master Trust, Custodial and Safekeeping Considerations (1995, 2002)
- Use of Derivatives by State and Local Governments for Cash Operating and Reserve Portfolios (1994, 2002)

Authority/Date Issued:

- City Council Resolution # 5728/December 18, 1997
- City Council Resolution # 5867/May 28, 1998
- City Council Resolution #6600/November 4, 1999
- City Council Resolution #2000-R0418/November 27, 2000
- City Council Resolution #2001-R0471/November 8, 2001
- City Council Resolution #2003-R0065/February 13, 2003
- City Council Resolution #2003-R0474/October 23, 2003
- City Council Resolution #2004- R0560/November 18, 2004
- City Council Resolution #2005- R0478/October 13, 2005
- City Council Resolution #2007- R0242/June 14, 2007
- City Council Resolution #2007- R0402/August, 23, 2007
- City Council Resolution #2008-R0113/April 10, 2008
- City Council Resolution #2009-R0138/April 9, 2009
- City Council Resolution #2010-R0159/April 8, 2010
- City Council Resolution #2011-R0135/April 14, 2011
- City Council Resolution #2012-R0033/January 26, 2012
- City Council Resolution #2013-R0050/January 31, 2013
- City Council Resolution #2014-R0002/January 9, 2014
- City Council Resolution #2014-R0002/January 8, 2015

Glossary

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

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

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

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Lubbock, Texas. It includes combined financial statements for all fund types and account groups as well as combining financial statements, as applicable, and footnotes prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical and Supplemental Information Section.

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

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

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

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

money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

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

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

DIVERSIFICATION: Dividing investment funds among securities offering independent returns.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit until December 31, 2014.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open market operations.

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

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

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

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

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

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

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

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve’s most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

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

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

who is seeking a reasonable income and preservation of capital.

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

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

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

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

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

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

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Debt Policy

The City's Executive Director of Finance is charged with the responsibility for prudently and properly managing any and all debt incurred by the City. The following policy provides the methods, procedures, policies and practices which, when exercised, ensure the sound fiscal management of the City's debt program.

SCOPE

This policy applies to all long-term debt securities issued by the City. This may include general obligation bonds, certificates of obligation, revenue bonds, capital leases, private placements, and letters of credit. The debt of the City is recorded in the *Government-Wide Financial Statements* with columns breaking out governmental activities from business-type activities. The fund financial statements use a different measurement focus for governmental funds, recording debt service expenditures rather than long-term liabilities. The fund financial statements for *Enterprise and Internal Service Funds* record long-term liabilities for accounting purposes, but focus on debt service expenditures when budgeting.

General-purpose debt and tax-supported debt instruments are recorded in the *Government-Wide Financial Statements in the governmental activities column* while current principal and interest requirements and necessary resources to service debt instruments are recorded in the *Debt Service Fund*.

Most self-supported Certificates of Obligation are recorded in the fund that generates the user fees that are pledged to repay the debt. For example, Water Certificates of Obligation are recorded in the *Water Enterprise Fund*, Sewer Certificates of Obligation in the *Sewer Enterprise Fund*, and so on. An exception is when the self-supported issuance is supported by a dedicated revenue source in Special Revenue Funds, such as Hotel/Motel Tax, Gateway Franchise Fees, and Tax Increment Financings. These certificates are recorded in the *Government-Wide Financial Statements in the governmental activities column*, as they are general-purpose debt.

Revenue bonds are recorded in the Enterprise Fund that generates the user fees that are the underlying revenue pledge for the debt. For example, Electric Revenue Bonds are recorded as a liability in the *Electric Enterprise Fund*.

Capital leases for governmental funds are recorded in the *Government-Wide Financial Statements* in the governmental activities column, while the debt service expenditures are recorded in the *General Fund*. Capital leases for business-type activities are recorded in the *Enterprise Funds* and the *Internal Service Funds* based on the fund that collects the fees that support the lease. The funds are accounted for in the *City of Lubbock Comprehensive Annual Financial Report ("CAFR")*.

DEBT LIMITS

While there is no direct debt limitation in the City Charter or under state law, the City operates under a Home Rule Charter that limits the maximum tax rate, for all City Purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

The City evaluates new debt issuance as it relates to the current debt level. The amount of debt retired each year is compared to the amount of debt to be issued any given year and an analysis performed to determine the community's ability to assume and support additional debt service payments. When appropriate, the issuance of self-supporting revenue bonds and self-supporting certificates of obligation are also considered.

An objective, analytical approach is used to make the determination of whether debt is issued. The process compares generally accepted standards of affordability to the current values for the City. Those standards may include measures such as: debt per capita, debt as a percent of assessed value, debt service payments as a percent of current revenues and/or current expenditures, and the level of overlapping net debt of all local taxing jurisdictions.

OBJECTIVES

Legal and Regulatory Compliance

The City's debt policies and procedures are designed to ensure compliance with all state and federal law governing debt, including but not limited to, state law, federal law, U.S. Constitution, Internal Revenue Service rules and regulations, Securities and Exchange Commission ("SEC") regulations, Municipal Securities Rulemaking Board ("MSRB") regulations, court rulings, existing debt covenants, and City Charter provisions.

As a result of the importance of complying with all legal and regulatory requirements, the Executive Director of Finance and the City Attorney will coordinate all activities necessary to issue debt, including but not limited to the following:

- selection of bond counsel;
- review ordinances and resolutions provided by bond counsel;
- review all documents necessary to issue debt provided by bond counsel; and
- verify compliance with the City Charter.

RESPONSIBILITY AND CONTROL

The ultimate responsibility and authority for issuing debt is approval by the City's governing body, the City Council. The Executive Director of Finance is charged with the responsibility for the appropriate management of

Debt Policy

the City's debt program. The Senior Financial Analyst executes the day-to-day debt functions of the debt program following the policies and procedures as well as the guidance and recommendations of the Executive Director of Finance, Senior Management, and City Council.

SELECTION OF SERVICE PROVIDERS

Financial Advisors

The Executive Director of Finance provides recommendations for the selection of a financial advisor for the City's debt program. The financial advisor may perform the following duties including but not limited to the following: presenting all available financing alternatives, comprehensive analyses for debt refinancing, recommendations for alternative financial structures, development of timing and sale of new issues, coordinating the market timing and pricing of debt securities, issuing and disseminating the bond offering documents and other disclosure requirements, coordinating with the underwriters of the bond issuance, seeking and coordinating ratings from the nationally recognized rating agencies, and providing guidance and advice about debt-related topics and the capital markets.

The recommendations to select a financial advisor may be based on the results of a formal request for proposal process or may be based on a quantitative and qualitative analysis of financial advisors. In either case, when the recommendation is made for Senior Management and City Council approval, the basis for the recommendation will be submitted for review. The engagement of a financial advisor is implemented through the approval of a contract by the City Council that has a term of no more than five years.

Bond Counsel

The Executive Director of Finance coordinates with the City Attorney and Senior Management on the selection of bond counsel. When the bond counsel has been selected, they are responsible for providing an opinion to investors in two specific areas: First, the bond counsel must assure investors that the securities are valid and legally binding obligations of the City. Second, the bond counsel will state whether the interest on the bonds is exempt from federal taxation. The bond counsel also prepares all bond documents necessary to execute the bond issuance. The bond counsel is responsible for coordinating with the City Attorney's Office, City Secretary's Office and Finance Office as well as the City's financial advisor to ensure that all tasks associated with the bond issuance are completed within prescribed timeframes.

Paying Agent/Registrar

The City's financial advisor may conduct a request for proposal process to select the paying agent/registrar for each new issue and may recommend the successful candidate for approval by City staff.

Underwriters

In a negotiated sale (See Methods of Sale), the Executive Director of Finance, after review with Senior Management, makes recommendations about which underwriting firms to include in the underwriting syndicate. A diverse group of securities firms will be chosen based on past performance, demonstrated ability to resell, prior municipal issuance experience and other factors.

Bond Insurer

Credit quality and marketability of securities may be enhanced through the purchase of municipal bond insurance. The City may pay a single premium and in turn the bond insurer unconditionally guarantees the payment of principal and interest to bondholders in the event of default.

Prior to purchasing insurance for an issue, the City performs a cost-effectiveness analysis with assistance from the financial advisor and bond counsel. Due to the City's high credit quality, the costs of insurance typically outweigh the benefits the City may derive by insuring an issue, but due consideration will be given to the possibility of insurance.

CAPITAL PROGRAM

One of the City Council's goals is to maintain the excellent quality of the City's infrastructure. One of the mechanisms to achieve that objective is the maintenance of a Capital Program.

Citizen's Advisory Committee

Approximately every five years, the City initiates the development of a multi-year financing and management tool that identifies public facility and equipment requirements, places these requirements in order of priority, and schedules them for funding and implementation. The City Council begins the process by appointing a Citizen Advisory Committee, made up of citizens that have skills and abilities suited to make recommendations on needed capital improvements.

A finance subcommittee is typically appointed and charged with the objective of evaluating the current debt capacity and recommending an amount of debt (including structure, maturity and other relevant elements) the City can incur within parameters set by City Council regarding tax rates, fee structure, and debt policies.

When the Citizen's Advisory Committee has made their recommendations, and the City Council approves all or part of these recommendations, an election is scheduled to seek a public vote to approve the issuance of general-purpose debt that will be supported by property tax. The amount of general-purpose debt approved by the voters is issued, as needed, for construction of approved capital projects. The underlying asset that is being financed should have useful life that is equal to, or longer than the

Debt Policy

maturity schedule of the debt issued for the financing of the asset. Since issuing debt costs more than purchasing assets outright, the use of financing will be carefully evaluated to ensure that benefits, tangible and/or intangible, derived from financing exceed the related financing costs.

Ongoing Capital Needs – “Pay-as-you-Go”

Capital Projects are generally defined as costs to construct an asset or system improvement that exceeds \$25,000 and has a useful life of at least five years.

The City Council’s goals and policies focus on infrastructure maintenance. The City strives to maintain capital assets and infrastructure at a sufficient level to protect the City’s investment to minimize future replacement and maintenance costs, and to maintain service levels.

An annual review of the (1) need for capital improvements and equipment, (2) current status of the City’s infrastructure, (3) replacement and renovation needs, and (4) potential new projects, is implemented during the budget process. All projects, ongoing and proposed, are prioritized based on an analysis of current needs and resource availability. For every capital project, all operation and maintenance costs are included in the proposal as well as start date, requested total budget, the amount expected to be expended each year, and proposed sources of financing.

The Finance Office matches all of the eligible requests which represent the full range of capital needs, with all known sources of funding. The requests are prioritized in order of need. Decisions are made on prioritization of proposed projects using sound judgment of criteria such as:

- requirements on operations to meet anticipated growth;
- need for an orderly replacement of existing capital facilities and equipment;
- current levels of capital repair and replacement including obsolescence;
- projects that demonstrate an ultimate cost recovery/savings;
- ongoing and projected future maintenance requirements; and
- the extent to which a project addresses a public health or safety issue or court order/mandate.

Capital Projects may be funded using current revenues (property tax, dedicated tax, Enterprise User fees, etc.) grant funds, contributions (such as developer contributions) and the issuance of debt.

Capital Projects are considered for issuance of debt when construction is to provide infrastructure to meet growth

needs, so that future residents may service the debt in addition to current users and when the project requires an immediate large capital outlay or is for an unusually large total amount. This reduces the onerous tax burden that would be necessary to fund the Capital Project on a “pay-as-you-go” basis.

Current operating and maintenance costs are not funded with debt issuance.

METHODS OF SALE

The City typically chooses from three different methods of selling debt securities. The methods and the description of each method are listed below:

- 1. Competitive Sale** – Bonds are awarded in an auction-style of sale to an underwriter or syndicate of underwriters that provides the lowest True Interest Cost (TIC) bid. TIC is defined as the rate, which will discount the aggregate amount of debt service payable over the life of the bond issue to its present value on the date of delivery. The successful underwriter is required to provide a “good faith deposit” to the City in the amount of two percent of the total issuance. This deposit will be returned to the lead underwriter within 24 hours of the successful delivery of the bonds. Competitive sales offer all interested underwriters an opportunity to compete for the reoffering of the City’s bonds.
- 2. Negotiated Sale** – The City chooses an underwriter or underwriting syndicate that is interested in reoffering a particular series of bonds to investors. The terms of the sale, including the size of the underwriter’s discount, date of sale, and other factors are negotiated between the City and the Underwriter(s). The lead underwriter is required to provide a “good faith deposit” to the City in the amount of one percent of the total issuance.

Although the method of sale is termed negotiated, individual components of the sale may be competitively bid. The components are subject to a market analysis and reviewed prior to recommendation by staff. Negotiated sales are more advantageous when there needs to be some flexibility in the sale date and market volatility is a concern.

Negotiated sales are also often used when the issue is particularly large, if the sale of the debt issuance would be perceived to be more successful with pre-marketing efforts when a desired debt structure is a necessity and when market timing is a consideration.

- 3. Private Placement** – The sale of debt securities to a limited number of sophisticated investors without the use of certain traditional financing documents such as an official statement and the possibility of no credit

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ratings. The City may engage a placement agent to identify likely investors. A private placement is beneficial when the issue size is small or when the security for the bonds is weak since the private placement permits issuers to sell riskier securities at a higher yield to investors that are familiar with the credit risk.

The City considers the following criteria when determining the appropriate method of sale for any debt issuance:

- Complexity of the Issue – Municipal securities with complex security features require greater marketing and buyer education efforts on the part of the underwriter, to improve the investors’ willingness to purchase.
- Volatility of Bond Yields – If municipal markets are subject to abrupt changes in interest rates, there may need to be some flexibility in the timing of the sale to take advantage of positive market changes or to delay a sale in the face of negative market changes.
- Familiarity of Underwriters with the City’s Credit quality – If underwriters are familiar with the City’s credit quality, a lower True Interest Cost may be achieved. Awareness of the credit quality of the City has a direct impact on True Interest Cost an underwriter will bid on an issue. Therefore, where additional information in the form of presale marketing benefits the interest rate, a negotiated sale may be recommended.
- Size of the Issue – The City may choose to offer sizeable issues as negotiated so that pre-marketing and buyer education efforts may be done to promote the bond sale.
- Costs of Issuance – Should the City decide to offer a small issue, it may choose a private placement in order to avoid the usual higher costs of issuance generally associated with competitive and negotiated sales.

