



Ferris, TX FY22 Budget



Adopted version

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TABLE OF CONTENTS

Introduction	4
Transmittal Letter	5
History of City	8
Demographics	9
Organization Chart	13
Fund Structure	14
Basis of Budgeting	16
Financial Policies	17
Budget Process	23
Budget Overview	27
Executive Overview	28
Strategic Plan	39
Short-term Factors	46
Priorities & Issues	46
Personnel Changes	46
Fund Summaries	47
General Fund	48
Debt Service Fund	53
Court Technology	56
Court Security	59
Methane to Electricity	62
4A Economic Development	63
4B Economic Development	66
Water and Wastewater	69
Fluid #1	72
Fluid #2	73
Ferris PID #1	74
Capital Improvements	75
All Major Funds	76
Departments	84
City Council	85
City Manager	89
Finance Department	93
Code Compliance	97
Community Development	102
City Engineer	106
Parks	110
Economic Development	113
Senior Services	117
Streets and Drainage	118
Library	123
Fire Department	128
Emergency Medical Services	133
Police Department	134
Municipal Court	140
Animal Control	144
Information Technology	148
City Hall	152
City-Wide	156
Water and Wastewater	160
Capital Improvements	166
Capital Improvement Plan Budget 2021-2025	167
One year plan	169
Multi-year plan	170
Debt	171



Debt by Type Overview	172
Government-wide Debt	175
Appendix	179
Glossary	180



INTRODUCTION





Welcome to our Budget Book

Fred Pontley, Mayor

Welcome to the City of Ferris financial plan and budget for Fiscal Year 2022. We expect this document will provide significant information in an easy to read and understand format. I know that the City staff have worked hard to make this budget a success. The Council and I express our gratitude to those that have participated in this budget process.

A budget serves many purposes. It is a statement of priorities - each year, the Council goes through a process of weighing different needs and requests from the community. This budget expresses what services the people of Ferris can expect to receive with their tax dollars. The budget is a strategic planning tool - offering a roadmap for carrying out our highest goals and ensuring that we are making the best use of our resources. The budget is a control tool that provides the legal authority for our staff to operate the City. Finally, the budget is a management tool that demonstrates how services are being delivered in the best way possible.

The City of Ferris provides a full range of municipal services to its citizens. As such, Ferris is very progressive in using taxpayer money to make long-term investments into the community in areas such as public safety, parks, community facilities, and critical infrastructure.

Planning the future of our City is not a spectator sport; therefore, I would encourage everyone to attend a City Council meeting or consider volunteering for service on a board or committee.

I hope that you enjoy the budget format, and if you have any questions you may contact the City Manager, Brooks Williams at (972) 544-2110.

Sincerely,

Fred C. Pontley
Mayor, City of Ferris



Letter from the City Manager



Mayor, City Council and Citizens of Ferris,

It is my honor to present to you the FY 2021-2022 Proposed Budget for consideration. This budget was carefully constructed to meet the growing needs of the Ferris community. The FY 2021-2022 Budget continues Ferris' conservative financial approach, while balancing the strain associated with growth, aging infrastructure, and the desire to grow and expand programs and services to meet a higher level of citizen demands and expectations.

Driving these issues is Ferris' phenomenal growth. Ferris is in the midst of the largest economic boom in its 140-year history since being incorporated in 1882. In the 10 years between 2010 and 2020, the City added approximately 175 households and 800 new residents. In contrast, we are expecting to add more than 450 new households in the 2021-2022 fiscal year alone. These 450 homes will add approximately 1,350 new residents who will need services. It is also expected that with the subdivisions indicating a desire to annex into the city limits, the square miles of service area could triple in the next 18 to 24 months. This remarkable residential expansion is not expected to slow as new subdivisions continue to develop. While this growth results in many positives, it also brings challenges. Our roadways will continue to become more congested. There are increased demands on our aging infrastructure. There are more people in need of services from Public Safety, Public Works, Library, Parks, and Streets and Drainage. New subdivisions brought on by development have increased the workload of Planning and Development Services, Engineering, and Public Works staff who are responsible for the upkeep of the City's infrastructure. Support service staff are also being stretched, as there are more personnel, grants, and projects, as well as, increased financial complexity and transparency to manage.

Ferris is at a crossroad in its development. The decisions made today will have long-lasting impacts on the community and will affect future generations of Ferris residents. Choices made today on topics such as a well-balanced and diversified economy, public safety, fiscal responsibility, quality of life and services and infrastructure and growth will shape the future of Ferris. It is no wonder that the City Council identified these topics as their highest priorities. The proposed budget and work plan were designed to enable City staff to meet the objectives set by City Council.

As the City began to grow and expand our infrastructure, including public safety infrastructure, the development of a long-term plan with strategies and funding sources became imperative. By resolution in June 2020, the City Council responded to the need and adopted a new Strategic Plan. This budget, along with the 2021 General Bond Election, and the 2020 and 2021 Certificate of Obligation issues, addresses the City's needs by adding critical staff, equipment, and funding.

Overall, these changes help develop economic growth to diversify the tax base, bringing in additional property and sales tax revenue, easing the burden on residents, and continuing the implementation of the infrastructure master plans.

While the community continues to grow, the City has been working to ensure that staffing levels needed to service the expanding population, infrastructure and developmental needs are addressed and funded. At the end of FY 2020-2021, the City of Ferris had 46.5 FTEs, or "full-time equivalents", which gave Ferris a staffing ratio of 1.4 staff per 100 residents. The City does not anticipate any need for additional staff outside of continued normal growth.

In conclusion, the proposed budget document establishes the direction and focus for the upcoming year as it connects resources to the priorities identified by the City Council and the adopted strategic plan. FY 2021-2022 will be a challenging budget year as we continue to experience growth. This budget will have an emphasis on Public Safety, Water and Sewer, and Community Development.

It is the City Manager's responsibility to fulfill and complete the objectives identified in this budget. This budget identifies resources and strategies that are in place to ensure the success of the organization, not just for this fiscal year, but for many years to come.

Lastly, I would like to thank the City Council and the City staff for their dedication to the City of Ferris and its citizens while developing a transparent and fiscally responsible Proposed FY 2021-22 Annual Budget.

Sincerely,



Brooks Williams,
City Manager



History of City



Settlement of the area began in the early 1870s. On September 28, 1874, a local family deeded approximately 100 acres (0.40 km²) of land to four trustees for the establishment of a town and railway station. Judge Justus Wesley Ferris of Waxahachie handled the transaction, and the community was named for him. Within ten years, Ferris had a population of 300 with a post office, gristmills, cotton gins, four churches, and a school. Ferris was incorporated on September 30, 1882.

Six brick plants benefited from the area's mineral-rich soil, operating by 1914. Ferris thrived during the early post-war years. Four brick plants operated during the 1950s, and the community was known locally as the "Brick Capital of the Nation". Ferris also has a second nickname – "The City that Bricked the World" – which is still commonly used to date. In 1952, the population had risen to 1,734 and 1,807 by 1964. The Ferris Annual Brick Festival is held every year at the end of April.

The expansion of the Dallas–Fort Worth Metropolitan Area and the construction of Interstate 45 aided the growth of Ferris in the latter half of the twentieth century. Although the number of businesses decreased during the 1980s, the population and number of businesses continue to grow.

Population Overview



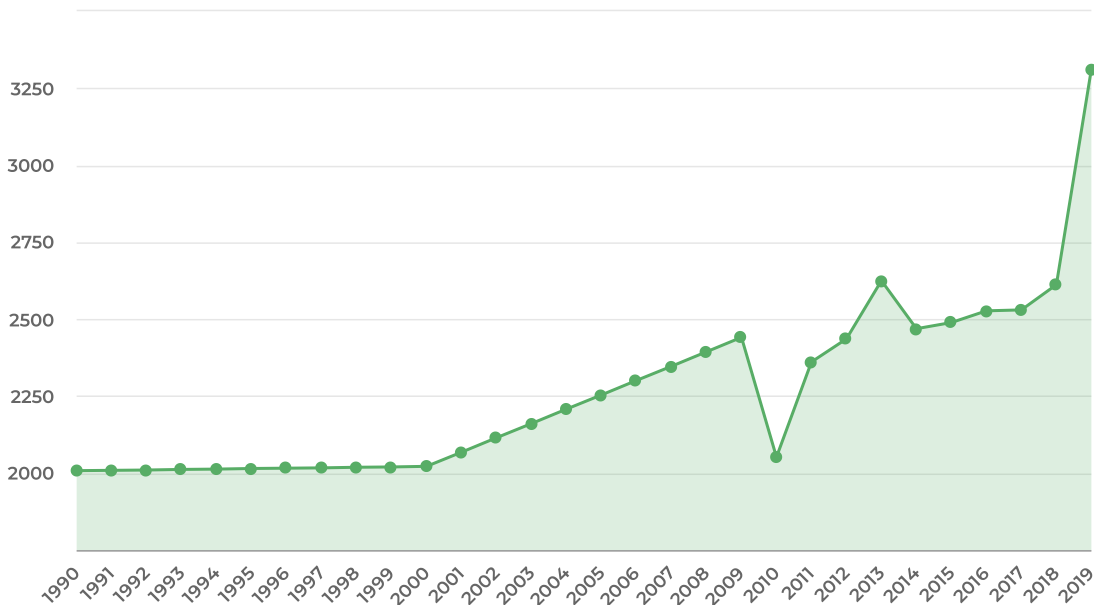
TOTAL POPULATION

3,312

▲ 26.8%
vs. 2018

GROWTH RANK

30 out of 1218
Municipalities in Texas



* Data Source: Client entered data for year 2019

Aging affects the needs and lifestyle choices of residents. Municipalities must adjust and plan services accordingly.



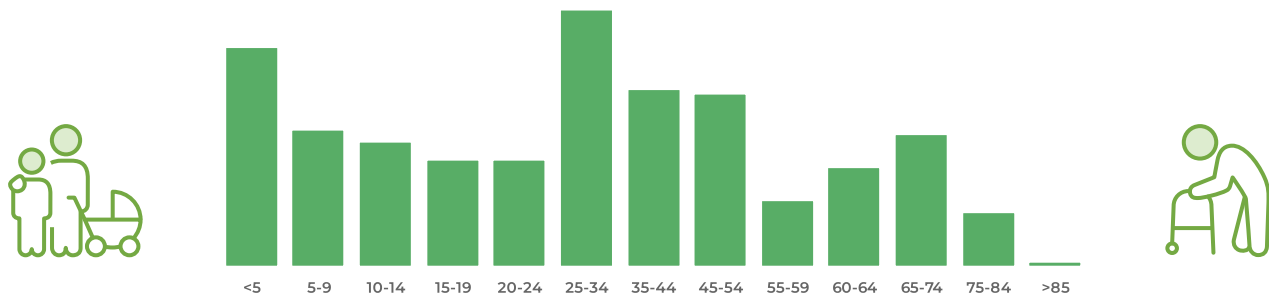
DAYTIME POPULATION

3,336

Daytime population represents the effect of persons coming into or leaving a community for work, entertainment, shopping, etc. during the typical workday. An increased daytime population puts greater demand on host community services which directly impacts operational costs.

* Data Source: American Community Survey, 2010 Census, 2000 US Census and 1990 US Census

POPULATION BY AGE GROUP



* Data Source: American Community Survey, 2010 Census, 2000 US Census and 1990 US Census

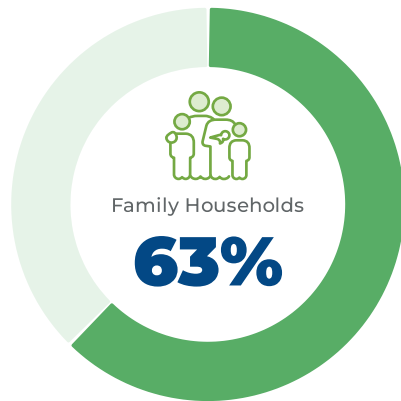


Household Analysis

TOTAL HOUSEHOLDS

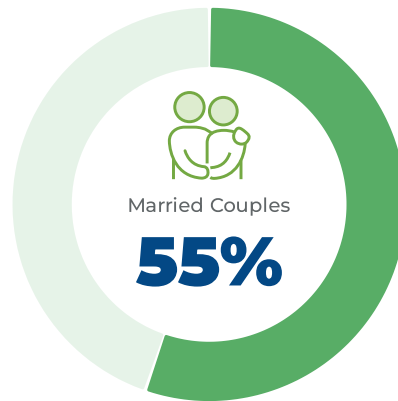
863

Municipalities must consider the dynamics of household types to plan for and provide services effectively. Household type also has a general correlation to income levels which affect the municipal tax base.



