

## **ORDINANCE NO. 2023-20**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS, FINDING THAT ALL THINGS REQUISITE AND NECESSARY HAVE BEEN DONE IN PREPARATION AND PRESENTMENT OF A 11' ANNUAL BUDGET; APPROVING AND ADOPTING THE OPERATING AND CAPITAL IMPROVEMENTS BUDGET FOR THE CITY OF HUNTSVILLE, TEXAS, FOR THE PERIOD OCTOBER 1, 2023, THROUGH SEPTEMBER 30, 2024; RATIFYING AND APPROVING FISCAL AND BUDGETARY POLICIES; RATIFYING AND APPROVING THE INVESTMENT AND BANKING POLICIES; RATIFYING AND APPROVING VARIOUS FEES, RATES AND CHARGES; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF.**

**WHEREAS** more than thirty days before the end of the City's fiscal year and more than thirty days before the adoption of this ordinance, the City Manager of the City of Huntsville, Texas, submitted a proposed budget for the ensuing fiscal year according to Section 11.05 of the Charter of the City of Huntsville, Texas, and Texas Local Government Code Section 102.005; and

**WHEREAS** the City Manager filed a copy of the proposed budget with the City Secretary and the budget was available for public inspection at least fifteen days before the budget hearing and tax levy for the fiscal year 2023-2024 [Texas Local Government Code § 102.006]; and

**WHEREAS** the itemized budget shows a comparison of expenditures between the proposed budget and the actual expenditures for the same or similar purposes for the preceding year and the estimated amount of money carried for each [Texas Local Government Code § 102.003(a)]; and

**WHEREAS** the budget contains financial information of the municipality that shows the outstanding obligations of the City, the available funds on hand to the credit of each fund, the funds received from all sources during the preceding year, the funds available from all sources during the ensuing year, the estimated revenue available to cover the proposed budget, and the estimated tax rate required to cover the proposed budget (Texas Local Government Code § 102.003(b)); and

**WHEREAS** notification has been provided to the public concerning the public hearing for the fiscal year 2023 - 2024 budget [Texas Local Government Code § 102.0065]; and

**WHEREAS** the budget for the year October 1, 2023, through September 30, 2024, has been presented to the City Council, and the City Council has held a public hearing with all notice as required by law, and all comments and objections have been considered; and

**WHEREAS** the fees, rates and charges set out herein are reasonable and necessary and are established and set in the best interests of the City.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS, that:**

**SECTION 1:** City Council adopts the budget for the City of Huntsville, Texas, now before the City Council for consideration and attached, as the budget for the City for the period of October 1, 2023, through September 30, 2024.

**SECTION 2:** The appropriation for the ensuing fiscal year for operating expenses, debt service and capital outlay budgets shall be fixed and determined as shown in Exhibit A and by reference to the Fund Summaries with account classification totals in the City Secretary's office.

**SECTION 3:** New projects described for fiscal year 2023-2024 in the Capital Improvements budget portion of the 2023-2024 budget are approved at the cost level indicated, subject to the availability of funding of project costs (Exhibit A1).

**SECTION 4:** City Council approves the monthly payment for an eligible employee to the City's Medical Insurance Internal Service Fund of \$850.00 per month (\$10,200.00 annually), per employee electing coverage.

**SECTION 5:** City Council approves a budgeted TMRS rate established according to TDIERS rates for the benefit levels elected by the City.

**SECTION 6:** City Council approves a transfer of an amount equal to four (4.0%) percent of the gross revenues received during Fiscal Year 2023-2024 from all water, wastewater and solid waste customers, as a transfer to the General Fund to compensate the City for the use of streets and rights-of-way by the Water, Wastewater, and Solid Waste Funds.

**SECTION 7:** City Council hereby has reviewed and approves the Fiscal and Budgetary, and Purchasing Policies (Exhibit B).

**SECTION 8:** City Council has reviewed and approves the investment policies, strategies, and the Investment and Banking Policies and Investment Policy Statement for the Post-Employment Benefit Plan (Exhibit C).

**SECTION 9:** City Council approves and reauthorizes building permit fees and other fees, rates, charges and their associated revenue, which is incorporated into the budget; Exhibit D. Exhibit D authorizes water, wastewater, and solid waste rate increases as noted.

**SECTION 10:** The City Secretary is directed to maintain a copy of the adopted budget, to file a copy of it with the City Library and the County Clerk, and to publish a notice saying the budget is available for public inspection [Texas Local Government Code §§ 102.008 and 102.009(d)].

**SECTION 11:** Council may amend this budget from time to time as provided by law for the purposes of authorizing emergency expenditures or for municipal purposes, provided, however, no obligation shall be incurred or any expenditures made except in conformity with the budget [Texas Local Government Code §§ 102.009-102.011; Huntsville City Charter §§ 11.06-11.07].

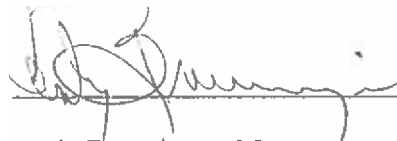
**SECTION 12:** The City Manager may, within the policies adopted within this budget, authorize transfers between budget line items: City Council may transfer any unencumbered appropriated balance or portion of it from one office, department, or agency to another at any time, or any appropriation balance from one expenditures account to another within a single office, department, or agency of the City [Huntsville City Charter §11.06.].

**SECTION 13:** City Council expressly repeals all previous budget ordinances and appropriations if in conflict with the provisions of this ordinance. If a court of competent jurisdiction declares any part, portion, or section of this ordinance invalid, inoperative, or void for any reason, such decision, opinion, or judgment shall in no way affect the remaining portions, parts, or sections, or parts of a section of this ordinance, which provisions shall be, remain, and continue to be in full force and effect.

**SECTION 14:** This ordinance shall take effect immediately after its passage.


PASSED AND APPROVED on this, the 19th day of September 2023.

**THE CITY OF HUNTSVILLE, TEXAS**


  
\_\_\_\_\_  
Andy Braunniger, Mayor



**ATTEST:**

  
\_\_\_\_\_  
Kristy Doll, City Secretary

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Leonard Schneider, City Attorney

Fund	Fund Name	Estimated 09/30/23 Unallocated ReNMI	RIM:nJN	Admin Reimb n	Trans In	Total Revenue	Expenditure	Admin Reimb n	Tr-Out	Transfer to Cap	Etp	On-Time Equity	Total Etp	Estimated 11/12, Unallocated ReNMI
<b>Fund Name</b>														
101	General Fund	11,300,000	24,605,259	6,687,870	1,661,158		30,981,765		1,652,520	380,000	32,974,265	2,032,611	35,006,876	9,267,539
	<b>Debt Service</b>													
118	Debt Service Fund	514,732	2,069,400		590,363	2	2,659,755				2,859,755			1,140
	<b>Enterprise</b>													
220	Utility Fund	10,500,000	34,026,750	56,256		34,083,008	20,687,197	2,428	2,643,381	5000,000	34,083,006	2,226,150		8,273,850
224	Solid Waste Fund	3,600,000	7,665,650			7,665,650	5,591,154	916,356	1,116,636		7,824,146	20,752		3,820,752
	<b>Internal Service</b>													
302	Medical Insurance Fund	3,700,000	4,441,381				4,441,381				4,441,381		4,441,381	3,700,000
306	Capital Equipment Fund	5,952,000	250,000		2,494,871		2,830,046				2,830,046		2,830,046	5,866,825
309	Computer Equip. Replacement Fund	130,000			506,541		249,884				249,884		249,884	386,657
	<b>Special Revenue</b>													
601	Court	11,300	32,000						28,050		26,050			81,250
602	Court Technology SAF	68,400	29,000			29,000	51,500				51,500		51,500	45,900
608	Airport SRF	91,300	66,550			68,550	159,424				159,424		159,424	26
810	Library SAF	169,134	8,500			8,500								16,634
611	Police Seizure & Forfeiture SRF	155,858	5,000			5,000	114,248				114,248		114,248	46,610
612	Police School Resource Officer SAF	235,304	659,108		152,662	811,770	767,444		43,266		811,770	5,786	817,556	229,516
613	Police Equipment Replacement SAF	100,660					100,261				100,261		100,261	599
614	Police Grants SRF	3,900	96,000			96,000	96,000				96,000		96,000	3,900
619	LEOESRF	36,960					29,051				29,051		29,051	7,909
825	Hurt'sville Battlefield	19,600												19,800
630	Township Fund	41,200	186,300			186,300								227,500
665	Hotel-Motel Tax - Statue Contrib	73,825	3,500			3,500	300				300		300	7,025
	<b>Hotel-Motel Tax</b>													
661	Arts	177,500	137,050		89,704		226,754				226,754	17,445		180,055
663	Historic Town & Vinton Center	975,000	852,500				766,000	68,446	17,280		852,500	40,950		934,050
	<b>Endowment</b>													
		5,385,000					20,000				20,000		20,000	5,365,000
418	Library Endowment Fund	124,100												124,100
61	Oakwood Cemetery Endowment Fund	397,000	5,000			5,000								402,000
		43,829,773	75,140,948	8,744,126	5,515,297	11,400,000	89,732,938	8,757,230	5,502,193	5,380,000	67,352,361	4,343,500	11,895,805	

<p style="text-align: center;"><i>City of Jfuntsville</i></p> <p style="text-align: center;">FY 2023-2024 Capital Funding Additions and Sources</p>		
Utility CIP	Amount	Funding Sources
Miscellaneous Waterline Replacements (Elm Ave (SH30E to Louis Davis Drive), Louis David Drive (Elm Ave. to Hazel Ave) Construction	\$ 37,000	Utility Fund
Ave I / Bobby K. Marks Drive Waterline Rehab. 2 construction	\$ 71,000	Utility Fund
Sam Houston Ave 16" Waterline (Ave. I to Old Houston Road) Construction	\$ 44,000	utility Fund
Fish Hatchery (first half) (1478A to 1588) Replace 2' w/ 6" waterline	\$ 37,000	Utility Fund
7 VariOus Water1ine Replacements - Goodrich, El Road, Trinity cut-off, Patrick St., Jessica St., Adams Drive, Sprott Street	\$ 365,000	Utility Fund
FY 202312024 Miscellaneous Waterlines Design - Old Colony Road, utlUty Road, Jeffro St., Rhodes Drive	\$ 90,000	Utility Fund
Eastham (Elmwood to Royal Oaks) Design	\$ 31,000	Utility Fund
Fish Hatchery II Design	\$ 53,000	Uillity Fund
Boettcher Drive Waterline RehabUltatlon Design	\$ 312,000	Utility Fund
Mance Park Middle School Waterline Rehabilitation Design	\$ 198,000	Utility Fund
11th Street / Hickory Drive Waterline Rehabilitation Design	\$ 330,000	Utility Fund
Water MOdeting Masterplan	\$ 250,000	Utility Fund
Miscellaneous Wastewater Line Replacements - 1502 to 1412 Sam Houston Ave, 608 Sam Houston Ave to 505 Ave. M, 16th Street (Sam Houston to Ave M), 1726 Ave Q to 1711 Ave Q (MH 1936 to MH 1939), 14th Street & Ave. I, 500 to 546 Normal Park Dr.	\$ 545,000	Utility Fund
Tanyard Creek Lift station Force Main Design	\$ 136,000	Utility Fund
AJ-08 & AJ-10 Trunk Sewer Line Replacement	\$ 1,200,000	utility Fund
RC-04 Basin Rehabilitation & Renewal design	\$ 240,000	Utility Fund
N.B Davidson WWTP Rehabilitation Phase 2 Design	\$ 558,000	Utility Fund
Open Ditch Lining Improvements	\$ 50,000	Utility Fund
18" and 24" Storm Sewer Replacement (River Oaks / W Greenbriar)	\$ 50,000	Utility Fund
Dawson Creek Dam Phase 1, GLO 25% and Additional Services	\$ 62,000	
Autum Road Drainage Project, 25% of GLO Possible	\$ 250,000	Utility Fund
Drainage Utility Fee Study	\$ 91,000	Utility Fund
<b>TOTAL • Utility Fund CIP</b>	<b>\$ 5,000,000</b>	
General • CIP	Amount	Funding Sources
Aerial Mapping-Imagery, UDAR, Planimetrlc & TOPO	\$ 150,000	General Fund
Contract for Bond Package or Street Funding	\$ 100,000	General Fund
Apron Expansion Engineering & Construction	\$ 90,000	General Fund
Airport Runway	\$ 20,000	General Fund
<b>Total General CIP</b>	<b>\$ 360,000</b>	
Total Sources Summary	Amount	
Utility Fund Contributions	\$ 5,000,000	
General Fund Contributions	\$ 360,000	
<b>23-24 Total Sources of Funds</b>	<b>\$ 5,360,000</b>	

## Fiscal and Budgetary Policies

### I. STATEMENT OF PURPOSE

The purpose of the Fiscal and Budgetary Policies is to identify and present an overview of policies dictated by state law, the City Charter, City ordinances, and administrative policies. The aim of these policies is to achieve long-term stability and a positive financial condition. These policies provide guidelines to the administration and finance staff in planning and directing the City's day-to-day financial affairs and in developing financial recommendations to the City Council. These policies set forth the basic framework for the overall fiscal management of the City. Operating independently of changing circumstances and conditions, these policies assist in the decision-making process. These policies provide guidelines for evaluating both current activities and proposals for future programs.

These policies represent long-standing principles, traditions and practices which have guided the City in the past and have helped maintain financial stability. An important aspect of the policies is the application of budget and fiscal policies in the context of a long-term financial approach. The scope of these policies span accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, asset management and debt management.

The City Council and/or Finance Committee annually review and approve the Fiscal and Budgetary Policies as part of the budget process.

### II. BASIS OF ACCOUNTING

A. **Accounting In Accordance With GAAP.** The City's finances shall be accounted for in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board.

1. **Organization of Accounts.** The accounts of the City shall be organized and operated on the basis of funds. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions

2. **Fund Structure.** The City of Huntsville uses the following fund groups:

**Governmental Funds:**

- General Fund
- General Obligation Debt Service Fund
- Capital Projects Funds

**Special Revenue Funds:**

- Municipal Court Special Revenues
- Library Special Revenues
- Airport Special Revenues
- Police Special Revenues
- Hotel/Motel Tax & Arts

**Proprietary Funds:****Enterprise Funds:**

Utility Fund (Water & Wastewater operations}  
Solid Waste

**Internal Service Funds:**

Medical Insurance  
Equipment Replacement  
Computer Replacement

**Permanent Funds:**

Library Endowment  
Oakwood Cemetery Endowment

**Trust FY.Jld!:**

Retiree PEB Trust -Medical  
Scholarship Fund  
Employee Assistance Fund

3. **Governmental Fund Types.** Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, General Obligation Debt Service and Capital Project funds. Governmental fund types shall use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.
4. **Proprietary Fund Types.** Proprietary fund types are used to account for the City's business type activities (e.g., activities that receive a significant portion of their funding through user charges). The City has two types of proprietary funds: Enterprise Funds and Internal Service Funds. The City's Proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Enterprise funds receive their revenues primarily through user charges for service. Internal Service funds receive their revenues primarily from the other funds of the City.
5. **Permanent Funds.** The library Endowment Fund and Oakwood Cemetery Endowment Fund are used to account for endowments received by the City. Money available for expenditures in these funds are the accumulated interest earnings.
6. **Trust Funds.** The PEB Trust for retirees is used to account for funds designated for use for retiree Health Insurance costs if needed. Monies in this Fund help to lessen the City's Unfunded Accrued Actuarial Liability (UAAL} that is the result of the City providing a health insurance benefit to certain retirees. The Employee Assistance Fund is funded by contributions from City employees and monies are used to assist

employees encountering catastrophic illness (examples - cancer, vehicle accidents, etc.) medical costs. The Scholarship Fund is also funded by contributions from employee. The monies are used to provide scholarships to graduating seniors of employees who will be continuing their education at a university, junior/community college, or a technical school.

7. **Encumbrance Accounting.** The City shall utilize encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

### III. OPERATING BUDGET

#### A. BUDGET PROCESS.

1. **Proposed Budget.** Section 11.05 of the City Charter requires that the City Manager submit to the City Council a proposed budget at least 30 days prior to the end of the fiscal year that presents a complete financial plan for the ensuing year. Public hearings shall be held in the manner prescribed by the laws of the State of Texas relating to budgets in cities and towns. The Charter requires that no budget be adopted or appropriations made unless the total of estimated revenues, income and funds available shall be equal to or in excess of such budget or appropriations. Past practice has been to present a draft budget to City Council at least six weeks prior to fiscal year end.
  - a. The budget shall include four basic segments for review and evaluation: (1) personnel costs, (2) base budget (same level of service) for operations and maintenance costs, (3) decision packages for capital and other (non-capital) project costs, and (4) revenues.
  - b. The budget review process shall include City Council participation in the development of each of the four segments of the proposed budget.
  - c. The budget process will allow the opportunity for the City Council to address policy and fiscal issues.
  - d. A copy of the proposed budget shall be posted on the City's website when it is submitted to the City Council.
2. **Modified Incremental Approach.** The operating budget less prior year supplemental requests, shall serve as the starting point for budget estimates.
3. **Adoption.** Upon the presentation of a proposed budget document to the City Council, the City Council shall call and publicize a public hearing. The City Council shall subsequently adopt by Ordinance such budget, as it may have been amended, as the City's Annual Budget, effective for the fiscal year beginning October 1.