COMPETITIVE SALE BIDDING PARAMETERS

The City seeks to identify bidding parameters such that bidders have sufficient flexibility to make the best possible bid. Bidding parameters are structured in the initial planning of the sale to enhance the attractiveness of the offering such that the lowest “True Interest Cost” may be achieved.

Bid Verifications

The City of Lubbock awards successful bidders on the basis of the lowest “True Interest Cost”.

Good Faith Deposits

Bidders collectively choose a bank to be the good faith bank to represent several in providing a good faith deposit. The bidders keep funds on deposit to cover the good faith check if necessary. The Financial Advisor

collects a cashier’s check in advance for two percent of the issue if the issue is competitive or for one percent of the issue if the issue is negotiated. Bidders not covered by the good faith bank must provide a good faith check at the time they submit their bid. Good faith checks of the non-winning bidders will be returned immediately after the bid is awarded, usually through overnight mail. The good faith check of the winning bidder is returned within 24 hours of the issue closing, usually through overnight mail.

Allowable Discounts

In most cases, the City requires bidders to purchase bonds at par. When there are no prevailing limitations, a discount may be permitted when market conditions indicate a discount will be a more competitive bid and when there is flexibility to increase the par amount of the issue. If there is considerable market activity on the date of the proposed sale or other market-related factor to necessitate improving the marketability of the issue, discounts may be permitted. Bidders are notified in advance of the allowance for discounts.

Term Bonds

Bidders may form term bonds based on the length of the maturity schedule. In a 20-year maturity they may form anywhere between 3-5 terms. The resulting term bond structure must completely mirror the serial bond structure.

NEGOTIATED SALE – DESIGNATION POLICIES

In a negotiated sale, the City reserves the right to mandate a “priority of orders” that dictates the sequence in which investors are allocated bonds. In the absence of a specific policy mandated by the City on a particular bond sale the order of priority will be (1) City Residents orders, (2) Net Designated orders, and (3) Syndicate Member orders.

The City uses designation rules that reward performance in a negotiated sale. The most common order type used by the City is the Net Designated Orders. This type of order permits the investor placing the order to designate which syndicate members receive credit for its order. The City, at its discretion, may require that each investor must designate a minimum number of syndicate members and no one firm may receive more than 50 percent and no less than 10 percent credit. The minimum number of firms to be designated will be decided by the City prior to pricing the bonds.

Retention

Prior to pricing a bond issue, the City will select a lead underwriter and co-managing underwriters for the underwriting syndicate. Each member of the syndicate will then be assigned an “account liability” for purposes of determining the amount of the unsold bonds that will be allocated to each member of the syndicate. The total account liabilities will add up to 100 percent and the lead underwriter will typically have a larger liability than the co-managing underwriters.

Debt Policy

Management Fee

A management fee may be awarded to compensate the underwriters for providing assistance in structuring of the transaction, review of documents, coordination of the working group, efforts to obtain credit enhancement and other tasks. The management fee is typically allocated in the same allocation as the account liabilities.

BOND RATING AGENCY APPLICATION

Prior to issuing new debt or to issuing refunding debt, the City will submit a rating application to at least two of the nationally recognized rating agencies, which are Moody's Investors Service, Standard & Poor's Rating Service and Fitch Ratings.

As part of the application process, City staff and elected officials may make a bond rating presentation directly to the credit analysts of the selected rating agencies. The City evaluates each time whether the circumstances favor making the presentation at the Bond Rating Agency offices, as a site visit or in some other convenient location. Included in the presentation, staff compiles information relevant to the City's current economic and financial condition as well as City initiatives. When issues occur frequently, the rating agency application and offering document will be supplemented by a minimum of a written presentation of updated information about the City since the last rating application.

Annually, the City will distribute the CAFR and the current operating and capital budgets to each of the bond rating agencies that maintain ratings on the City's outstanding debt obligations. Information about the City is also available on the City's website, www.mylubbock.us.

DISCLOSURE DOCUMENTS

The financial advisor normally assists the City in the preparation of the Official Statement in conjunction with the sale of bonds. The Official Statement contains relevant economic, financial and debt information to prospective purchasers of the new issue. Underwriters are required by SEC Rule 15c2-12 to obtain a copy of the Official Statement that is "deemed final" within 10 days following the bidding or purchasing a new issue of securities. The senior underwriter files a copy of each Official Statement with the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs").

Continuing Disclosure

The City is required under the provisions of SEC Rule 15c2-12 to provide current information annually to update certain information typically required in each Official Statement. The Official Statement provides relevant information in a series of tables. Those tables are updated and provided in the City's Comprehensive Annual Financial Report on an annual basis. This ensures the underwriters and investors have the opportunity to preview current information about the City prior to bidding or purchasing part or all of a City issuance or purchasing outstanding obligations in the secondary market. The CAFRs are filed with current appointed NRMSIRs.

Additionally, the City will also provide timely notices of certain events to the Municipal Securities Rulemaking Board ("MSRB"). The City will provide notice of any of the following events with respect to bonds issued within ten business days after the occurrence of an event: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) redemption of the Obligations, if material, and tender offers, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material. (Neither the Obligations nor the Ordinances make any provision for debt service reserves or liquidity enhancement.)

Debt Policy

BOND TYPE & STRUCTURE

Fixed Interest versus Variable Interest

The City primarily issues fixed rate bonds to protect the organization against interest rate risk. The City has the option to issue variable rate bonds, and may do so if market conditions warrant consideration of such a structure.

General Obligation Bonds

The City issues General Obligation Bonds for general purpose capital improvements when benefits accrue to the entire community. General Obligation Bonds are also used when the expectation of the project is that it will not generate significant revenues.

The City pledges its “full faith and credit” and levies property tax to repay the debt. In order to issue General Obligation Bonds, the City’s voters must authorize the amount to be issued through a referendum.

General Obligation Bonds are sold for a term equal to, or less than, the useful life of the project that it is funding.

Certificates of Obligation

The City has the opportunity to issue Certificates of Obligation, which are basically general obligation debt that do not require voter approval.

Although voter approval is not required additional notification requirements do apply.

Certificates of Obligation are often issued in cases where user fees are pledged to repay the debt. Current examples include Water, Sewer, Solid Waste, and Airport.

Certificates of Obligation are available for governments when the improvements being sought are necessary for the health, safety and welfare of the citizens.

Revenue Bonds

The City issues Revenue Bonds primarily for Lubbock Power & Light. Revenue Bonds are secured by a specific source of revenue. There is no tax pledge. Revenue Bonds are issued to pay for improvements that benefit the users that repay the debt through user fees.

Typically the City is required to fund a Reserve Fund that has no less than the highest annual debt service payment or an average annual debt service amount on deposit as a contingency. Another method to provide for contingencies is to purchase a Surety Bond in the amount of the average annual debt service or highest annual debt service. The costs of both methods are evaluated prior to a revenue bond issue by the City and the Financial Advisor. The City fully complies with reserve fund requirements set forth in any and all bond covenants.

When Revenue Bonds are issued or are outstanding, coverage requirements consistent with the bond covenant will be maintained.

Conduit Securities

The City acts as a conduit for tax-exempt financing for several entities within the City. Those entities include but are not restricted to (1) Lubbock Health Facilities Development Corporation, (2) Lubbock Housing Finance Corporation, (3) Lubbock Educational Facilities Authority, Inc., and (4) Vintage Township Public Facilities Corporation.

The City assumes no liability for the timely payment of debt issued by entities that issue conduit financing.

The City may compel the entity issuing conduit financing to (1) commit to provide the municipal securities market with continuing disclosure information, (2) issue an Official Statement or other disclosure document that clearly describes the lack of direct financial support from the City, or (3) obtain an opinion that states that the City will not be liable for the payment of principal and interest in the event of default by the conduit borrower. If the opinion cannot be obtained, the City may ask the conduit borrower to purchase bond insurance or provide a letter of credit in the City’s name to protect taxpayers in event of default.

Structure

Bonds are generally issued for 10 or 20 years, depending on the life of the asset. Typically interest is paid in the first fiscal year after a bond sale and principal is paid no later than the second fiscal year after the debt is issued. Call provisions for bond issues shall be made as short as possible consistent with the lowest interest cost to the City. The targeted maximum length to call is 10 years.

INVESTMENT OF BOND PROCEEDS

The City maintains in its Investment Policy document approved by the City Council, the strategy and policies for investing bond proceeds. Interest on bond proceeds is restricted such that it may only be used to fund projects that have the same purpose as the purpose for which the bonds were originally issued. Construction proceeds are typically invested in short-term securities so that they are liquid. Interest & Sinking funds may be invested longer as they have to be maintained for the life of the issue.

ARBITRAGE COMPLIANCE

The City will follow a policy of full compliance with all arbitrage rebate requirements of the federal tax code and Internal Revenue Service regulations and will perform (via contract consultant) arbitrage calculations for each issue subject to rebate on an annual basis. All necessary rebates will be filed and paid when due.

Debt Policy

Arbitrage Calculations & Rebate

On fixed-yield issues, the calculation of rebate must be performed no later than each 5-year anniversary date of the issuance (“Delivery Date”) of the bonds and at final maturity. Where bond interest earnings exceed the arbitrage yield, the City rebates those excess earnings to the Internal Revenue Service. The City keeps detailed records of investments and construction and provides this information to the consultant for the arbitrage calculation.

Exceptions to Rebate Calculations

Six-month Exception – Where 95 percent of the proceeds will be spent within six months and the other five percent will be spent within 12 months.

Twenty-Four Month Exception – Only available to a construction issue has the following expenditure goals:

- 10 percent in 6 months
- 45 percent in 12 months
- 75 percent in 18 months
- 100 percent in 24 months (with a 5% de minimus holdback)

The irrevocable election must be made on or before the date the bonds are issued. This option includes a “penalty in lieu of rebate”. When the spending schedule is not met, the issuer pays a 1 1/2 percent penalty each six months on the cumulative shortfall for the spending goals specified above.

Eighteen-Month Exception - Available for any type of proceeds and includes the following spending schedule:

- 15 percent in 6 months
- 60 percent in 12 months
- 100 percent in 18 months (with a 5% de minimus holdback)

REFUNDING & RESTRUCTURING OPTIONS

The City may elect to refund existing debt for any of the following reasons:

- To achieve interest rate savings in a declining interest rate environment;
- To update covenants on outstanding debt which impair efficient operations, require burdensome coverage, or prohibit necessary or desirable activities;
- To restructure the pattern of debt service associated with outstanding bond issues; and
- To alter bond characteristics such as call provision or payment dates.

Types of Refunding

- Current refundings are when outstanding debt is callable within 90 days. Most City debt has a ten-year call date built into its structure. When debt reaches the call date, refunding bonds may be issued to pay off the old debt.
- Advance refundings are refundings where the debt is not callable within 90 days. In an advance refunding the proceeds to defease the debt at its call date are placed in an irrevocable escrow until the call date. The amount to be deposited into the escrow is calculated by identifying the amount necessary to deposit, which will earn a fixed rate of interest, to accumulate to the amount necessary to be available upon the call. This practice prevents exposure to the practice of “yield burning” since there are no excess earnings under this structure.

The Tax Reform Act of 1986 limits each issue to one advance refunding for all issues issued after 1986.

When interest rate savings is the principal reason for advance refunding an issue, the City will have as a goal to, but not a requirement to, include issues that contribute three percent or more present value savings. Other factors may also affect the City’s decision to advance refund an issue.

DEBT RATIOS

The City has identified key debt ratios that investors and financial analysts use when reviewing the City’s creditworthiness. The City has established a floor and ceiling amount for each debt ratio and will periodically update for investors and others the values for these ratios. These ratios include:

- Debt as a percentage of assessed value – This ratio indicates the relationship between the City’s debt and the taxable value of property in the City or the City’s ability to repay the debt.
- Debt per capita is the ratio that indicates the per capita debt burden and is a general indicator of the City’s debt burden.
- Debt per capita as a percentage of per capita income is a measure of the capacity of citizens to finance tax-supported debt. A low ratio means that taxes required to pay debt represent a smaller portion of the average citizen’s income.
- Debt Service as a percent of general governmental expenditures – City’s ability to repay debt without hampering other City services.
- Unreserved General Fund Balance as a percent of General Fund Operating Expenses.