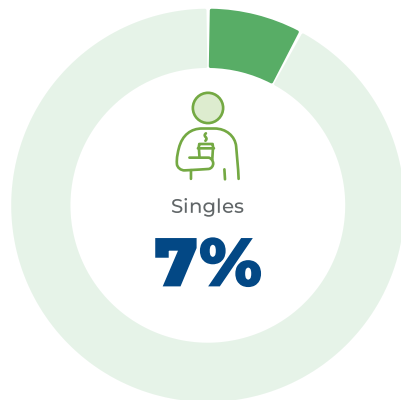
▲ 24%

higher than state average



▲ 10%

higher than state average



▲ 14%

higher than state average



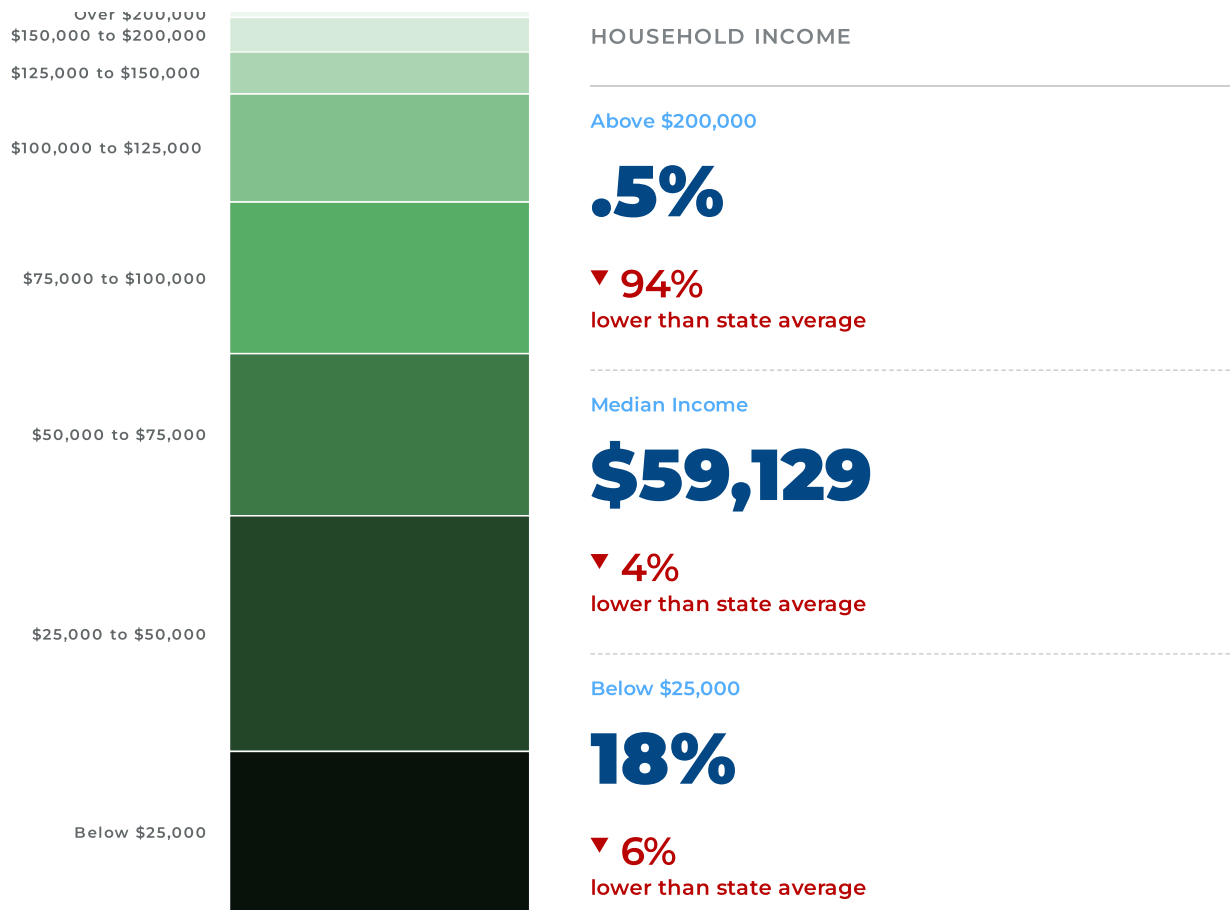
▼ 42%

lower than state average

* Data Source: American Community Survey, 2010 Census, 2000 US Census and 1990 US Census

Economic Analysis

Household income is a key data point in evaluating a community's wealth and spending power. Pay levels and earnings typically vary by geographic regions and should be looked at in context of the overall cost of living.



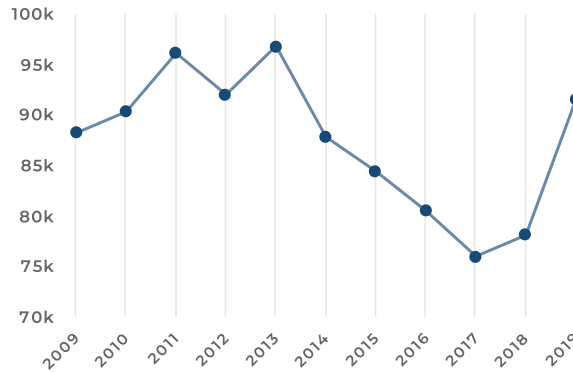
* Data Source: American Community Survey, 2010 Census, 2000 US Census and 1990 US Census

Housing Overview



2019 MEDIAN HOME VALUE

\$91,500



* Data Source: 2019 US Census Bureau

(<http://www.census.gov/data/developers/data-sets.html>), American Community Survey. Home value data includes all types of owner-occupied housing.

HOME OWNERS VS RENTERS

Ferris

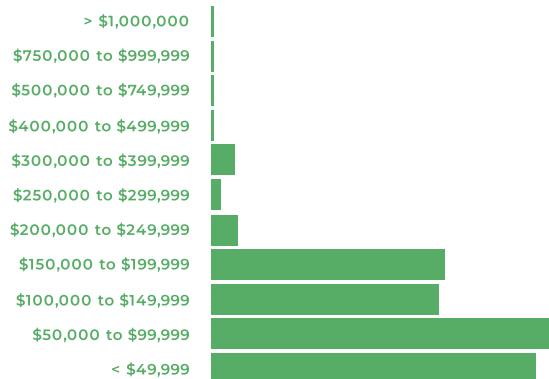
State Avg.



* Data Source: 2019 US Census Bureau

(<http://www.census.gov/data/developers/data-sets.html>), American Community Survey. Home value data includes all types of owner-occupied housing.

HOME VALUE DISTRIBUTION



* Data Source: 2019 US Census Bureau

(<http://www.census.gov/data/developers/data-sets.html>), American Community Survey. Home value data includes all types of owner-occupied housing.

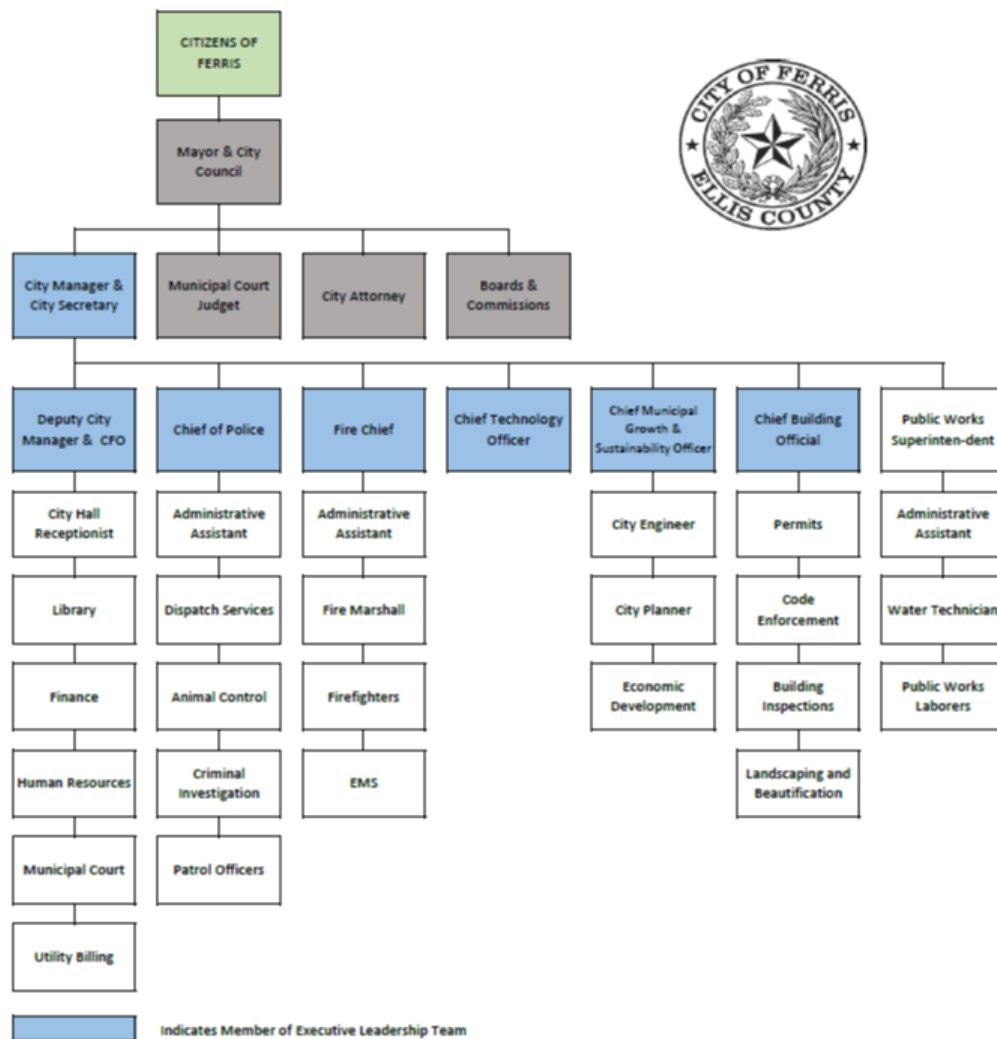


Organization Chart

The City of Ferris is a political subdivision and Type A general law municipal corporation of the State, duly organized and existing under the laws of the State. The City operates under a Council/Manager form of government and the City Council is comprised of the Mayor and five Aldermen. The City Manager is the chief administrative officer for the City. The City Manager is responsible for the day-to-day operations of the local government and its employees and reports directly to the Mayor and the City Council.

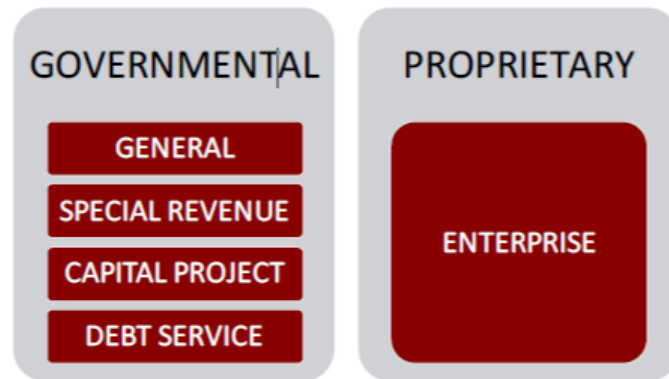
The City of Ferris is divided into a number of departments that are responsible for different aspects of city government under the direction of the City Manager. Area Chiefs and Directors have operational responsibility for each department, ensuring that the City is effectively and efficiently fulfilling our strategic goals and concentrating on strategic focus areas approved by the City Council to further the growth and efficient operation of the City.

CITY OF FERRIS ORGANIZATIONAL CHART



Fund Structure

The City uses fund accounting to ensure compliance with finance-related legal and regulatory requirements and to safeguard one of our strategic goals of being fiscally responsible. A fund is an accounting entity that has a set of self-balancing accounts and that records all financial transactions for specific activities or government functions. The City's funds can be divided into two categories: Governmental Funds and Proprietary Funds.



Governmental Funds

Governmental funds consist of the General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Funds. Most governmental functions of the City are financed through these funds. Governmental funds are supported by taxes, fines and fees, and intergovernmental revenues. A modified accrual basis of accounting is used for the budgets of all governmental funds.

General

The General Fund is the largest fund of the City and accounts for general services and operations. The General Fund is where services such as Police, Fire, Community Development, Streets, Courts, and Administration are budgeted. The majority of the City's employees are funded out of the General Fund.

Special Revenue

The Special Revenue Funds collect funds from specific revenue resources committed to expenditure for specific purposes. The fund usage is restricted to specific projects or outcomes. This fund type adds an extra level of transparency and accountability to taxpayers as it shows clearly and exactly where their tax dollars are going. The City has four (4) separate Special Revenue Funds.

Capital Projects

The Capital Projects Fund is used for all of the City's capital projects. Such projects include streets and drainage, park development, water and sewer, and facility construction and renovation necessary to provide city services.

Debt Service

The Debt Service Fund is a reserve account used to pay for principal and interest obligations for bonds and other debt instruments according to a pre-determined payment schedule.

Proprietary Funds

A proprietary fund is used to account for activities that involve business-like interactions, either within the local government or outside of it. While there are two types of proprietary funds, the City of Ferris only utilizes enterprise funds.

Enterprise Funds

Enterprise Funds account for operations similar to those found in the private sector and include the Water and Wastewater Fund.



Fund/Department Matrix

The fund matrix below lists each City Department or Department group, and identifies which fund(s) each currently utilizes. The matrix is not intended to be all-inclusive. A department may have legal authority to utilize a particular fund, but due to internal processes or balance availability, may not employ its use.