As required by Section 11.05 of the Charter, if the City Council takes no action to adopt a budget on or prior to September 27th, the budget as submitted by the City Manager, is deemed to have been finally adopted by the City Council.

4. **Government Finance Officers Association.** The annual budget shall be submitted to the Government Finance Officers Association (GFOA) for evaluation and consideration for the Distinguished Budget Presentation Award.
  5. **Truth In Taxation.** Budget development procedures will be in conformance with State law, outlined in the Truth in Taxation process. In the event of a tax increase, at least two notices will be given and public hearings held.
- B. **PLANNING.** Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The budget planning process is for a five year period recognizing that budgets are influenced by decisions made in prior year budgets and that decisions made in the current year budgets serve a precursor to future budget requirements. The City shall recognize both short-term needs and objectives in relation to the long-term goals of the City.
- C. **PREPARATION.** The operating budget is the City's annual financial operating plan. The budget includes all of the operating departments of the City, the debt service fund, all capital projects funds, internal service funds, and all special revenue funds of the City. An annual budget shall be prepared for all funds of the City, with the exception that capital projects will be budgeted on a project length basis, rather than an annual basis.
1. **Basis of Budget.** Operating budgets are adopted on a basis consistent with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, with exceptions, including that depreciation is not included in the budget, capital purchases are budgeted in the year of purchase, unmatured interest on long-term debt is recognized when due, and debt principal is budgeted in the year it is to be paid.
    - a. Governmental Fund Types are budgeted on a modified accrual basis, with exceptions as noted above. Revenues are included in the budget in the year they are expected to become measurable and available. Expenditures are included in the budget when they are measurable, a liability is incurred, and the liability will be liquidated with resources included in the budget.
    - b. Capital project budgets are project length budgets and are budgeted on a modified accrual basis.
    - c. Proprietary fund types are budgeted generally on an accrual basis with exceptions as noted above. Revenues are budgeted in the year they are expected to be earned and expenses are budgeted in the year the liability is expected to be incurred. The emphasis is on cash transactions in lieu of non-cash transactions, such as depreciation. The focus is on the net change in working capital.
  2. **Legal Level of Control.** The budget shall be adopted at the "legal level of control," which is, by Division, within individual funds. The level at which management, without prior council approval, loses the ability to reapply budgeted resources from one use to another is known as the budgets' "legal level of control." The City has a number of levels of detail in the operating budgets - the fund, the department, the division, the object and the line item.



Example:

Fund - General Fund  
 Department - Public Safety  
 Division - Police  
 Object - Salaries, Other Pay and Benefits  
 Line Item • Regular Salaries

In the above example, the legal level of control is the budget total for the Police Division. Department Heads may not exceed budget allocations at the object code level in controllable account without City Manager approval.

3. **Identify Available Funds.** The budget shall be sufficiently detailed to identify all available funds. The format will include estimated beginning funds, sources of funds, uses of funds, and estimated remaining funds at budget year-end. An actual prior year, estimated current year and proposed budget shall be presented.
  4. **Interfund Transfers/Charges.** A summary showing transfers and charges between funds will be provided during the budget process to explain the "double counting" of revenues and expenditures.
  5. **Periodic Reports.** In compliance with Section 11.02(e) of the Charter, the City will maintain a budgetary control system to ensure adherence to the budget and will prepare periodic reports comparing actual revenues, expenditures and encumbrances with budgeted amounts.
  6. **Self Sufficient Enterprise Funds.** Enterprise operations, Utility Fund, Solid Waste, are intended to be self-sufficient.
  7. **Administrative Cost Reimbursement.** Enterprise fund budgets shall include a reimbursement to the General Fund to pay a proportionate share of administrative costs. Documentation to support the transfer shall be presented to City Council during the budget process.
  8. **Charges to Other Funds by Internal Service Funds.** Charges by Internal service funds to user divisions and funds shall be documented as part of the budget process.
  9. **Appropriations Lapse.** Pursuant with Section 11.06 of the Charter, annual appropriations lapse at year end. Items purchased through the formal purchase order system (i.e., the encumbered portions), and not received by fiscal year end, are presented to City Council for re-appropriation in the subsequent fiscal year. To be eligible for automatic re-appropriation in a subsequent year, the goods or services must have been ordered in good faith and appropriated in the year encumbered.. The original budget is amended to include the re-appropriations. Capital projects budgets do not lapse at year-end.
  10. **Performance Indicators and Productivity Indicators.** The annual budget, where possible, will utilize performance measures and productivity indicators.
- D. **BALANCED BUDGET.** The budget shall be balanced using a combination of current revenues and available funds. Current year operating expenses shall be funded with current year generated revenues. No budget shall be adopted unless the total of estimated revenues, income, and funds available is equal to or in excess of such budget.

- E. REPORTING. Periodic financial reports shall be prepared to enable the Department Heads to manage their budgets and to enable monitoring and control of the budget.
- F. CONTROL. Operating Expenditure Control is addressed in Section V of these Policies.
- G. CONTINGENT APPROPRIATION. The General Fund, Utility Fund and Solid Waste Fund may have an adequate contingent appropriation. This contingent appropriation, titled "Reserve for Future Allocation", shall be disbursed only by transfer to another departmental appropriation. Transfers from this item shall be controlled as outlined in Section VI, D of these policies.
- H. EMPLOYEE BENEFITS. The City budget process shall include a review of employee benefits.
  - 1. Medical Insurance Fund - The Finance Committee shall review rates to be charged for employee and dependent coverage.
  - 2. Retirement Plan - The City is a member of the Texas Municipal Retirement System (TMRS). Employees working at least 1,000 hours per year shall contribute 7% to the TMRS plan. The City's match will be established according to TMRS rates for the benefit levels elected by the City. Any budgeted funds not spent can be deposited with TMRS to reduce the City's unfunded liability with Council's approval or will revert back to the unallocated monies in the appropriate fund.
  - 3. Workers Compensation Insurance - The City shall participate in the Texas Municipal League (TML) Workers Compensation Risk Pool. Rates for required coverage will be established by the Pool, adjusted for experience on an annual basis. Refunds that may be granted through the pool will be prorated between the City funds. Unspent monies will revert back to the appropriate fund.
  - 4. Social Security/Medicare - The City does not pay Social Security for employees. Medicare is paid for employees hired after March 31, 1986 or for those employees otherwise having access through the City.
  - 5. Recommendations for adjustments to the pay and classification system will be made annually in order to maintain external parity and internal equity. Recommendations will be built into the proposed basic budget.

#### IV. RESERVES/UNALLOCATED FUNDS

- A. OPERATING RESERVES/FUND BALANCES. The City shall maintain unallocated reserves in operating funds to pay expenditures caused by unforeseen emergencies or for shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. Generally, unallocated reserves for all operating funds excluding, Internal Service Funds, Capital Projects, and Special Revenue Funds shall be maintained at a minimum amount of 25% of the annual budget (less transfers to capital projects) for each fund unless specifically identified in this section. Unallocated reserves shall not be used to support on-going operating expenditures. This reserve is defined as unreserved current assets less inventory and on-going receivables (ex. utility billing, sales tax) minus current liabilities payable from these assets.

B. **FUND BALANCES USED FOR CAPITAL EXPENDITURES.** Reserves shall be used for one time capital expenditures only if:

1. there are surplus balances remaining after all reserve and fund allocations are made; or
2. the City has made a rational analysis with justifying evidence that it has an adequate level of short and long-term resources.

C. **SPECIFIC APPROPRIATION BY CITY COUNCIL.** If fund balances are used to support one time capital and onetime non-operating expenditures, the funds must be specifically appropriated by the City Council.

D. **CITY MANAGER'S AUTHORITY TO ASSIGN FUND BALANCE/UNALLOCATED RESERVES.**

At times, the City may be in various planning stages of projects. Each project will undoubtedly have its own funding considerations and challenges. As a means of planning for projects and ensuring (when necessary and appropriate) the availability of Unallocated Reserves to pay for projects, the City Manager is hereby authorized to place certain Unallocated Reserves in each of the City's funds in "Assigned" status. The definition of the term Assigned is as follows: Assigned Unallocated Reserves includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed (as defined by GASS 54). When Unallocated Reserves are placed in the "Assigned" status, they are to be noted and reduced as part of the balance of Unallocated Reserves as calculated in the Fiscal and Budgetary Policies , Section IV, A. The City Manager may assign Unallocated Reserves under the following circumstances if the amount exceeds \$50,000:

1. Matching funds for grants applied for with approval from the City Council.
2. When the City Manager is presented with documentation illustrating an adopted Capital Improvement Project is expected to be in excess of budgeted funds.
3. When the City Manager has documented reason to believe that claims will exceed budgeted revenues in the City's Medical Insurance Fund.
4. When the City is engaged in litigation for which there is not expected to be third party insurance coverage.
5. For Economic Development Incentive Agreements and/or Developers Agreements approved by Council.
6. When the City Manager has documented reason to believe an amendment to the budget will be necessary for which Unallocated Reserves will be the most likely source of funds.
7. When the Council has approved a project and directed staff to proceed and the next sequential step in the project (feasibility study, programming, rate study, conceptual design, full design or construction) has not yet been identified for funding.

The City Manager and/or his designee shall update the Assigned Unallocated Reserve three times annually as follows:

1. As soon as practical after the Council has adopted the Budget.
2. As soon as practical after the Comprehensive Annual Financial Report is complete.
3. In conjunction with the annual budget adoption.

The updates described above will be reviewed, discussed and adopted by the Council Finance Committee.

- E. SPECIAL REVENUE FUNDS. Monies in the Special Revenue Funds shall be expended for their intended purposes, in accordance with an approved budget. There is no reserve requirement.
- F. CAPITAL PROJECT FUNDS. Monies in the Capital Projects Funds shall be expended in accordance with an approved budget. There is no reserve requirement.
- G. INTERNAL SERVICE FUNDS. Working capital in equipment replacement funds will vary to meet annual fluctuations in expenditures. Monies in the Internal Service Funds shall be expended for their intended purpose in conformance with the approved budget and approved replacement schedules. Additions to the Fleet or additional computer equipment will not be funded from replacement funds without council approval.
- H. GENERAL OBLIGATION DEBT SERVICE FUND AND INTEREST ACCOUNTS. Reserves in the General Obligation Debt Service Fund and Utility Fund's Interest and Sinking accounts shall be maintained as required by outstanding bond indentures. Reduction of reserves for debt shall be done only with City Council approval after Council has conferred with the City's financial advisor to insure there is no violation of bond covenants.
- I. DEBT COVERAGE RATIOS. Debt Coverage Ratios shall be maintained as specified by the bond covenants.
- J. MEDICAL INSURANCE FUND RESERVE. A reserve shall be established in the City's Health Insurance Fund to avoid potential shortages. The reserve amount shall be 6 months of budgeted claims for Medical and Dental claims. Such reserve shall be used for no purpose other than for financing losses under the insurance program.
- K. The City shall contract for an actuarial review once every two years related to its OPEB liability for retiree medical insurance benefit, in accordance with Government Accounting Standard Board pronouncements.

## V. REVENUE MANAGEMENT

- A. CHARACTERISTICS OF THE REVENUE SYSTEM. The City strives for the following optimum characteristics in its revenue system:
  1. **Simplicity and Certainty.** The City shall strive to keep the revenue classification system simple to promote understanding of the revenue sources. The City shall describe its revenue sources and enact consistent collection policies to provide assurances that the revenues are collected according to budgets and plans.

2. **Equity.** The City shall make every effort to maintain equity in its revenue system structure. The City shall minimize all forms of subsidization between entities, funds, services, utilities, and customers.
  3. **Realistic and Conservative Estimates.** Revenues are to be estimated realistically. Revenues of volatile nature shall be budgeted conservatively.
  4. **Centralized Reporting.** Receipts will be submitted daily to the Finance Department for deposit and investment. Daily transaction reports and supporting documentation will be prepared.
  5. **Review of Fees and Charges.** The City shall review all fees and charges annually in order to match fees and charges with the cost of providing that service.
  6. **Aggressive Collection Policy.** The City shall follow an aggressive policy of collecting revenues. Utility services will be discontinued (i.e. turned off) for non-payment in accordance with established policies and ordinances. The attorney responsible for delinquent tax collection, through the central collection agency, shall be encouraged to collect delinquent property taxes using an established tax suit policy and sale of real and personal property to satisfy non-payment of property taxes. A warrant officer will aggressively pursue outstanding warrants, and the Court will use a collection agency to pursue delinquent fines.
- B. **NON-RECURRING REVENUES.** One-time or non-recurring revenues will not be used to finance current ongoing operations. Non-recurring revenues will be used only for one-time expenditures such as capital needs.
- C. **PROPERTY TAX REVENUES.** All real and business personal property located within the City shall be valued at 100% of the fair market value based on the appraisal supplied by the Walker County Appraisal District. Reappraisal and reassessment is as provided by the Appraisal District. Property tax rates shall be maintained at a rate adequate to fund an acceptable service level. Based upon taxable values, rates may be adjusted to fund this service level. Collection services shall be contracted out with a central collection agency, currently the Walker County Appraisal District.
- D. **INTEREST INCOME.** Interest earned from investment of available monies, whether pooled or not, shall be distributed to the funds in accordance with the equity balance of the fund from which monies were invested.
- E. **USER-BASED FEES AND SERVICE CHARGES.** For services associated with a user fee or charge, the direct and indirect costs of that service shall be offset wholly or partially by a fee where possible. There shall be an annual review of fees and charges to ensure that the fees provide adequate coverage of costs of services. Full fee support for operations and debt service costs shall be required in the Proprietary Funds. Partial fee support shall be generated by charges for miscellaneous licenses and fines, sports programs, and from other parks, recreational, cultural activities, and youth programs.
- F. **UTILITY RATES.** The City shall review and adopt utility rates annually that generate revenues required to cover operating expenditures, meet the legal requirements of applicable bond covenants, and provide for an adequate level of working capital.

- G. **COST REIMBURSEMENTS TO THE GENERAL FUND.** The General Fund shall be reimbursed by other funds for a proportionate share of administrative costs. Documentation to support the transfer shall be presented to City Council as part of the budget process.
- H. **INTERGOVERNMENTAL REVENUES/GRANTS/SPECIAL REVENUES.** Grant revenues and other special revenues shall be spent for the purpose(s) intended. The City shall review grant match requirements and include in the budget all grant revenues and expenditures.
- I. **REVENUE MONITORING.** Revenues actually received are to be regularly compared to budgeted revenues.
- J. **REVENUE PROJECTIONS.** Each existing and potential revenue source shall be re-examined annually.

## VI. EXPENDITURE CONTROL

- A. **APPROPRIATIONS.** The responsibility for budgetary control lies with the Department Head. Department Heads may not approve expenditures that exceed monies available at the object code level. Capital expenditures are approved by the City Council on a per project basis.
- B. **AMENDMENTS TO THE BUDGET.** In accordance with the City Charter, the City Council may transfer any unencumbered appropriated balance or portion thereof from any office, department, or agency to another at any time.
- C. **CITY MANAGER'S AUTHORITY TO AMEND BUDGET.**
  - 1. **Reserve for Future Allocation.** The City Manager may authorize transfers of \$50,000 or less from the budgeted Reserve for Future Allocation. For authorizations of \$25,000 or less, the City Manager will report the use of Reserve for Future Allocation as an informational item. For authorizations between \$25,001 and \$50,000, the City Manager shall provide written notice to the Council of his/her intent to authorize a transfer of Reserve for Future Allocation in excess of \$25,000 (but not more than \$50,000), and allow seven (7) business days to pass without a request by a Councilmember to place the proposed expenditure on a City Council meeting agenda for full City Council consideration.
  - 2. **Transfer Between Line Items.** The City Manager may, without prior City Council approval, authorize transfers between budget line items within a Fund with the exception that:
    - a) Transfers from Salary and Benefit accounts shall stay within the Salary and Benefits account classification/object code.
    - b) Savings from City Council approved capital purchases may not be spent for other than their intended purpose;
    - c) Additions to the Fleet and additional computer equipment may not be purchased from equipment replacement funds

3. **Capital Project Budgets.** The City Manager shall have the authority to transfer amounts between line items of a capital project budget and to transfer monies from a project's Contingency Reserve to fund change orders on the project. The City Manager, without prior Council approval, may approve a change order to a construction or engineering contract in an amount not to exceed \$50,000, as long as the cumulative total of all change orders to the project do not exceed the State allowed maximum of 25% of the original contract price.
- D. **PURCHASING.** All purchases shall be made in accordance with the Purchasing Procurement and Disposition Policies approved by the Finance Committee. Purchasing will review all bids before posting. The sealed bid requirement is \$50,000 if the anticipated bid is \$50,000 or greater. Purchases of \$50,000 and more in any one fiscal year from any one vendor whether a single purchase or separate or sequential purchases require city council approval. Purchases of less than \$50,000 from a single vendor added to purchases of less than \$50,000 from another vendor creating an asset of \$50,000 or more do not require Council approval. The following shows a summary of approval requirements for purchases.