ORDINANCE NO. _____

AN ORDINANCE APPROVING AND ADOPTING A BUDGET FOR FISCAL YEAR 2015-16; APPROVING SUMMARY OF ESTIMATED AND FORECASTED REVENUES, APPROPRIATIONS, AND UTILIZATION OF NET ASSETS FOR ALL FUNDS OF THE CITY; PROVIDING FOR NECESSARY TRANSFERS OF FUNDS BETWEEN ACCOUNTS AND DEPARTMENTS, IF REQUIRED; AUTHORIZING REDUCTION OF SPENDING BY CITY MANAGER IF NECESSARY; PROVIDING FOR FILING OF ADOPTED BUDGET; ESTABLISHING CIVIL SERVICE CLASSIFICATIONS AND POSITIONS; APPROPRIATING FUNDS FOR THE FISCAL YEAR 2015-16 OPERATING BUDGET AND CAPITAL PROGRAM OF THE CITY OF LUBBOCK; APPROVING INCLUSION OF EQUIPMENT AND PROPERTY TO BE PURCHASED AS A PART OF THE MASTER LEASE PROGRAM; AUTHORIZING THE MAYOR TO APPROPRIATE CERTAIN FUNDING DURING A DULY DECLARED STATE OF DISASTER; APPROVING ALL PERMIT, LICENSE, FEES, AND CHARGES FOR SERVICE RECOMMENDED TO BE ADJUSTED; APPROVING THE PAY PLAN AND POSITIONS; AMENDING SUBSECTION 22.04.041(a) AND 22.04.041(b) OF THE CODE OF ORDINANCES OF THE CITY OF LUBBOCK BY REVISING WASTEWATER RATES CONTAINED THEREIN AND PROVIDING AN EFFECTIVE DATE FOR SUCH; AMENDING SUBSECTION 22.06.185(a) OF THE CODE OF ORDINANCES OF THE CITY OF LUBBOCK BY REVISING SOLID WASTE COLLECTION RATES AS CONTAINED THEREIN; AMENDING SUBSECTION 22.03.084 OF THE CODE OF ORDINANCES OF THE CITY OF LUBBOCK BY REVISING WATER RATES AS CONTAINED THEREIN AND PROVIDING AN EFFECTIVE DATE FOR SUCH; ACCEPTING THE BUDGETS FOR LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE, MARKET LUBBOCK, INC., CIVIC LUBBOCK, INC., AND VINTAGE TOWNSHIP PUBLIC FACILITIES CORPORATION; FINDING THAT PROPER NOTICE OF MEETING PROVIDED BY LAW AND RATIFYING SUCH; PROVIDING FOR PUBLICATION; AND PROVIDING FOR A SAVINGS CLAUSE.

WHEREAS, the City Manager has prepared certain figures for the Fiscal Year 15-16 Proposed Operating Budget and Capital Program (Proposed Budget) and has submitted the same to the City Council; and

WHEREAS, the City Manager filed the Proposed Budget with the City Secretary for the fiscal year beginning October, 1, 2015; and

WHEREAS, the City Secretary posted notice that the Proposed Budget had been filed and a public hearing called thereon by the City Council at City Hall; and

WHEREAS, the City Council determined that the Proposed Budget, as revised, is appropriate and correct in all respects and that all requirements of the law have been satisfied; and

WHEREAS, the City Council of the City of Lubbock deems it to be in the best interest of the citizens of the City of Lubbock to adjust the solid waste residential and commercial fees, wastewater base charge and volume charge, and water base charge collection rates within the City of Lubbock to reflect costs of service;

NOW THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

SECTION 1. THAT the budget proposed by the City Manager and filed with the City Secretary for fiscal year October 1, 2015 through September 30, 2016, which is attached hereto as Exhibit A, be and is hereby approved and adopted as the FY 2015-16 Adopted Operating Budget and Capital Program (Adopted Budget), and made a part of this ordinance for all purposes.

SECTION 2. THAT a summary of estimated and forecasted revenues, appropriations, and any utilization of net assets for all Funds of the City is hereby approved in all respects and is attached hereto as Exhibit B.

SECTION 3. THAT any necessary transfer of funds between accounts below the department level recommended by the City Manager for City purposes or as a result of unusual or unforeseen conditions during the administration of the Adopted Budget are hereby approved, however, any transfer of funds between departments shall be presented to the City Council for approval by ordinance before such funds can be transferred between funds or expended. A listing of transfers between funds that are included in the Adopted Budget are attached hereto as Exhibit C.

SECTION 4. THAT to the extent that actual revenues are projected to be less than the budgeted revenues, the City Manager is authorized to reduce spending as necessary in order to prevent expenditures from exceeding available revenue sources; and that in the event such action is taken, the City Manager shall immediately notify the City Council in writing with appropriate explanation.

SECTION 5. THAT all balances of appropriation in each fund, which support authorized obligations, or are encumbered at the close of business for the fiscal year ended September 30, 2015, are hereby declared to be re-appropriated into the Adopted Budget beginning October 1, 2015.

SECTION 6. THAT a copy of the Adopted Budget shall be filed with appropriate officials as required by law.

SECTION 7. THAT in accordance with Section 2.06.109 of the Code of Ordinances of the City of Lubbock, the civil service classifications and positions set forth in the Adopted Budget are hereby established by Ordinance.

SECTION 8. THAT the funding, as set forth in the Adopted Budget, and as also set forth in the Capital Program, are hereby appropriated by project and scope as set forth in the Capital Budget. A Capital Program Summary is attached hereto as Exhibit D.

SECTION 9. THAT any additional appropriation or the addition of capital projects shall be presented to the City Council for approval by ordinance before such funds can be expended. The appropriation for a project in the Capital Program shall continue in force until the purpose for which the appropriation was made has been accomplished or abandoned.

SECTION 10. THAT the inclusion of equipment and property to be purchased as a part of the Master Lease Program is hereby approved and the City Manager and/or Executive Director of Finance and/or his or her designee are hereby directed to execute any and all documents necessary to consummate such purchases as outlined in the Master Lease Vehicle Replacement Schedule, set forth on Exhibit E and in the Master Lease Equipment Replacement Schedule, set forth on Exhibit F.

SECTION 11. THAT during a duly declared state of disaster, the Mayor may authorize up to \$500,000 from the General Fund, to be reimbursed by state or federal funds, for expenditures related to widespread or severe damage, injury, or loss of property.

SECTION 12. THAT all fees, fines and charges for services recommended to be adjusted are approved as listed in Exhibit A.

SECTION 13. THAT the pay plan is approved as listed in Exhibit G.

SECTION 14. THAT personnel is adopted as reflected in Exhibit H. Sworn Police Officers totaling 433 are authorized and funded.

SECTION 15: THAT Subsection 22.04.041(a) and (b) of the Code of Ordinances, City of Lubbock, Texas are hereby amended to read as follows:

Section 22.04.041 Rates charged for sewer service

- (a) The city, through the city manager, shall charge and collect from every customer and every customer shall pay a monthly base charge for wastewater service which shall be billed to all customers based upon the water meter size as follows:

<u>Meter Size</u>	<u>Base Charge</u>
No meter	\$60.57
Three-quarter inch (3/4") meter	16.00
One inch (1") meter	19.49
One and a half inch (1.5") meter	28.18
Two inch (2") meter	38.64
Three inch (3") meter	63.07
Four inch (4") meter	97.92
Six inch (6") meter	185.07
Eight inch (8") meter	289.64
Ten inch (10") meter	411.67

- (b) In addition to the base charge, the city, through the city manager, shall determine the volume of wastewater flow produced by each customer as described herein and each customer shall pay the wastewater volume rate per one thousand (1,000) gallons, which shall be as follows:

Flow rate: \$2.67

The volume of wastewater flow produced by a single family residential customer and customers not required to meter as provided in section 22.04.042 of the Code of Ordinances of the City of Lubbock shall be determined by calculating the average water volume used as measured by the non-irrigation meter readings for the months of November, December, January and February. This volume shall be defined as the household based consumption (HBC), and it shall be updated for billing purposes in March of each year. In the event a residential customer or premises (i.e., a new premises) does not have a water consumption history for such months, a water volume of 7,000 gallons per month shall be utilized by default. If the volume of water used drops below the HBC volume, the lesser volume shall be used for determining the volume used for single-family residential customers in the calculation of the monthly bill for services rendered. If the volume of water used exceeds the HBC volume, the HBC volume shall be used for determining the volume used for single-family residential customers in the calculation of the monthly bill for services rendered. The volume of wastewater flow produced by other customers shall be determined as provided for in section 22.04.042 of the Code of Ordinances of the City of Lubbock.

SECTION 16: THAT the Wastewater Volume Charge and Base Charge as set forth in this Ordinance shall be effective for all billings for such services dated on or after December 1, 2015. The Wastewater Base Charge and Volume Charge currently in effect shall remain in effect until the effective date of the Wastewater Volume Charge and Base Charge as set forth herein.

SECTION 17: THAT Subsection 22.06.185(a) of the Code of Ordinances, City of Lubbock, Texas, is hereby amended to read as follows:

Sec. 22.06.185(a)

- (a) An assessment is hereby levied for removing garbage, rubbish, and trash in accordance with the schedule listed in this section. This shall be the minimum assessment and any additional charges for extra pickups, extra service, or extra containers which are now or may in the future be assessed shall be in addition to this charge.
- (1) Residential (One unit): fifteen dollars and seventy-five cents (\$15.75) per month, effective October 1, 2015, plus any applicable surcharge.
 - (2) Small commercial, churches, day nurseries, private schools, professional offices, home beauty shops, other customary home occupations, nursing homes, orphan, maternity, and geriatric homes, lodges, sororities and fraternities generating less than twenty (20) cubic feet per pickup and sharing with at least 3 other business or residential units: fifteen dollars and seventy-five cents (\$15.75) per month effective October 1, 2015, plus any applicable surcharge.
 - (3) Multifamily (more than four units with container), mobile home parks with container, commercial, institutional, hotels, dormitories, motels, hospitals, clinics, governmental agencies, and industrial:

Container Size (Cubic Yards)	Monthly Charge
2 or less	\$ 41.90
3	62.11
4	82.32
6	119.17
8	156.01

Plus any applicable surcharge

SECTION 18: THAT Subsection 22.03.084 of the Code of Ordinances, City of Lubbock, Texas is hereby amended to read as follows:

Effective December 1, 2015, the city, through the city manager, shall charge and collect from every customer and every customer shall pay a monthly base charge for water which shall be billed to all customers based upon the water meter size as follows:

Meter Size	Water Base Charge
Three-quarter inch (3/4") meter	\$ 18.25
One inch (1") meter	30.46
One and a half inch (1.5") meter	60.74
Two inch (2") meter	97.63
Three inch (3") meter	194.63
Four inch (4") meter	304.07
Six inch (6") meter	607.98
Eight inch (8") meter	972.79
Ten inch (10") meter	1,398.54

SECTION 19: THAT the Water Volume Charge currently in effect shall remain in effect.

SECTION 20. THAT the proposed budgets of the following Component Units and Related Entities are accepted as presented by their Boards: Lubbock Economic Development Alliance, Civic Lubbock, Inc., and Vintage Township Public Facilities Corporation. The proposed budget for the Component Unit, Market Lubbock Inc., is accepted as presented by its Board with the exception of the Property Tax Allocation, which has been amended to reflect the amount of property tax to be given to Market Lubbock, Inc. in the Economic Development Fund.

SECTION 21: THAT the City Council finds and declares that sufficient written notice of the date, hour, place and subject of this meeting of the Council was posted at a designated place convenient to the public at the City Hall for the time required by law preceding this meeting, that such place of posting was readily accessible at all times to the general public, and that all of the foregoing was done as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents of posting hereof.

SECTION 22. THAT the City Secretary is hereby authorized and directed to cause publication of the descriptive caption of this Ordinance as an alternative method of publication as provided by law.

SECTION 23. THAT should any section, paragraph, sentence, clause, phrase or word of this Ordinance be declared unconstitutional or invalid for any reason, the remainder of this Ordinance shall not be affected thereby.

SECTION 24. THAT matters revised after the proposed budget was filed with the City Secretary are as follows:

AND IT IS SO ORDERED

Passed by the City Council on first reading this _____ day of _____, 2015.

VOTING FOR PASSAGE:

VOTING AGAINST PASSAGE:

Council members present but not voting: _____

Council members absent: _____

Passed by the City Council on second reading this ____ day of _____, 2015.

VOTING FOR PASSAGE:

VOTING AGAINST PASSAGE:

Council members present but not voting: _____

Council members absent: _____

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza
City Secretary

APPROVED AS TO CONTENT:

Cheryl Brock
Executive Director of Budget

APPROVED AS TO FORM:

Amy L. Sims
Deputy City Attorney

Exhibit B - All Funds Summary

	Budget
	FY 2015-16
General Fund Revenue Sources	
Taxes	
Property Tax	\$ 52,398,068
Delinquent Taxes	851,650
Sales Tax	63,515,698
Mixed Beverage Tax	1,200,000
Bingo Tax	280,000
Suddenlink	1,251,687
Xcel Energy	3,000
South Plains Electric Cooperative	1,365,600
Atmos	589,800
West Texas Gas	4,320
Telecom Right of Way	1,650,000
Development Services	211,894
General Government	84,068
City Secretary	316,084
Public Safety	955,576
Public Works	68,400
Public Health	15,955
Animal Shelter	135,000
Cultural/Recreational	1,037,093
Museum	256,350
Licenses and Permits	2,492,586
Intergovernmental	360,315
Fines and Forfeitures	3,077,000
Rental	11,000
Recoveries of Expenditures	867,434
Other	543,000
Transfers from Special Revenue Funds	149,860
Transfers from LP&L	10,015,506
Transfers from Water Fund	10,509,995
Transfers from Wastewater Fund	4,695,941
Transfers from Solid Waste	2,700,200
Transfers from Airport Fund	1,684,171
Transfers from Stormwater	2,820,044
Total General Fund Revenue	\$ 166,117,295
Utilization of Net Assets	2,719,662

Exhibit B - All Funds Summary

	Budget FY 2015-16
General Fund Appropriation Units	
Administrative Services:	
City Attorney	\$ 2,140,944
City Council	306,916
City Manager	1,069,542
City Secretary	1,178,237
Facilities Management	3,280,100
Finance	2,823,336
Human Resources	519,357
Internal Audit	397,174
Non-departmental	6,527,723
Public Information	554,161
Administrative Services Appropriation	18,797,490
Community Services:	
Building Inspection	1,911,076
Planning	666,230
Community Services Appropriation	2,577,305
Cultural and Recreation Services:	
Library	3,598,654
Museums	1,008,092
Parks	9,986,586
Cultural and Recreation Appropriation	14,593,331
Public Works:	
Engineering	1,377,195
Streets	3,023,144
Traffic	3,645,976
Public Works Appropriation	8,046,315
Public Safety and Health Services:	
Animal Services	2,034,524
Codes and Environmental Health	2,622,053
Fire	44,986,838
Municipal Court	1,836,576
Police	59,912,758
Public Health	959,275
Vector Control	428,792
Public Safety & Health Services Appropriation	112,780,815
Other Appropriation:	
Transfers	9,230,835
Payroll Accrual/Other Adjustments	2,810,865
Other Appropriation	12,041,700
Total General Fund Appropriation	\$ 168,836,957