Department	General Administration	Finance & City Services	Public Safety	Technology	Planning and Economic Development	Building and Permitting	Municipal Court	Public Works
GOVERNMENTAL FUNDS								
General Fund	•	•	•	•	•	•	•	•
Capital Improvement			•		•			•
Debt Service		•						
Court Technology			•				•	
Court Security			•				•	
4A EDC					•			
4B EDC					•			
ENTERPRISE FUNDS								
Water & Wastewater								•

Basis of Accounting

The term “basis of accounting” is used to describe the timing of recognition of revenues and expenditures, that is, when the effects of transactions or events should be recognized. The City of Ferris is organized on the basis of funds, each of which is considered to be a separate accounting entity. All governmental fund types are budgeted and accounted for on a Generally Accepted Accounting Principles (GAAP) basis for financial statement presentations.

The City’s accounting system is organized and operated on a fund basis. A fund is a group of functions combined into a separate accounting entity having its own assets, liabilities, equity, revenue, and expenditures/expenses. The types of funds used are determined by GAAP. The number of funds established within each type is determined by sound financial administration and strategic management objectives.

Basis of Budgeting

The term “basis of budgeting” refers to the conversion for recognition of costs and revenue in budget development and in establishing and reporting appropriations that are the legal authority to spend or collect revenues. The City of Ferris uses a modified accrual basis for budgeting governmental funds. Proprietary funds are budgeted using full accrual concepts. All operating and capital expenditures and revenues are identified in the budgeting process because of the need for appropriation authority.

The budget is fully reconciled to the accounting system at the beginning of the fiscal year, and in preparing the Comprehensive Annual Financial Report (CAFR) at the end of the fiscal year. A number of GAAP adjustments are made to reflect balance sheet requirements and their effect on the budget. These include changes in designations and recognition, via studies and analysis, or accrued liabilities. Amounts needed for such long-term liabilities as future payoff of accumulated employee vacation is budgeted as projections and, once recognized, are adjusted for actual amounts.

FUND CATEGORY		FUND TYPE	HOW APPROPRIATED	BASIS OF BUDGETING	BASIS OF ACCOUNTING
<u>Primary Governmental Funds</u>					
Governmental Funds					
Major Funds					
	General Fund	General	Annual	Modified Accrual	Modified Accrual
	Capital Projects Fund	Capital Project	By Project	Modified Accrual	Modified Accrual
	Debt Service Fund	Debt Service	Annual	Modified Accrual	Modified Accrual
Non-Major Funds					
	Municipal Court Technology	Special Revenue	Annual	Modified Accrual	Modified Accrual
	Municipal Court Security	Special Revenue	Annual	Modified Accrual	Modified Accrual
Proprietary Funds					
	Water and Wastewater Fund	Enterprise	Annual	Modified Accrual	Accrual
<u>Component Unit</u>					
	4A EDC	Special Revenue	Annual	Modified Accrual	Modified Accrual
	4B EDC	Special Revenue	Annual	Modified Accrual	Modified Accrual

Financial Management Policies

The City of Ferris Financial Management Policies provides a basic framework for the overall fiscal management of the City. The policies represent a foundation to address changing circumstances and conditions, and assist in the decision-making process. The financial policies represent guidelines for evaluating both current activities and proposals for future programs.

The Financial Management policies reflect the desire of the City Council and City Administration to enable the City to maintain its financial stability. It is intended that the policies be reviewed annually so that the guidelines represent a realistic, current framework for public policy decisions.

1. OPERATING BUDGET POLICIES

The objectives of the operating budget policies are to maintain adequate service levels at reasonable costs by following sound financial management practices.

Balanced budget

The city shall annually adopt a balanced budget where revenues and unrestricted fund balance are equal to, or exceed, operating expenditures. Any increase in expenses, decrease in revenues, or combination of the two that would result in a budget imbalance will require budget revision. Any year end operating surpluses will revert to unappropriated balances for use in maintaining reserve levels set by policy and the balance will be available for capital projects or “one-time only” General Fund expenditures.

Cost Recovery

Government budgets are under constant pressure to stay within limits. This forces local governments to seek ways to lower costs associated with delivering services. The City of Ferris is very proactive in its drive to identify methods for reducing or recovering costs. The City staff performs internal reviews of operations to define those services or products in which an element of cost recovery can be implemented, and at what level: full cost recovery, partial cost recovery or no cost recovery. The City has defined four major elements of cost recovery, which include reducing costs, increasing returns, researching alternative service providers and seeking alternative funding sources.

When evaluating a reduction in costs, the City will consider downsizing (staff reduction), operating efficiencies, outsourcing and in-kind services as possible alternatives.

When implementing cost recovery by way of increasing returns, the City will focus on user fees, fee increases, increasing markets, new products and advertising.

Alternative service providers include, but are not limited to, privatization, nonprofit spin-offs and volunteers.

Alternative funding sources include foundations, grants, and dedicated sales or property taxes.

Annually, as part of the budget planning process, each department will report their achievements in the area of cost recovery to management and to the City Council.

Borrowing for operating expenditures (expenses)

The City will not use debt or bond financing to fund current operating expenditures (expenses).

Performance evaluation

Performance measurement and productivity indicators will be integrated into the annual budgeting process. All departments will be reviewed annually by the City Manager for such performance criteria as program initiatives, compliance with policy direction, program effectiveness and cost efficiency.

Budgetary controls

The City shall maintain a budgetary control system to ensure adherence to the adopted budget and associated appropriations. Regular reports shall be provided comparing actual revenues and expenditures (expenses) to budgeted amounts.

The legal level for expenditure (expense) budget control is the fund level. Each Department Director is responsible for the budget in their respective departments. The Directors are given latitude to transfer budget funds within their departments, with the exception of the salaries and benefits category. Transfers affecting the salaries and benefits category or outside of the department require the approval of the City Manager. Additions to the budget that are not countered by a reduction elsewhere require amendment of the budget by the City Council. The City's Finance Policy governs the preparation and submission of the budget, and the Schedules and Attachments in this budget meet or exceed its requirements.



The amendment of a departmental budget, which affects the total budget, requires approval by the City Council. The City will typically budget a contingency amount in our operating funds. These contingency amounts are available to be used by the City Manager for any emergency, unforeseen expense or opportunity that might arise.

Self-supporting enterprises

Enterprise activities of the City shall be self-supporting to the greatest extent possible. The only enterprise activities currently included in the City budget is the Water and Sewer Utility Services.

Service planning

All departments shall share in the responsibility of meeting policy goals and ensuring long-term financial viability. Future service plans and program initiatives shall be developed reflecting policy directives, projected resources and future service requirements.

Contingencies

When funds are available, the City will budget a contingency in each of its operating and capital improvement funds. The contingency amount may be used at the discretion of the City Manager for items that were unexpected or unforeseen during the formal budget process. Funding shall be targeted at one (1) percent of the City's operating expenditures.

GFOA Distinguished Budget Presentation Award

It is a goal of the City administration to annually submit necessary documentation to obtain the Distinguished Budget Presentation Award as awarded by the Governmental Finance Officers Association of the United States and Canada.

2. REVENUE POLICIES

The objective of the revenue policies is to ensure that funding for public programs is derived from a fair, equitable and adequate resource base, while minimizing tax differential burdens.

Revenue structure

In the City of Ferris' fiscal system, the monitoring and control of revenues is a primary concern. The City will attempt to maintain a diversified and stable revenue system to shelter programs from short-term fluctuations in any single revenue source. Potential revenue sources will be evaluated and, if feasible, initiated. To accomplish this, revenues are monitored on a continuous basis to insure that receipts from each revenue source are at maximum levels. An understanding of the economic and legal factors which directly and indirectly affect the level of revenue collections is an important part of the City's revenue policy.

One-time revenues

One-time revenues will be used only for one-time expenditures. The City will avoid using temporary revenues to fund mainstream services. One-time / non-recurring revenues include sale of assets, settlements from lawsuits, etc. Acceptable uses include paying down debt, building up reserve levels, and special projects that reduce long-term operating costs.

Revenue collection

The City will follow an aggressive, but humane, policy of collecting revenues. The City will, after having considered all possible cost reduction alternatives, explore the possibility of obtaining new or expanded revenue sources as a way to help insure a balanced budget.

Cost recovery revenue sources will be analyzed on an annual basis and modified as necessary to insure that revenue collections reflect the cost of providing associated City services.

Sources of service financing

Services which have a city-wide benefit are to be financed by revenue sources which are generated from a broad base, such as property and other taxes. Services where the customer determines the use will be financed with user fees, charges and assessments directly related to the level of service provided.

Tax base capacity

The objective of the City is to ensure that local general tax resources are not increased faster than the tax base capacity of the community. The City will attempt to maintain a stable tax base. The local taxing efforts of other cities as well as the demand and need for local public services will be major considerations in determining the tax rate.

User fees

The City will attempt to maximize the utilization of user charges in lieu of general revenue sources for services that can be individually identified and where costs are directly related to the level of service.



Cost of service - The City establishes user charges and fees at a level which reflects the costs of providing the service, to the extent legally allowable. Operating, direct, indirect and capital costs will be considered in the charges. Full cost charges shall be imposed unless it is determined that policy and market factors require lower fees.

Policy and market considerations - The City also considers policy objectives and market rates and charges levied by other public and private organizations for similar services when fees and charges are established.

Annual review - The City Manager is responsible for directing an annual review of fees and charges for services and will make appropriate modifications to ensure that charges grow at a rate which keeps pace with the cost of efficiently providing the service and to assure that one group of users are not subsidized by the general populace.

Non-resident charges - Where practical, user fees and other appropriate charges will be levied for activities or facilities in which non-residents participate, in order to relieve the burden on City residents. Non-resident fees will be structured at market levels so that resident users are subsidized to the greatest extent possible.

Water and sewer rates - User charge fees for water and sewer will be set at a level sufficient to finance all operating, capital and debt service costs for these utilities. Rates will be set such that these enterprise funds are never in a cash deficit position during the year. Additionally, where feasible, rates will be established where each portion of the service will cover the cost of the service provided.

Donated revenues - All private money donated or contributed to the City for operations, maintenance, purchase of equipment, supplies, land or capital facilities will be subject to current budget policies. The donated or contributed funds shall be deposited as miscellaneous revenues into the appropriate fund and the expenditure (expense) shall be budgeted (through a formal budget amendment, if required).

Administrative Transfers

The City will recover from selected enterprise operations an administrative fee. The fee shall be considered as a payment for certain administrative functions (oversight management, accounting, human resource assistance, etc).

General & Administrative Transfers – A transfer to cover the direct and indirect costs associated with administrative support. For the Water and Wastewater Fund, the transfer is allocated at a rate of up to 5 percent of total expenses when appropriations allow.

Flat Fee Transfers - Transfers from the 4A and 4B EDC Funds to the General Fund will be determined by City management, and communicated to EDC boards during the budget process and shall not exceed a negotiated and approved dollar amount.

3. FUND BALANCE / RESERVE POLICIES

The objectives of the fund balance reserve policies is not to hold resources solely as a source of interest revenue, but rather to provide adequate resources for cash flow and contingency purposes, while maintaining reasonable tax rates and charges for services. In addition, the City's proximity to "Tornado Alley" provides the very real possibility of damaging winds and storms.

General Fund

Fund balance measures the net financial resources available to finance expenditures of future periods. The City of Ferris' Unassigned General Fund Balance will be maintained to provide the City with sufficient working capital and a margin of safety to address local emergencies without borrowing. The Unrestricted General Fund Balance may only be appropriated by resolution of the City Council.

Fund Balance of the City may be committed for a specific source by formal action of the City Council. Amendments or modifications to the committed fund balance must also be approved by formal action of the City Council. The restricted fund balance does not lapse at year-end. The formal action required to commit fund balance shall be by resolution or majority vote.

For purposes of fund balance classification, expenditures are to be spent from the restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and lastly, the unassigned fund balance.

The City Council recognizes that good fiscal management comprises the foundational support of the entire City. To make that support as effective as possible, the City Council intends to maintain a minimum fund balance of 25% of the City's general fund annual operating expenditures. If a fund balance drops below 25%, it shall be recovered at a rate of 1% minimally, each year. This policy should be revisited each year for review.



Water and Wastewater Fund

The City shall strive to maintain a targeted reserve of 90 to 120 days of operating capital in the Water and Wastewater Fund.

Other Operating Funds

The City shall strive to maintain a targeted reserve of 60 to 90 days of operating capital in all other operating funds.

Debt Service Funds

The Debt Service Fund will strive to maintain a reserve balance of 60 days of service requirements. Any excesses over this amount will be used over a sufficient length of time as to provide a minimum impact on the City's Interest and Sinking portion of the tax rate.

4. DEBT POLICIES

The objectives of the debt management policies is to maintain the City's ability to incur present and future debt at minimal interest rates in amounts needed for infrastructure and economic development of the City without endangering the City's ability to finance essential City services. Debt financing may include, but is not limited to, general obligation bonds, revenue bonds and certificates of obligation. The underlying asset that is being financed should have a longer useful life than the maturity schedule of the debt issued for the financing of the asset. Since issuing debt costs more to the entity than purchasing assets outright, the use of financing will be carefully evaluated to ensure that benefits, tangible or intangible, derived from financing exceed the related financing costs.