### APPROVAL REQUIREMENTS FOR PURCHASES

Dollar Figure	Supervisor Or Director Designee	Department Director	Purchasing Agent	City Manager	City Council
Less than \$3,000					
\$3,000 to less than \$8,000 {Quotation Form and Purchase Order}					
\$8,000 to less than \$50,000 {Purchase Order}					
\$50,000 or more					

Denotes signature approval

- E. **CONTRACTS.** The City Manager, or Mayor as authorized by Council, shall be the signature authority on contracts above \$8,000 pursuant to the approval requirement for purchases as outlines after review by the City Attorney and Finance Director.
- F. **PROMPT PAYMENT.** All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt, in accordance with the provisions of state law. Proper procedures shall be established that enables the City to take advantage of all purchase discounts, except in the instance where payments can be reasonably and legally delayed in order to maximize the City's investable cash.

## VII. CAPITAL IMPROVEMENTS PROGRAM AND THE CAPITAL BUDGET.

- A. **PROGRAM PLANNING.** The City shall develop and maintain a multi-year plan for capital improvements and make capital improvements in accordance with the approved plan. The Capital Improvements Program will be updated annually. The Capital Improvements Program (CIP) is a planning document and does not authorize or fund projects. The planning time frame for the capital improvements program will normally be five to ten years.
- B. **BUDGET PREPARATION.** The capital budget shall evolve from the Capital Improvements Program. Capital project expenditures must be appropriated in the capital budget. A funding source and resource availability shall be presented to the City Council at the time a project is presented for funding. The City's Capital Budget is to be prepared annually in conjunction with the operating budget on a fiscal year basis to ensure that capital and operating needs are balanced against each other. Projects approved for funding from the Capital Improvements Program will be included in the Capital Budget.
- C. **PROJECT LENGTH BUDGET.** A budget for a capital project shall be a project length budget. At the end of the fiscal year, the unspent budget of an approved capital project shall automatically carry forward to the subsequent fiscal year until the project is completed. At project end, funds shall be available for project reallocation or returned to the originating fund.
- D. **BUDGET AMENDMENT.** All budget amendments shall be in accordance with State law. City Manager authority to amend the budget is identified in Section VI - D.
- E. **FINANCING PROGRAMS.** Alternative financing sources will be explored. The term of the debt issue may not exceed the expected useful life of the asset.
- F. **REPORTING.** Periodic financial reports shall be prepared to enable the Department Heads to manage their capital budgets and to enable the Finance Department to monitor, report, and provide information about the capital budget.
- G. **EVALUATION CRITERIA.** Capital investments shall foster goals of economic vitality, neighborhood vitality, infrastructure preservation, provide service to areas lacking service and improve services in areas with deficient services. Evaluation criteria for selecting which capital assets and projects to include for funding shall include the following:
  - mandatory projects
  - efficiency improvement
  - policy area projects
  - project's expected useful life
  - availability of state/federal grants
  - prior commitments
  - maintenance projects
  - project provides a new service
  - extent of usage
  - effect of project on operation and maintenance costs
  - elimination of hazards

## VIII. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

- A. **ACCOUNTING.** The Finance Director is responsible for establishing the Chart of Accounts and for recording financial transactions.



**B. AUDITING.**

1. **Qualifications of the Auditor.** Section 11.16 of the City's Charter requires the City to be audited annually by independent accountants ("auditor"). The CPA firm must demonstrate that it has staff to conduct the City's audit in accordance with generally accepted auditing standards and contractual requirements. The auditor must be licensed by the State of Texas.
2. **Responsibility of Auditor to City Council and Finance Committee.** The auditor is retained by and is accountable to the City Council. The auditor shall communicate directly with the Finance Committee as necessary to fulfill its legal and professional responsibilities. The auditor's report on the City's financial statements shall be completed within 120 days of the City's fiscal year end.
3. **Selection of Auditor.** The City shall request proposals for audit services at least once every three years. The City shall select the auditor by May 31, of each year. As required in Section 11.16 of the City Charter, the Auditor is appointed by the Mayor, with approval of the Council. The Certified Public Accountant shall have no personal interest, directly or indirectly, in the financial affairs of the City or any of its officers.
4. **Contract with Auditor.** The agreement between the independent auditor and the City shall be in form of a written contract. A time schedule for completion of the audit shall be included.
5. **Scope of Audit.** All general purpose statements, combining statements and individual fund and account group statements and schedules shall be subject to a full scope audit.
6. **Publication of Results of Audit.** As required by Section 11.16 of the City Charter, notice of the completion of the audit shall be published in a newspaper and copies placed in the office of the Director of Finance and the Huntsville Public Library. A copy will also be available in the office of the City Secretary.

**C. FINANCIAL REPORTING.**

1. **External Reporting.** As a part of the audit, the auditor shall assist with preparation of a written Annual Comprehensive Financial Report (ACFR) to be presented to the City Council. The ACFR shall be prepared in accordance with generally accepted accounting principles (GAAP) and shall be presented annually to the Government Finance Officers Association (GFOA) for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting.
2. **Availability of Reports.** The annual comprehensive financial report shall be made available to the elected officials, bond rating agencies, creditors and citizens.
3. **Internal Reporting.** The Finance Department shall prepare internal financial reports, sufficient to plan, monitor, and control the City's financial affairs.

## IX. INVESTMENTS AND CASH MANAGEMENT

- A. **DEPOSITORY BANK.** A Depository Bank shall be selected by the City Council for a two-year period, and may be renewed in accordance with the Public Funds Investment Act. A request for proposal shall be used as the means of selecting a Depository Bank. The Depository Bank shall specifically outline safekeeping requirements.
- B. **DEPOSITING OF FUNDS.** The Finance Director shall promptly deposit all City funds with the Depository Bank in accordance with the provisions of the current Bank Depository Agreement and the City Council approved Investment Policies. Investments and reporting shall strictly adhere to the City Council approved Investment Policies.
- C. **INVESTMENT POLICY.** All funds shall be invested in accordance with the approved investment policy. Investment of City funds emphasizes preservation of principal. Objectives are, in order, safety, liquidity and yield. A procedures manual shall be approved by the Finance Committee.
- D. **MONTHLY REPORT.** A monthly cash and investment report shall be prepared.

## X. ASSET MANAGEMENT

- A. **FIXED ASSETS AND INVENTORY.** A fixed asset of the City is defined as a purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, capital improvement, infrastructure addition, or addition to existing land, buildings, etc. A fixed asset's cost or value is \$5,000 or more, with an expected useful life greater than one year. Improvements and infrastructure values are \$25,000 or more in cost with a useful life or extension of five years.
- B. **MAINTENANCE OF PHYSICAL ASSETS.** The City will maintain its physical assets at a level adequate to protect the City's capital investment and minimize future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of fixed assets.
- C. **OPERATIONAL PROCEDURES MANUAL.** Records shall be purged that do not meet the capitalization criteria and operational procedures shall be in accordance with a fixed asset records procedure manual.
- D. **SAFEGUARDING OF ASSETS.** The City's fixed assets will be reasonably safeguarded and properly accounted for. Responsibility for the safeguarding of the City's fixed assets lies with the Department Head in whose department the fixed asset is assigned.
- F. **MAINTENANCE OF RECORDS.** The Finance Department shall maintain the records of the City's fixed assets including description, cost, department of responsibility, date of acquisition and depreciation where applicable. Records of land and rights-of-way shall be maintained in the Planning & Development Department.

- G. **ANNUAL INVENTORY.** An annual inventory of assets shall be performed and accounted for by each department using guidelines established by the Finance Department. Such inventory shall be performed by the Department Head or the designated agent. The Department Head shall use a detailed listing and shall be responsible for a complete review of assigned fixed assets. A signed inventory list shall be returned to the Finance Department.
- G. **INFRASTRUCTURE MAINTENANCE.** The City recognizes that deferred maintenance increases future capital costs. Funds shall be included in the budget each year to maintain the quality of the City's infrastructure. Replacement schedules should be developed in order to anticipate this inevitable ongoing and obsolescence of infrastructure.
- H. **SCHEDULED REPLACEMENT OF ASSETS.** As part of the ongoing replacement of assets, the City has established Equipment Replacement Funds. These funds charge the user funds, based on the estimated replacement cost and estimated life of the equipment. The City maintains fleet and computer replacement funds.

## XI. DEBT MANAGEMENT

- A. **DEBT ISSUANCE.** The City shall issue debt when the use of debt is appropriate and specifically approved by the City Council and expenditure of such monies shall be in strict accordance with the designated purpose.
- B. **ISSUANCE OF LONG-TERM DEBT.** The issuance of long-term debt is limited to use for capital improvements or projects that cannot be financed from current revenues or resources and future citizens will receive a benefit from the improvement. Debt may be issued for the purposes of purchasing land or rights-of-way and/or improvements to land, street improvements, or construction projects to provide for the general good. For purposes of this policy, current resources are defined as that portion of fund balance in excess of the required reserves. The payback period of the debt will be limited to the estimated useful life of the capital projects or improvements.
- C. The City shall strive to schedule debt issues to take advantage of the small issuer status designation in regard to Federal Arbitrage laws.
- D. **PAYMENT OF DEBT.** When the City utilizes long-term debt financing it will ensure that the debt is financed soundly by realistically projecting the revenue sources that will be used to pay the debt; and financing the improvement over a period not greater than the useful life of the improvement.
- E. **TYPES OF DEBT.**
  - 1. **General Obligation Bonds (G.O.'s).** General obligation bonds shall be used only to fund capital assets of the general government, and not used to fund operating needs of the City. General obligation bonds are backed by the full faith and credit of the City as well as the ad valorem tax authority of the City. The term of a bond issue shall not exceed the useful life of the asset(s) funded by the bond issue. General obligation bonds must be authorized by a vote of the citizens of the City of Huntsville.
  - 2. **Revenue Bonds (R.B.'s).** Revenue bonds shall be issued as determined by City Council to provide for the capital needs of any activities where the capital requirements are necessary for continuation or expansion of a service which produces revenue and

for which the asset may reasonably be expected to provide for a revenue stream to fund the debt service requirements. The term of the obligation may not exceed the useful life of the asset(s) to be funded by the bond issue.

3. **Certificates of Obligation (C.O.'s).** Certificates of obligation may be used in order to fund capital assets. Debt service for C.O.'s may be either from general revenues or backed by a specific revenue stream or streams or by a combination of both. C.O.'s may be used to fund capital assets where full bond issues are not warranted as a result of the cost of the asset(s) to be funded through the instrument. Infrastructure and building needs may also be financed with Certificates of Obligation, after evaluation of financing alternatives by the City's Financial Advisor. The term of the obligation may not exceed the useful life of the asset(s) to be funded by the proceeds of the debt issue.
  4. **Tax Anticipation Notes.** Tax Anticipation Notes may be used to fund capital assets of the general government or to fund operating needs of the City. Tax Anticipation Notes are backed by the full faith and credit of the City as well as the ad valorem tax authority of the City. The term of a note issue shall not exceed the useful life of the asset(s) funded by the debt issued or seven years whichever is less.
  5. **Capital Lease.** Capital leases may be used to fund capital assets with shorter lives (generally less than 10 years) for vehicles, equipment and software. The term shall not exceed the useful life of the assets.
- F. **METHOD OF SALE.** The City shall use a competitive bidding process in the sale of bonds and certificates of obligation unless some other method is specifically agreed to by City Council.
- G. **FINANCIAL ADVISOR.** The Finance Committee will recommend to the City Council a financial advisor to oversee all aspects of any bond issue.
- H. **ANALYSIS OF FINANCING ALTERNATIVES.** Staff will explore alternatives to the issuance of debt for capital acquisitions and construction projects. These alternatives will include, but not be limited to, 1) grants in aid, 2) use of reserves, 3) use of current revenues, 4) contributions from developers and others, 5) leases, and 6) impact fees.
- I. **DISCLOSURE.** Full disclosure of operations shall be made to the bond rating agencies and other users of financial information. The City staff, with the assistance of financial advisors and bond counsel, shall prepare the necessary materials for presentation to the rating agencies, and shall aid in the production of Offering Statements.
- J. **DEBT STRUCTURING.** The City will generally issue debt for a term not to exceed 20 years. The City will exceed a 20-year term only upon recommendation of the City's Financial Advisor and in no case shall the term of the debt issue exceed the life of the asset acquired. The repayment schedule shall approximate level debt service unless operational matters dictate otherwise or if market conditions indicate a potential savings could result from modifying the level payment stream. Consideration of market factors, including tax-exempt qualification, and minimum tax alternatives will be given during the structuring of long-term debt instruments.
- K. **FEDERAL REQUIREMENTS.** The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.

- L. **BIDDING PARAMETERS.** The notice of the sale of bonds will be carefully constructed so as to ensure the best possible bid for the City, in light of the existing market conditions and other prevailing factors. Parameters to be examined include:

- Limits between lowest and highest coupons
- Coupon requirements relative to the yield curve
- Method of underwriter compensation, discount or premium coupons
- Use of bond insurance
- Call provisions

#### **XII INTERNAL CONTROLS**

- A. **WRITTEN PROCEDURES.** Wherever possible, written procedures shall be established and maintained by the Finance Department for all functions involving cash handling and/or accounting throughout the City. These procedures shall embrace the general concepts of fiscal responsibility set forth in this policy statement.
- B. **DEPARTMENT HEAD RESPONSIBILITIES.** Each Department Head is responsible to ensure that good internal controls are followed throughout the Department, that all Finance Department directives or internal controls are implemented, and that all independent auditor internal control recommendations are addressed.
- C. **COMPUTER SYSTEM/DATA SECURITY.** The City shall provide security of its computer system and data files through physical security and appropriate backup procedures. A disaster recovery plan shall be developed by the Information Services Department. Computer systems shall be accessible only to authorized personnel.

#### **XIII. RISK MANAGEMENT**

- A. **RESPONSIBILITY.** A risk manager is responsible for the general risk liability insurance risk management function of the City. Recommendations for deductibles, limits of coverage, etc. shall be presented to the Finance Committee for review.
- B. **EMPLOYEE SAFETY.** The City will aggressively pursue opportunities to provide for employee safety. The goal will be to minimize the risk of loss, with an emphasis on regularly scheduled safety programs.
- C. **SELF INSURED HEALTH INSURANCE.** A detailed annual report shall be given to the Finance Committee that includes available funds, expected payouts in the plan, reinsurance costs and a rate recommendation. The presentation shall include a proposed budget for a period coinciding with the City's fiscal year.

#### **XIV. ROLE OF THE FINANCE COMMITTEE OF CITY COUNCIL**

The finance committee appointed by City Council upon recommendation of the Mayor shall have responsibilities including:

- A. Monitoring and recommending changes to the Investment Policy;
- B. Managing the audit;
- C. Review of liability insurance coverage's.
- D. Oversight of budget and finances

CITY OF HUNTSVILLE, TEXAS

# **INVESTMENT & BANKING POLICIES**

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10/1/2022

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## CITY OF HUNTSVILLE INVESTMENT AND BANKING POLICIES

### PART I - INVESTMENT POLICY

#### I. PURPOSE OF POLICY

The Public Funds Investment Act (PFIA), Chapter 2256, Texas Government Code prescribes that each city is to adopt rules governing its investment practices and to define the authority of the Investment Officer. This policy is adopted by the City Council to direct and limit the financial affairs of the City of Huntsville. It is the policy of the City of Huntsville to invest public funds in a manner which will provide the maximum security of principal invested at a reasonable market rate of return, with consideration of the City's risk constraints and cash flow needs. Receipt of a market rate of return will be secondary to the requirements for safety and liquidity. The City will comply with all state and local statutes, including the Texas Public Funds Investment Act.

#### II. SCOPE OF POLICY

This policy applies to all funds or financial resources available for investment by the City accounted for in the *City of Huntsville, Texas Annual Comprehensive Financial Report* and include the General Fund, General Obligation Debt Service Fund, Special Revenue Funds, Enterprise Funds, Permanent Funds, Internal Service Funds, the City's self-funded Health Insurance Fund, and will include any new fund created by the City Council unless specifically exempted by City Council. All monies may be pooled into one investment account, except for those monies accounted for in accounts as deemed necessary or as stipulated by applicable laws, bond covenants or contracts. These policies do not, however, govern funds that are managed under separate investment programs such as retirement funds, pension funds, deferred compensation funds and certain private donations, that are maintained as required by federal and state law, other local policies, or donor stipulations.

#### III. DESIGNATION OF INVESTMENT OFFICERS

The authority to manage the City of Huntsville investment program is derived from State Statute, the City Charter, and these investment policies. Management responsibility for the investment program is hereby delegated to the Finance Director, designated as Investment Officer for the City of Huntsville, who shall establish written procedures for the operation of the investment program consistent with this investment policy and shall be responsible for the operation of the investment program consistent with this investment policy. The Director of Finance, under general supervision of the City Manager, shall direct the cash management program of the City. (See City Charter Art. XI). The City Manager and/or Director of Finance may deposit, withdraw, invest, transfer, and manage City funds. The Investment Officer shall report to the Finance Committee of City Council. The Finance Committee, appointed by the Mayor, shall be responsible for monitoring, reviewing and making recommendations regarding the City's investment program to the City Council.