Exhibit B - All Funds Summary

	Budget FY 2015-16
Debt Service Fund Revenue Sources	
Tax Collection	\$ 17,186,888
Transfer from North Overton TIF	3,027,073
Transfer from CBD TIF	499,172
Transfer from Hotel Tax Fund	94,109
Transfer from Gateway	8,429,207
Transfer from Stormwater (Street Maintenance)	5,303,870
Subsidy on BABs	425,399
Total Debt Service Fund Revenue	34,965,718
Debt Service Fund Expenditures	
General Obligation Bonds	16,651,798
North Overton TIF	3,052,806
CBD TIF	502,434
Gateway	8,552,688
Stormwater (Street Maintenance)	5,303,870
Hotel Tax	94,108
Fiscal Agent Fees	6,840
Bond Sale Charges	273,531
Transfer to Civic Centers	527,642
Total Debt Service Appropriation	34,965,718
Fleet Services Fund	
Total Fleet Service Fund Revenue	1,585,533
Total Fleet Service Appropriation	1,585,532
Health Benefits Fund	
Total Health Benefits Fund Revenue	31,963,248
Utilization of Net Assets	2,734,712
Total Health Benefits Appropriation	34,697,960
Information Technology Fund	
Total Information Technology Fund Revenue	12,902,835
Total Information Technology Appropriation	12,902,835
Investment Pool Fund	
Total Investment Pool Fund Revenue	178,242
Total Investment Pool Appropriation	178,242
Print Shop and Warehouse Fund	
Total Print Shop and Warehouse Fund Revenue	690,428
Total Print Shop and Warehouse Appropriation	661,974
Risk Management Fund	
Total Risk Management Fund Revenue	7,740,895
Total Risk Management Fund Appropriation	5,742,629
Airport Fund	
Total Airport Fund Revenue	10,805,328
Total Airport Fund Appropriation	10,530,667
Cemetery Fund	
Total Cemetery Fund Revenue	423,000
Transfer from General Fund	350,181
Utilization of Net Assets	9,318
Total Cemetery Fund Appropriation	782,499

Exhibit B - All Funds Summary

	Budget FY 2015-16
Civic Centers Fund	
Total Civic Center Fund Revenue	\$ 614,900
Transfer from General Fund	672,632
Transfer from HOT Fund	1,718,697
Transfer from Debt Service Fund	527,642
Utilization of Net Assets	27,891
Total Civic Center Fund Appropriation	3,561,762
Lake Alan Henry Fund	
Total Lake Alan Henry Fund Revenue	575,800
Total Lake Alan Henry Fund Appropriation	495,625
Lubbock Power and Light Fund	
Total Lubbock Power and Light Fund Revenue	241,567,476
Total Lubbock Power and Light Fund Appropriation	240,999,923
Solid Waste Utility Fund	
Total Solid Waste Utility Fund Revenue	21,685,847
Utilization of Net Assets	777,200
Total Solid Waste Utility Fund Appropriation	22,463,047
Storm Water Utility Fund	
Total Storm Water Utility Fund Revenue	23,352,417
Total Storm Water Utility Fund Appropriation	22,640,507
Transit Fund	
Total Transit Fund Revenue	9,844,892
Transfer from General Fund	2,262,360
Transfer from Economic Development Fund	390,880
Total Transit Fund Appropriation	12,498,132
Wastewater Utility Fund	
Total Wastewater Utility Fund Revenue	38,747,947
Utilization of Net Assets	2,804,466
Total Wastewater Utility Fund Appropriation	41,552,412
Water Utility Fund	
Total Water Utility Fund Revenue	81,493,000
Utilization of Net Assets	927,717
Total Water Utility Fund Appropriation	82,420,717
Abandoned Vehicle Fund	
Total Abandoned Vehicle Fund Revenue	575,000
Total Abandoned Vehicle Fund Appropriation	575,000
Animal Assistance Program	
Total Animal Assistance Program Fund Revenue	110,000
Total Animal Assistance Program Fund Appropriation	110,000
Cable Services Fund	
Total Cable Services Fund Revenue	613,311
Total Cable Services Fund Appropriation	613,311
Central Business District TIF Fund	
Total Central Business District TIF Fund Revenue	1,042,876
Total Central Business District TIF Fund Appropriation	1,011,141
Community Development Fund	
Total Community Development Fund Revenue	3,136,391
Total Community Development Fund Appropriation	3,136,391
Criminal Investigation Fund	
Total Criminal Investigation Fund Revenue	272,000
Utilization of Net Assets	209,783
Total Criminal Investigation Fund Appropriation	481,783

Exhibit B - All Funds Summary

	Budget FY 2015-16
Department of Justice Asset Sharing	
Utilization of Net Assets	\$ 100,000
Total Department of Justice Asset Sharing Appropriation	100,000
Economic Development Fund	
Total Economic Development Fund Revenue	3,181,296
Total Economic Development Fund Appropriation	3,181,296
Emergency Management Grant Fund	
Transfer from General Fund	496,177
Total Emergency Management Grant Fund Appropriation	496,177
Gateway Streets Fund	
Total Gateway Streets Fund Revenue	7,688,891
Utilization of Net Assets	736,837
Total Gateway Streets Fund Appropriation	8,425,728
Hotel Occupancy Tax Fund	
Total Hotel Motel Tax Fund Revenue	6,800,000
Total Hotel Motel Tax Fund Appropriation	6,800,000
Lubbock Business Park TIF	
Total Lubbock Business Park TIF Revenue	436,122
Total Lubbock Business Park TIF Appropriation	15,766
Lubbock Economic Development Alliance Fund	
Total Lubbock Economic Development Alliance Fund Revenue	5,774,154
Total Lubbock Economic Development Alliance Fund Appropriation	5,774,154
Municipal Court Fund	
Total Municipal Court Fund Revenue	235,204
Total Municipal Court Fund Appropriation	213,544
North and East Lubbock Neighborhood and Infrastructure Fund	
Total North and East Lubbock Neighborhood Fund Revenue	310,222
Total North and East Lubbock Neighborhood Fund Appropriation	310,222
North Overton Public Improvement District Fund	
Total North Overton Public Improvement District Fund Revenue	575,764
Total North Overton Public Improvement District Fund Appropriation	556,432
North Overton Tax Increment Fund	
Total North Overton Tax Increment Fund Revenue	4,148,796
Total North Overton Tax Increment Fund Appropriation	3,267,061
North Point Public Improvement District Fund	
Total North Pointe Public Improvement District Fund Revenue	105,703
Utilization of Net Assets	117,503
Total North Pointe Public Improvement District Fund Appropriation	223,206
Quincy Park Public Improvement District Fund	
Total Quincy Park Public Improvement District Fund Revenue	87,272
Total Quincy Park Public Improvement District Fund Appropriation	66,501
Valencia Public Improvement District Fund	
Total Valencia Public Improvement District Fund Revenue	10,620
Total Valencia Township Public Improvement District Fund Appropriation	5,492
Vintage Township Public Improvement District Fund	
Total Vintage Township Public Improvement District Fund Revenue	188,548
Total Vintage Township Public Improvement District Fund Appropriation	188,548

Exhibit B - All Funds Summary

	Budget FY 2015-16
Lubbock Economic Development Alliance	
Total Lubbock Economic Development Alliance Revenue	\$ 7,245,581
Utilization of Net Assets	3,322,298
Total Lubbock Economic Development Alliance Appropriation	10,567,879
Market Lubbock, Inc.	
Total Market Lubbock, Inc. Revenue	2,761,738
Utilization of Net Assets	638,358
Total Market Lubbock Inc. Appropriation	3,400,096
Market Lubbock, Inc. - Visit Lubbock, Inc.	
Total Market Lubbock, Inc. - Visit Lubbock, Inc. Revenue	3,112,697
Total Market Lubbock Inc. - Visit Lubbock, Inc. Appropriation	3,112,697
Market Lubbock, Inc. - Sports Authority	
Total Market Lubbock, Inc. - Sports Authority Revenue	1,173,288
Total Market Lubbock Inc. - Sports Authority Appropriation	1,173,288
Civic Lubbock, Inc.	
Total Civic Lubbock, Inc. Revenue	2,277,229
Utilization of Net Assets	65,000
Total Civic Lubbock, Inc. Appropriation	2,342,229
Vintage Township Public Facilities Corporation	
Total Vintage Township Public Facilities Corporation Revenue	168,548
Total Vintage Township Public Facilities Corporation Appropriation	168,548

Exhibit C - Transfers Summary

To	From	Description	Amount
Airport Capital Projects Fund	Airport Enterprise Fund	Airport Pay-as-you-go Capital	\$ 490,000
Airport Capital Projects Fund	Airport PFC Fund	Airport Pay-as-you-go Capital	360,000
Airport Enterprise Fund	Airport PFC Fund	Airport PFC Debt Service	864,421
Civic Center Enterprise Fund	General Fund	Civic Center Operations	672,632
Civic Center Enterprise Fund	Hotel Occupancy Tax Fund	Civic Center Operations/Marketing	1,718,697
Civic Center Enterprise Fund	Debt Service Fund	Debt Service Payment	527,642
Cemetery Enterprise Fund	General Fund	Civic Center Operations	350,181
Central Business District TIF	North & East Lbk Ngbhd & Infrstr	CBD Operations & Debt	77,556
Central Business District TIF Capital	Central Business District TIF	CIP Pay-as-you-go Capital	200,000
Debt Service Fund	Central Business District TIF	Debt Service Payment	499,172
Debt Service Fund	Gateway Streets Fund	Debt Service Payment	8,429,207
Debt Service Fund	Hotel Occupancy Tax Fund	Debt Service Payment	94,109
Debt Service Fund	North Overton TIF	Debt Service Payment	3,027,073
Debt Service Fund	Stormwater Enterprise Fund	Debt Service Payment	5,303,870
Emergency Management	General Fund	Grant Match	496,177
Fleet Capital Projects Fund	Fleet Operating Fund	CIP Pay-as-you-go Capital	200,000
Gateway Streets Fund	Lubbock Power & Light	Payment in Lieu of Franchise Fee	4,445,953
General Fund	Abandoned Vehicle	Master Lease Payment	149,860
General Fund	Airport Enterprise Fund	Aircraft Rescue Fire Fighting (ARFF)	1,460,917
General Fund	Airport Enterprise Fund	Indirect Cost	223,254
General Fund	Lubbock Power & Light	Payment in Lieu of Franchise Fee	6,668,930
General Fund	Lubbock Power & Light	Payment in Lieu of Property Tax	2,222,977
General Fund	Lubbock Power & Light	Indirect Cost	1,123,599
General Fund	Solid Waste Enterprise Fund	Cost of Business	1,301,669
General Fund	Solid Waste Enterprise Fund	Indirect Cost	311,148
General Fund	Solid Waste Enterprise Fund	Paved/Unpaved Streets	671,904
General Fund	Solid Waste Enterprise Fund	Payment in Lieu of Property Tax	415,479
General Fund	Stormwater Enterprise Fund	Payment in Lieu of Franchise Fee	1,399,645
General Fund	Stormwater Enterprise Fund	Indirect Cost	208,584
General Fund	Stormwater Enterprise Fund	Playa Lake	301,635
General Fund	Stormwater Enterprise Fund	Payment in Lieu of Property Tax	910,180
General Fund	Wastewater Enterprise Fund	Payment in Lieu of Franchise Fee	2,324,877
General Fund	Wastewater Enterprise Fund	Indirect Cost	491,484
General Fund	Wastewater Enterprise Fund	Payment in Lieu of Property Tax	1,879,580
General Fund	Water Enterprise Fund	Payment in Lieu of Franchise Fee	4,889,580
General Fund	Water Enterprise Fund	Indirect Cost	1,007,214
General Fund	Water Enterprise Fund	Paved Streets	755,786
General Fund	Water Enterprise Fund	Payment in Lieu of Property Tax	3,857,415
General Facilities Capital Project Fund	General Fund	General Fund Pay-as-you-go Capital	2,379,000
General Facilities Capital Project Fund	Hotel Occupancy Tax Fund	CIP Pay-as-you-go Capital	100,000
Grant Fund	Transit	Grant Funds	1,035,927
Lubbock Power & Light	Solid Waste Enterprise Fund	Utility Collections	863,079
Lubbock Power & Light	Stormwater Enterprise Fund	Utility Collections	863,079
Lubbock Power & Light	Wastewater Enterprise Fund	Utility Collections	1,475,089
Lubbock Power & Light	Water Enterprise Fund	Utility Collections	2,533,899
Lubbock Power & Light	Water Enterprise Fund	Water Dispatch and Software Transfer to LP&L	87,891
Lubbock Power & Light Capital Project Fund	Lubbock Power & Light	LP&L Pay-as-you-go Capital	11,313,325
North Overton TIF	Hotel Occupancy Tax Fund	North Overton TIF	594,094
Risk Management Fund	Self Insurance Health Fund	Risk Operations	2,000,000
Stormwater Capital Projects Fund	Stormwater Enterprise Fund	Stormwater Pay-as-you-go Capital	1,150,000
Streets Capital Project Fund	General Fund	CIP Pay-as-you-go Capital	2,770,485
Traffic Capital Project Fund	General Fund	CIP Pay-as-you-go Capital	300,000
Transit Enterprise Fund	Economic Development Fund	Transit Operations	390,880
Transit Enterprise Fund	General Fund	Transit Operations	2,262,360
Vintage Township PFC	Vintage Township PID	Debt Service Payment	168,548
Wastewater Enterprise Fund	Solid Waste Enterprise Fund	Environmental Compliance	29,750
Wastewater Enterprise Fund	Water Enterprise Fund	Environmental Compliance	29,750
Water Capital Projects Fund	Water Enterprise Fund	Water Pay-as-you-go Capital	1,004,375
Water Enterprise Fund	Lake Alan Henry Fund	Lake Alan Henry Debt Service	141,937
WTMPA	Lubbock Power & Light	WTMPA Operating Costs	1,757,125