General obligation bonds or certificates of obligations

The City shall utilize tax-supported general obligation bonds or certificates of obligations to finance only those capital improvements and long term assets which have been determined to be essential to the maintenance or development of the City.

Revenue supported bonds

The City shall utilize, where feasible, revenue supported or backed bonds to finance public improvements for its enterprise operations.

Debt management The City shall strive to maintain a balanced relationship between debt service requirements and current operating costs, encourage growth of the tax base, actively seek alternative funding sources, minimize interest costs and maximize investment rate of returns.

Bond term

The City shall issue bonds with terms no longer than the economic useful life of the project. For revenue supported bonds, principal repayments and associated interest costs shall not exceed projected revenue streams.

Debt Limits

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

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

Structure

Bonds are generally issued with an average life of 20 years or less for general obligation bonds or 20 years for revenue bonds. Typically, interest is paid in the first fiscal year after a bond sale and principal is paid no later than the second fiscal year after the debt is issued.

A competitive bidding process is used in offering debt unless the issue warrants a negotiated bid. City staff is committed to providing full and continuous disclosure to rating agencies. Credit ratings are sought from the top three rating agencies as recommended by the Chief Financial Officer and the City's Financial Advisors. The City staff use a variety of resources to prepare information that may be useful to rating agencies during a bond rating. The Comprehensive Annual Financial Report (CAFR) contains an annual update of required continuing disclosure under Securities and Exchange Commission Rule 15c2-12 concerning primary and secondary market disclosure. The CAFR and material events are reported to the Municipal Securities Rule Making Board annually via the Electronic Municipal Market Access system.



Refundings

City staff and the financial advisor monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a general rule, the present value savings of a particular refunding should exceed 5% of the refunded maturities.

5. CAPITAL BUDGET POLICIES

The objective of the capital budget policies is to ensure that the City maintains its public infrastructure in the most efficient manner.

Capital improvement program

Within the resources available each fiscal year, the City will maintain capital assets and infrastructure at a sufficient level to protect the City's investment to minimize future replacement and maintenance costs, and to maintain service levels. As part of the annual budget process, the City shall prepare and adopt a five-year Capital Improvement Program, which shall detail each capital project, the estimated cost, and funding source. When considering new projects, related costs such as operations and maintenance costs are evaluated along with capital expenditures to assess affordability prior to proposal of the projects. An adopted priority system shall be used to rank recommended projects.

Capital Project summaries include the projects and funds necessary over the next five years as a part of overall long-term capital planning. Major sources of funding for capital projects are contributions from operating funds, debt issuance, Federal and State Grants, and surpluses in fund balances/retained earnings. Project costs are capitalized and added to the City's Fixed Assets. If a project does not meet the criteria for capitalization, the costs will be treated as operating expenses and expensed as incurred.

Operating budget impacts

Operating expenditures (expenses) shall be programmed to include the cost of implementing the Capital Improvement Program and shall reflect estimates of all associated personnel expenditures (expenses) and operating costs attributable to the capital outlays.

Repair and replacement

The City shall maintain its physical assets at a level adequate to protect the City's capital investments and minimize future maintenance and replacement costs. The capital budget shall provide for the adequate maintenance, repair and orderly replacement of the capital plant and equipment from current revenues where possible.

Financing

There are three basic methods of financing capital requirements:

- Funds may be budgeted from current revenues
- Purchases may be financed through surplus unrestricted fund balance, subject to policy
- Debt may be issued in accordance with policy (Items financed with debt must have useful lives that are less than the maturity of the debt.)

6. ACCOUNTING POLICIES

The objective of the accounting policies is to ensure that all financial transactions of the City are carried out in accordance to the dictates of the City Policies, State Statutes, and the principles of sound financial management.

Accounting standards

The City will establish and maintain accounting systems according to the generally accepted accounting principles and standards (GAAP) of the Governmental Finance Officers Associations (GFOA) and the Governmental Accounting Standards Board (GASB). The central accounting system will be used for financial transactions of all City departments.

Internal Control

The City is responsible for establishing and maintaining an internal control structure designed to provide reasonable, but not absolute, assurance that the assets of the City are protected from loss, theft, or misuse.

The concept of reasonable assurance recognizes that (1) the cost of internal control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Annual audit

An annual audit shall be performed by an independent accounting firm which will issue an official opinion on the annual financial statements with a management letter detailing areas that could be improved. The auditors must be a CPA firm that has the breadth and depth of staff to conduct the City's audit in accordance with generally accepted auditing standards and



contractual requirements. The auditors' report on the City's financial statements must be completed in sufficient time such that the Comprehensive Annual Financial Report (CAFR) may be presented to the City Council at the second Council meeting in March following the fiscal year's end.

External Financial Reporting

The Accounting Department prepares and publishes a comprehensive annual financial report (CAFR). The CAFR is the official annual report for the City and contains appropriate statements, schedules and other information for the major operations of the City and its component units. Also included is an official audit opinion, transmittal letter from management, management discussion and analysis, and information that provides continuing disclosure as required by SEC Rule 15c2-12. The CAFR is prepared in accordance with generally accepted accounting principals. The CAFR is published and presented to the City Council at the second City Council meeting in March following the fiscal year end. The CAFR is distributed to appropriate federal/state agencies, and other users, including but not limited to, students, other cities, bondholders, city staff, financial institutions, required information depositories, and others.

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

The Accounting Department distributes monthly reports that include schedules/statements that present interim results of operations and an executive summary.

The Accounting Department prepares such other reports as are sufficient for management to plan, monitor, and control the City's financial affairs. If delays will occur, the Director of Finance will notify City Management and City Council of the delay and the underlying reasons.

GFOA Certificate of Achievement Award

It is a goal of the administration that the City shall annually submit necessary documentation to obtain the Certificate of Achievement for Excellence in Financial Reporting as awarded by the Governmental Finance Officers Association of the United States and Canada.

7. INVESTMENT POLICIES

The objective of the investment policies is to ensure that all revenues received by the City are promptly recorded and deposited in designated depositories, and if not immediately required for payment of obligations, are placed in authorized investments earning interest income for the City according to the adopted Investment Policy. The City's formal Investment Policy, as adopted by Ordinance, governs the City's investments.

Budget Process

The annual budget process is the single most important financial responsibility of a local government. The City Budget is a plan for utilizing the City's available funds during the fiscal year to accomplish the established goals and objectives. Once the budget is adopted, funds may only be spent in a manner consistent with the stated plans, objectives and policies outlined in the budget unless amended in accordance with City policies and approved by the City Council. The budget process for developing, adopting and implementing the budget includes the following:

1. Provides the public with an understandable financial plan which plainly describes activities that will be undertaken during the next fiscal year.
2. The budget for the fiscal year must be adopted prior to the first day of the fiscal year (October 1).
3. The budget shall be developed on a conservative basis.
4. Budget revenues are made based on consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff members. The budget revenue projections occur concurrently with departmental budget development and extends until the budget is adopted based on the receipts of any new information. Budget revenues are to be estimated using a reasonable and objective basis, deferring to conservatism.
5. The budget must include a list of all expenditures and expenses proposed to be made during the next fiscal year, and show item-by-item comparisons with expenditures for the same purpose for the current fiscal year.
6. The budget must show a complete financial statement for the City, including all debts and other outstanding financial obligations; the estimated amount of cash or other balances that will be left in each fund at the end of the current fiscal year; and projected revenues for the next fiscal year.
7. The City Manager must prepare a recommended budget for consideration and review by the City Council.
8. Copies of the proposed budget compiled by the Finance Department must be filed with the City Secretary and made available for public inspection. The proposed budget must be filed no later than 30 days prior to the date the City Council sets the property tax rate for the next fiscal year.
9. The City Council must hold a public hearing on the budget not less than 15 days after the budget is filed with the City Secretary. Public notice of the time and place of the hearing must be given by publication in a newspaper of general circulation not more than 30 days or less than 15 days prior to the hearing.
10. Following the public hearing, the budget proposed by the City Manager can be changed by the City Council.
11. Upon adoption of the final budget by a majority vote of the City Council, copies must be filed with the City Secretary and made available for public inspection.



Capital Budget Process

Non-recurring capital expenditures are budgeted as debt funded or operating accounts, if minor. Operating expenditures that are incurred from non-recurring capital expenditures are included and anticipated in each fund's operating fund budget.

Capital Projects include the following:

- Construction, purchase, or major renovations of buildings, utility systems, streets, intersections, or other structures;
- Purchase of land or land rights and major landscaping projects;
- Any engineering study or master plan needed for the delivery of a capital project; or
- Any major repair, renovation or replacement that extends the useful operational life by at least two years or expands the capacity of an existing facility.

Projects meeting the above definition will be included in the **Capital Improvement Plan (CIP)** rather than the annual operating budget document.

1. As a planning document, the City shall adopt annually the first of a five-year rolling projection of the City's capital needs as well as the future financing requirements in the form of a CIP.
2. The CIP shall be linked to the City's financial and strategic plans.
3. As a planning document, the CIP itself does not impart any spending authority. Spending authority for capital projects is the capital budget.
4. The capital budget shall include only capital projects with a budget appropriated by specific City Council action. Capital project budgets shall be appropriated on a project-by-project, multi-year basis (project budget amounts are approved through completion of the project).
5. The capital budget does not run concurrently with the operating budget fiscal year.
6. City staff shall identify the estimated costs and project schedule for each capital project proposal before it is submitted to the City Council for approval.
7. The City Manager shall identify specific available funding sources for each capital project before it is submitted to the City Council for approval.
8. Expenditure tracking for components of the capital budget will be updated quarterly to ensure project completion against budget and established timelines.
9. Change orders resulting in a change in the project cost shall require amendment to the capital budget.
10. Capital improvement may impact the operating budget. Addition of new infrastructure can lead to expanded programs and the need to hire personnel to manage program operations. Replacement of aging structures may decrease operating and maintenance expenditures due to energy efficiencies and reduced repair needs. City staff will analyze, and when necessary, include operating budget impact statements in the CIP.

Budget Amendment Process and Budget Controls

The City's budget is amended as a part of the annual budget process. Along with estimating expenses for the upcoming year, projections of final expenditures are reviewed by the Chief Financial Officer and they compile the final budget for the current fiscal year. The amended budget is usually adopted towards the end of the fiscal year. On some occasions, issues will occur that require immediate budget amendment. Once the appropriate funding source is identified, an amendment is taken before the City Council for consideration.

During the fiscal year, budgetary control is maintained through monthly review of financial statements. If necessary, the City Manager approved the transfer of budgeted amounts within departments; however, any revisions that alter the total funds must be approved by the City Council. Appropriations not expended by departments at the end of the fiscal year will lapse. Therefore, funds that were budgeted but not used during the fiscal year are not available for use in the next fiscal year unless they are appropriated again in the new fiscal year.

Budget Calendar

February 1, 2020	Human Resources begins to obtain quotes for employee benefits
May 1, 2021	Finalize budget calendar
	Schedule FIRST City Council Budget (Revenue) Workshop
May 3, 2021	Chief Appraiser sends notice of 2020 Preliminary Property Values
May 10, 2021	Finance distributes budget instructions/worksheets to departments
	Finance distributes survey for prioritization of expense items
May 24, 2021	Finance completes preliminary proposal of FY 20 revenues
June 1, 2021	Human Resources completes salary worksheet
	Department heads submit budget requests to Finance
June 7-11, 2021	City Manager and CFO meet with Department heads
June 15, 2021	Human Resources sends State Retirement and Benefit Rates
June 28, 2021	Finance Department submits preliminary proposed budget to City Manager
TBD	Schedule SECOND City Council Budget (Appropriations) Workshop - if needed
July 29, 2021	Chief Appraiser delivers 2020 Certified Property Values
July 30, 2021	Human Resources delivers final insurance rates
July 31, 2021	Finance Department submits proposed budget to City Manager and City Secretary including update for insurance rates and revenue estimates
August 2, 2021	City Council FINAL Budget Workshop and Meeting to discuss proposed budget and tax rate
August 9, 2021	Deliver Notice of "no-new-revenue tax rate" and "voter-approval tax rate" to Ellis County Press. Public Hearings to occur August 17 and August 31 if necessary . (per S.B. 2)
	Publish Notice (if necessary) - City Council discussion of proposed tax rate and record vote if proposed tax rate will exceed the "no-new-revenue tax rate", "voter-approval tax rate", or "de minimis tax rate".
August 16, 2021	Posting of proposed budget on City website.
August 17, 2021	1st quarter page Notice of Public Hearing on Tax Increase and Notice of "no-new-revenue" and "voter-approval" tax rates if necessary .
August 24, 2020	1st public hearing (if necessary). City Council announces the date, time and place of vote on proposed tax rate to be September 7, 2020.
August 30, 2020	2nd quarter page Notice of Public Hearing on Tax Increase and Notice of "no-new-revenue" and "voter-approval" tax rates if necessary .
September 13, 2021	Public hearing of City Council proposed FY 2020-2021 Budget. Council votes to approve budget.
	Council votes to ratify property tax revenue increase effected in the budget Local Government Code 102.007©
October 1, 2021	Tax assessor prepares and mails tax statements.