The Director of Finance may authorize persons to engage in investment transactions and approve wire transfers used in the process of investing.



#### IV. INVESTMENT TRAINING

Not less than once in a two-year period that begins on the City's first day of the fiscal year the Finance Director shall receive not less than 10 hours of instruction relating to investment responsibilities. The Finance Director shall attend investment training that includes education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and general compliance with state law. Training must be received from an independent source, approved by the entity's governing body or investment committee, and taken within twelve months after taking office or assuming duties.

#### V. ETHICS AND CONFLICT OF INTEREST

Officers and employees involved in the investment function shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Finance Committee of the City Council any material financial interest in financial institutions that conduct business with the City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Huntsville, particularly with regard to the time of purchases and sales. Investment officers shall comply with Texas Government Code section 2256.005(1) relating to personal business relationships with a business organization offering to engage in an investment transaction with the City of Huntsville.

#### VI. OBJECTIVES

The objectives of the City's investment policies are, in order of priority: preservation and safety of principal, liquidity and yield/return on investments. The policy must be written, address investment diversification and the quality and capability of investment management. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

- A. *Preservation and safety of principal* shall be the foremost objective of the City's investment program. Preservation and safety of principal shall be obtained through protection of principal and safekeeping.
  1. The City shall control risk of loss due to the failure of a security issuer or guarantor. Such risk shall be controlled by investing in the safest types of securities, by qualifying the financial institution with whom the City will transact, and by portfolio diversification.
  2. The City shall also control risks of loss by requiring collateral for depository bank funds to be held by a financial institution separate from the depository bank.
- B. *Liquidity* shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets. A security may be liquidated to meet unanticipated cash requirements, to redeploy cash into other investments expected to outperform current holdings, or to otherwise adjust the City's portfolio.
- C. *Yield/Return on Investments*. The City of Huntsville investment portfolio is designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City of Huntsville investment risk constraints and the cash flow

characteristics of the portfolio. Investments, other than the overnight cash concentration account, shall be made in permitted obligations at yield-; equal to or greater than the bond equivalent yield on United States Treasury obligations of comparable maturity.

## **VII. MARKET YIELD (BENCHMARK)**

The market yield benchmark shall be a yield equal to the bond equivalent yield on United States Treasury obligations of comparable maturity.

If selling a security prior to a fixed date maturity at a gain or loss, the investment officers shall notify the Finance Committee of City Council at its next meeting. The City shall monitor the market price of investments as of the end of each month through reports provided by brokers and/or the use of a purchased service or available software.

## **VIII. INVESTMENT STRATEGIES**

The City of Huntsville shall generally invest funds with the intent to hold to maturity. Investment selection shall be based on legality, appropriateness, liquidity, and risk/return considerations. Monies designed for immediate expenditure should be passively invested to allow for liquidity to pay upcoming disbursements, (payroll, debt service payments, payables, etc.), and allow for structuring the investment portfolio on a "laddered" basis. The City of Huntsville maintains portfolios that utilize four specific investment strategies designed to address the unique characteristics of the fund groups represented in the portfolios:

- A. *Operating Funds* have as their primary objective the assurance that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure that will experience minimal volatility during economic cycles. The weighted average days to maturity of these funds shall be less than 365 days and shall be calculated using the stated final maturity date for each security.
- B. *Debt Service Funds* shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligations on the required payment date. Securities purchased shall not have a stated final maturity date that exceeds the debt service payment date.
- C. *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. In addition to the bond ordinance specific to an individual bond issue, which sets out investment parameters, securities shall have a maturity of less than five years. Investments shall be limited to obligations of the United States or its agencies and instrumentalities or in approved investment pools.
- D. *Special Projects or Special Purpose Fund* portfolios 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 should not exceed the estimated project completion date. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

## **IX. PRUDENCE/STANDARD OF CARE**

Investments shall be made with the 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. In determining whether the City's investment officers have exercised prudence with respect to an investment decision, the determination shall be made taking into consideration, the investment of all funds, or funds under the City's control, over which they have responsibility rather than a consideration as to the prudence of a single investment, and whether the investment decision is consistent with this investment policy.

## **X. DIVERSIFICATION**

The City of Huntsville will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio will be invested in a single security type or with a single financial institution. Diversification will also include terms of maturity as well as instrument type and issue. Investments shall not exceed more than 20% of the capitalization of the financial institution other than the main depository. Bond proceeds may be invested in a single security or investment which exceeds the City's diversification limits if the Investment Officer, with concurrence of the Finance Committee, determine that such an investment is necessary to comply with Federal arbitrage restriction or to facilitate arbitrage record keeping and calculation.

## **XI. MAXIMUM MATURITIES**

In order to stabilize yield for budgeting purposes, the City shall maintain a portion of its investments in obligations with maturities greater than one year. No investment shall be made with a maturity greater than five years without express authority of the Finance Committee of the City Council. In determining the amount of investment longer than one year, cash flow and unallocated reserve funds will be evaluated. The maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio shall not exceed 2 years.

## **XII. PURCHASE PROCEDURES**

The City may, without further bidding, utilize any program established through the Texas Inter-local Cooperation Act that invests in funds authorized by the Public Funds Investment Act; or purchase certificates of deposit or other approved securities through its primary depository bank.

When possible, other investments should be made after 3 competitive bids are solicited (excluding transactions with money market mutual funds, local government investment pools and when issued securities, which are deemed to be made at prevailing market rates.) Competitive bids may be solicited orally, in writing, electronically, or in any combination of these methods. An offer worksheet shall be kept for each bid transaction showing the name of dealer/bank contacted, amount of principal to be invested, yield quoted, type of investment, fund designation, maturity date, issue date, length of time invested, and cusip number. Purchase of a security shall not be made at a price that exceeds the existing market value of the security.

The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank. The deposit shall be held in the name of the City of Huntsville and shall be evidenced by a trust receipt or the bank with which the securities are deposited.

### **XIII. COLLATERALIZATION**

The Public Fund. Collateral Act requires the City to have complete collateralization of all investments and deposits at the depository banking institution. It will be required for all uninsured collected balances, plus accrued interest, if any, in excess of FDIC coverage. To anticipate market changes and provide a level of security for all funds, the collateralization level will be at least 102% of the market value of principal and accrued interest. The City chooses to limit collateral to obligations of the United States or its agencies and instrumentalities, and direct obligations of the State of Texas or its agencies and instrumentalities. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement.

### **XIV. SAFEKEEPING AND CUSTODY**

All security transactions entered into by the City of Huntsville shall be conducted on a delivery vs. payment (DVP) basis, with the exception of investment pool funds and mutual funds, and delivered by either book entry or physical delivery. A Federal Reserve Member financial institution designated as the City's safekeeping and custodian bank shall hold these securities in a third-party safekeeping account. The City may designate more than one custodian bank. The City's custodial or safekeeping institution cannot be a counterparty (broker or dealer) to the purchase or sale of these securities.

The City shall execute a written Safekeeping Agreement with each bank prior to utilizing the custodian's safekeeping services. The Safekeeping Agreement must provide that the safekeeping bank will immediately record the receipt of purchased or pledged securities on its books and promptly issue and deliver a signed safekeeping receipt showing the receipt and the identification of the security as well as the City's interest.

- A) The Investment Officer or his designee shall maintain a list of designated custodian banks and a copy of the Safekeeping Agreement executed with each custodian bank.
- B) The Investment Officer must approve release of securities, in writing, prior to their removal from the custodian account. An electronic copy shall be sufficient if the custodian orally confirms receipt of the transmission and an exact copy of the document is retained at the City.
- C) All securities shall be confirmed in the name of the City of Huntsville and delivered to an approved custodial bank or carried at a Federal Reserve Bank in the name of the City of Huntsville. The custodian shall not otherwise deposit purchased or pledged securities. In addition, the custodian bank will furnish to the City a copy of the delivery advice received by the custodian bank from the Federal Reserve Bank.
- D) The correspondent or safekeeping bank shall issue a safekeeping receipt to the City evidencing securities are held in the City's name.
- E) The original safekeeping receipt for each transaction shall be forwarded to the Investment Officer or his designee.
- F) At least quarterly, the Investment Officer or their designee, shall verify that all securities owned by the City or pledged to the City are held in safekeeping in the City's custodial bank with proper documentation. At least annually, the City's Investment Program, including the records of custodians and depositories, shall be subject to a compliance audit of management controls on investments and adherence to the investment policies reviewed by an

independent Certified Public Accountant selected by the City Council.

## **XV. INTERNAL CONTROL/COMPLIANCE AUDIT**

A system of internal controls shall be established. A part of the City's annual audit, an independent auditor shall review internal controls, investment practices, investment performance, quarterly reports prepared by the investment officers and the result of the review shall be reported to the Finance Committee of the City Council. A compliance audit of management control on investments and adherence to investment policies is to be included.

## **XVI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

The City Council shall approve at least three broker/dealers upon recommendation of the Finance Committee for use by the designated investment officers. The broker/dealers may include primary dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

The selection process shall include a proposal process with potential broker/dealers providing a completed broker/dealer questionnaire, certification of having read the City of Huntsville investment policy, proof of National Association of Security Dealers certification and proof of state registration. The selected broker/dealers must acknowledge in writing that the business organization has implemented reasonable procedures and control in an eU-011 to preclude investment transactions conducted between the entity and the organization that are not authorized by the City's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards. An investment officer may not buy any securities from a firm that has not filed this instrument.

An annual review of the financial condition and registrations of qualified brokers is to be conducted by the City Manager or Finance Director and a current audited financial statement is required to be on file for each broker/dealer that conduct transactions with the City. The Finance Committee shall review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

## **XVII. AUTHORIZED INVESTMENTS**

The City of Huntsville may invest only in the safest type of securities and in accordance with Texas state law (Appendix I). There are two general categories of authorized investments for the City of Huntsville: (1) investments which the designated investment officers may invest without prior approval from the Finance Committee; and, (2) investments that require prior Finance Committee approval.

A. Authorized investments that do **not** require prior approval of Finance Committee:

I. Obligations of, or Guaranteed by, Governmental Entities:

- a. obligations of the United States or its agencies and instrumentalities;
- b. direct obligations of the State of Texas or its agencies and instrumentalities;
- c. 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;
- d. obligations of states, agencies, counties, cities, and other political

- subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.
- e. bonds issued, assumed, or guaranteed by the State of Israel; and
- f. interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor.

The following are **not** authorized investments under this section:

- a. obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- b. obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- c. *collateralized mortgage obligations* that have a stated final maturity date greater than 10 years; and
- d. *collateralized mortgage obligations* the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

## 2. Certificates of Deposit:

*Certificates of deposit* issued by state and national banks, a savings bank or credit union that are:

- a. guaranteed or insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, comparable insurance entities or their successors; or
- b. secured in any other manner and amount provided by law for deposits of the City.
- c. secured through an authorized broker in accordance with the Public Funds Investment Act (PFIA).

## B. Authorized investments requiring prior approval of the Finance Committee:

### I. Banker's Acceptances

A *banker's acceptance* is an authorized investment if the *banker's acceptance*: (a) has a stated maturity of 270 days or fewer from the date of its issuance; (b) will be, in accordance with its terms, liquidated in full at maturity; (c) is eligible for collateral for borrowing from a Federal Reserve Bank; and (d) is 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.

### 2. Commercial Paper

*Commercial paper* is an authorized investment if the *commercial paper* has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized

credit rating agencies or one nationally recognized credit rating agency and i., fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

### 3. Mutual Funds

- A.** A *no-load money market mutual fund* is an authorized investment if:
- 1) the *mutual fund* is registered with and regulated by the Securities and Exchange Commission;
  - 2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 ( 15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 ( 15 U.S.C. Section 80a-1 et seq.); and
  - 3) complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.)
- B.** In addition to a *no-load money market mutual fund* permitted as an authorized investment in Subsection (a), a *no-load mutual fund* is an authorized investment under this subchapter if the *mutual fund*:
- 1) is registered with the Securities and Exchange Commission;
  - 2) has an average weighted maturity of less than two years; and
  - 3) either:
    - (a) has a duration of one year or more and is invested exclusively in obligations approved by this subchapter; or
    - (b) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.
- C.** The City is **not** authorized by this section to:
- 1) invest in the aggregate more than 80 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in *money market mutual funds* described in Subsection (a) or *mutual funds* described in Subsection (b), either separately or collectively;
  - 2) invest in the aggregate 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* described in Subsection (b);
  - 3) invest any portion of bond proceeds, reserves and funds held for debt service, in *mutual funds* described in Subsection (b); or
  - 4) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one *mutual fund* described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

### C. Effect of Loss of Required Rating

An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. The City shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

## XVIII. INVESTMENT POOLS

- A. The City may invest in eligible *investment pools* as defined by the Public Funds Investment Act, which meet criteria outlined in chapter Texas Government Code section 2256.016 and section 2256.019. The Council shall authorize participation in the pool by resolution or ordinance.
- B. The City must receive from the pool an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:
  - I. a description of eligible investment securities:
  2. the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
  3. the maximum stated maturity date any investment security within the portfolio has;
  4. a written statement of investment policy and objectives;
  5. the size of the pool;
  6. the names of the members of the advisory board of the pool and the dates their terms expire;
  7. the custodian bank that will safe keep the pool's assets: a description of how the securities are safeguarded (including the settlement process) and how often the securities are priced;
  8. whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
  9. whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
  10. the name and address of the independent auditor of the pool and how often the program is audited;
  11. the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool including how often and what size deposits and withdrawals are allowed, and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the **pool**
  12. the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios;
  13. a description of interest calculations and how it is distributed and how gains and losses are treated;
  14. a schedule for receiving statements and portfolio listings;
  15. an explanation of whether reserve, retained earnings, etc. are utilized by the pool;
  16. a fee schedule, including when and how it is assessed;



17. an explanation of whether the pool is eligible and/or will it w...ept bond proceeds.
- C. To maintain eligibility to receive funds from and invest funds on behalf of an entity under thi chapter, an *investuwnt pool* must furnish to the investment officer or other authorized representatives of the entity:
- I. investment transaction confirmations; and
  2. a monthly report that contains, at a minimum, the following information:
    - a. the types and percentage breakdown of securities in which the pool is invested;
    - b. the current dollar-weighted average maturity, based on the stated maturity date, of the pool;
    - c. the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
    - d. the book value versus the market value of the pool's portfolio. using amortized cost valuation;
    - e. the size of the pool;
    - f. the number of participants in the pool;
    - g. the custodian bank that is safekeeping the assets of the pool;
    - h. a listing of daily transaction activity of the entity participating in the pool;
    - i. the yield and expense ratio of the pool;
    - j. the portfolio managers of the pool; and
    - k. any changes or addenda to the offering circular.
- D. The City by contract may delegate to an *investment pool* the authority to hold legal title as custodian of investments purchased with its local funds.
- E. "Yield" shall be calculated in accordance with regulations governing the registration of open-end management inve tment companies under the Investment Company Act of 1940, as promulgated from time to time by the Federal Securities and Exchange Commission.

## **XIX. REPORTING**

Within 30 days of the end of each quarter the Finance Director shall prepare and submit to the City Council a written report of investment transactions for the preceding reporting period. The report must:

- 1) Describe in detail the investment position of the entity on the date of the report;
- 2) Be prepared and signed jointly by all investments officers of the entity;
- 3) Contain a summary statement of each pooled fund group that states the beginning and ending market values and fully accrued interest for the reporting period;
- 4) State the book and market values of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
- 5) State the maturity date of each separately invested asset that has a matulity date;
- 6) State the account or fund or pooled group fund in the local government for which each individual investment was acquired; and

- 7) State the compliance of the investment portfolio of the local government a\ is relate s to:
  - a. The investment strategy expressed in the agency's or local government's investment policy; and
  - b. Relevant provisions of PFIA Sec. 2256.023
- 8) If the City invests in investments other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, the reports prepared by the Investment Officer shall be reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor; and;
- 9) Compare to the benchmark bond equivalent yield or United States Treasury obligation of comparable maturity.

## **XX. POLICY ADOPTION**

The City of Huntsville investment policy shall be adopted by ordinance of the City Council. The policy shall be reviewed annually by the Finance Committee, and any modifications made thereto must be approved by the City Council. Annually, City Council shall adopt a resolution or include in the budget ordinance information slating that it has reviewed the inve tment policy and investment strategies. The resolution/ordinance shall record any changes made to the investment policy or investment strategies.

## **PART II - BANKING SERVICES POLICY**

### **I. ESTABLISHMENT OF BANKING DEPOSITORY**

- A. The City Council shall select a bank, credit union or savings association as its primary depository for normal banking transactions. In addition, the City may designate one or more other depositories for investmentl trnnr,actions.
- B. The City's primary banking depository shall have a brnnch located in the City.
- C. Not more than four weeks and not less than one week before the City Council considers applications for its depository, the City shall publish at least once in the City's official newspaper a notice of the meeting at which applications are to be received.
- D. A bank, credit union or savings association desiring to be selected as the city depository must deliver its application to the City Secretary on or before the time stated in the notice. The application shall be accompanied by an affidavit disclosing conflicts of interest, if any, that apply to the selection of the depository. The City's Finance Committee may, as directed by City Council, review the applications and prepare a recommendation regarding the selection of depositories for Council.
- E. The City Council may, after considering the application and the recommendation, if any, of its staff and/or Finance Committee:
  - I. select as city depositories one or more banks, credit unions or savings associations that offer the most favorable terms and conditions forthe handling of the municipal funds; or
  2. reject any or all of the applications.