Exhibit D - Capital Program Summary

Project Number	Project Name	Appropriation to Date	Appropriation FY 2015-16
8531	Land Application Optimization	\$ 400,000	-
8532	Supplemental Water Supply for LAH	1,300,000	-
8534	FEMA Restudy - System G	500,000	-
8536	Facility Demolition	1,212,748	150,000
8537	Gateway Streets ROW Coordination	550,000	-
8543	Lake Alan Henry Repairs/Maintenance	7,505,889	-
8545	Concrete Drainage Channel Repairs	865,000	-
8550	Golf Course Improvements	516,767	53,400
8552	Airfield Asphalt Repair	6,600,000	-
8555	Sanitary Sewer Manhole Adjustments	500,000	-
8563	Sign Upgrades and Replacement	498,634	-
8571	Quaker/Erskine/Loop 289 Interchange	3,655,160	-
8577	Environmental Assessments for Gateway Projects	650,000	-
8579	Wastewater Direct Reuse Evaluation	300,000	-
8583	Milwaukee Bridges: Marsha Sharp Freeway and Spur 327	52,567	-
8585	Air Switch Replacement	172,000	204,200
8586	Digital Orthos and Stormwater Utility Maint	100,000	150,000
8587	Water System Master Plan and Model Update	900,000	-
8588	Aquifer Storage and Recovery Evaluation	200,000	-
8589	North Quaker/Erskine/North Loop 289	51,161	-
8590	Cooke Station - Short Term - FY 2014-15	1,000,000	-
8593	Consolidated Rental Car Facility Design	1,050,000	-
8594	Coliseum Parking Lot Seal Coat	91,141	-
8595	Storm Water Master Plan	500,000	500,000
8597	Wastewater Indirect Reuse Evaluation	250,000	-
8598	Brackish Well Field Evaluation	200,000	-
8599	Storm Water Utility Fee Restructure	405,191	-
8600	Water Damaged Facilities	2,064,072	-
90095	North University Enhancement Project	1,728,278	185,951
90346	Lift Station Rehabilitation	2,085,000	-
91003	Bailey County Wellfield Improvements	4,985,583	-
91007	Comprehensive Water Line Changeouts	3,519,040	-
91032	Water Treatment Plant Improvements	9,402,000	6,000,000
91033	Pumping System Improvements	2,406,875	400,000
91034	Water Line Replacement	2,944,000	250,000
91035	Water Lines Ahead of Street Paving	4,172,000	1,300,000
91038	Sewer Line Replacement	2,030,000	400,000
91039	Sewer Lines Ahead of Street Paving	3,585,000	300,000
91040	Sewer Tap Replacements	5,285,000	-
91042	Water Reclamation Plant Replacements	3,925,000	500,000
91049	Water Meter Replacements	4,205,000	450,000
91083	Land Application Production and Monitoring Wells	1,250,000	-
91169	Park Pavilions	1,488,636	-
91170	Park Playground Replacement	4,168,231	-
91190	City Hall Improvements	1,128,500	-

Exhibit D - Capital Program Summary

Project Number	Project Name	Appropriation to Date	Appropriation FY 2015-16
91195	Civic Center Renovation	\$ 9,126,853	-
91220	Major Repairs at Fire Facilities	2,895,009	300,000
92141	Substation Relay Upgrade	755,000	510,500
92144	Buddy Holly Center	1,139,809	-
92167	Lubbock Business Center Various Renovations	940,000	-
92169	Irrigation Automation & Control Systems	2,857,960	-
92172	Traffic Signals/Controllers	1,700,000	300,000
92174	Northwest Lubbock and Maxey Park Project	41,950,000	-
92175	Storm Water Repair and Replacement	1,100,000	-
92178	South Lubbock Sanitary Sewer System Expansion Phase I	26,804,834	-
92191	Airport Facility Improvements	3,133,736	475,000
92197	Tie Line Transformer Replacement	6,000,000	-
92216	Traffic Signal Upgrades	4,750,000	-
92217	34th Street Reconstruction - Quaker Avenue to Avenue Q	22,557,200	-
92221	Northwest Water Reclamation Plant	75,800,000	18,500,000
92227	Underground Utilities	7,300,000	750,000
92238	Facility Maintenance Fund	950,000	216,000
92248	Street Maintenance Program	44,411,003	9,913,135
92249	SEWRP Solids Handling Facility Improvements	46,000,000	-
92253	Locate and Replace Water Valves	2,250,000	-
92254	North Overton TIF Public Improvements	747,031	-
92255	BCWF Supply Line/Pumping System	26,500,000	13,000,000
92259	Multi-Company Fire Station No. 19	4,378,084	-
92262	Cemetery Permanent Improvements	71,375	-
92263	Garden and Arts Center Renovations	433,500	-
92265	Erskine - MLK to East Loop 289	1,500,000	-
92266	Upgrade 800 MHz Radio System to P25 Compliance	9,965,000	3,335,000
92273	Substation Land Acquisition*	4,065,000	-
92279	Pump Station Emergency Electric Generators	7,500,000	-
92280	LAH Wildlife Mitigation Area Improvements	250,000	-
92282	Downtown Redevelopment Underground	1,995,000	510,500
92286	Glenna Goodacre Boulevard Extension	500,000	-
92289	98th Street - University Avenue to US 87	10,375,300	-
92308	Landfill Improvements	75,000	-
92309	Permitting and Land Use System	660,000	-
92310	South Lubbock Sanitary Sewer System Expansion Phase II	19,000,000	-
92311	SEWRP Emergency Generator and Switch Gear	1,950,000	250,000
92312	Bailey County Well Field Disinfection System	3,500,000	500,000
92313	Pump Station Disinfection Systems	1,000,000	-
92318	Major Sanitary Sewer Mains Rehabilitation	7,500,000	-
92319	Transmission Loop	7,300,000	-
92320	Substation Breaker Replacements	1,350,000	765,750
92322	Erskine Street - Indiana Avenue to Quaker Avenue	800,000	7,870,000
92323	Facility Renovations/Upgrades	2,020,370	850,000
92324	Document Management System	231,574	-

Exhibit D - Capital Program Summary

Project Number	Project Name	Appropriation to Date	Appropriation FY 2015-16
92325	Runway 17R/35L Construction Phase II	\$ 26,522,369	-
92326	Auditorium Air Handler Unit Replacement	432,000	-
92328	Aztlan Mural Shelter	135,000	-
92329	Codes and Environmental Health Software Replacement	250,000	-
92330	69kV Transmission Line Reconductoring	600,000	510,500
92331	Fiberoptic Communications	250,000	-
92332	GIS System Improvements	750,000	510,500
92335	Brandon Station - Short Term - FY 2014-15	4,400,000	-
92341	Directional Fault Indicators	205,000	102,100
92344	Distribution Line Equipment	100,000	-
92345	15kV System Reconductor or Rebuild	225,000	255,250
92348	New Fire Station No. 1	5,095,000	-
92349	Communications System Expansion	700,000	350,000
92350	Southside Office Building Expansion	275,380	-
92351	Office/Warehouse Facility Renovation - Wastewater	1,250,000	-
92353	South Lubbock Water Treatment Plant Expansion	1,000,000	-
92355	Office/Warehouse Facility Replacement - Water	1,250,000	-
92358	City Hall Elevator Installation	667,000	-
92359	Facility Roof Replacements	172,000	475,000
92362	Buddy Holly Center Renovations Phase II	338,380	100,000
92363	Patterson Branch Library Renovations	700,000	-
92364	Lewis Ball Field Complex Facility Improvements	82,446	-
92365	Lakewood Development	566,192	-
92366	Emergency Operations Center	658,800	6,070,000
92367	Municipal Square Repairs	300,000	388,000
92369	Municipal Facilities Replacements/Renovations	10,200,000	52,800,000
92370	Transportation Improvements	250,000	250,000
92371	Runway 17R/35L Construction Phase III	14,310,057	-
92372	Aircraft Rescue & Fire Fighting Facility	900,000	3,600,000
92373	Dispatch Control Room Upgrade/Remodel	500,000	-
92374	69kV Line Rebuild-Coop to Slaton	3,000,000	-
92375	Oliver Substation Transformer Capacity Upgrade	2,500,000	-
92379	Quaker Storm Water Project - Feeder Rebuild	300,000	-
92380	Northwest Substation Feeder Circuits	200,000	204,200
92381	Indiana URD Cable Replacement	3,000,000	-
92383	Mobile Substation*	2,500,000	-
92389	Milwaukee Autotransformer	2,400,000	-
92390	Cell 5 Development 2252	1,177,048	5,202,152
92391	Landfill 69 Shop Renovation	312,500	-
92393	Cell VI Final Expansion at 69	35,000	536,767
92395	Wastewater Vehicle Replacement	282,149	-
92396	Bailey County Well Field Data Radios	250,000	400,000
92397	Pump Station 10	1,000,000	-
92398	Water Vehicle Replacement	322,219	-
2011028	FEMA Restudy - Systems B,C,D	-	500,000

Exhibit D - Capital Program Summary

Project Number	Project Name	Appropriation to Date	Appropriation FY 2015-16
2012024	Terminal Building Remodel - Design only	\$ -	2,836,050
2012091	Chalker Capacity Upgrade	-	4,500,000
2014015	Capacitor Controller Change Out	-	76,575
2014092	34th Street - Quaker Avenue to Slide Road	-	750,000
2015003	69 kV Line Rebuild - Thompson to Vicksburg	-	750,000
2015012	115kV Line Construction - Northwest to Mackenzie	-	5,000,000
2015013	69 kV Line Rebuild - Chalker to Thompson	-	1,500,000
2015014	69 kV Line Rebuild - Chalkert to Oliver	-	1,500,000
2015015	Southeast Substation Autotransformer	-	1,000,000
2015019	69kV Capacitor Upgrade - Vicksburg	-	250,000
2015020	69kV Capacitor Upgrade - Chalker	-	250,000
2015021	69kV Capacitor Upgrade - Slaton	-	250,000
2015023	Substation Battery Replacement	-	120,000
2015024	Substation RTU Replacement	-	150,000
2015039	E1 Fleet Module	-	200,000
2015044	Drying Bed Rehabilitation	-	655,000
2015049	Massengale Station - Medium Term	-	4,798,700
2015053	Massengale Station - Short Term	-	765,750
2015059	FY 2015-16 Service Distribution	-	510,500
2015060	FY 2015-16 Underground Electric	-	2,282,750
2015061	FY 2015-16 Overhead Lines	-	2,177,500
2015062	Landfill 69 Gas Collection System Replacement	-	352,550
2015066	Thoroughfare Plan Restudy	-	125,000
2015067	Bicycle Plan Restudy	-	75,000
2015068	Parks Maintenance Shop	-	5,225,000
2015069	Safety Management System (SMS) Development	-	150,000
2015070	FY 2015-16 Street Lights	-	765,750
2015071	FY 2015-16 Distribution Transformers	-	2,552,500
2015074	FY 2015-16 Vehicles and Equipment	-	1,161,000
2015082	Fire Station 1 Street Construction	-	240,000
2015086	Water and Wastewater Rate Structure Evaluation	-	150,000
2015087	Gateways	-	1,500,000
2015088	Future Public Improvements	-	200,000
2015090	Water Vehicle Replacement FY 2015-16	-	454,375
Total Appropriation		\$ 596,850,651	184,417,905

* \$4.5 million of bonds were appropriated FY 2014-15 but funding was not issued in FY 2014-15 due to project delays. The bonds will be issued in FY 2015-16.

Exhibit D - Capital Program Summary

Funding Source	Funding to Date	FY 2015-16
2001 General Obligation Bonds	\$ 483,504	-
2003 General Obligation Bonds	16,496	-
2003 Tax and Waterworks Revenue Certificates of Obligation	1,693,522	-
2004 Tax and Waterworks Certificates of Obligation	60,000	-
2005 General Obligation Bonds	136,606	-
2005 Wastewater Revenue Certificates of Obligation	2,069,766	-
Airport Fund Pay-As-You-Go	500,000	-
Civic Center Capital Project Fund	432,000	-
Federal Grant Funding	38,159,181	11,841,506
FY 2006 Airport Revenue Certificates of Obligation	37,594	-
FY 2006 Tax Supported Certificates of Obligation	685,255	49,425
FY 2006 Wastewater Revenue Certificates of Obligation	2,480,885	-
FY 2006 Water Revenue Certificates of Obligation	2,000,000	-
FY 2007 10-year Tax Supported Certificates of Obligation	555,000	-
FY 2007 10-Year Wastewater Revenue Certificates of Obligation	1,547,699	-
FY 2007 Airport Revenue Certificates of Obligation	161,502	-
FY 2007 General Obligation Bonds	5,651	-
FY 2007 Storm Water Revenue Certificates of Obligation	297,896	-
FY 2007 Tax Supported Revenue Certificates of Obligation	840,880	50,000
FY 2007 TIF Revenue Certificates of Obligation	29,175	-
FY 2007 Water Revenue Certificates of Obligation	1,874,223	-
FY 2008 10-Year Water Revenue Certificates of Obligation	679,392	-
FY 2008 General Obligation Bonds	421	-
FY 2008 LP&L Certificates of Obligation	190,789	-
FY 2008 Storm Water Revenue Certificates of Obligation	600,000	-
FY 2008 Tax Supported Revenue Certificates of Obligation	573,396	-
FY 2008 TIF Revenue Certificates of Obligation	676,105	-
FY 2008 Wastewater Revenue Certificates of Obligation	8,833,584	-
FY 2008 Water Revenue Certificates of Obligation	4,717,637	-
FY 2009 10-Year Water Revenue Certificates of Obligation	3,945,350	-
FY 2009 Gateway Streets Revenue Certificates of Obligation	3,653,038	-
FY 2009 General Fund Pay-As-You-Go	185,951	-
FY 2009 General Obligation Bonds	859,288	-
FY 2009 LP&L Certificates of Obligation	619,198	-
FY 2009 LP&L Pay-As-You-Go	145,000	-
FY 2009 Storm Water Pay-As-You-Go	15,000	-
FY 2009 Storm Water Revenue Certificates of Obligation	1,472,225	-
FY 2009 Tax Supported Revenue Certificates of Obligation	840,399	-
FY 2009 TIF Revenue Certificates of Obligation	41,731	-
FY 2009 Wastewater Pay-As-You-Go	100,000	-
FY 2009 Water Revenue Certificates of Obligation	1,175,000	-
FY 2010 10-Year Wastewater Revenue Certificates of Obligation	767,209	-
FY 2010 10-Year Water Revenue Certificates of Obligation	1,384,485	-
FY 2010 Airport Pay-As-You-Go	413,498	-
FY 2010 CBD TIF Revenue Certificates of Obligation	27,852	-