BUDGET OVERVIEW



Executive Overview

From: Bobby LaBorde, Deputy City Manager / Chief Financial Officer
Re: Overview of FY 2022 Operating Budget

Overview of Major Funds

The City Council's priorities for developing the FY 2022 Budget include:

- Maintain current service levels for our citizens
- Reduce or maintain, where applicable, overall costs for operational expenses
- Continue to fund economic development and city beautification and recreational facilities
- Focus revenues from host fees, and unrestricted fund balances on capital improvements and infrastructure
- Attract and retain a highly qualified staff
- Decrease reliance on volatile sales tax revenue, while maintaining a stable property tax rate
- Completion of the 2020-2022 Capital Improvements Program projects and planning for future improvement needs
- Optimization of utility rates and decrease the subsidy for water and sewer operations

This budget will continue our move forward toward addressing aging infrastructure and capital assets. We have begun to see progress in our desire to transition from a reactive organization to a proactive organization, which allows for better long-term fiscal health and management.

This budget projects General Fund revenues to total **\$6.76M** in FY2022, which represents a 1.04% increase over the prior year amended budget. Budgeted expenditures are projected to decrease by 5.8% or **\$354K** to **\$5.72M** in FY2022. This will increase the fund balance by **\$1.01M** if all budget amounts are met.

It is anticipated that approximately **\$639.9K** will be transferred from Waste Management Host Fees in FY2022 to fund **\$339.9K** in Streets and Drainage Improvements, and **\$300K** for Park and Recreation upgrades and improvements. These transfers will reduce the General Fund's budgeted fund balance increase to **\$371.2K**.

The Water and Wastewater Fund is projecting **\$1.89M** of revenue in FY2022, which represents a 3.8% decrease over the prior year amended budget. Budgeted expenditures are projected to decrease by 5.4% or **\$105.7K** to **\$1.78M** in FY2022. Without a workable plan to address the **\$118K** excess appropriations over anticipated revenue, the 2022 General Fund excess revenue will need to be utilized.

More detailed information about all funds will be covered in the individual Fund Summaries section later in this budget document.

Major Budget Inputs and Outcomes

The largest new input into the budget matrix is the resources required to service the debt payments associated with the 2020 and 2022 Certificates of Obligation (CO's). The CO's were issued to advance completion of the Water and Sewer Capital Improvements Program by fully funding the replacement, repair, and upgrades to the most critical areas of need, and to prepare for future growth requirements.

The Water & Sewer Improvements Program is the most ambitious project the city has undertaken. This **\$9.3M** project will transform the function and capacity of the City's utility delivery systems.

For more detailed information on the Debt Fund and debt structure, see the Debt Section at the end of this budget document.

COVID-19 Budget Impact

The City of Ferris is very fortunate that the COVID-19 pandemic's impact on our FY 2021 Budget was very minor on the revenue side. We continued to experience growth, albeit slower growth, in new home construction, and normal collection rates of ad valorem taxes, utility billing, and sales tax. The impact we did experience turned out to be favorable in most cases. The city saw significant savings in line-items such as Travel & Subsistence, Training, Food & Beverage, and Utilities. In fact, as you continue through this budget document, I hope you will notice that many of the areas where there is a significant increase over the Estimated Expenditures for 2021 are not a result of increased budgets, but are fortunately an indication that we are beginning to get back to normal and have the training, gatherings, and travel we all missed last year.

Staffing Levels



For this budget cycle we have not proposed any changes to the current total FTE (full-time equivalent) staffing levels. We will, however, continue staffing realignments to better meet the needs of the city. The complete staffing comparison chart for the last 3 fiscal years and FY 2022 is available in the Personnel Changes section of the report.

Salaries & Benefits

The City's employees are the greatest asset of the organization. Compensation and benefits are the most significant portion of the City's expenditure budget. In fact, personnel-related costs equate to over 60% of the General Fund and 13% of Utility Fund expenses. The FY 2022 Budget proposes at least a 3% COLA for all eligible full-time employees. The City's health, dental, and vision insurance premiums are also increasing by 3%, and this budget proposes that the City continue to fund the employee portion of those policies at 100%. There is no planned increase to the contribution level for the City's retirement program, TMRS.

Additionally, personnel costs are highlighted for each department within the department-specific pages further in the budget document.

Cash Position

As of the preparation of this report, the most recent Cash and Cash Equivalent balances were June 30, 2021. Comparing those amounts to September 2019, we see significant improvements in all funds with the exception of the Water and Wastewater Fund. This follows the pattern of the last several years, with the General Fund making up a deficit in Water and Wastewater. All other funds exceed the expectations of the council and maintain targeting working capital of 90 days across all funds.

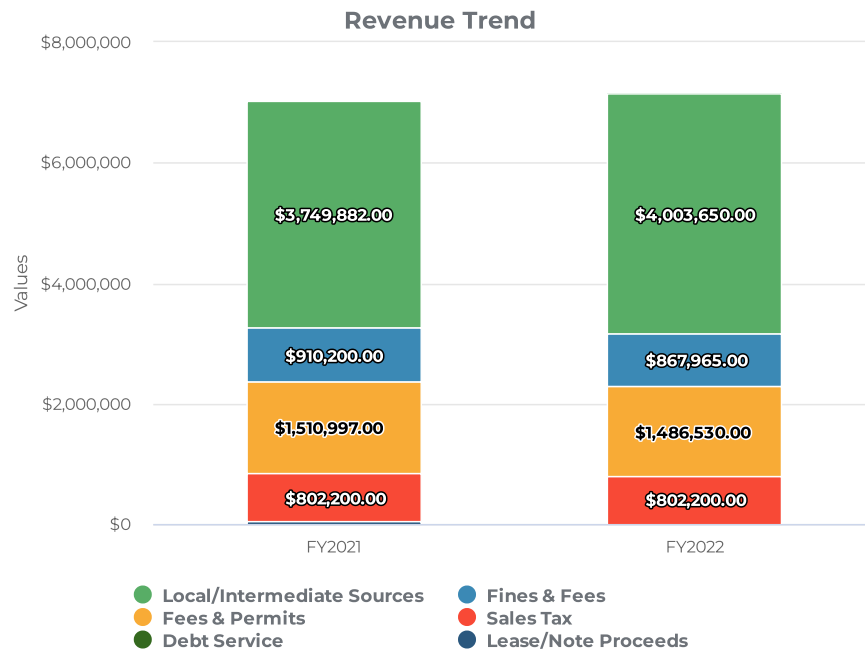
Account	June 30, 2021	September 30, 2019	Difference
General Fund	2,621,113.75	1,625,119.14	995,994.61
Water/Sewer	131,827.62	282,061.59	(150,233.97)
Operating	388,821.01	73,554.59	462,375.60
Capital Projects	9,614,586.88	0	9,614,586.88
Interest & Sinking	296,235.62	34,413.25	330,648.87
4A EDC	726,191.85	631,644.61	94,547.24
4B EDC	629,663.57	409,225.29	220,438.28
Texas Community	43,973.94	1,246.78	42,727.06
PID Tax Collections	2,096.42	0	2,096.42
	14,454,685.84	3,084,681.24	11,370,004.60

2020-2021 MAJOR FUND RECAP

General Fund Revenues

General Fund revenues are currently projected at \$6.77M which is approximately \$750.6K more than the budgeted \$6.69M. We continue to see steady growth in our Property Tax, Host Fees, Sales Tax, Permits & Fees, and Municipal Court Fines & Fees. These revenue sources make up approximately 93% of our annual budget, and we are anticipating this upward trend to continue into fiscal year 2022.

Revenue Trend Analysis



General Fund - Revenue Comparison by Major Object

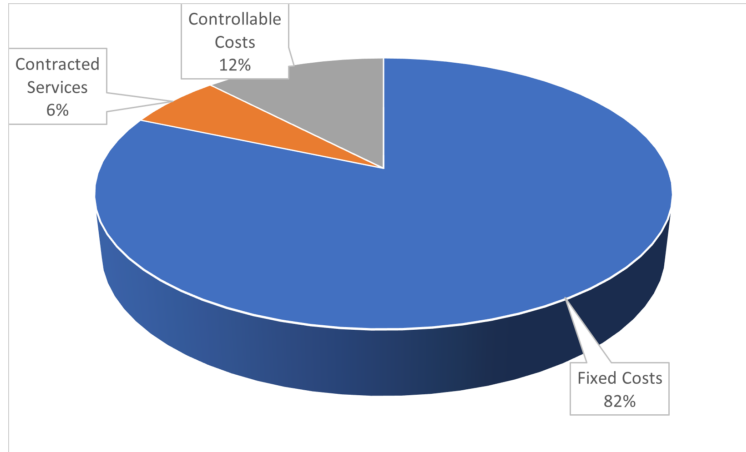
	2021 Projected	2022 Proposed	% Change
Revenue from Local and Intermediate Sources	\$ 3,749,082	\$ 4,002,850	6.77%
Revenue from Local Fees and Permits	\$ 1,512,047	\$ 1,486,530	-1.69%
Sales and Mixed Beverage Tax	\$ 402,200	\$ 402,200	0.00%
Revenue from Municipal Court Fines and Fees	\$ 910,200	\$ 869,346	-4.49%

FY 2021 - 2022 Synopsis

General Fund Fixed vs. Controllable Expenditures

The General Fund Expenditures for 2020-2021 are currently projected to be \$5.71M which is \$393.8K less than our budgeted appropriations of \$6.10M. The City's fixed costs of Salaries, Benefits, Utilities, Insurance, and Service Contracts account for approximately \$4.37M or 76% of the anticipated expenditures, with another \$681.2K Vehicle & Equipment Services, and Other Contracted Services. The total of these two "unavoidable" expense categories accounts for 87.8% of 2021-2022 proposed appropriation.

Fixed vs Controllable Costs



Ad Valorem Tax

Municipal property tax rates are limited by the Texas Constitution (Article XI, Sections 4 and 5) and state law. The municipal tax rate ceiling for cities of 5,000 or less in population is \$1.50 per \$100 assessed valuation.

Property taxes include the current year's levy, prior year levies, and penalty and interest collected on payment of delinquent taxes. Taxes attach as an enforceable lien on property as of January 1, and are levied on October 1 each year. All unpaid taxes become delinquent if not paid before February 1 of the following year. The assessed value is 100% of the estimated actual value.

The total tax rate remained unchanged for ten (10) years from 2008 through 2018. In 2018, the City Council followed the direction of the City Manager and reduced the property tax rate by 12.7%, effectively reducing the amount of General Operating Fund property tax revenue the City will be able to generate for the next several years.

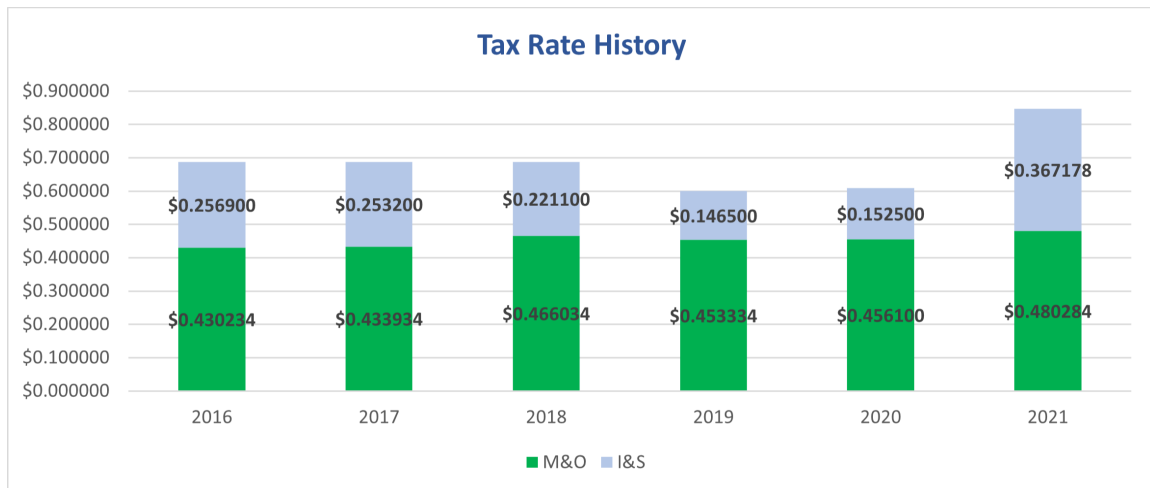
New tax regulations enacted in 2019 further limit the ability of the city to take full advantage of its largest source of revenue.