- F. The City shall retain the right to withdraw any municipal funds deposited in a depository that are not immediately required to pay obligations of the City and invest those funds as outlined in these **Investment and Banking Policies**.
- G. The Director of Finance shall immediately deposit in the depository to the credit of the City any money received.
- H. Except as provided for wire transfers to other depositories or ACH transfers, the funds of the City may be paid out of a depository only on the check of the City.
- I. Checks must be signed by the Mayor and either the City Manager or Finance Director. A facsimile signature may be used by the Mayor and/or City Manager.
- J. Checks must be authorized by the Mayor, City Manager, or Finance Director.
- K. No check shall be drawn on a *special fund* created to pay bonded indebtedness other than to pay principal or interest on the indebtedness, or to invest the fund as provided by these policies or law.
- L. All checks shall be payable by the depository at its place of business.
- M. The Director of Finance may, with approval of Council, pay a bond, coupon, or other indebtedness of the City at a place other than the depository if by its terms the indebtedness is payable on maturity at the other location.

## II. COLLATERALIZATION REQUIREMENTS/SAFEKEEPING AND CUSTODY

- A. All public funds held in a *checking* account or *time deposit* at a bank or other depository shall be secured by eligible security. An eligible security means:
  - I. a surety bond;
  - 2. investment securities (obligations of the United States or its agencies and instrumentalities); or
  - 3. ownership or beneficial interest (but not merely an option contract to purchase or sell) any authorized investment.
- B. The market value of the *investment securities* used as collateral shall be at least 102% of the value equal to the deposits of public funds increased by the amount of any accrued interest and reduced by the extent of insurance through an agency of the United States.
- C. Safekeeping
  - I. A depository for the City may deposit investment securities pledged to secure deposits of public funds with a custodian that the City has approved as a custodian and that is either:
    - a. A state or national bank domiciled in the State of Texas and which has a capital stock and permanent surplus of not less than \$5 million.
    - b. The Texas Treasury Safekeeping Trust Company; or
    - c. A Federal Reserve Bank or its branches.
  - 2. The securities shall be held in trust by the custodian to secure the deposit of

public funds of the City in the depository pledging the securities.

3. On receipt of the *investment securities*, the custodian shall immediately, by book entry or otherwise, identify on its books and records the pledge of the securities to the City and shall promptly issue and deliver to the Director of Finance of the City trust receipts for the securities pledged. The security evidenced by the trust receipts is subject to inspection by the City or its agents at any time.

4. A custodian holding in trust *investment securities* of a depository may deposit the pledged securities with a permitted institution. These securities shall be held by the permitted institution to secure funds deposited by the City in the depository pledging the securities. On receipt of the securities, the permitted institution shall immediately issue to the custodian an advice of transaction or other document evidencing the deposit of the securities. When the pledged securities held by a custodian are deposited, the permitted institution may apply book entry procedures to the securities. The records of the permitted institution shall at all times reflect the name of the custodian depositing the pledged securities. The trust receipts the custodian issues to the City shall indicate that the custodian has deposited with the permitted institution the pledged securities held in trust for the depository pledging the securities.

5. The custodian shall maintain separate, accurate, and complete records relating to the pledged investment securities and all transactions relating to the pledged investment securities.

- D. The Director of Finance shall inform its depositories of significant changes in the amount or activity of public funds reasonably in advance of such changes.

*Part III -Investment Policy - City of Huntsville*

*Post-Employment Benefit Plan*

*(aka "City of Huntsville PEB Trust")*

## ***Section 1 - INTRODUCTION***

The City of Huntsville Post Employment Benefit Plan (the "Plan"), a retirement plan qualified under Internal Revenue Code Section I 15. provides retirement benefits to eligible employees of City of Huntsville.

The assets of the Plan are held in a tax-exempt trust for the benefit of the Plans' participants and beneficiaries. The objective of the Plan is to provide employees with a source of retirement income from accumulated contributions and investment returns.

The Pension Plan Finance Committee (the "Finance Committee") is responsible for overseeing and monitoring the investment of the Plans' assets. It will generally be responsible for:

- A. Promulgating the Plans' Investment Policy Statement.
- B. Selecting the investment funds in which the Plans' assets will be invested and/or the investment managers who will be responsible for investing the Plans' assets.
- C. Reviewing and making changes in the investment funds and/or investment managers for compliance with the Investment Policy Statement.
- D. Making revisions to the Investment Policy Statement to reflect changing condition within the Plans or the investment environment or to make it more effective.

The Finance Committee is authorized to retain professional investment advisory services to provide advice with respect to the investment and monitoring of the Plans' assets under the guidance of the Finance Committee.

This Investment Policy Statement is intended to set forth the general policies that the Finance Committee will apply in selecting, monitoring and modifying the investment and/or investment managers for the Plans. While the Finance Committee intends for this Investment Policy Statement to assist the Finance Committee in satisfying its fiduciary duties and in making prudent investment decisions, no investment results or performance is, or can be, guaranteed; and no such guarantee is intended.

## ***Section 2 - PURPOSE***

This Investment Policy Statement contains guidelines regarding the investment of the assets held in trust for the Plan to assist the members of the Finance Committee in effectively selecting, monitoring and evaluating the investments and/or investment managers for the Plan.

The purposes of this Investment Policy Statement are to:

- A. Set forth the investment objectives, policies and guidelines, which the Finance Committee judges to be appropriate and prudent, in consideration of the needs of the Plan.
- B. Establish the criteria against which the investments and/or the investment management organizations selected by the Finance Committee are to be measured.
- C. Set forth the target asset mix for the investment of the Plans' assets.
- D. Serve as a review document to guide the Finance Committee's ongoing oversight of the investment of the Plans' assets.

## Section 3 - INVESTMENT OBJECTIVES

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It is the intention of the Finance Committee to build and maintain the Plans' trust through employer contributions that satisfy legal requirements and investment returns. The Finance Committee expects that the amount of investment income plus capital appreciation from the Plans' trust combined with contributions to the trust will exceed the amount of pension payments. Over shorter periods, the Finance Committee understands that at times investment income plus capital appreciation plus contributions to the trust may, in total, be less than the amount of pension payments.

Because of the long-term nature of the Plans' obligations, the Finance Committee's intent is to consider the following goals in managing the trust:

- A. Long-term (*i.e.*, five years and more) performance objectives:
- B. Maintenance of cash reserves sufficient to pay benefits under the Plan: and
- C. Achievement of the highest long-term rate of return practicable without taking excessive risk that could jeopardize the Plans' funding policy or subject the Plans' sponsors to undue funding volatility.

The specific investment performance objective is for the trust to achieve a rate of investment return over any five-year period that both:

- A. Meets or exceeds the Plans' actuarial interest rate assumption,
- B. Exceeds by 2% the rate of inflation (as measured by the Consumer Price Index for all Urban Consumers),
- C. Exceeds the return of the following custom market index: 0% cash, 38% S&P 500, 8% Russell 2000 index, 8% Russell Midcap index, 21% EAFE index, and 25% Barclays Capital Aggregate Bond index.

In carrying out the foregoing policy and objectives, the trust will be invested in accordance with the guidelines set forth in Section 4.



## ***Section 4 -INVESTMENT GUIDELINES FOR ASSET MANAGEMENT***

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The assets of the Plans will be invested in a manner consistent with generally accepted standards of fiduciary responsibility. The Finance Committee will act with the care, skill, prudence and diligence under the prevailing circumstances that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Finance Committee will discharge its duties with respect to the investment of the trust solely in the interest of the participants and beneficiaries of the Plan.

The Finance Committee will select appropriate investment alternatives using the following criteria:

A. The Finance Committee may select investment managers from one or more of the following:

- 1) Mutual fund management companies;
- 2) Banks;
- 3) Registered investment advisory firms; and
- 4) Insurance companies.

B. Each investment manager must clearly articulate for the Finance Committee the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

C. Each investment manager must be able to provide for the Finance Committee historical quarterly performance numbers calculated on a time-weighted basis and reported net of all fees.

D. Each investment manager must provide for the Finance Committee volatility measurements so that an appropriate risk/return profile can be evaluated.

E. Each investment manager must be able to provide for the Finance Committee information on its history, key personnel, fee schedules and expenses, and current investment exposure.

F. A City of Huntsville designated Investment Officer may change the Target Allocation and ranges and shall report any change to the Finance Committee

The Finance Committee recognizes that the trust's long-term investment performance will be greatly affected by the mix of the asset classes in which it is invested; accordingly, because of the policy and objectives stated in Section 3, the trust's asset allocation will favor equity investments.

Specifically, the Finance Committee has identified the following asset classes to be appropriate for investment by the trust. In addition, the Finance Committee has

defined the following ranges to be used as parameters of investment percentages the Plans' assets:

	MINIMUM	RANGE		TARGET
		100%	200%	
<b>Fixed Income Assets:</b>	<b>20%</b>	<b>30%</b>		<b>25%</b>
<b>Large cap</b>	<b>33%</b>	<b>43%</b>		<b>38%</b>
<b>Mid cap</b>	<b>3%</b>	<b>13%</b>		<b>8%</b>
<b>Small cap</b>	<b>3%</b>	<b>13%</b>		<b>8%</b>
<b>International</b>	<b>16%</b>	<b>26%</b>		<b>21%</b>
<b>Cash/Very Money Market Assets</b>	<b>0%</b>	<b>5%</b>		<b>0%</b>
<b>Total</b>				<b>100%</b>

Managers that manage a separate account for the trust shall have full discretion over portfolio investment decisions, subject to the following guideline and restrictions. To the extent that commingled or mutual fund vehicles are utilized, the investment policies of those vehicles are the operative documents established herein:

- A. Investment managers will be delegated full discretion to exercise all voting rights including, but not limited to, voting proxies.
- B. For purposes of the foregoing, real estate, and securities convertible to common stock shall be classified as equity assets; money held by an insurance company in its general account shall be classified as fixed income assets.
- C. Each investment manager will diversify each asset class appropriately and will seek to moderate volatility and risk as is appropriate for the asset class. The investment manager will not invest in commodities, private placements, or letter stock. The investment manager will not engage in non-covered short sales or margin trading. Transactions consisting of the purchase or sale of futures or options contracts may be permitted to the extent that they are used to diversify or equitize the portfolio and not used as speculative investments. Speculative investment in these derivatives is not permitted without the previous written approval of the Finance Committee.

- D. The investment manager must ensure, to the extent practicable, that all equity transactions (whether agency or principal) are executed at competitive rates and all fixed income transactions are competitively bid and must explain in writing to the Finance Committee the reason for any unusually high transaction costs.
- E. The investment manager, when practicable, will disclose to the Finance Committee any significant change in the investment manager's personnel, organization, ownership, or asset management policy or method.

## **Section 5 - PERFORMANCE EVALUATION**

The investment performance of the individual investments and/or investment managers will be monitored quarterly and reviewed at least annually relative to the objectives and guidelines described herein. The investment performance evaluations may include performance analyses and comparisons with the appropriate indices and investment fund universes.

The Finance Committee does not expect to respond to short-term investment developments, recognizing that the accumulation of value for eventual retirement benefit payout is generally a long-term objective and that investment competence must be measured over a complete market cycle. The Finance Committee, nevertheless, may act on interim qualitative judgments. Qualitative factors which will be reviewed on an ongoing basis include any fundamental changes in a manager's investment philosophy, organizational structure, financial condition (including any significant changes in total assets under management), personnel and fee structure.

The Finance Committee has established as one of its investment fund and/or investment manager selection criteria that, as a general proposition, over a complete market cycle, each of the Plans' investment funds and/or investment managers should typically rank in the upper half of the universe of all active investment funds and/or active managers in the same asset class with similar investment objectives.

### **Performance Review**

The investment options will be reviewed at least annually. Among other things, the performance review of the investment options may include the following:

- A. The measurement of investment returns.
- B. A comparison of investment returns to their appropriate benchmarks.
- C. A ranking of investment returns within their appropriate universes.
- D. The measurement of risk.
- E. An assessment of each investment's adherence to the stated policies and objectives.

### **Termination of Investment Options**

Reasons for considering replacing an investment and/or investment manager may include, but are not limited to:

- A. Significant under-performance relative to the appropriate benchmark.
- B. Significant under-performance relative to the appropriate universe average.
- C. Significant change in risk (increase or decrease).
- D. Change or loss of key personnel, relative to the significance of the particular investment.

- E. Significant increase or decrease in assets under management.
- F. A change in business practices.
- G. A change in investment style or discipline.
- H. Failure to alert the Finance Committee to pertinent changes, lawsuits or regulatory violations.
- I. Investing in non-approved securities.
- J. Identification by the Finance Committee of a more suitable investment option.

## **Other Review**

The Investment Policy Statement will be reviewed at least annually to determine the continued appropriateness of the Investment Policy Statement in achieving the stated purpose. However, it is not expected that the Investment Policy Statement will change frequently. In particular, short-term changes in the financial markets will not require adjustments to the Investment Policy Statement.

A review of the program concerning the diversity of options, the use of options, the growth of the program and any strategic planning concerning demographics will also be conducted periodically. The Finance Committee will receive a report on investment performance quarterly. Investment performance and results will be presented annually to the Council.

## ***Section 6 - INVESTMENT MANAGER SELECTION***

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The assets of the Plan are invested under the supervision of the Finance Committee. The Finance Committee has chosen to select investment managers from the following asset classes. In addition, the Finance Committee has established an investment objective for each asset class and established appropriate benchmarks and universes to be used to evaluate the investment options.

The Finance Committee understands that the indexes selected have no fees associated with their returns and the universe average is net of the fees of the underlying funds. The investment options are not required to exceed their benchmarks and universes every quarter, but are used as a basis for judging the appropriateness of the investment option selected over a full market cycle.

The asset class, objective, benchmark and comparative universe are outlined in Attachment **A**.

## Section 7 - DEFINITIONS

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The following terms will have the following meanings:

**Investment Manager**

"[investment manager" means the asset manager or managers expressly authorized and empowered to cause its portion of the trust to be invested and reinvested in its sole discretion (but governed by the provisions of this Investment Policy Statement) within the asset class or classes for which it is employed to manage.

**Investment Return**

"Investment return" means investment income and realized and unrealized gains and losses, all net of investment fees and expenses.

**Market Cycle**

For purposes of this Investment Policy Statement a "market cycle" will be defined as a market peak-to-trough-to-peak (or a trough-to-peak-to-trough).

**Rate of Return**

"Rate of return" means the annual rate of investment return.

**Investment Officer**

"Investment Officer" refers to the council or charter designated officials with the responsibility of investing City funds. Investment officers are required to meet educational requirements under the Public fund Investment Act.

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*This Statement of Investment Policy approved by the City Council of the City of Huntsville*  
Date: \_\_\_\_\_ Approved by: \_\_\_\_\_

## Attachment A

### A. Fixed Income Options

Asset Class	Objective	Benchmark	Universe
Cash/Cash Equivalents	The investment objective of the Cash Option is to provide capital preservation.	The 3-Month Treasury Bill is the benchmark.	N/A
Intermediate Bond	The investment objective of the Bond Option is to provide income with a minor focus on capital growth.	The Bloomberg Barclays Capital Aggregate Bond Index is the benchmark.	The Bond Option selected will be compared to a universe of Intermediate-Term Bond mutual funds.

### B. High Yield Bond Fund

Asset Class	Objective	Benchmark	Universe
<b>High Yield Bond</b>	The investment objective of the High Yield Bond Fund is to seek high current income, assuming greater risks including: Credit Risk, Default Risk, Interest Rate Risk, Liquidity Risk, Economic Risk, and Company Risk.	The Bloomberg Barclays Capital High Yield Bond Index is the benchmark.	The High Yield Bond Option will be compared to,, universe of High Yield Bond mutual funds.