Exhibit D - Capital Program Summary

Funding Source	Funding to Date	FY 2015-16
FY 2010 Gateway Streets Revenue Certificates of Obligation	\$ 3,603,630	-
FY 2010 General Fund Pay-As-You-Go	44,824	-
FY 2010 General Obligation Bonds	12,920,074	-
FY 2010 LP&L Certificates of Obligation	1,620,101	-
FY 2010 LP&L Pay-As-You-Go	4,391,489	-
FY 2010 Storm Water Pay-As-You-Go	100,000	-
FY 2010 Storm Water Revenue Certificates of Obligation	1,500,000	-
FY 2010 TIF Revenue Certificates of Obligation	20	-
FY 2010 Wastewater Pay-As-You-Go	335,000	-
FY 2010 Wastewater Revenue Certificates of Obligation	3,007,725	-
FY 2010 Water Revenue Certificates of Obligation	26,886,731	1,000,000
FY 2011 10-Year Certificates of Obligation	9,201,970	-
FY 2011 10-Year Wastewater Revenue Certificates of Obligation	750,000	-
FY 2011 10-Year Water Revenue Certificates of Obligation	9,022,000	-
FY 2011 Airport Pay-As-You-Go	762,406	-
FY 2011 CBD TIF Revenue Certificates of Obligation	1,500,000	-
FY 2011 Gateway Streets Revenue Certificates of Obligation	1,270,372	-
FY 2011 General Fund Pay-As-You-Go	1,883,839	-
FY 2011 General Obligation Bonds	5,125,000	-
FY 2011 LP&L Pay-As-You-Go	230,000	-
FY 2011 PFC Revenue Certificates of Obligation	13,791	-
FY 2011 Solid Waste Revenue Certificates of Obligation	1,177,048	216,819
FY 2011 Storm Water Pay-As-You-Go	750,000	-
FY 2011 Tax Supported Revenue Certificates of Obligation	1,967,939	86,526
FY 2011 Wastewater Pay-As-You-Go	545,000	-
FY 2011 Wastewater Revenue Certificates of Obligation	16,055,533	-
FY 2011 Water Revenue Certificates of Obligation	10,084,053	-
FY 2012 10-Year Certificates of Obligation	9,339,999	-
FY 2012 10-Year Wastewater Revenue Certificates of Obligation	500,000	-
FY 2012 10-Year Water Revenue Certificates of Obligation	2,200,000	-
FY 2012 Airport Pay-As-You-Go	775,000	-
FY 2012 General Fund Pay-As-You-Go	72,190	-
FY 2012 General Obligation Bonds	10,620,644	-
FY 2012 LP&L Pay-As-You-Go	590,000	-
FY 2012 Storm Water Revenue Certificates of Obligation	33,925,918	-
FY 2012 Tax Supported Revenue Certificates of Obligation	1,359,447	-
FY 2012 Transfer from Cemetery Fund	71,375	-
FY 2012 Wastewater Pay-As-You-Go	75,000	-
FY 2012 Wastewater Revenue Certificates of Obligation	9,275,913	-
FY 2012 Water Revenue Certificates of Obligation	13,334,257	-
FY 2013 10-Year Certificates of Obligation	2,825,000	-
FY 2013 10-Year LP&L Revenue Bonds	290,000	-
FY 2013 10-Year Tax Revenue Certificates of Obligation	9,604,072	-
FY 2013 10-Year Wastewater Revenue Certificates of Obligation	2,450,000	-
FY 2013 Airport Pay-As-You-Go	775,000	-

Exhibit D - Capital Program Summary

Funding Source	Funding to Date	FY 2015-16
FY 2013 CBD TIF Pay-As-You-Go	\$ 800,000	-
FY 2013 General Fund Pay-As-You-Go	534,000	-
FY 2013 General Obligation Bonds	7,975,000	-
FY 2013 LP&L Revenue Bonds	1,500,000	-
FY 2013 Solid Waste Pay-As-You-Go	75,000	-
FY 2013 Storm Water Pay-As-You-Go	220,000	-
FY 2013 Storm Water Revenue Certificates of Obligation	5,253,961	-
FY 2013 Tax Supported Revenue Certificates of Obligation	100,000	-
FY 2013 Wastewater Pay-As-You-Go	695,000	-
FY 2013 Wastewater Revenue Certificates of Obligation	32,099,779	-
FY 2013 Water Pay-As-You-Go	220,000	-
FY 2014 10-Year Certificates of Obligation	3,490,000	-
FY 2014 10-Year Tax Revenue Certificates of Obligation	9,922,300	-
FY 2014 10-Year Wastewater Revenue Certificates of Obligation	1,226,517	-
FY 2014 10-Year Water Revenue Certificates of Obligation	1,150,000	-
FY 2014 Airport Pay-As-You-Go	833,736	-
FY 2014 CBD TIF Revenue Certificates of Obligation	2,472,148	-
FY 2014 Gateway Streets Revenue Certificate of Obligation	1,560,348	-
FY 2014 General Fund Pay-As-You-Go	3,831,944	-
FY 2014 LP&L Pay-As-You-Go	5,972,000	-
FY 2014 LP&L Revenue Bonds	8,300,000	-
FY 2014 PFC Revenue Certificates of Obligation	2,638,446	-
FY 2014 Solid Waste Revenue Certificates of Obligation	275,380	-
FY 2014 Storm Water Pay-As-You-Go	350,000	-
FY 2014 Tax Supported Revenue Certificates of Obligation	2,287,729	-
FY 2014 Wastewater Revenue Certificates of Obligation	40,923,565	-
FY 2014 Water Pay-As-You-Go	700,000	-
FY 2014 Water Revenue Certificates of Obligation	4,937,128	-
FY 2015 10-Year Certificates of Obligation	3,400,000	-
FY 2015 10-Year Tax Revenue Certificates of Obligation	6,624,815	-
FY 2015 10-Year Wastewater Revenue Certificates of Obligation	600,000	-
FY 2015 10-Year Water Revenue Certificates of Obligation	950,000	-
FY 2015 Airport Pay-As-You-Go	565,000	-
FY 2015 Airport Revenue Certificates of Obligation	5,000,000	-
FY 2015 CBD TIF Revenue Certificates of Obligation	3,000,000	-
FY 2015 CFC Fund Pay-As-You-Go	1,050,000	-
FY 2015 Gateway Pay-As-You-Go	50,000	-
FY 2015 Gateway Streets Revenue Certificates of Obligation	2,937,912	-
FY 2015 General Fund Pay-As-You-Go	2,484,011	-
FY 2015 LP&L Pay-As-You-Go	2,900,000	-
FY 2015 LP&L Revenue Bonds	13,208,423	-
FY 2015 PFC Revenue Certificates of Obligation	1,431,008	-
FY 2015 Risk Fund Pay-As-You-Go	1,000,000	-
FY 2015 Solid Waste Pay-As-You-Go	347,500	-
FY 2015 Storm Water Pay-As-You-Go	750,000	-

Exhibit D - Capital Program Summary

Funding Source	Funding to Date	FY 2015-16
FY 2015 Tax Supported Revenue Certificates of Obligation	\$ 19,220,809	-
FY 2015 Wastewater Pay-As-You-Go	682,149	-
FY 2015 Wastewater Revenue Certificates of Obligation	71,413,176	-
FY 2015 Water Pay-As-You-Go	1,522,219	-
FY 2016 10-Year Certificates of Obligation	-	3,335,000
FY 2016 10-Year LP&L Revenue Bonds	-	5,834,450
FY 2016 10-Year Solid Waste Revenue Certificates of Obligation	-	4,985,333
FY 2016 10-Year Tax Revenue Certificates of Obligation	-	7,832,650
FY 2016 10-Year Wastewater Revenue Certificates of Obligation	-	750,000
FY 2016 10-Year Water Revenue Certificates of Obligation	-	6,850,000
FY 2016 30-Year LP&L Revenue Bonds	-	12,286,750
FY 2016 7-Year Solid Waste Revenue Certificates of Obligation	-	889,317
FY 2016 Airport Pay-As-You-Go	-	490,000
FY 2016 CBD TIF Pay-As-You-Go	-	200,000
FY 2016 CBD TIF Revenue Certificates of Obligation	-	2,250,000
FY 2016 Fleet Pay-As-You-Go	-	200,000
FY 2016 General Fund Pay-As-You-Go	-	5,449,485
FY 2016 LP&L Pay-As-You-Go	-	11,313,325
FY 2016 LP&L Revenue Bonds	-	9,000,000
FY 2016 PFC Pay-As-You-Go	-	360,000
FY 2016 PFC Revenue Certificates of Obligation	-	283,605
FY 2016 Storm Water Pay-As-You-Go	-	1,150,000
FY 2016 Tax Supported Revenue Certificates of Obligation	-	66,673,515
FY 2016 Wastewater Revenue Certificates of Obligation	-	19,855,000
FY 2016 Water Pay-As-You-Go	-	1,004,375
FY 2016 Water Revenue Certificates of Obligation	-	14,050,000
Gateway Capital Project Fund	3,655,160	-
General Capital Project Fund	1,654,348	53,400
General Fund Pay-As-You-Go	520,009	-
Hotel/Motel Funds	4,636,895	100,000
LAH Repair/Replacement Fund	505,889	-
LP&L Pay-As-You-Go	50,000	-
Public Works Capital Project Fund	200,000	-
Radio Shop Fund Pay-As-You-Go	222,435	-
State Grant Funds	-	477,424
TxDOT Participation	582,006	-
Wastewater Capital Project Fund	1,473,483	-
Wastewater Pay-As-You-Go	450,000	-
Water Utility Pay-As-You-Go	103,680	-
Total Funding	\$ 592,350,651	188,917,905

Exhibit E - Master Lease Vehicle Purchase Summary

Department	# of Vehicles	FY 2015-16
General Fund		
Facilities Management	1	\$ 36,000
Municipal Court	1	34,000
Environmental Health	1	24,675
Building Inspection	1	24,675
Traffic	3	81,925
Streets	4	480,507
Street Drainage	3	73,539
Parks and Recreation	14	495,110
Animal Services	1	26,500
Vector Control	2	47,823
Fire Department	6	2,735,000
Police Department	26	1,157,000
Total General Fund	63	5,216,753
Enterprise Funds		
Airport	1	600,000
Solid Waste	21	3,529,030
Water	4	475,000
Wastewater	8	1,021,264
Storm Water	3	430,861
Cemetery	1	65,000
Citibus	6	2,068,000
Total Enterprise Funds	44	8,189,155
Internal Service Funds		
Fleet Services	1	30,000
Central Warehouse	1	40,000
Total Internal Service Funds	2	70,000
TOTAL ALL FUNDS	109	\$ 13,475,908

Exhibit F - Master Lease Equipment Replacement Schedule

GENERAL FUND	No. of		Replacement	Replacement
	Items	Life	Request	Cost
Mahon Library	1	6	Microfilm Reader-Printer	6,210
Mahon Library	1	3	Desktop PC for Microfilm Reader	620
Mahon Library	10	3	Desktop PC for Public Access	6,200
TOTAL GENERAL FUND				<u>13,030</u>

INTERNAL SERVICE FUNDS	Items	Life	Request	Cost
Information Technology	121	2	Toughbook	507,150
Information Technology	1	1	Storage Area Network	220,000
Information Technology	1	2	Servers	100,000
Information Technology	1	2	Core Networks	50,000
Information Technology	1	2	Core/Edge Networks	50,000
TOTAL INTERNAL SERVICE FUNDS				<u>927,150</u>

WASTEWATER FUND	Items	Life	Request	Cost
Wastewater Collection	4	25	Center Pivot Systems	304,000
TOTAL WASTEWATER FUND				<u>304,000</u>

TOTAL EQUIPMENT REPLACEMENT \$ 1,244,180

Exhibit G - MAG Unified Pay Plan

Pay Grade		Minimum	Midpoint	Maximum
101	\$	14,516.32	18,000.32	22,499.36
102		15,242.24	18,900.96	23,624.64
103		16,003.52	19,845.28	24,806.08
104		16,804.32	20,837.44	26,047.84
105		17,644.64	21,879.52	27,349.92
106		18,526.56	22,973.60	28,716.48
107		19,452.16	24,121.76	30,151.68
108		20,425.60	25,328.16	31,659.68
109		21,446.88	26,594.88	33,242.56
110		22,518.08	27,924.00	34,904.48
111		23,645.44	29,319.68	36,649.60
112		24,828.96	30,786.08	38,482.08
113		26,068.64	32,325.27	40,406.08
114		27,372.80	33,941.44	42,427.84
115		28,741.44	35,638.72	44,547.36
116		30,178.72	37,421.28	46,775.04
117		31,686.72	39,291.20	49,115.04
118		33,271.68	41,256.80	51,569.44
119		34,935.68	43,318.08	54,148.64
120		36,682.88	45,485.44	56,856.80
121		38,515.36	47,758.88	59,698.08
122		40,441.44	50,146.72	62,684.96
123		42,463.20	52,655.20	65,817.44
124		44,586.88	55,286.40	69,108.00
125		46,816.64	58,052.80	72,564.96
126		49,156.64	60,954.40	76,192.48
127		51,615.20	64,001.60	80,003.04