CITY OF FERRIS

Tax Rate Recap for 2021 Tax Rates

Description of Rate	Tax Rate Per \$100	Total Tax Levy	Additional Tax Levy Compared to last year of \$1,271,174	Additional Tax Levy Compared to No-New Revenue of \$1,288,380
Last Year's Tax Rate	0.608600	\$1,268,654	\$-2,520	\$-19,726
No-New-Revenue Tax Rate	0.618063	\$1,288,380	\$17,206	\$0
Notice & Hearing Limit	0.618063	\$1,288,380	\$17,206	\$0
Voter-Approval Rate	0.847462	\$1,766,572	\$495,398	\$478,192

While the total proposed tax rate for FY 2022 is increasing by 39.25%, the majority of the increase is restricted to paying the principal and interest payments (\$860K) on bond debt. Only \$0.024 (\$64K) will be utilized for general operating costs.



Property Tax Values

The city of Ferris had double digit increases in taxable value from 2017 to 2020, and averaged close to 20% growth each year during those years. However, even with almost \$4.5M in



new construction in 2021, our taxable values only increased 6.7%. Based on Preliminary Certified Values, we are budgeting for FY 2022 (2021 Taxable Year) a 6.5% increase in taxable values.

Given the number of new homes the city is servicing, this slight increase in values will make it increasingly difficult to maintain a low tax rate and still maintain our current level of service to our citizens.

Ten Largest Taxpayers

Name	Type of Business	2020 Net Taxable Assessed Valuation	Percent of Total Assessed Valuation
Atco Products, Inc.	Industrial Manufacturing	\$ 6,384,680.00	2.80%
Waste Management of Texas, Inc.	Waste Disposal Services	5,627,590.00	2.46%
East Texas Pinnacle Properties, Inc.	Real Estate	3,113,597.00	1.36%
Oncor Electric Delivery Company	Electric Utility	2,582,000.00	1.13%
The Storage Place - Ferris, LLC	Storage Warehouse	2,397,200.00	1.05%
Union Pacific	Railroad	1,688,130.00	0.74%
Atmos Energy/Mid-Tex Distribution	Gas Utility	1,437,050.00	0.63%
NO-DIGTEC, LLC	Construction	1,393,330.00	0.61%
Arcosa, Inc. FKA Trinity Materials, Inc.	Distribution Center	1,285,540.00	0.56%
CMJ Holding, LTD	Industrial Services	1,097,220.00	0.48%

When analyzing the City's tax rolls, it is important to understand the relationship of the "Top Taxpayers" to the overall budget, and their impact on the bottom line revenues.

In Ferris we are fortunate that our largest individual taxpayer accounts for less than 3% of our total tax revenue. This means, that if one of these taxpayers goes out of business, declares bankruptcy, or cannot pay their property tax bill, the city will continue to function without any meaningful disruption of service. Also, it means that the following year's tax rate for individuals and businesses will not be materially increased to recover the cost for city operations.

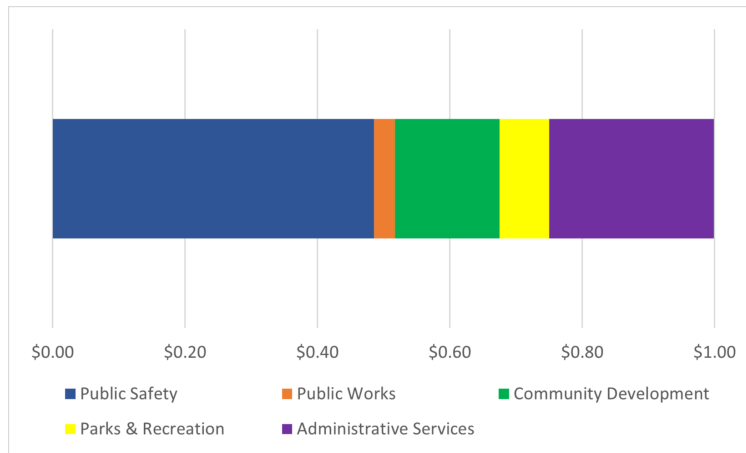
How is my tax dollar spent?

We have found that General Fund Activity typically falls into one of five distinct categories. They are:

- Public Safety - Police, Fire, EMS, Animal Control, Municipal Court
- Public Works - Streets and Drainage
- Community Development - Planning, Engineering, Code Compliance, Economic Development
- Parks and Recreation - Parks, Library, Senior Services
- Administrative Services - City Council, City Manager, Finance, Information Technology, City Services

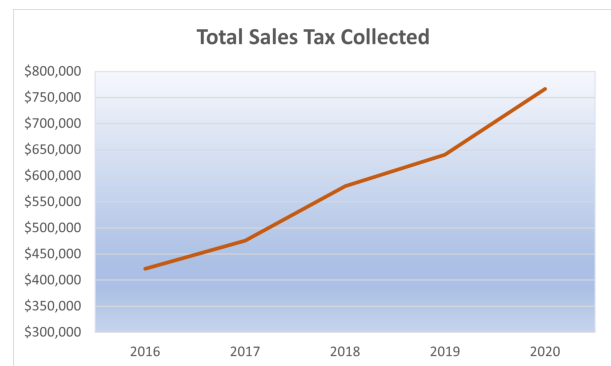
The chart below shows how a tax dollar was spent in 2020-2021.

How is my tax dollar spent?



General Sales Tax

The City receives two percent sales tax on all retail sales, leases and rentals of most goods, as well as taxable services within the corporate city limits. The City retains one percent and remits half a percent to the 4A Ferris Economic Development Corporation, and half a percent to the 4B Ferris Economic Development Corporation. Major exemptions for sales tax include: food, drugs (both prescription and non-prescription), non-taxable services, clothing and school supplies purchased during the annual tax holiday (added in August 2009), and equipment or materials used in manufacturing or for agricultural purposes. This revenue is directly affected by the amount of retail business activity including increases in the number of retail businesses, inflation, and number of new residential units, and employment numbers. We have to be very cautious in budgeting sales tax since this tax is highly volatile and dependent on the state of the economy.



We have seen a positive trend in sales tax collections over the last 5 years, and collections are projected to exceed budgeted revenue for FY 2021. However, we will continue to be cautious in FY 2022 and budget for a 0% increase in revenue from projected actual FY 2021 collections.

General Fund Appropriations Comparison by Major Object

		2021 Amended Budget	2022 Proposed Budget	% Change
4110	Salaries and Wages	\$2,473,780	\$2,581,321	4.35%
4130	Benefits	\$718,500	\$784,428	9.18%
4200	Supplies and Materials	\$324,351	\$338,288	4.30%
4300	Professional and Contracted Services	\$1,231,943	\$1,451,579	17.83%
4400	Capital Outlay	\$1,103,770	\$448,589	-59.36%
4500	Other Operating Costs	\$251,650	\$145,620	-42.13%
	TOTAL	\$6,103,994	\$5,749,825	-5.80%

Water and Wastewater Utility Fund

The Water and Wastewater Utility Fund is an enterprise fund that includes all water and wastewater system operations. The City provides water and wastewater service within its designated Certificate of Convenience and Necessity (CCN) area to all visitors, businesses, and approximately 3,000 residents, including some outside of the City limits.

The City both produces consumable water from wells and purchases water from Rockett Special Utility District. The City's wastewater treatment is provided, under contract, by the Trinity River Authority (TRA). TRA owns and operates five water treatment and supply facilities, five wastewater treatment facilities, one reservoir and one recreation project, plus serving as local sponsor for three multiple-purpose lakes operated by the U.S. Army Corps of Engineers. TRA's services are contracted for by cities, municipalities or districts. TRA also serves as a conduit for tax-exempt financing for municipal water and wastewater facilities and for industrial pollution control facilities. '

As the City has experienced rapid growth, there has been a corresponding expansion of the City's utility service area. The City now provides water and wastewater service to more households and businesses than ever before.

UTILITY FUND REVENUE

Utility revenue is collected by the City of Ferris as a result of water sales to customers and fees for wastewater collection and treatment. Approximately 83% of total revenues into this fund originate from water sales and wastewater fees.

Water sales and wastewater fees are calculated based on metered water consumption. The City completed a transition to radio read water meters which greatly reduces the costs and increases reliability compared to manually reading each of the approximately 1,500 meters in the system. The meter reading is used to calculate water consumption and is also used to calculate wastewater fees.

In December of 2019, the City contracted with Willdan Financial Services to assist the City in developing a water and wastewater long-term financial plan and rate recommendations. In May of 2020, the City Council approved the plan. This document serves as our blueprint for rates, consumption and revenue budgeting. The Table below shows the current and future water and wastewater rates resulting from that study.

Please review the Water and Wastewater Fund, in the Fund Summaries section further along in this budget document for more detailed analysis and explanation.

Water and Wastewater Rates

Water Rates -- Residential	Current	Effective Oct-20	Effective Oct-21	Effective Oct-22	Effective Oct-23	Effective Oct-24
Monthly Minimum Charge --All Meters	\$ 26.27	\$ 27.85	\$ 29.52	\$ 31.29	\$ 31.91	\$ 32.55
Volume Rate Per 1,000 Gal						
2,001 12,000	5.25	5.57	5.90	6.25	6.38	6.51
12,001 22,000	5.88	6.23	6.61	7.00	7.14	7.29
22,001 32,000	7.05	7.47	7.92	8.40	8.56	8.74
32,001 Above	8.46	8.97	9.51	10.08	10.28	10.48
Water Rates -- Commercial						
Monthly Minimum Charge --All Meters	\$ 26.27	\$ 27.85	\$ 29.52	\$ 31.29	\$ 31.91	\$ 32.55
Volume Rate Per 1,000 Gal						
2,001 Above	\$ 5.88	\$ 6.23	\$ 6.61	\$ 7.00	\$ 7.14	\$ 7.29
Wastewater Rates - Residential						
Monthly Minimum Charge	\$ 27.24	\$ 30.78	\$ 34.78	\$ 39.30	\$ 43.63	\$ 45.81
Volume Rate/1,000 Gal (Includes 2,000 Gallons in Base)	4.91	5.55	6.27	7.08	7.86	8.26
Wastewater Rates - Commercial						
Monthly Minimum Charge	\$ 27.24	\$ 30.78	\$ 34.78	\$ 39.30	\$ 43.63	\$ 45.81
Volume Rate/1,000 Gal (Includes 2,000 Gallons in Base)	4.91	5.55	6.27	7.08	7.86	8.26



Water and Wastewater Rate Comparison

It is also helpful to explore how the City's utility rates compare with other similar-sized and demographically similar communities in the region. The following table provides this information that shows that Ferris' residential rates are competitive with our comparison cities. As the table above shows, we are continuing to increase rates to make the Water and Wastewater Fund self-sustaining.

City	Population	5,000 Gallons Consumption		
		Water	Wastewater	Total
Midlothian	33,532	48.36	68.88	117.24
Ovilla	4,167	32.36	65.35	97.71
Ferris	2,974	35.42	47.43	82.85
DeSoto	53,568	23.32	58.50	81.82
Duncanville	39,826	29.04	52.13	81.17
Hillsboro	8,525	53.43	25.40	78.83
Waxahachie	37,988	37.88	40.12	78.00
Ennis	20,357	39.36	38.19	77.55
Glenn Heights	13,377	23.81	51.47	75.28
Corsicana	23,989	32.60	39.00	71.60
Italy	2,166	34.30	29.25	63.55
Hutchins	5,866	30.82	31.40	62.22
Wilmer	4,772	33.18	25.29	58.47

Water and Wastewater Revenues for 2020-2021

	FY 21 Budget	FY 21 Projected Totals	
Combined Revenues	\$1,902,529	\$1,580,471	

The revenues for FY21 are projected to come in at approximately 17.2% under budget, due primarily to incorrect receivables booked in prior years.

Water and Wastewater Expenditures for 2020-2021

	FY 21 Budget	FY 21 Projected Totals	
Combined Expenditures	\$2,054,256	\$1,967,142	

The expenses for FY21 are projected to come in 4.24% less than budgeted.

Water and Wastewater Fund Balance

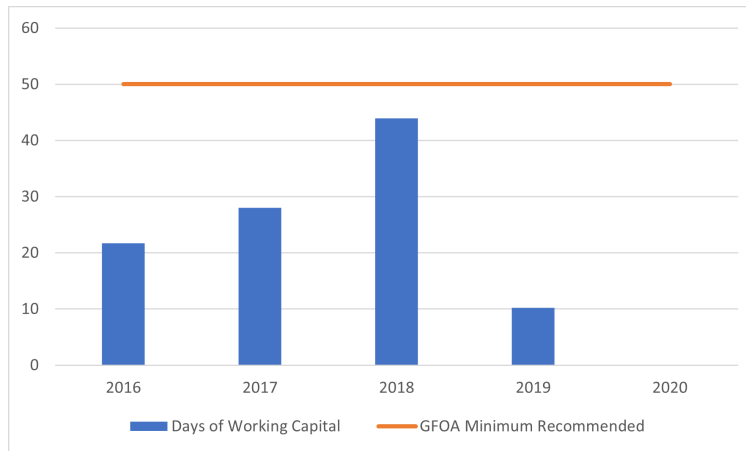
Water and Wastewater Fund Balance Overview

We are anticipating finishing the 2020-2021 fiscal year with negative working capital in the Water and Wastewater Fund. To return the fund to a positive (or zero) fund balance will require an infusion of approximately \$400,000 from the General Fund fund balance. We continue to address deficits through increases in water rates as per the Council approved plan, based on the Willdan Group rate study, and through decreasing day-to-day operational costs. We are also increasing our efforts to address our aging infrastructure through debt and possible grant-funded projects.