## C. Equity Options - Domestic

Asset Class	Objective	Benchmark	Universe
<b>Large Capitalization Blend</b>	The investment objective of the Stock Index option is to track the performance and risk of the Standard & Poor's 500 index.	The S&P 500 Index is the benchmark. The investment options will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Large Capitalization Blend mutual funds.
<b>Large Capitalization Value Style</b>	The investment objective of the Large Capitalization Value Option is to provide long-term growth of capital primarily using domestic large capitalization securities with a value oriented style of management.	The Russell 1000 Value Index is the benchmark. The investment option selected will be compared to the return and the risk of the benchmark.	The Large Capitalization Value Option will be compared to a universe of Large Capitalization Value mutual funds.
<b>Large Capitalization Growth Style</b>	The investment objective of the Large Capitalization Growth Option is to provide long-term growth of capital primarily using domestic large capitalization securities with a growth oriented style of management.	The Russell 1000 Growth Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark, net of investment management fees.	The investment option selected will be compared to a universe of Large Capitalization Growth mutual funds, net of investment management fees.
<b>Mid Capitalization Value Style</b>	The investment objective of the Mid Capitalization Value Option is to provide long-term growth of capital primarily using domestic mid capitalization securities with a value-oriented style of management.	The Russell Mid-cap Value Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Mid-capitalization Value mutual funds.
<b>Mid Capitalization Blend Style</b>	The investment objective of the Mid Capitalization Blend Option is to provide long-term growth of capital primarily using domestic mid capitalization securities with a blend of value and growth oriented styles of management.	The Russell Mid-cap Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Mid Capitalization Blend mutual funds.
<b>Mid Capitalization Growth Style</b>	The investment objective of the Mid Capitalization Growth Option is to provide long-term growth of capital primarily using domestic mid capitalization securities with a growth-oriented style of management.	The Russell Mid-cap Growth Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of <b>Mid Capitalization Growth</b> mutual funds.
<b>Small Capitalization Value Style</b>	The investment objective of the Small Capitalization Value Option is to provide long-term growth of capital primarily using domestic small-cap securities with a value oriented style of management.	The Russell 2000 Value Stock Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Small Capitalization Value mutual funds.
<b>Small Capitalization Blend Style</b>	The investment objective of the Small Capitalization Blend Option is to provide long-term growth of capital primarily using domestic small-cap securities with a blend of value and growth oriented styles of management.	The Russell <b>2000 Stock</b> Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Small Capitalization Blend mutual funds.
<b>Small Capitalization Growth Style</b>	The investment objective of the Small Capitalization Growth Option is to provide long-term growth of capital primarily using domestic small-cap securities with a growth oriented style of management.	The Russell 2000 Growth Stock Index is the benchmark. The investment option selected will be compared to the return and the risk of the benchmark.	The investment option will be compared to a universe of Small Capitalization Growth mutual funds.

**D. Equity Options - Non U.S.**

<b>Asset Class</b>	<b>Objective</b>	<b>Benchmark</b>	<b>Universe</b>
<b>International Stock</b>	The investment objective of the International Stock Option is to provide long-term growth of capital primarily using securities of companies located outside of the United States.	The Morgan Stanley/Capital International (MSCI) Europe, Australia and Far East (EAFE) Stock Index or the MSCI All Country World Index ex. US (ACWI ex US) will be the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of International Stock mutual funds.
<b>Emerging Markets Stock</b>	The investment objective of the Emerging Markets Stock Option is to provide long-term growth of capital primarily using securities of companies located in emerging countries.	The Morgan Stanley/Capital International (MSCI) Emerging Markets Stock Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Emerging Market Stock mutual funds.

## GLOSSARY

**ACH:** Automated Clearing House.

**AGENCIES:** Federal agency securities.

**ASKED:** The price at which securities are offered.

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

**BID:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**BOND PROCEEDS:** Proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

**BOOK VALUE:** The original acquisition cost of an investment plus or minus the accrued amortization or accretion.

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

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

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

**COLLATERALIZED MORTGAGE OBLIGATIONS (CMOs):** Debt obligations collateralized by pools of mortgages. The collateral can consist of conventional whole loans or agency-backed securities such as GNMA's, FNMA's or FHLMC's. The monthly cash flow generated from the pool is transformed into a series of securities with differing average lives and maturities. CMOs are issued by investment

banks, commercial banks, the FNMA and the FHLMC. The issuer takes a higher yielding security and carves it up into different classes with lower interest rates and shorter maturities.

**COMMERCIAL PAPER:** Commercial Paper consists of short-term note issues by large corporations. Maturity is 270 days or less. There is no explicit coupon rate and interest is figured on a discount basis in the same manner as for Treasury Bills.

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

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

**CUSIP NUMBER:** A unique nine-digit identification number permanently assigned by the Committee on Uniform Securities Identification Procedures to each publicly traded security at the time of issuance. If the security is in physical form, the CUSIP number is printed on its face.

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

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

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

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

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

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

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

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

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits.

**FEDERAL FARM CREDIT BANKS (FFCB):** The Federal Farm Credit Banks Consolidated Systemwide Bonds are obligations of the 37 Farm Credit Banks. The Farm Credit Administration which is an independent agency of the U.S. Government supervises the Farm Credit System.

**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 HOME LOAN BANKS (FHLB):** The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Bank vis-a-vis member commercial banks.

**FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC):** The Federal Home Loan Mortgage Corporation, also known

as Freddie Mac, is an agency of the Federal Government. The Participation Certificates (PC) issued by Freddie Mac are full faith and credit obligations of an agency of the U.S. Government. In that all loans purchased by Freddie Mac are either FHA/VA mortgages originated by members of the Federal Home Loan Bank System or other HUD approved mortgages.

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

**FEDERAL OPEN MARKET COMMITTEE (FOCM):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

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

**FINANCIAL INSTITUTIONS:** A used in these policies also refers to Security Broker/Dealers doing business with the City.

**FUNDS:** Public funds in the custody of a local

government that the investing entity has authority to invest.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE):**

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

**INVESTMENT POOL:** An entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are (a) preservation and safety of principal; (b) liquidity; and (c) yield.

**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 current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase or 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 - BNP Tower.

**MATURITY:** The date upon which the principal

or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which securities are traded that have one year or less until their maturity.

**MONEY MARKET MUTUAL FUNDS:** A mutual fund with investments that mature within one year.

**MUTUAL FUNDS:** A type of investment company that pools investments from participants to purchase a portfolio and give to investors fractional ownership of the created portfolio. A mutual fund redeems investors' shares at the net asset value of the shares.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD):** A trade association that helps regulate the performance of the over-the-counter securities market.

**NET ASSET VALUE (PER SHARE):** The value of the securities underlying one share in the investment company.

**NO-LOAD MONEY MARKET MUTUAL FUND:** A mutual fund that imposes no initial sales charge or fee.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

**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 dealer(s) 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 deposit.

**QUALIFIED REPRESENTATIVE:** A person who holds a position with a business; organization, who is authorized to act on behalf of the business organization, and who is one of the following: (A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers; (B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution; or (C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool.

**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.

**RATING AGENCY:** A nationally recognized investment rating firm including Moody's and Standard & Poor's that assigns a rating to a debt issue.

**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. State Statute defines repurchase agreement as a simultaneous agreement to buy, hold for a specific time, and sell back at a future date obligations described in State Statute Section 2256.009 a (1) (obligations of the United States or its agencies; and instrumentalities) at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse repurchase agreement.

**REVERSE REPURCHASE AGREEMENT:** See Repurchase Agreement.

**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.

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

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

## SECURITIES & EXCHANGE

**COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SEPARATELY INVESTED ASSET:**

An account or fund of a state agency or local government that is not invested in a pooled fund group.

**STATE AGENCY:** An office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

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

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

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

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

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

**Broker/Dealer list - October 2022**

Cantor Fitzgerald & Company  
1700 Post Oak Boulevard  
2 BLVD Place, Suite 250  
Houston, TX 77056

FTN  
920 Memorial City Way, 11<sup>th</sup> Floor  
Houston, TX 77024

Wells Fargo Securities, LLC  
1445 Ross Ave., Suite 210  
Dallas, TX 75202

UBS Financial Services, Inc.  
10001 Woodloch Forest Drive, Suite 100  
The Woodlands, TX 77380

Stifel  
100 Motor Parkway, 2<sup>nd</sup> Floor  
Hempstead, NY 11788

Duncan Williams  
11458 W. Travelers Way Circle  
Houston, TX 77065

Cullen Asher, LLC  
325 N St. Paul St., 31st Floor  
Dallas, TX 75201

Multi-Bank Securities, Inc.  
2400 E. Commercial, Suite 812  
Ft. Lauderdale, FL 33308

Vining Sparks, IBG, LP  
2107 Elliot Ave, Ste. 208  
Seattle, WA 98121



## Schedule of Fees and Charges

## All Municipal Services

Procnsing Fee on all debit/credit card transactions 2.5%

## Airport

Airport Ground L- 15¢ per square foot, per year

## CitySecrewy

Alcohol Beverages Licen- and Permits (City Fee Only) Variable: Reier to Texas Administrative Code

## Coples of Public Infom1ation

Variable dependent on document or material type, as set by the Texas Administrative Code, plus an additional 25%.

## Development SefVices

## Certificate of Compliances

City Limits	\$45
ETJ	\$45
Flood Plain	\$65

Minor Plats (includes amending & replats) \$250

Prellmlmuy Plat \$350

Final Plats (Includes amending & replats) \$350

FllngF- Actual Cost

Dlsrlct llap Amendment \$350

Request fOf Compllstce/ZonIng Verification Letters \$50 each plus any copy expenses

Environmental Assessment Report \$125

Variance/Appeal request \$350

Conditional Use Pennlt \$350

Subdivision Modification/Waiver \$350

Street Name Change \$350

Right Of Way Abandonment Administrative Fee \$450

## GISIMicroStation llap

letter size (8.5" x 11")	\$1
Legal size (8.5" x 14")	\$1
Tabloid size (11" x 17")	\$2
Small (18" x 23")	\$5
Medium (24" up to 35")	\$8
large (greater than 35")	\$10

## Map/Plat/Plan Copy/Deed, etc. Fees (copies of existing documents)

letter size (8.5" x 11")	\$0.10
legal size (8.5"x 14")	\$0.10
Tabloid size (tt" x 17")	\$0.25
Small (18" up to 23")	\$3
Medium (24" up to 35")	\$4
large (36" & greater)	\$5

## Bullding Permits (Residential)

New Residential/Addition	0• 500 Sq. Ft / \$0. 75 per Sq. Ft (Minimum \$50.00) 501 • HIOO Sq. Ft/ \$0.70 per Sq . Ft 1001 - 2000 Sq. Ft/ \$0.65 per Sq. Ft Over 2000 Sq. Ft / \$0.55 per Sq . Ft \$65 for the first 250 sq . lt. / lineal lt. + \$0.35 per each additional sq . lt.I neal lt. over 250 sq. lt./ lineal lt.
Residential Renovation & Accessory	
Residential AD Other	\$35.00 Per Required Inspection

## Plan Checking Fee

less than \$35,000 valuation	No Fee
\$35,000 valuation or more	One-half of bulking permit lee

: For commercia/ projects over \$250,(X)(), Plan Check Fee able upon applicaion submittal for Plan review/check

**Building Permits (Commercial)**

Based on Valuation

Less than \$1,000

\$1,001 to \$50,000

\$50,001 to \$100,000

\$100,001 ID **\$500,000**

Over \$500,001

\$35 inspecton lee

\$35 tor first \$1,000 + \$5 per each additional \$1,000

\$280 tor the first \$50,000 + \$4 per each additional \$1,000

**\$480** for the first \$100,000 + \$3 per each additional \$1,000

\$1,680 for the first \$500,000 + \$2 per each additional \$1,000

**Electrical Permits**

Commercial project fee

\$60

Residential dwelling &amp; accessory permit fees:

(This includes but may not be limited to single family attached, single family detached, duplex's, manufactured housing, additions and accessory structures. Based on the square footage of construction.)

Fee for Issuing each permtt

**Finished Square Feet**

Less than 1,000 square feet

\$70

\$70.00 tor lthe frst 1,000 square reel + \$4.00 per 100 square taet or fraction thereof  
In excess 011 **,000 square feet.**

1,000 square feet or greater.

**All other tees:**(fees Sttal be computed on the "lOtal vakJallOn 01 worl11-. lthe OOlar vake of labor  
and materials (lota1 cost to tile customer).

Valuation ot Work

No1 more than \$2,000.00

\$50

\$50.00 tor the nrst \$2 ,000.00 pkJs \$5.00 for each addtlOnal \$1,000.00, or tracllOn  
U1eeceol

Over \$2,000.00 to \$50,000.00

**\$290.00** lOr lthe ltrSt \$50,000.00 J1JUS \$4.00 ror each addlOnal \$1,000.00, or fracnor  
l1lefeol

Over \$50,000.00 to \$500,000.00

\$2,090.00 10< lthe lltst \$500,000.00 pkls \$3.00 for each adclllOnal \$1,000 .00, or  
tradlon tlllefeol

Over \$500,000.00

**Fire Standpipe/Line & Sprinkler Permits**

Fee for issuing each permit

\$50

1 to 5 sprinkler heads

\$2

Over 5 sprinkler heads

\$.50each

Fire Line/Standpipe

\$100each

**Fire Alarm Permits**

Less than \$1,000

Based on Valuation

\$1,001 to \$50,000

\$35 Inspection lee

\$50,001 to \$100,000

\$35 for the first \$1,000 + \$5 per each additional \$1,000

\$100,001 to \$500,000

\$280 for the first \$50,000 + \$4 per each additional \$1,000

\$500,001 and over

\$480 for the first \$100,000 + \$3 per each additional \$1,000

\$1,680 tor lthe first \$500,000 + \$2 per each additional \$1,000

**Fire Suppression System Permits**

Less than \$1,000

\$35 Inspection fee

\$1,001 to \$50,000

\$35 for the first \$1,000 + \$5 per each additional \$1,000

\$50,001 to \$100,000

\$280 for the first \$50,000 + \$4 per each additional \$1,000

\$100,001 to \$500,000

\$480 for the first \$100,000 + \$3 per each additional \$1,000

\$500,001 and over

\$1,680 for the first \$500,000 + \$2 per each additional \$1,000

**Fuel Dispensing/Storage Permits**

Less than \$1,000

\$35fee

\$1,001 to \$50,000

\$35 for the first \$1,000 + **\$5 per** each additional \$1,000

\$50,001 to \$100,000

**\$280** for the first \$50,000 + **\$4 per** each additional \$1,000

\$100,001 to \$500,000

\$480 for the first \$100,000 + **\$3 per** each additional \$1,000

\$500,001 and over

\$1,680 for the first **\$500,000** + **\$2 per** each add'rtional \$1,000**Grading and Excavation Plan Checking Fee**

Less than 5,000 cubic yards

No Fee

5,000 to 10,000 cubic yards

\$20

10,001 to 100,000 cubic yards

\$20 for first 10,000 CY+ \$10 per each additional 10,000 CY

100,001 to 200,000 cubic yards

\$110for first 100,000 CY+ **\$6 per** each additional 10,000 CY

Over 200,001 cubic yards

\$170 for first 200,000 CY+ \$3 per each additional 10,000 CY

**Grading and Excavation Permits**

Less than 50 cubic yards	\$10
51 to 100 cubic yards	\$15
101 to 1,000 cubic yards	\$15 for first 100 CY+ \$7 per each additional 100 CY
1,001 to 10,000 cubic yards	\$78 for first 1,000 CY + \$6 per each additional 1,000 CY
10,001 to 100,000 cubic yards	\$132 for first 1,000 CY+ \$27 per each additional 1,000 CY
Over 100,001 cubic yards	\$375 for first 10,000 CY+ \$15 per each additional 1,000 CY

**Irrigation Permits**

Fee for issuing each permit	\$50
Commercial project fee	\$60
1 to 5 sprinkler heads	\$2
Over 5 sprinkler heads	\$.20 each
Backflow Prevention Devices	
1105	\$2.50
Overs	\$1.50 each

**Manufactured/Mobile Home Permit**

Electrical	\$40
Placement	\$75
Plumbing	\$40
Plumbing Connection with Gas	\$42
Mechanical	\$45

**Plumbing Permits**

Commercial project fee	\$60
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**Residential dwelling & accessory permit fees:**

(This includes but may not be limited to Single family detached, Single family detached, duplex's, manufactured housing, additions and accessory structures Based on the square footage of construction.)

**Finished Square Feet**

Less than 1,000 square feet	\$70
1,000 square feet or greater.	\$70.00 for the first 1,000 square feet+ \$6.00 per 100 square feet or fraction thereof in excess of 1,000 square feet.

**Valuation of Work**

Not more than \$2,000.00	\$50
Over \$2,000.00 to \$50,000.00	\$50.00 for the first \$2,000.00 plus \$.00 for each additional \$1,000.00, or fraction thereof
Over \$50,000.00 to \$500,000.00	\$290.00 for the first \$50,000.00 plus \$4.00 for each additional \$1,000.00, or fraction thereof
Over \$500,000.00	\$2,090.00 for the first \$500,000.00 plus \$3.00 for each additional \$1,000.00, or fraction thereof

**Mechanical Permits**

Commercial project fee	\$60
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**Residential dwelling & accessory permit fees:**

(This includes but may not be limited to Single family detached, single family detached, duplex's, manufactured housing, additions and accessory structures. Based on the square footage of construction.)

**Finished Square Feet**

Less than 1,000 square feet	\$70
1,000 square feet or greater.	\$70.00 for the first 1,000 square feet+ \$4.00 per 100 square feet or fraction thereof in excess of 1,000 square feet.

All other fees:  
(Fees shall be computed on the "total valuation of work", the dollar value of labor and materials (total cost to the customer).