Exhibit G - MAG Unified Pay Plan

Pay Grade		Minimum	Midpoint	Maximum
128	\$	54,194.40	67,202.72	84,002.88
129		56,904.64	70,561.92	88,202.40
130		59,750.08	74,089.60	92,612.00
131		62,739.04	77,794.08	97,244.16
132		65,875.68	81,685.76	102,105.12
133		69,168.32	85,768.80	107,211.52
134		72,627.36	90,057.76	112,571.68
135		76,259.04	94,560.96	118,200.16
136		80,071.68	99,288.80	124,109.44
137		84,075.68	104,253.76	130,316.16
138		88,277.28	109,464.16	136,832.80
139		92,691.04	114,938.72	143,673.92
140		97,327.36	120,685.76	150,856.16
141		102,192.48	126,719.84	158,400.32
142		107,303.04	133,055.52	166,320.96
143		112,667.36	139,709.44	174,636.80
144		118,302.08	146,694.08	183,368.64
145		124,217.60	154,028.16	192,535.20
146		130,428.48	161,730.40	202,163.52
147		136,949.28	169,817.44	212,270.24
148		143,796.64	178,308.00	222,884.48
149		150,985.12	187,222.88	234,029.12
150		158,535.52	196,584.96	245,729.12

Exhibit G - Police Pay Plan

Steps	Annual		Annual		Annual		Annual		Annual		Annual	
	Cadet PNCSP	Entry Level I PNCE1	Entry Level II PNCE2	Patrol Officer PCSI	Corporal PCS2	Sergeant PCS3	Lieutenant PCS4	Captain PCS5	Asst. Chief PCS6	Annual	Annual	Annual
A	\$ 45,628.96	46,847.84	49,312.64	52,274.56	66,936.48	71,982.56	83,734.56	94,744.00	106,708.16			
B				55,511.04	68,242.72	75,198.24	87,183.20	99,141.12	115,976.64			
C				58,907.68	69,607.20	78,561.60	90,775.36	103,746.24	126,050.08			
D				62,676.64								
E				64,207.52								
F				65,738.40								

Steps	Hourly		Hourly		Hourly		Hourly		Hourly		Hourly	
	Cadet PNCSP	Entry Level I PNCE1	Entry Level II PNCE2	Patrol Officer PCSI	Corporal PCS2	Sergeant PCS3	Lieutenant PCS4	Captain PCS5	Asst. Chief PCS6	Hourly	Hourly	Hourly
A	\$ 21.937	22.523	23.708	25.132	32.181	34.607	40.257	45.550	51.302			
B				26.688	32.809	36.153	41.915	47.664	55.758			
C				28.321	33.465	37.770	43.642	49.878	60.601			
D				30.133								
E				30.869								
F				31.605								

Progression in each pay grade is based on seniority in that pay grade. Seniority is defined as the total time of employment as a police officer for the City of Lubbock. Time-off for disciplinary suspension does not constitute a loss of seniority time, nor does it constitute a break in service. The time involved in "move-up" is also not included. It does mean all years of service as an officer with the City of Lubbock, whether interrupted or uninterrupted, and not merely the last continuous period of service. Seniority credit shall be figured to five decimal places.

All employees start at Entry Level I, grade PNCE1). Employees progress to Entry Level II, grade PNC(E2) upon 12 months of continuous service with the Lubbock Police Department at Entry Level I. Employees progress to grade PCS1 upon six months of continuous service with the Lubbock Police Department at Entry Level II. Police Officers then progress through steps A-D in PCS1 annually, and Step E at 8 years and Step F at 12 years. Progress from Step A to Step C in the other grades requires two years in each step. However, if the anniversary date occurs during the last half of the pay period, the increase does not become effective until the beginning of the next pay period.

Note: A probationary period of 18 months begins on the first day of employment with the department as a classified employee unless the employee is already certified as a Peace Officer by Texas Commission of Law Enforcement Officer Standards and Education at that time. In this case the probationary period is 12 months. Upon completion of 12 months, a certified Peace Officer attains Civil Service status and receives longevity pay; however the employee does not advance to Police Officer, PCS1 until completion of 6 months as Entry Level II as indicated above.

Biweekly rate = Hourly rate * 80. Annual rate = Biweekly rate * 26. Monthly rate = Annual rate / 12.

Exhibit G - Fire Pay Plan (40 Hour Shifts)

Steps	Probationary Fire Fighter FNCS1	Fire Fighter FCS1	Equipment Operator FCS2	Lieutenant FCS3	Captain FCS4	Battalion Chief FCS5	Division Chief FCS6	Deputy Chief FCS7
1	\$ 48,100.00	51,018.24	69,008.16	74,757.28	83,599.36	96,123.04	106,993.12	113,994.40
2		51,873.12	69,328.48	75,164.96	84,221.28	96,876.00	107,423.68	115,487.84
3		52,730.08	69,644.64	75,568.48	84,847.36	97,626.88	107,854.24	116,983.36
4		53,587.04	69,964.96	75,978.24	85,471.36	98,384.00	108,284.80	118,478.88
5		54,444.00	70,283.20	76,383.84	86,095.36	99,134.88	108,715.36	119,972.32
6		55,300.96	70,601.44	76,789.44	86,719.36	99,889.92	109,145.92	121,465.76
7		56,155.84	70,919.68	77,195.04	87,343.36	100,640.80	109,576.48	122,963.36
8		57,014.88	71,237.92	77,602.72	87,971.52	101,397.92	110,009.12	
9		57,871.84	71,556.16	78,010.40	88,595.52	102,148.80	110,437.60	
10		58,726.72	71,872.32	78,416.00	89,219.52	102,903.84		
11		59,521.28	72,192.64	78,823.68	89,843.52	103,654.72		
12		60,442.72	72,510.88	79,227.20	90,469.60			
13		61,297.60	72,829.12	79,634.88	91,093.60			
14		62,154.56	73,147.36	80,040.48				
15		63,013.60	73,467.68	80,450.24				
16		63,868.48	73,783.84					
17		64,725.44	74,102.08					
18		65,582.40						
19		66,439.36						
20		67,296.32						

Steps	Hourly Probationary Fire Fighter FNCS1	Hourly Fire Fighter FCS1	Hourly Equipment Operator FCS2	Hourly Lieutenant FCS3	Hourly Captain FCS4	Hourly Battalion Chief FCS5	Hourly Division Chief FCS6	Hourly Deputy Chief FCS7
1	\$ 23.125	24.528	33.177	35.941	40.192	46.213	51.439	54.805
2		24.939	33.331	36.137	40.491	46.575	51.646	55.523
3		25.351	33.483	36.331	40.792	46.936	51.853	56.242
4		25.763	33.637	36.528	41.092	47.300	52.060	56.961
5		26.175	33.790	36.723	41.392	47.661	52.267	57.679
6		26.587	33.943	36.918	41.692	48.024	52.474	58.397
7		26.998	34.096	37.113	41.992	48.385	52.681	59.117
8		27.411	34.249	37.309	42.294	48.749	52.889	
9		27.823	34.402	37.505	42.594	49.110	53.095	
10		28.234	34.554	37.700	42.894	49.473		
11		28.616	34.708	37.896	43.194	49.834		
12		29.059	34.861	38.090	43.495			
13		29.470	35.014	38.286	43.795			
14		29.882	35.167	38.481				
15		30.295	35.321	38.678				
16		30.706	35.473					
17		31.118	35.626					
18		31.530						
19		31.942						
20		32.354						

Progression in each pay grade is based on seniority in that pay grade. Seniority is defined as the total time of employment as a fire fighter for the City of Lubbock. Time-off for disciplinary suspension does not constitute a loss of seniority time, nor does it constitute a break in service. The time involved in "move-up" is also not included. It does mean all years of service as a fire fighter with the City of Lubbock, whether interrupted or uninterrupted, and not merely the last continuous period of service. Seniority credit shall be figured to five decimal places.

Employees who successfully complete one (1) year as Probationary Fire Fighter move to grade FCS1. Fire Fighters advance through each step annually in FCS1 until reaching the 20th step. Progression through the steps in the other grades also requires one year in each step. However, if the anniversary date occurs during the last half of the pay period, the increase does not become effective until the beginning of the next pay period.

Biweekly rate=Hourly rate*106. Annual rate=Biweekly rate*26. All conversions are approximate.

Exhibit G - Fire Pay Plan (Kelly Shifts)

Steps	Probationary Fire Fighter FCS1	Fire Fighter FCS1	Equipment Operator FCS2	Lieutenant FCS3	Captain FCS4	Battalion Chief FCS5	Division Chief FCS6	Deputy Chief FCS7
1	\$ 45,523.61	48,285.12	65,311.69	70,752.03	79,120.82	90,972.80		
2		49,095.38	65,614.85	71,137.87	79,709.43	91,686.61		
3		49,905.65	65,614.85	71,520.96	80,301.97	92,397.66		
4		50,715.91	66,215.66	71,906.80	80,892.54	93,114.22		
5		51,526.18	66,518.82	72,292.64	81,483.11	93,825.26		
6		52,339.20	66,819.22	72,675.72	82,073.68	94,539.07		
7		53,146.70	67,119.62	73,058.80	82,664.25	95,250.12		
8		53,959.72	67,422.78	73,444.64	83,258.76	95,966.68		
9		54,772.74	67,723.19	73,830.48	83,849.33	96,677.72		
10		55,580.25	68,020.84	74,216.32	84,439.90	97,391.53		
11		56,332.64	68,324.00	74,602.16	85,030.47	98,102.58		
12		57,203.54	68,627.16	74,982.49	85,623.01			
13		58,013.80	68,927.56	75,368.33	86,213.59			
14		58,824.06	69,227.96	75,751.42				
15		59,637.08	69,531.12	76,140.01				
16		60,447.35	69,831.53					
17		61,257.61	70,131.93					
18		62,067.88						
19		62,880.90						
20		63,691.16						

Steps	Hourly Probationary Fire Fighter FCS1	Hourly Fire Fighter FCS1	Hourly Equipment Operator FCS2	Hourly Lieutenant FCS3	Hourly Captain FCS4	Hourly Battalion Chief FCS5	Hourly Division Chief FCS6	Hourly Deputy Chief FCS7
1	\$ 16.518	17.520	23.698	25.672	28.709	33.009		
2		17.814	23.808	25.812	28.922	33.268		
3		18.108	23.916	25.951	29.137	33.526		
4		18.402	24.026	26.091	29.351	33.786		
5		18.696	24.136	26.231	29.566	34.044		
6		18.991	24.245	26.370	29.780	34.303		
7		19.284	24.354	26.509	29.994	34.561		
8		19.579	24.464	26.649	30.210	34.821		
9		19.874	24.573	26.789	30.424	35.079		
10		20.167	24.681	26.929	30.639	35.338		
11		20.440	24.791	27.069	30.853	35.596		
12		20.756	24.901	27.207	31.068			
13		21.050	25.010	27.347	31.282			
14		21.344	25.119	27.486				
15		21.639	25.229	27.627				
16		21.933	25.338					
17		22.227	25.447					
18		22.521						
19		22.816						
20		23.110						

Progression in each pay grade is based on seniority in that pay grade. Seniority is defined as the total time of employment as a fire fighter for the City of Lubbock. Time-off for disciplinary suspension does not constitute a loss of seniority time, nor does it constitute a break in service. The time involved in "move-up" is also not included. It does mean all years of service as a fire fighter with the City of Lubbock, whether interrupted or uninterrupted, and not merely the last continuous period of service. Seniority credit shall be figured to five decimal places.

Employees who successfully complete one (1) year as Probationary Fire Fighter move to grade FCS1. Fire Fighters advance through each step annually in FCS1 until reaching the 20th step. Progression through the steps in the other grades also requires one year in each step. However, if the anniversary date occurs during the last half of the pay period, the increase does not become effective until the beginning of the next pay period.

Kelly shift rate (k)=Biweekly rate (40 hour)/112. Annual rate=Biweekly rate*26. All conversions are approximate.

Exhibit H - Position Control Summary

	Budget FY 2015-16
Administrative Services	
City Attorney	16
City Council	-
City Manager	7
City Secretary	12
Facilities Management	16
Finance	30
Human Resources	6
Internal Audit	3
Public Information	7
Total Administrative Services	97
Community Services	
Building Inspection	24
Planning	7
Total Community Services	31
Cultural and Recreation Services	
Library	36
Museums	8
Parks	81
Total Cultural and Recreation Svcs	125
Public Works	
Engineering	17
Streets	36
Traffic	37
Total Public Works	90
Public Safety and Health Services	
Animal Services	24
Codes and Environmental Health	32
Fire	429
Municipal Courts	20
Police	545
Public Health	17
Vector Control	6
Total Public Safety and Health Services	1,073
TOTAL	1,416

Exhibit H - Position Control Summary

	Budget FY 2015-16
Internal Service Funds	
Fleet	17
Health Benefits	3
Information Technology	44
Investment Pool	1
Print Shop/Warehouse	6
Risk Management	6
Total Internal Service Funds	77
Enterprise Funds	
Airport	48
Cemetery	7
Civic Centers	27
Lake Alan Henry	1
Lubbock Power and Light	303
Solid Waste	113
Storm Water	38
Wastewater	76
Water	170
Total Enterprise Funds	783
Special Revenue Funds	
Community Development	14
Economic Development	-
Emergency Management	2
Gateway Streets	-
Juvenile Case Manager	-
Municipal Court	2
Total Special Revenue Funds	18
TOTAL CITY FUNDS	2,294

RESOLUTION

WHEREAS, the City Council of the City of Lubbock has adopted an FY 2015-16 budget that will raise more property tax revenue than was generated in the previous year; and

WHEREAS, Chapter 102 of the Texas Local Government Code requires the City Council to “ratify” the adoption of a budget that will raise more property tax revenue than was generated in the prior year by a separate vote; NOW THEREFORE:

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the City Council of the City of Lubbock hereby ratifies the adoption of a FY 2015-16 budget that will raise more property tax revenue than was generated in the previous year.