Please review the Water and Wastewater Fund, in the Fund Summaries section further along in this budget document for more detailed analysis and explanation.



Water and Wastewater Fund Days of Working Capital



Debt Service

From time to time, cities will often incur various amounts of debt to fund major capital expenses. Capital expenses are typically classified in one of two ways; either they are assets that have a very large purchase price or a long life expectancy. The City of Ferris has incurred debt to pay for projects in both of these categories.

Why Issue Debt?

In today's economic environment, there is a great debate over debt and its place in government operations. In short, debt to pay for daily governmental operations is irresponsible; that is a value that the leadership in the City of Ferris does not subscribe to. The responsible uses of debt to pay for items that will improve the quality of life of our citizens or to further economic and community development are, however, values the City leadership upholds.

The justification for issuing debt to make these purchases falls under a pay-as-you-use perspective. This view holds that future citizens who enjoy the use of certain infrastructure have an obligation to pay for it. For example, a family living in Ferris five years from now, should help pay for the improvements to the park where they take their children to play.

The following sections will illustrate how the City of Ferris is being responsible with the debt it has issued and intends to issue.

Measure of Capacity - Peer Comparisons

City	Population	Total 2020 Net Taxable	2021 Total Tax Rate	Total Ad Valorem Debt	Debt Per Capita	Debt Per Taxable Valuation
Ovilla	4,167	\$ 404,847,307	\$0.6600000	\$ 4,270,000	\$ 1,024.72	1.05%
Hillsboro	8,525	499,545,227	0.8064000	6,325,000	741.94	1.27%
Glenn Heights	13,377	888,057,294	0.8044300	15,653,877	1,170.21	1.76%
Midlothian	33,532	4,133,104,050	0.6850000	79,821,729	2,380.46	1.93%
Cedar Hill	48,710	4,032,744,143	0.6970280	89,965,000	1,846.95	2.23%
Corsicana	23,989	1,777,692,646	0.6120000	47,818,046	1,993.33	2.69%
Red Oak	13,105	1,152,263,149	0.7036450	32,366,000	2,469.74	2.81%
Venus	4,368	236,467,781	0.8389910	8,850,000	2,026.10	3.74%
Ferris	3,312	209,080,872	0.6086000	9,960,000	3,007.25	4.76%
Waxahachie	37,988	2,684,743,800	0.6600000	169,865,000	4,471.54	6.33%
DeSoto	53,568	4,809,110,474	0.7015540	479,035,000	8,942.56	9.96%

The highlighted cities on this list were provided by the Texas Municipal League as a part of their annual survey of municipal tax and debt. The table provides the comparison cities' data as it relates to their debt levels. The total outstanding debt is a calculation of any General Obligation (GO) debt, Certificates of Obligation (CO) debt, and Tax Notes that are supported by Ad Valorem taxes.

DEBT LIMITS

The City of Ferris Debt Policy (Appendix A) states that the City shall not incur property tax supported debt in an amount exceeding 6% of the net taxable value. Given the 2021 total taxable value of \$228,307,948, the City's maximum debt service principal to carry would be \$13,698,479. At the end of FY 2021, the City's outstanding ad valorem principal debt will be \$9,960,000 or 4.36% of net taxable value, well below the self-imposed debt limits.

More detailed Debt Service information can be found in the Debt Service fund section of the Fund Summaries section of this report, and the Debt Section at the end of the document.



Strategic Plan
CITY OF FERRIS
'20 BY 25'
Our MISSION, VISION and
VALUES are the basis of our STRATEGIC DIRECTION.

A STRATEGIC PLAN:

- sets priorities aligned with organizational strategy
- focuses energy and resources
- strengthens operations
- keeps the team working toward common goals

OUR MISSION

To serve our community through responsible government, preserve our heritage, and create a higher quality of life for our stakeholders.

OUR VISION

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high-performing government

OUR VALUES

People First
Integrity Always
Respect for All
Excellence in All We Do
Accountable for Results

VISION BLOCKS
VIBRANT REGIONAL ECONOMY

GOALS 1 & 3

SAFE & BEAUTIFUL NEIGHBORHOODS

GOALS 2, 7 & 8

RECREATIONAL, CULTURAL & EDUCATIONAL OPPORTUNITIES

GOAL 4

HIGH PERFORMING GOVERNMENT

GOALS 5 & 6

Goal 1.CULTIVATE AN ENVIRONMENT CONDUCTIVE TO STRONG, SUSTAINABLE ECONOMIC DEVELOPMENT

1.1

Stabilize and expand Ferris's tax base

- Complete renovation of the downtown area and buildings
- Investment in historical downtown structures



- Complete comprehensive livable wages review
- Activate targeted (re)development:
 - o Medical Center in Ferris (location TBD)
 - o Reimagine downtown with new FM 664
 - o Anchor Downtown with City Facilities
 - o Airport (Lancaster) joint program Development
 - o High priority corridor development plans
 - o Infill growth strategies
 - o Parking strategies
 - o Disposition of City-owned properties
- Expand Downtown revitalization/redevelopment to include:
 - o Sidewalk/Trail System Corridor
 - o Beautification – broad to include plants, lights, etc.
 - o Parking management plans
- Establish a support mechanism for resilient development practices for private sector projects across Ferris

1.2

Enhance visitor revenue opportunities

- Attract two retail destination anchors
- Develop eco-tourism and heritage tourism strategy
- Catalyze tourism as an economic development driver focused on Ferris's unique and authentic identity.

1.3

Maximize venue efficiencies through revenue growth and control

1.4

Establish and grow the core 'business' of Ferris

- "Start Here – Stay Here" Strategy. Self-Sustaining Community

1.5

Stimulate economic growth through infrastructure integration

- Create a comprehensive Capital Improvement Program
- Enhance "DFW Gateway & Ellis County" mobility experience for drivers
- Capital Improvement implementation
- Revamp street repair operation schedules and management

1.6

Provide business-friendly permitting and inspection processes

- Launch new business friendly practices and services, improving speed to market and supporting entrepreneurship/microenterprises

1.7

Identify and develop plans for areas of reinvestment and local partnership

- Define workforce needs and activate key networks in support of the creative economy leveraging Ferris's educational resources and local talent
- Connect people and initiatives across the region, activating the tri-city (and beyond) community



Goal 2. SET THE STANDARD FOR A SAFE AND SECURE CITY

2.1

Increase public safety operational efficiency

- Expand Investment in public safety operations
- Program annual Police and Fire vehicle replacement
- Development and completion of new public safety facilities

2.2

Gain standing as North Texas' top safest cities

2.3

Strengthen community involvement in resident safety

2.4

Improve motorist safety and traffic management solutions

2.5

Take proactive approaches to prevent fire/medical incidents and lower regional risk

2.6

Enforce Municipal Court orders

2.7

Maximize Municipal Court efficiency and enhance customer experience

2.8

Implement effective code enforcement strategies to reduce nuisances, enhance visual appearance and improve overall health and safety

2.9

Promote building safety

Goal 3. PROMOTE THE VISUAL IMAGE OF FERRIS

3.1

Improve the visual impression of the community ('gateways', to and from North Texas corridors, intersections, and park land)

- Construct Welcome to Ferris Monuments on the Northern and Southern entryways of I-45.

3.2

Set one standard for infrastructure across the city

3.3

Establish a brand that celebrates and promotes Ferris's unique identity and offerings.

- Re-brand with new City Seal
- Establish a new City website that promotes who we are and our offerings for economic development and quality of life

Goal 4. ENHANCE FERRIS'S QUALITY OF LIFE THROUGH RECREATIONAL, CULTURAL AND EDUCATIONAL ENVIRONMENTS

4.1



Deliver bond projects impacting quality of life across the city in a timely, efficient manner

- Complete \$3MM bond projects for improved water and sewer by 2022
- Present bond package(s) for public consideration:
- Fire Department Station
- Comprehensive Street and Drainage rehabilitation
- Comprehensive Water/Sewer rehabilitation

4.2

Create innovative recreational, educational and cultural programs

- Propose aquatics
- Complete 2 spray parks by 2022
- First to be completed at Dunbar Park Site
- Grow signature holiday attraction(s)
- Align and implement key investment strategies (linked to 6.6) sustaining and enhancing park system operations and outdoor offerings

4.3

Establish technical criteria for improved 'Quality of Life'

- Establish quality fiber internet service
- Establish free Wi-Fi service in the downtown 'district' by 2022

Goal 5. PROMOTE TRANSPARENT AND CONSISTENT COMMUNICATION AMONGST ALL MEMBERS OF THE COMMUNITY

5.1

Set a climate of respect, collaboration and team spirit among the Council, City staff and the community.

- Activate non-traditional tools to build productive dialog among community groups and public agencies

5.2

Leverage and expand the use of current and new technology to reduce inefficiencies and improve communications

5.3

Promote a well-balanced customer service philosophy throughout the City

5.4

Enhance internal communication and employee engagement

5.5

Strengthen messaging opportunities through media outlets and proactive community outreach

- Promote Ferris on local radio, print, and television
- Partner with EDC and Chamber of Commerce for joint opportunities that create exposure for economic development and quality of life promotion of Ferris

Goal 6. SET THE STANDARD FOR SOUND GOVERNANCE AND FISCAL MANAGEMENT

6.1

Recruit and retain a skilled and diverse workforce



6.2

Implement employee benefits and services that promote financial security for the City

6.3

Implement programs to reduce City (organizational) risk

6.4

Implement leading-edge practices for achieving quality and performance excellence

- Expand workforce development and organizational focus on continuous improvement through targeted training, activating partnerships and growing best practices
- Become a model for activating interagency and multisector partnerships and demonstrating results under the Communities of Excellence framework

6.5

Deliver services timely and effectively with a focus on continuous improvement

- Optimize resources by evaluating and aligning service delivery mechanisms
 - o Shared Services
 - o Community Preparedness/Continuity of Operations

6.6

Ensure continued financial stability and accountability through sound financial management, budgeting and reporting

- Create and implement a plan to address long-term liabilities and sustain the City's bond rating
- Identify potential new revenue streams
- Establish a citizen-led bond election

6.7

Deliver effective and efficient processes to maximize value in obtaining goods and services

6.8

Support transparent and inclusive government

6.9

Maximize Municipal Court efficiency and enhance customer service through technology

6.10

Enhance the quality of decision making (with employees, developers, etc.) with representation (legal and technical expertise) and support

6.11

Provide efficient and effective services to taxpayers

6.12

Maintain systems integrity, compliance and business continuity

- Implement Cybersecurity Plan
- Define and begin implementation of a Smart Community
- Roadmap through the strategic integration of technology and data-driven action into city operations
 - o Document, publicize and maximize existing smart technology deployed



- o Implement an open data initiative
- o Expand Digital Inclusion efforts (linked with 4.2)
- o Establish partnerships to facilitate smart neighborhood development and deployment
- Enhance the practice of resilience within the organization of the City of Ferris

Goal 7. ENHANCE AND SUSTAIN FERRIS'S INFRASTRUCTURE NETWORK

7.1

Provide reliable and sustainable water supply and distribution systems (Ferris Water)

- Develop support vehicles for innovative urban resource management systems and industry development, advancing
 - Expand the investment and beautification of street infrastructure (2.0)
 - o Streets resurfacing
 - o Streets reconstruction plan
 - o Most-traveled streets program
 - o Citywide aesthetics program (trees, medians, etc.)
 - o Comprehensive Green Infrastructure Plan
 - o Entryway and wayfinding
- Ferris as a leader in advanced technologies (Uber Air hub, etc.)

7.2

Provide reliable and sustainable waste-water services

7.3

Improve competitiveness through infrastructure improvements impacting the quality of life

- Deliver programmed street infrastructure projects, including:
- Implementation of Bike/Hike Plan
- Street reconstruction project

7.4

Evaluate and implement a strategic investment in City facilities and technology

- Program facility rehabilitation and equipment replacement plan
- Create and implement a comprehensive facility and fleet investment plan

7.5

Set one standard for infrastructure across the city

- Establish Growth Plan and begin implementation and complete Comprehensive Master Plan update
- Institutionalize sustainable building design and development practices for all City-owned and operated property
- Design and implement infrastructure projects that maximize co-benefits, simultaneously addressing social stressors such as flooding, heat and energy, and citizen mobility update

7.6

Develop a comprehensive drainage and street improvement plan for the City

Goal 8. NURTURE AND PROMOTE A HEALTHY, SUSTAINABLE COMMUNITY

8.1

Deliver prevention, intervention, and mobilization services to promote a healthy, productive, and safe community

- Evaluate and integrate key policies, practices, and space planning, improving community



health
outcomes and

8.2

Stabilize neighborhoods through community improvements and involvement

- Support affordable, high quality housing options
- Create safe and high-quality housing options

8.3

Enhance animal services to ensure Ferris's pets are provided a safe and healthy environment

- Continue no-kill shelter efforts leading to a 98% live-release rate by 2022
- Sustain the live-release rate
- Expand animal services offered by development of a new animal shelter and corresponding services
- Establish Ferris as a regional leader in animal services

8.4

Reduce operational (City facilities and assets) energy consumption

- Create and implement the Urban Energy Plan and identify state and federal legislative and funding opportunities

8.5

Improve community resilience through education, outreach and implementing resilience strategies

- Seek out and activate partnership opportunities that support trade, technology, and tourism (linked with 1.5)
- Cultivate local and regional relationships supportive of cooperative resilience building efforts
- Connect people to community assets and programs that support health, safety, and Quality of Life

Personnel Changes

For this budget cycle we have not proposed any changes to the current total FTE (full-time equivalent) staffing levels. We will, however, continue staffing realignments to better meet the needs of the city.