**Valuation of Work**

Not more than \$2,000.00	\$50
Over \$2,000.00 to \$50,000.00	\$50.00 for the first \$2,000.00 plus \$.00 for each additional \$1,000.00, or fraction thereof
Over \$50,000.00 to \$500,000.00	\$290.00 for the first \$50,000.00 plus \$4.00 for each additional \$1,000.00, or fraction thereof
Over \$500,000.00	\$2,090.00 for the first \$500,000.00 plus \$3.00 for each additional \$1,000.00, or fraction thereof

After Hou Inspection Fee• 4 hr. Minimum	\$50/hr. (\$200 Minimum)
Re-Inspection Fee	\$75
Work performed without a permit	Equal to twice the cost of the permit
Sign Permits	254/sq. ft. (minimum \$5) + \$10/linear ft. of sign height+ \$25/permit
Temporary Sign Permits -Non Profits Only	\$25
Public Improvement Pennants	3% of valuation of public improvements
Utility Pennants	
Water Tap	See Other Utility-Related Fee Section
Sewer Tap	See Other Utility-Related Fee Section
Fire Line Tap	See Other Utility-Related Fee Section
Other Permits	
On Site Sewage Facility	\$200
Moving	\$100
Demolition	\$35
Driveway Approach	\$35
Vendor Tier Permits	\$50 - $\sqrt{11}$ location (separate permit required for each location)
<b>Contractor Registration Fees</b>	
General Contractor - Residential & Commercial	\$60
Plumbing - All License Types	No Fee
Electrical - All License Types	No Fee
Fire-Suppression System Installers	\$60
Irrigator	\$60
Backflow Tester	\$60
Residential Appliance Installers	\$12
<b>Swimming Pool/Spa Annual Permits</b>	\$100
<b>Food Service Establishment Annual Health Permits</b>	Based on # of employees
1-3 Employees	\$150
4+ employees	\$250
Late Permit Fee	1/2 of permit fee
<b>Food Service Establishments Pre-Opening Fee</b>	\$60
<b>Food Service Establishments Re-Inspection Fee</b>	\$300
<b>Itinerant Restaurant Permits (1-3 days)</b>	\$25 per Event
<b>Non-Profit Organizations, Annual Health Permits</b>	\$60
<b>Mobile Food Units Annual Health Permits</b>	\$250
Late Permit Fee	1/2 of permit fee
<b>Daycare Facilities Annual Health Permits</b>	\$150
Late Permit Fee	1/2 of permit fee
<b>Culverts/Driveway Installations by City</b>	Actual Cost
<b>Mobile Food Vendor Permit - Annual</b>	\$200 (Separate permit required for each location)
<b>Mobile Food Vendor Permit - Temporary</b>	\$50 (Valid 90 days - separate permit required for each location)
<b>Shared Mobility Device Permits</b>	\$200 Application Fee + \$3.00 per Shareable Mobility Device

Recreation Services	
<b>Softball/Baseball Field</b>	
Youth Leagues	\$5 per person
Adult leagues	\$10 per person
Day Rental, Private Use (Josey Park field included)	\$25 per hour
Field Prep	\$25 • one time at start
Security Deposit	\$50
Lights	\$25 per hour of field usage
Tournaments	City Residents: \$100 plus hourly Rate Walker County Residents: \$125 plus hourly rate Non-Residents: \$150 plus hourly rate
<b>Soccer/Football Fields</b>	
Youth Leagues	\$5 per person
Adult Leagues	\$10 per person
Field Rental, Private Use	\$25 per hour
Field prep	\$ 50 - one time at start
Security Deposit	\$50
Lights	\$25 per night
Tournaments	City Residents: \$100 plus hourly Rate Walker County Residents: \$125 plus hourly rate Non-Residents: \$150 plus hourly rate
<b>Basketball Court</b>	
Day Rental, Private Use	\$25 per hour
Youth Leagues	\$5 per person
Adult Leagues	\$10 per person
Tournaments	City Residents: \$100 plus hourly Rate Walker County Residents: \$125 plus hourly rate Non-Residents: \$150 plus hourly rate
<b>Martin Luther King, Jr Center</b>	
Rental Fee	City Residents: \$100 first hour / \$25 each additional hour Walker County Residents: \$125 first hour / \$25 each additional hour Non-Residents: \$150 first hour / \$50 each additional hour
Security Deposit	\$200
<b>Audio/Visual Deposit</b>	\$50
<b>Audio/Visual Fee</b>	\$25
<b>Park Rental</b>	
Pavilion Permit -Emancipation Park	\$50 per hour
G111;ebo Permit - Kate Barr Ross Park	\$25 per hour
Pavilion/G111;ebo Deposit	\$100
Cancellation (6-15 Business Days Prior)	1/2 of Deposit returned
Cancellation (Within 5 Business Days)	No Deposit returned
Event Permit	City Residents: \$100 first hour/ \$50 each additional hour Walker County Residents: \$125 first hour / \$50 each additional hour Non-Residents: \$150 first hour/ \$50 each additional hour
<b>Event Permit Security Deposit</b>	\$200
<b>Zumba Admission</b>	
Per Class per Person	\$2
Program Fees	Additional Line Item: Costs Vary
<b>Aquatic Center</b>	
<b>Admission</b>	
Adults Age 12 and Up	<b>\$4.00</b>
Children Age 3 to 11	\$2.50
Children Age 2 or less	No Charge
Day Care Fees	\$2.50 per child
<b>Season Pass</b>	
Adults Age 12 and Up	\$50
Children Age 3 to 11	\$40
Family	\$100 for first four members+ \$20 per each additional member
<b>Swimming Lessons</b>	\$45 per course
<b>Water Aerobics</b>	\$75 annually/\$25 quarterly
<b>Lap Swimming Fees</b>	
Session 1 - September, October and November	\$25
Session 2 - December, January and February	\$25
Session 3 - March, April and May	\$25
Sessions 1, 2 and 3	\$60
<b>Pool Rental-Private</b>	\$100.00 per hour (maximum 2 hours)

Program Fees	Varies
<b>Cemetery Operations</b>	
<b>Cemetery Services</b>	
Plot	\$1,000
Filing Fee	Actual Cost
Landscape Repair Fee after Exhumations	\$250
<b>Library Services</b>	
<b>Fines - Daily</b>	
Fines - Over due	
Books	10¢
Magazines	10¢
DVDs	\$1
<b>Audiobook</b>	\$1
Music	10¢
Maximums	\$10
Interlibrary Loans (daily line)	\$1
Interlibrary Loans Maximums	\$30
Board Games	\$1
<b>Copies &amp; Prints</b>	
Black and white	15¢ per page
Color	75¢ per page
<b>SQL (donated items)</b>	
Audio Book	\$1
Music CD	\$1
Video	\$1
Hardback Book	\$1
Paperback Book	25¢ each
Children's Hardback Book	50¢ each
Children's Paperback Book	25¢ each
Walker Co. stories CDs	\$5
<b>Lost or Damaged Materials</b>	
Library Card	\$1
Lost Materials	Replacement cost plus \$10 processing fee
Barcode	\$1
Security Patch	\$1
Book Jacket	\$1
Spine Label	\$1
DVD Case	\$1
Audio Book Case	\$5
Board Games (Replaceable Part)	\$1
Board Games (Non replaceable part)	Greater of \$10 or half of the cost of the item
Board Game (total replacement)	Replacement cost plus \$10 processing fee
<b>Room Rentals - Payment due at booking</b>	
Deposit for all groups - Refundable if the room is left in good order	\$150
After-hours surcharge (all groups hourly)	\$30 Additional expense if holding an event outside business hours.
Audio/visual equipment (per event)	\$20
<b>Community Room or Board Room</b>	
For-profit groups outside Walker County	\$150 for 1st hour, \$50 each subsequent hour
For-profit groups within Walker County	\$100 for 1st hour, \$50 each subsequent hour
Other groups or individuals outside Walker County	\$25 per hour
Other groups or individuals within Walker County	\$25
Walker County non-profit	No Charge
Outside Walker County non-profits	\$25
Outside Walker County - parties, receptions, etc.	\$50
After-hours Surcharge (applicable to all groups)	additional \$30 per hour
Deposit	\$150

Tourism & Cultural Servicea	
<b>Tours</b>	
Historical OrM'lg Tour	\$3 per person \$30.00 minimum
The Heritage Home Tour	\$6 per pe,son - \$60.00 minimum
<b>Rental of Wynne Home</b>	
Bn,wn Wynne Gallery	
Non-Profit	\$45 per hour 2 hr. minimum
Private	\$50 per hour - 2 hr. minimum
<b>Rental of Meeting Room</b>	
Non-Profit	\$35 per hour - 2 hr. minimum
Private	\$40 per hour 2 hr. minimum
<b>Wynne Home and Grounds</b>	
Non-Profil	\$800 Total Up to 8 hrs.
Private	\$1,000 Total Up to 8 hrs.
<b>Wynne Home</b>	
Non-Profit	\$400 Total Up ID 4 hrs.
<b>Private</b>	\$500 Total Up to 4 hrs.
<b>Poroh and Grounds</b>	
Non-Profit	\$400 Total Up to 8 hrs.
<b>Pnvate</b>	\$500 Total Up to 8 hrs.
<b>Kitchen Rental - Outdoor events</b>	
Noo-Profit	\$35 per hour - 2 hr. minimum
Private	\$40 per hour - 2 hr. minimum
<b>Rental of China (See also -Security FNN)</b>	\$25
<b>Rental of Tablecloths</b>	\$25
<b>Beverages</b>	
Water (12 OZ. bottle)	\$1 per bottle
<b>Security Deposits</b>	
Regular busness hours	No depoStt required
OJtside regular bus ness hours	500/ool lee
<b>Security Fee (Refundable)</b>	
40+ persons and outside regular business hours	\$150
Wynne Home China	\$100
<b>Rental of Audio Visual</b>	
Projector and screen	\$15
Floor lectern/Easel/Microphone	No Charge
<b>Wiiiam Hodges Education Building</b>	
Meeling Room	
Rental Fee	\$100 for 1st hour+ \$50 each subsequent hour
Security Deposit - due upon booking	\$150
Use of Audio/Visual Equipment	\$20 per rental
<b>Stand with Sam Brick Pavera</b>	
4 x 8 paver	\$100
5 x 8 paver	\$250
6 x 12 paver	\$500
12 x 12 paver	\$1,000
16 x 16 paver	\$5,000
<b>Event fees</b>	Varies
<b>Big Sam's Honor Club</b>	\$35
<b>Film Friendly Texas</b>	
Total or disruptive use (regular operating hows) of a City of Huntsville building pa,11. or public area that is not subject lo set rental lees.	\$500perday
Partial, non-disruptive use of a City of HuntsV1lie building, or park la011ity	\$250 per day
Total closure or obstruction of public street or right-of-way, including parking lots and on-street pa,1ling. .Applicanls must submit an events permit request to the Huntsville Police Department	\$50 per block or lot, per day
Partial closure or obstruction ol public street or right-of-way, including parking lots and on-street parking	\$25 per block, per day
Use of City parking lots, parking areas, and City streets (for the ptXpose of parking film trailers, buses, catering trucks, and other large vehicles)	\$50 per block or lot, per day

Public Safety	
<b>Sexually Oriented Business Permits</b>	
Original Application	\$400
Renewal Application	\$200
<b>Wrecker Permits</b>	\$50/yr. per holder + \$60/yr. per tow truck
<b>Taxi/Chauffeur</b>	\$100/yr. i- taxi
<b>Accident Report</b>	<b>\$6    \$11 online (\$5 provider fee)</b>
<b>Fingerprinting Fee</b>	\$10 per person
<b>Posted Hourly Parking Fee</b>	\$1.00 per hr./ Max \$5.00
<b>Residential Alarm Fees</b>	
0-3 False Alarms	No Charge
4-5 False Alarms	\$25 each
6-8 False Alarms	\$50 each
Over 8 False Alarms	\$100 each
<b>Commercial Alarm Fees</b>	
0-3 False Alarms	No Charge
4-5 false Alarms	\$50 each
6-8 False Alarms	\$75 each
Over 8 False Alarms	\$100 each
<b>Alarm Fees</b>	
Initial permit	\$10 residential/\$30 commercial
Alarm Co. Failure to Provide Accurate Info	\$25
Permittee Fail to Respond to Alarm Location w/in 30 mins at Request of Police	\$50
Failure to Notify of Address Changes, etc.	\$50
Reinstatement Fee	\$100
Appeal Fee	\$25
<b>Animals and Fowl</b>	
Annual Registration fee for Dogs Deemed as Dangerous by Animal Control Authority	\$50
Replacement of lost Dangerous Dog ID Tag	\$10
	Fee Allowed to be Charged by Tow Truck Company 'Not Collected by City'
<b>Tow Truck Companies</b>	
All Police Directed Tows	\$200
Vehicle Removal	\$35
Waiting, <b>per</b> hour after the first hour	\$25
Notification	\$50
Preservation	\$20
	Variable dependent on document or material type, as set by the Texas Administrative Code, plus an additional 25%
Copies of Open Records	



Huntsville Animal Control Facility	Fee Allowed to be Charged by Animal Shelter - "Not Collected by City"
Adoption Fee	\$85
Owner Surrender	\$50
Quarantine Fee	\$35
Boarding Fee (per night)	\$15
Return to Owner fees	
Impound Fee	\$35
Boarding Fee (per night)	\$15
<b>Microchip</b>	\$25
<b>Vaccines:</b>	\$10 Each
Dog:	
DAPPV	\$10 Each
Bordetella	\$10 Each
Cat:	
FVACP	\$10 Each
Cat/Dog:	
Rabies	\$10 Each
<b>Flea Prevention:</b>	
Cat/Dog: Aclivyl	
0-50 lbs	\$10
51-100 lbs	\$15
101 and up	\$20
Bravecto	\$50
<b>FIV/ELV Test</b>	\$25
<b>Heartworm Test</b>	\$25
Nail Trim	\$5
<b>Deworming:</b>	
Cat/Dog:	
Under 50 lbs	\$5
Over 50 lbs	\$10
<b>Heartworm Prevention: Iverhart</b>	
Heartworm Test (Mandatory)	\$25
6-12 lbs	\$7/dose of \$25 box (6 doses)
12.1-25 lbs	\$7/dose of \$30 box (6 doses)
25.1-50 lbs	\$7/dose of \$35 box (6 doses)
50.1-100 lbs	\$7/dose of \$40 box (6 doses)
<b>Sterilization:</b>	
Dog:	
Female (spay)	\$100
With government assistance	\$80
Male (neuter) under 50 lbs	\$60
Over 50 lbs	\$80
Pain Medicine - Pills	\$5
Cat:	
Female (spay)	\$60
Male (neuter)	\$40
Pain Medicine - Shot	\$10
<b>E-collar:</b>	
Recommended for both Cat and Dog	\$10
<b>Extra fees that may occur are:</b>	
In Heat	\$35
Term spay	\$45
Cryptorchidism	\$45-\$65 (determined by a Vet)
CapS1ar	\$8

**Fire Department Co.1 Recovery• (Non-County Residents)****Motor Vehicle Incidents**

Level 1- Basic Incident with hazardous materials assessment and scene stabilization	\$494
Level 2- includes level 1 plus clean-up of Huids	\$562
Level 3- Vehicle F1re	\$687
Add-ons:	
Extrication	\$1,483
Landing Zone	\$454

**Hazmat**

Level 1- Basic response:	
Engine response, first responde< assignment, perimeter establishment, evacuations, set-up and command	\$796
Level 2- Intermediate Response:	
Level 1 plus Hazmat team and equipment, Level A or B suit donning, breathing air, detection equipment, <b>and decon</b>	\$2,842
Level 3- Advanced Response:	
Level 1 and 2 plus recovery and idenlification ol materials, disposal and environmental clean-up.	\$6,707

**Special Rescues -High Angle, Water Rescues, other Specialized Rescue**

Hernizecl billing:	
Per hour per response vehicle --	\$455
Per hour per resrue person	\$57

**For Incidents tha1 require extended time on scene response will be Itemized**

Engine	\$455 per hour
Truck	\$568 per hour
Miscellaneous Equipment	\$341 perhour

## Water Services

Single Family **Residential**

First 3,000 gallons	
.75 inch meter	\$14 .04 per month
1 inch meter	\$20.52 per month
1.5 inch meter	\$27.00 per month
2 inch meter	\$44.82 per month
3 inch meter	\$176.04 per month
4 inch meter	\$224.64 per month
6inch meter	\$338.04 per month
8 inch merer	\$467.64 per month
10 inch meter	\$650.16 per month
Between 3,000 and 7,000 gallons	\$5.91 per thousand gallons
Between 7,001 and 13,000 gallons	\$6.50 per thousand gallons
Over 13,000 gallons	\$7.39 per thousand gallons

Jointly **Metered** Residential/Multi-Family

First 3,000 gallons	
.75 inch meter	\$14.04 per month
1 inch meter	\$20.52 per month
1.5 inch meter	\$27.00 per month
2inchmeter	\$44.82 per month
3 inch meter	\$176.04 per month
4 inch meter	\$224.64 per month
6inch meter	\$338.04 per month
8 inch meter	\$467.64 per month

Jointly Metered Residential

Between 3,000 and 7,000 gallons	\$5.91 per thousandgilllons
Over 7,001 gallons	\$6.50 per thousand galons

Multi-Fa mily

Over 3,000 gaUons	\$7.39 per thousand gallons
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Commercial **Metered**

First 3,000 gallons	
.75 inch meter	\$16.20 per month
1 inch meter	\$22.68 per monlh
1.5 inchmeter	\$29.16 per month
2 inch meter	\$46.98 per month
3inch meter	\$178.20 per month
4 inch meter	\$226.80 per month
6inch meter	\$340.20 per month
8inch meter	\$469.80 per month
IO inch meter	\$650.16 per month
Over 3,000 gallons	\$7.39 per thousand gallons

Institutional **Users**

First 3,000 gallons	
.75 inch meter	\$16.20 per month
1 inch meter	\$22.68 per month
1.5 inchmeter	\$29.16 per month
2inch meter	\$46.98 pe1 month
3inch meter	\$178.20per month
4 inch meter	\$226.80 per month
6 inch meter	\$340.20 per month
8inch meter	\$469.80 per month
10inch meter	\$650.16 per month
Over 3,000 gallons	\$7.98 per thousand gallons

**Irrigation**

First 3,000 gallons	
.75 inch meter	\$16.20 per month
1 inchmeter	\$22.68 per month
1.5 inchmeter	\$29.16 per monlh
2 inch meter	\$46.98 per month
3inch meter	\$178.20 per month
4inch meter	\$226.80 per month
6inch meter	\$340.20 per moolh
8 inch meter	\$469.80 per month





<u>Residential</u>	
Between 3,000 and 7,000 gallons	\$5.91 per thousand gallons
Between 7,001 and 13,000 gallons	<b>\$6.50</b> per thousand gallons
Over 13,000 gallons	\$7.39 per thousand gallons

Jointly Metered Residential

Between 3,000 and 7,000 gallons	\$5.91 per thousand gallons
Over 7,001 gallons	\$7.39 per thousand gallons

Multi-Family

Over 3,000 gallons	\$7.39 per thousand gallons
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Commercial

Over 3,000 gallons	\$7.39 per thousand gallons
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Institutional

Over 3,000 gallons	\$7.98 per thousand gallons
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## Fire Hydrant Meters

First 3,000 gallons	\$178.20 per month
Over 3,000 gallons	\$7.98 per thousand gallons

Note: Water rates for customers outside the city limits are calculated in the same manner as rates for customers within the city limits; however, a multiplier of 1.50 shall be applied to the cost components listed above.