Passed by the City Council this _____ day of _____, 2015.

VOTING FOR PASSAGE:

VOTING AGAINST PASSAGE:

Council members present but not voting: _____

Council members absent: _____

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:

Cheryl Brock
Executive Director of Budget

APPROVED AS TO FORM:

Amy L. Sims
Deputy City Attorney

ORDINANCE NO. _____

AN ORDINANCE SETTING THE TAX RATE AND LEVYING A TAX UPON ALL PROPERTY SUBJECT TO TAXATION WITHIN THE CITY OF LUBBOCK, TEXAS, FOR THE YEAR 2015; APPORTIONING SAID LEVY AMONG THE VARIOUS FUNDS AND ITEMS FOR WHICH REVENUE MUST BE RAISED; FIXING THE TIMES IN WHICH SAID TAXES SHALL BE PAID AND ASSESSING PENALTY AND INTEREST FOR NONPAYMENT OF SUCH TAXES WITHIN THE TIME PROVIDED.

WHEREAS, after all notices have been given and hearings held as provided by law, the City Council has determined the tax rate necessary to produce the revenue necessary to operate the affairs of the City of Lubbock for the next fiscal year; NOW THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

SECTION 1. THAT there shall be levied and assessed upon all property subject to taxation within the City of Lubbock, Texas, for the year 2015 the sum of \$0.53910 per One Hundred and No/100s Dollars (\$100.00) valuation thereof and the same shall be applied to the various funds in the following manner:

\$0.12595 per \$100 valuation to the Interest and Sinking Fund;

\$0.39000 per \$100 valuation to the General Fund; and

\$0.02315 per \$100 valuation to the Economic Development Fund.

SECTION 2. THAT all ad valorem taxes shall be paid before the first day of February 2016, and taxes not paid by that time shall be increased by such penalty and interest as is provided by Chapter 18 of the Code of Ordinances of the City of Lubbock.

AND IT IS SO ORDERED

Passed by the City Council on first reading this _____ day of _____, 2015.

VOTING FOR PASSAGE:

VOTING AGAINST PASSAGE:

Council members present but not voting: _____

Council members absent: _____

Passed by the City Council on second reading this _____ day of _____, 2015.

VOTING FOR PASSAGE:

VOTING AGAINST PASSAGE:

Council members present but not voting: _____

Council members absent: _____

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza
City Secretary

APPROVED AS TO CONTENT:

Cheryl Brock
Executive Director of Budget

APPROVED AS TO FORM:

Amy L. Sims
Deputy City Attorney

RESOLUTION

WHEREAS, the City Council of the City of Lubbock, by Ordinance No. 2002-00049, amended Subsection 18.03.001(b)(2) of the Code of Ordinances of the City of Lubbock to allow for allocation of Hotel Occupancy Tax Revenues by Resolution; and

WHEREAS, the City Council of the City of Lubbock deems it to be in the best interest of the citizens of Lubbock to adjust the current allocation of hotel occupancy tax revenues; NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

- 1. THAT the funds received from the tax levied under Section 18.03.001(a) of the Code of Ordinances of the City of Lubbock, net of collection expenses, shall be distributed as follows:

Convention & Tourism Bureau	45.10808 percent
Civic Center Operations/Marketing	25.27496 percent
Visiting Participatory & Spectator Sports Marketing	12.10454 percent
North Overton TIF Conference Center Debt Service	8.73668 percent
Transfer to CIP – Buddy Holly Center	1.47059 percent
Civic Lubbock, Inc.	5.92120 percent
Buddy & Maria Elena Holly Plaza Debt Service	<u>1.38395 percent</u>
Total	100.00000 percent

- 2. THAT to the extent revenue is collected, each of the above entities will receive 100% of actual revenue at the percentage indicated.

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:

Cheryl Brock,
Executive Director of Budget

APPROVED AS TO FORM:

Amy L. Sims,
Deputy City Attorney

RES.Hotel-Motel 15-16 (7.07.15)

Glossary of Financial Terms

Accrual Accounting – The basis of accounting where transactions are recognized in the financial statements when they occur, regardless of when cash is actually received or spent.

Activity Measures – A numerical value used to describe and evaluate work performed in carrying out activity. For example, "The number of alleys bladed per month."

Ad Valorem Tax – An ad valorem tax is based "according to value" of property and is used as the source of monies to pay general obligation debt and to support the General Fund.

Appropriable Net Assets – The amount available in an internal service or enterprise fund that may be spent, generally equivalent to current assets less current liability as stated at the end of the fiscal period.

Appropriation – A legal authorization granted by a legislative body to make expenditures and incur obligations for specific purposes. An appropriation is usually limited in amount and time when it may be expended.

Arbitrage – The interest earnings derived from invested bond proceeds or debt service fund balances.

Assessed Valuation – Valuation set upon real estate or other property by a government as a basis for levying taxes. (Note: Property values are established by the Lubbock Central Appraisal District).

Audit – An examination of organization financial statements and the utilization of resources.

Balance Sheet – A financial statement that presents the assets, liabilities, reserves and balances, of a specific governmental fund as of a specified date.

Balanced Budget – A budget in which planned expenditures can be met by current income from taxation and other government receipts.

Bond – A written promise to pay a specified sum of money, called the face value or principle amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The most common types of bonds are general obligation and revenue. Bonds are frequently used to finance the construction of large capital projects.

Budget – A plan of financial operation that links all planned revenues and expenditures with various municipal services. The term "budget" usually indicates a financial plan for a single fiscal year.

Budget Document – The instrument used by the budget-making authority to present a comprehensive financial program to the appropriation body.

Budget Ordinance – The official enactment, by City Council, to legally authorize City staff to obligate and expend resources.

Budgetary Control – The control or management of a governmental or enterprise fund in accordance with an approved budget to keep expenditures within the limitations of available appropriations and revenues.

Budgeted Funds – The funds that have been formally or legally appropriated by the City Council.

Capital Program – Items in the Capital Program are usually construction projects or major capital purchases designed to improve and maintain the value of the City's assets.

Capital Outlay – Expenditures which result in the acquisition of or addition to fixed assets.

Cash Accounting – A basis of accounting in which transactions are recorded when cash is either received or expended for goods and services.

Cash Management – The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to forecasting inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds to achieve the highest interest and return available for temporary cash balances.

Glossary of Financial Terms

Certificates of Obligation – Certificates of obligation are debt instruments secured by the ad valorem taxing power of a city. They do not require voter authorization.

CFO – Chief Financial Officer

City Council – The Mayor and six (6) Council members collectively acting as the legislative and policy making body of the City.

Current Assets – Those assets that are available or can be made readily available to finance current operations or to pay current liabilities.

Current Liabilities – Debt or other legal obligation arising out of transactions in the past which must be liquidated, renewed or refunded within one year.

Current Taxes – Taxes that are levied and due within one year.

Debt Service – The City's obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

Debt Service Fund – A fund established to account for the accumulation of resources for the payment of principal and interest on long term debt. May also be called an Interest and Sinking Fund.

Delinquent Taxes – Taxes remaining unpaid on and after the date on which a penalty for non-payment is attached.

Department – An administrative subsection of the City which indicates management responsibility for an operation.

Depreciation – The process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset that cannot or will not be restored by repair and will be replaced. The cost of the fixed asset's lost usefulness is the depreciation or the cost to reserve in order to replace the item at the end of its useful life.

Encumbrances – The pledge to expend appropriated funds to purchase an item or service. To encumber funds means to set aside funds for future expenditures.

Enterprise Fund – A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rates for these services are established to insure that revenues are adequate to meet all necessary expenditures. Enterprise Funds are established for services including water and wastewater, electric, solid waste, airport, storm water, and transit.

Estimated Revenue – The amount of projected revenue to be collected during the fiscal year.

Expenditure – The actual outflow of funds paid for an asset, goods, or services obtained.

Expenses – A decrease in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

FAA – Federal Aviation Administration.

Fees – Fees are charges for services.

Fiscal Year – A 12-month period to which the annual operating budget applies. The City determines its financial position and the results of its operations at the end of the Fiscal Year. The Fiscal Year for Lubbock begins October 1 and ends September 30.

Fixed Assets – Assets of a long term character which are intended to continue to be held or used, such as land, buildings, machinery, and equipment.

Franchise Fee – A fee paid by public service utilities for use of public property in providing their services to the citizens of the community.

FTE – FTE means full time equivalent, authorized position, filled or vacant.

Full Faith and Credit – A pledge of the general taxing power of a government to repay debt obligations. This term is typically used in reference to general obligation bonds.

Glossary of Financial Terms

Fund – A fiscal and accounting entity with a self balancing set of accounts that records all financial transactions for specific activities or government functions. Commonly used funds in public accounting are: general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds, trust and agency funds, and internal service funds.

Fund Balance – The excess of assets over liabilities, also known as surplus funds.

Funding Source – A funding source is the specifically identified dollars allocated to meet budgeted requirements.

GASB – Government Accounting Standards Board, an independent, non-profit agency responsible for the promulgation of accounting and financial reporting procedures for governmental entities.

General Fund – The fund used to account for all financial resources except those required to be accounted for in another fund. This fund includes most of the basic operating services such as fire and police protection, health services, parks and recreation, libraries, street maintenance, and general administration.

GAAP – Generally Accepted Accounting Principles - GAAP are the uniform minimum standards of, and guidelines to, financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define the accepted accounting practices at a particular time. They include both broad guidelines of general application and detailed practices and procedures. GAAP provide a standard by which to measure financial presentation.

General Obligation Bonds – Bonds for the payment of which the full faith and credit of the City are pledged. These bonds require voter authorization.

Goals – Targets or plans that are reflective of major departmental activities.

GFOA – Government Finance Officers Association

Governmental Accounting – Governmental Accounting is the composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of government.

Governmental Funds – Funds generally used to account for tax-supported activities. Examples of governmental funds are the general fund, special revenue funds, and debt service funds.

Grants – Contributions of assets from another government or entity to be used or expended for a specified purpose, activity, or facility.

Historically Underutilized Business (HUB) - A HUB is defined as a small business concern which is at least 51% owned and controlled by one or more socially and economically disadvantaged individuals, or in the case of any publicly owned business, at least 51% of the stock of which is owned by one or more socially and economically disadvantaged individuals. Socially and economically disadvantaged include Women, Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, and Asian-Indian Americans

Infrastructure – The underlying permanent foundation or basic framework such as streets, drainage facilities, water and wastewater mains.

Interdepartmental Services – Interdepartmental services are budgeted expenses for services provided by another department.

Interest and Sinking Fund – A fund established to account for the accumulation of resources for the payment of principal and interest on long term debt. May also be called a debt service fund.

Interfund Transfers – Amounts transferred from one fund to another.

Internal Service Fund – A fund used to account for the financing of goods or services provided by one department to another on a cost reimbursement basis. Some examples include Fleet Services, Print Shop, Central Warehouse, Information Technology, Health Benefits, and Risk Management.

Levy – To impose taxes, special assessments, or service charges for the support of City services.

Glossary of Financial Terms

Line - Item Budget – A budget that lists each expenditures category (personnel, supplies, maintenance, etc.) separately, along with the dollar amount budgeted for each specified category.

LEDA – Lubbock Economic Development Alliance

Long-Term Debt Account Group – This account group presents general obligation debt and other long-term obligations of the City which are not an integral part of the financing and operations of proprietary funds. General obligation debt of proprietary funds is reflected in their respective financial statements.

MLI – Market Lubbock Inc.

Modified Accrual Accounting – A basis of accounting in which expenditures are accrued but revenues are accounted for on a cash basis. This accounting technique is a combination of cash and accrual accounting since expenditures are immediately incurred as liability while revenues are not recorded until they are actually received or are "measurable" and "available for expenditure." This type of accounting basis is conservative and is recommended as the standard for most governmental funds.

Operating Budget – The plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law.

Ordinance – A formal legislative enactment by the governing board of a municipality. It is not in conflict with any higher form of law, such as state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

PFC – Passenger Facility Charge – Passenger Facility Charges are authorized by the Federal Aviation Administration (“FAA”). PFC revenues must be used for allowable costs of FAA approved airport projects, including debt service on airport obligations issued for approved airport projects.

Performance Measures – Specific quantitative and qualitative measures of work performed as an objective of the department. For example, the percentage of thoroughfares swept monthly, the percentage of lost and runaway children located, or the percentage of library books re-shelved within 48 hours.

PILOT – Payment In Lieu of Taxes

Property Tax – Taxes that are levied on both real and personal property according to the property's valuation and tax rate.

Reserve – An account used to earmark a portion of fund balance to indicate that it is not appropriate for expenditure. A reserve may also be an account used to earmark a portion of fund equity as legally segregated for a specific future use.

Retained Earnings – The equity account reflecting the accumulated earnings of the enterprise funds.

Revenue – Funds that the City receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues, and interest income.

Revenue Bonds – Bonds whose principle and interest are payable exclusively from earnings of an Enterprise Fund.

ROW – Right-of-way.

Special Revenue Fund – A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Taxes – Compulsory charges levied by a government for financing services performed for the common benefit. This definition does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. The definition also does not include charges for services rendered only to those paying such charges, for example, sanitation service charges.

Tax Rate – The tax rate is the amount of the tax levied for each \$100 of assessed valuation.

Glossary of Financial Terms

Transfers – Transfers are the authorized exchanges of cash or other resources between funds.

Underwriter – A company or entity that administers the public issuance and distribution of securities from a corporation or other issuing body.

Working Capital – Budgeted working capital is calculated as a fund's current assets less current liabilities and outstanding encumbrances. The term is used to indicate unencumbered fund balances in enterprise funds.

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Alternative Formats

In accordance with the Americans with Disabilities Act, this document is available in alternative formats upon request. Please contact the Finance Department at 806.775.2105.

The Operating Budget and Capital Program are also available online on the City of Lubbock website at:
<http://finance.ci.lubbock.tx.us>



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