**Wastewater Services****Single Family/Jointly Metered Residential**

First 2,000 gallons	\$16.56 per month
Over 2,000 gallons	\$6.19 per thousand gallons

Note: Each individually metered residential dwelling unit shall be charged a monthly wastewater service charge and a volume charge based upon the average amount of water consumed during the months of November, December, January and February of each year, rounded to the nearest 100 gallons. Customers moving onto an existing or newly constructed, single family residential unit shall be billed for sewer at eighty percent (80%) of current monthly consumption up to a maximum monthly amount for 10,000 gallons until the winter month history is established. Residential customers not connected to the waterworks system of the city shall be billed monthly by the city for wastewater services at a calculated rate based on the average residential water consumption of sixty-eight hundred (6,800) gallons **\$40.88**, or at a rate based on the average water consumed during the months of November, December, January and February of each fiscal year from the billing records of a special water district.

## Commercial/Institutional Users

First 2,000 gallons	\$19.11 per month
Over 2,000 gallons	\$6.19 per thousand gallons

Commercial customers shall be billed at a rate that is consistent with the regular wastewater charge of similar type businesses, premises or users receiving service from the city. The utility office supervisor shall recommend for approval such service charge and conditions as deemed appropriate to the Finance Committee of the City Council and the Finance Committee shall approve the same.

**Septic Waste Disposal Fee**

Septic Waste Receiving Station	\$0.09 per gallon
Septic Waste Hauler Permit	\$100 per year

**Sewer Service Call** (normal business hours, problem found to be on customer side, to include residents, plumbers and contractors)

0-3 False Alarms	No Charge
4-5 False Alarms	\$25.00
6-7 False Alarms	\$50.00
8+ False Alarms	\$100.00

**After-hours Sewer Service Call** (After Business hours, problem found to be on customer side, to include residents, plumbers and contractors)

0-3 False Alarms (after hours)	No Charge
4-5 False Alarms (after hours)	\$50.00
6-7 False Alarms (after hours)	\$100.00
8+ False Alarms (after hours)	\$200.00

**Solid Waste Service****Residential Month Fee****Residential Collection**

Single Family Households-Inside City Limits	\$25.76
Additional Collection Cart	\$13.73

Business Minimum Inside City Limits Collection	\$27.10
Additional Collection Cart	\$13.73

**Per Month Fee per Unit**

Multi-Family Residential Collection	
Individually Metered Units With Dumpster	\$25.76
Individually Metered Units Without Dumpster	\$25.76
Jointly Metered Units Without Dumpster	\$25.76
Jointly Metered Units With Dumpster	By size of container and number of pickups (see below)

**Commercial Collection-INSIDE City Limits-Dumpsters and Roll Offs****Per Month Fee**

2 Yard Dumpster	
1 Collection per week	\$84.39
2 Collections per week	\$141.82
3 Collections per week	\$199.24
4 Collections per week	\$256.66
5 Collections per week	\$314.10

**Per Pickup Fee**

Unscheduled/Extra Pickups - ONSITE	\$39.15
Unscheduled/Extra Pickups - Start from Transfer Station	\$52.21
After Hours/Extra Pickups	\$84.39

**Per Month Fee**

4 Yard Dumpster	
1 Collection per week	\$107.31
2 Collections per week	\$187.71
3 Collections per week	\$268.06
4 Collections per week	\$348.43
5 Collections per week	\$428.79

**Per Pickup Fee**

Unscheduled/Extra Pickups - ONSITE	\$54.80
Unscheduled/Extra Pickups - Start from Transfer Station	\$73.07
After Hours/Extra Pickups	\$107.21

**Per Month Fee**

6 Yard Dumpster	
1 Collection per week	\$130.26
2 Collections per week	\$233.57
3 Collections per week	\$336.87
4 Collections per week	\$440.19
5 Collections per week	\$543.48

**Per Pickup Fee**

Unscheduled/Extra Pickups - ONSITE	\$70.44
Unscheduled/Extra Pickups - Start from Transfer Station	\$93.92
After Hours/Extra Pickups	\$130.26

**Per Month Fee**

8 Yard Dumpster	
1 Collection per week	\$153.20
2 Collections per week	\$279.45
3 Collections per week	\$405.69
4 Collections per week	\$531.94
5 Collections per week	\$658.19

**Per Pickup Fee**

Unscheduled/Extra Pickups - ONSITE	\$86.07
Unscheduled/Extra Pickups - Start from Transfer Station	\$114.78
After Hours/Extra Pickups	\$153.20

**Excessive Wear and Tear of Dumpsters**

Dumpster Cleaning	\$104.34
Dumpster Cleaning and Painting	\$153.38
Dumpster Cleaning and Painting when Burned	\$367.27
Dumpster Cleaning, Painting and Bottom Replacement when Burned	\$708.27
Dumpster emptied due to placement of large item	No Hat fee, charged as unscheduled pickup from transfer station according to dumpster size

**Each Lid**

Replacement Lids and Bars - Stolen, Unauthorized Removal or Damage	\$42.96
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Per Month Fee Plus Tonnage Fee of \$85.14 per ton	<b>Per Month Fee Plus Tonnage Fee of \$85.14 per ton</b>
Open Top Roll-off - Inside City Limits	
1 Collection per week	\$514.92
2 Collections <b>per week</b>	<b>\$869.82</b>
3 Collections per week	\$1,224.72
4 Collections per week	\$1,579.62
5 Collections per week	\$1,934.53
Trip Fee Plus Tonnage Fee of \$85.14 per ton	<b>Per Month Fee Plus Tonnage Fee of \$85.14 per ton</b>
Extra Pickups	\$135.59
Call In	\$291.17
Stand-by	\$291.17
Trip Fee Plus Tonnage Fee of \$85.14 per ton	<b>Per Month Fee Plus Tonnage Fee of \$85.14 per ton</b>
Compacting Roll-off	
Scheduled	\$196.91
Unscheduled	\$246.16
Extra Pickups	\$138.10
Roll-off Inactivity Fee	\$291.17
Per Trip Based on Compactor Type	
<b>Repositioning</b>	\$163.93
<b>Set Fees and Deposits</b>	
Roll-off Container Set Fee, New Commercial and Existing Commercial Contractors	\$162.23 / per Roll Off
<b>Inside City Limits (To Drop Off Roll-Off) One Time Fee</b>	
DEPOSIT - New Commercial Contractors, Inside City limits	\$1,500 / per account

#### Commercial Collections for OUTSIDE City Limits, TDCJ, SHSU • Dumpsters & Roll-offs

<b>Per Month Fee</b>	
<b>Commercial Collection</b>	By size of container and number of pickups (see below)
<b>2 Yard Dumpster</b>	
1 Collection per week	\$100.46
2 Collections <b>per week</b>	\$168.83
3 Collections <b>per week</b>	\$237.20
4 Collections per week	\$305.56
5 Collections per week	\$373.94
<b>Per Pickup Fee</b>	
Unscheduled/Extra Pickups - ONSITE	\$46.59
Unscheduled/Extra Pickups - Start from Transfer Station	\$62.13
After Hours/Extra Pickup	\$100.46
<b>Per Month Fee</b>	
<b>4 Yard Dumpster</b>	
1 Collection per week	\$127.78
2 Collections <b>per week</b>	\$223.45
3 Collections <b>per week</b>	\$319.13
4 Collections <b>per week</b>	<b>\$414.80</b>
5 Collections <b>per week</b>	\$510.48
<b>Per Pickup Fee</b>	
Unscheduled/Extra Pickups - ONSITE	\$65.24
Unscheduled/Extra Pickups - Start from Transfer Station	\$86.99
After Hours/Extra Pickup	\$127.63
<b>Per Month Fee</b>	
<b>6 Yard Dumpster</b>	
1 Collection per week	\$155.08
2 Collections <b>per week</b>	\$278.06
3 Collections per week	\$401.04
4 Collections per week	\$524.00
5 Collections <b>per week</b>	\$647.00
<b>Per Pickup Fee</b>	
Unscheduled/Extra Pickups - ONSITE	\$83.85
Unscheduled/Extra Pickups - Start from Transfer Station	\$111.81
After Hours/Extra Pickup	\$155.08



**Per Month Fee****8 Yard Dumpster**

1 Collection per week	\$182.38
2 Collections per week	\$332.68
3 Collections per week	\$482.97
4 Collections per week	\$633.25
5 Collections per week	\$783.55

**Per Pickup Fee**

Unscheduled/Extra Pickups - ONSITE	\$104.49
Unscheduled/Extra Pickups - Start from Transfer Station	\$141.80
Aher Hours/Extra Pickup	\$189.26

**Per Month Fee Plus Tonnage Fee of \$92.13 per ton****Open Top Roll-off**

1 Collection per week	\$695.76
2 Collections per week	\$1,175.28
3 Collections <b>per week</b>	\$1,654.84
4 Collections per week	\$2,134.37
5 Collections per week	\$2,376.28

**Per Trip Fee Plus Tonnage fee of \$92.13 per ton**

Extra Pickups	\$183.19
Call In	\$393.28
Stand-by	\$393.28

**Set Fees and Deposits**

Roll-off Container Set Fee, New Commercial and Existing Commercial Contractors.  
Outside City Limits (To Drop OH Roll-Off) One Time Fee

\$184.13 / per rolloff

DEPOSIT - New Commercial Contractors, Outside City limits

\$1,500 / per account

**DI8f>Oeal FHS at Seale House**

Basic Fee • Inside City Limit	\$75.73 per Ton
Basic Fee • Outside City Limit, TDCJ, SHSU	\$93.66 per ton
Minimum Fee - Inside City Limit	\$11.35
Minimum Fee - Outside City Limit, TDCJ and SHSU	\$17.03
<b>White Goods/Large Furniture</b> • Inside City Limit	\$75.73 per ton
White <b>Goods/Large Furniture</b> - Outside City Limit, TDCJ and SHSU	\$93.66 per ton
Yard waste and mbs - Inside City Limit smaller than 4" diameter	Free with City Water Bill
<b>Trees, stumps, limbs</b> • Inside City limit	\$75.73 DIAMETER GREATER 4" / Free with City Water Bill
Trees, stumps, limbs - Outside City limit, TDCJ and SHSU	\$93.66 per ton
Tires, Small (i.e. car or pickup truck) - Inside City Limit	\$4.54 Per Tire
Tires, Small (i.e. car or pickup truck) • Outside City Limit, TDCJ and SHSU	\$5.68 Per Tire
Tires, Large (i.e. semi-truck) - Inside City Limit	\$20.43 Per Tire
Tires, Large (i.e. semi-truck) • Outside City Limit, TDCJ and SHSU	\$24.40 Per Tire
Small dead animal (i.e. dog, cat) • Inside City Limit	\$5.68 each
Small dead animal (i.e. dog, cat) - Outside City Limit, TDCJ and SHSU	\$7.09 each
Large dead animal (i.e. cow, horse) • Inside City Limit	\$75.73 per ton
Large dead animal (i.e. cow, horse) • Outside City Limit, TDCJ and SHSU	\$93.66 per ton

Other Utility-Related Fees	
<b>Meter Accuracy Test</b>	\$75 per meter or actual cost if cost of making test exceeds \$75
Replacement of <b>Water Meter</b> , Lock, or Head	<b>\$50 per occurrence</b>
Tamper Fee (Water Meter)	<b>\$100 .00 per Occurrence</b>
Negligent damage to meter or any associated electronic device	Replacement Cost
Customer request for meter on/off for repairs	\$25
Tamper Fee (Fire Hydrant)	<b>\$500.00 per Occurrence</b>
<b>Portal Set/Vice</b>	\$1 per Meter
<b>Water Tapping Charge</b>	
Completed by City Crews	
.75 inch water tap • short side	\$1,200
3/4" Water tap • long side	\$1,500
1 inch water tap • short side	\$1,500
1 inch water tap • long side	\$2,000
2 inch water tap (same side) • short side	\$2,500
2 inch water tap (road bore) • long side	\$3,200
ETJ • E series meter additional charge	\$525
<b>TxDOT Tap Fee-</b>	At-Cost Estimate
<b>Taps involving excavation or boring in or under TxDOT Regulated streets or highways.</b>	
Completed by Another Entity	
.75 inch water meter set only	\$300
1 inch water meter set only	\$400
2 inch water meter set only	\$800
Meters Not Provided by City (Inspection Fee)	\$250
<b>Sewer Tapping Charge</b>	
Location of Stub -	
Location of an existing Water/Sewer stub. If the existing tap cannot be located, or is unusable the customer will pay the cost for a new tap	<b>\$400 • Non-refundable</b>
Sewer Tap Condition Video Assessment (at customer's request, City Side Only)	<b>\$400-Normal Business Hours</b>
Connection Fee	\$200
4 inch sewer tap - short side	\$1,000
4 inch sewer tap • long side	\$1,550
4 inch - tap manhole in street	\$1,600
Taps Made by Other Entity (Inspection Fee)	\$250
<b>TxDOT Tap Fee-</b>	At-Cost Estimate
<b>Taps involving excavation or boring in or under TxDOT Regulated streets or highways will be at cost</b>	
<b>Fire line Tapping Charge</b>	
Taps Made by Other Entity (Inspection Fee)	\$250
Customer request for fire line meter on/off for repairs	\$50
<b>Service Fee (new and transferred service)</b>	\$20
<b>Service Fee (Restricted Access Fee)</b>	\$20
<b>Service Fee (sprinkler on or off)</b>	\$20
Same Day Service Fee for Suspended Account	\$50.00
Requests for same day service for suspended account may be taken between 9:00 a.m. - 12:00 p.m. the day of suspension. Same day service fee is in addition to the \$25 Account suspension Fee. Same day service fee for suspended account is available only the day of suspension.	
<b>Alter Hours - alter 5pm</b>	\$75
<b>Residential Security Deposit</b>	
Water	\$40
Wastewater	\$40
Solid Waste	\$40
Solid Waste Per Cart	\$60
Solid Waste Cart Replacement Fee	\$60
<b>New Construction (Residential &amp; Commercial 3/4" to 2" meter x 1' length)</b>	\$100
<b>New Construction (Commercial • 3" to 6" meter x number of meters)</b>	\$500

Commercial Security <b>Deposit</b>	2 x the average estimated monthly utility service charge
Construction/Contractor <b>Roll-offs (n- accounts)</b>	\$1,500 / per account
Construction/Contractor <b>Roll-offs Permit fee</b> (Commerical Hauler)	\$100/year/roll-olf
Solid <b>Waste</b> Dlaposal <b>Deposit</b>	\$500
<b>FireHydrant Meler Deposit</b>	\$500
<b>Penalty for LatePayment</b>	10% <i>of</i> amount of utility sefVice charge
Account <b>Suspension Fee</b>	\$40
<b>Returned CheckFee</b>	\$35
<b>Surcharges for Industrial Wast-ater Discharges</b>	\$1.61 per thousand gallons of wastewater
<b>Meter Box Lid Replacement</b>	SmaP -\$10 Large -\$15
<b>Meter Box Replacement</b>	
SmaH box /lid combo	\$25
Large box /lid combo	\$40
Use of City <b>Equipment</b>	At CosV Current FEMA Rate
Use of City labor	Actual Rate
Tanker Truck Fill (uplo <b>8,000 gallons</b> )	\$75.00
Tanker Truck FIN over <b>8,000 gaUons</b>	\$ 75 + <del>\$6.59 per</del> thousand <del>galons</del> over 8,000