FY 2022 BUDGET
STAFFING COMPARISON CHART

Department	Job Title	FY 2019	FY 2020	FY 2021	FY 2022
City Hall	Administrative Assistant	0	0	1	0
	Subtotal - City Hall	0	0	1	0
City Council	City Secretary	1	0	0	0
	Subtotal - City Council	1	0	0	0
City Manager	City Manager	1	1	1	1
	Administrative Assistant	0	1	0	1
	Subtotal - City Manager	1	2	1	2
Finance	Finance Specialist	1	1	1	0
	Finance Manager	1	1	1	1
	Chief Financial Officer	0	1	1	1
	HR / Fixed Asset Coord	0	0	0	1
	Payroll / Benefits Coord	0	0	0	1
	Subtotal - Finance	2	3	3	4
Code Compliance	Code Enforcement Officer	1	0	1	1
	Permits Technician	1	1	1	1
	Chief Building Official	0	1	1	1
	Custodian	1	0	0	0
	Subtotal - Code Compliance	3	2	3	3
Community Development	Chief Operations Officers	0	1	1	1
	City Planner	0	0	1	1
	Subtotal - Community Dev	0	1	2	2
Engineering	City Engineer	0	0	1	1
	Subtotal - Engineering	0	0	1	1
Senior Services	Senior Services Director	0.5	0.5	0	0
	Subtotal - Senior Services	0.5	0.5	0	0
Library	Library Manager	1	1	1	1
	Library Clerk	1	1	1	1
	Subtotal - Library	2	2	2	2
Fire Department	Fire Chief	1	1	1	1
	Fire Fighter	2	6	5	6
	Fire Captain	3	2	3	3
	Fire Marshall	1	1	1	1
	EMT	4	0	0	0
	Administrative Assistant	0	0.5	0.5	0.5
	Volunteer Fire Fighter	12	4	9	6
	Subtotal - Fire Department	11	14.5	19.5	17.5
Police Department	Chief of Police	1	1	1	1
	Police Sergeant Investigator	2	1	1	1
	Police Sergeant	2	1	1	1
	Patrol Officer	7	5	5	5
	Public Safety Dispatcher	4	3.5	3.5	4
	Dispatch Supervisor	1	1	1	1
	Administrative Assistant	1	0.5	0.5	0.5
	Subtotal - Police Department	18	13	13	13.5
Municipal Court	Court Administrator	1	0	0	0
	Chief Deputy Court Clerk	0	1	1	1
	Court Clerk	0	1	1	1
	Warrant Officer	0	1	1	1
	Subtotal - Municipal Court	1	3	3	3
Animal Control	Administrative Assistant	1	0	0	0
	Animal Control Officer	1	1	1	1
	Kennel Tech	0	0	0	0.5
	Subtotal - Animal Control	2	1	1	1.5
Information Technology	IT Specialist	1	0	0	0
	Subtotal - Information Tech	1	0	0	0
Streets and Drainage	Streets Laborer	2	0	0	0
	Subtotal - Streets & Drainage	2	0	0	0
Water and Wastewater	Public Works Superintendent	1	1	1	1
	Public Works Manager	1	1	1	0
	Water Technician	1	1	1	0
	Water Laborer	4	0	0	0
	Public Works Laborer	0	3	2	0
	Water Clerk	1	1	1	1
	Administrative Assistant	1	0	0	1
	Subtotal - Water & Wastewater	9	7	6	3
TOTAL FTE Employees		53.5	45	46.5	46.5
Volunteers		12	4	9	6



FUND SUMMARIES



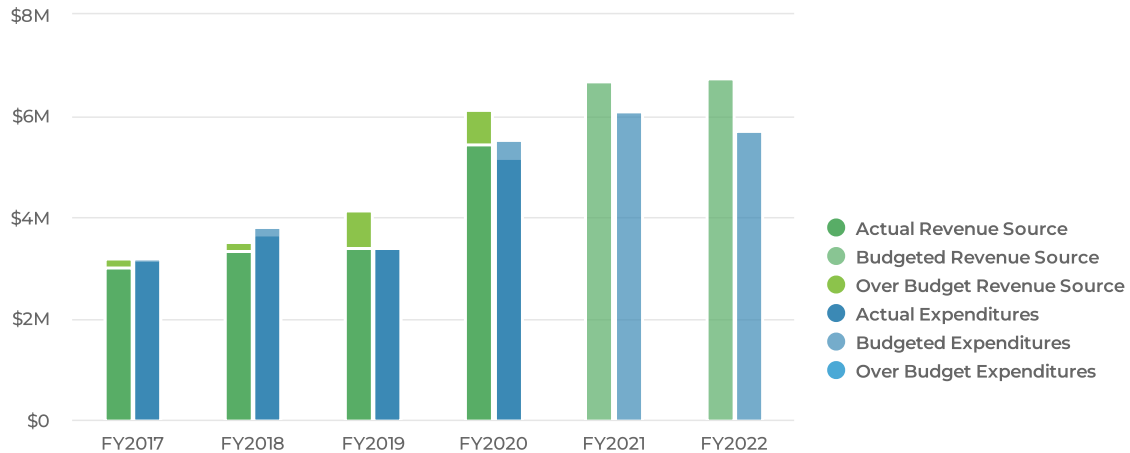


General Fund

The General Fund is the general operating fund, and is the largest fund of the City as it includes all traditional government services such as public safety, street and drainage maintenance, parks and recreation, library services, and general administration. The General Fund uses tax revenue, fees, fines, and other revenues to fund these services. It functions as a governmental fund, which is accounted for by using a modified accrual basis of accounting.

Summary

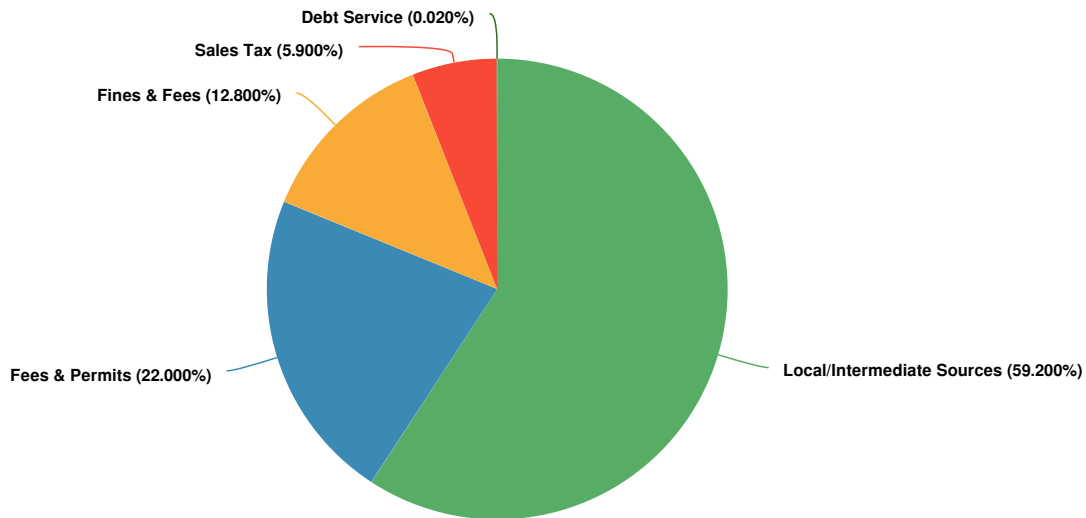
The City of Ferris is projecting \$6.76M of revenue in FY2022, which represents a 1.4% increase over the prior year. Budgeted expenditures are projected to decrease by 5.8% or \$354.17K to \$5.75M in FY2022.



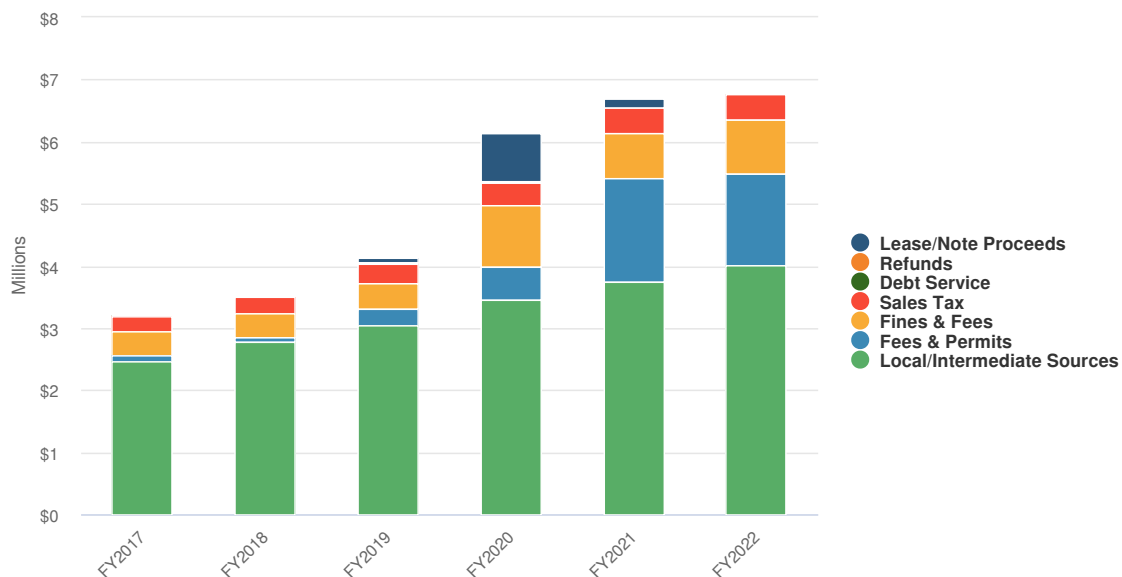
Revenues by Source

Revenues are conservatively estimated using a variety of source information. Property tax revenues are calculated using the Certified Property Values provided by the Ellis County Appraisal District, and the Council approved tax rate and levy calculated by the Ellis County Tax Assessor/Collector. Sales tax is calculated using data from the Texas Comptroller of Public Accounts, and adding estimates from comparable business using data from Economic Development. The Community Planning and Building Official provides the data necessary to calculate the Permits and Fees. Municipal Court fines and fees are estimated based on historical trends, and the number of citations and court fines imposed the previous biennium. Estimating the smaller amounts typically is a combination of historical trends, activity, and professional judgement. When trends and professional judgement conflict the most conservative figure will be used.

Projected 2022 Revenues by Source



Budgeted and Historical 2022 Revenues by Source

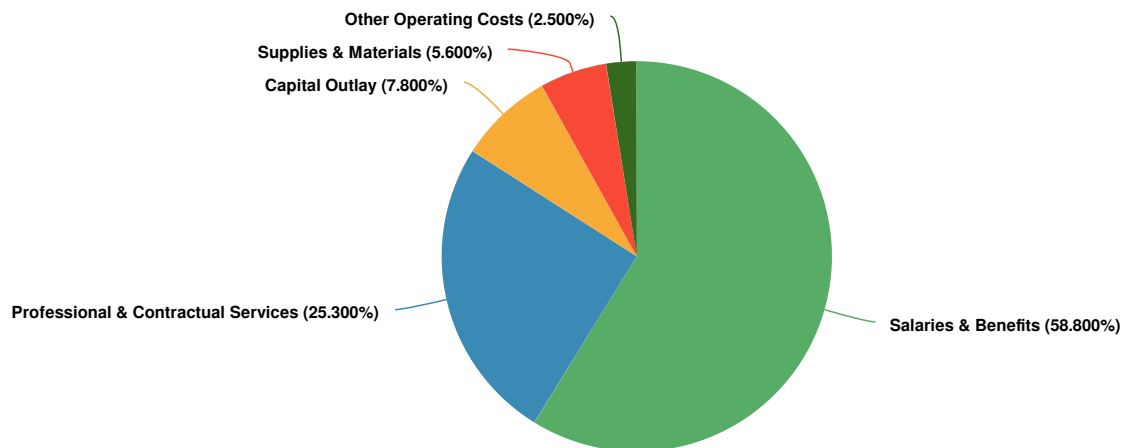


Name	FY2019 Actual	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Revenue Source					
Local/Intermediate Sources	\$3,042,683	\$3,456,040	\$3,743,432	\$4,002,850	\$259,418
Fees & Permits	\$274,989	\$537,600	\$1,659,940	\$1,486,530	-\$173,410
Sales Tax	\$318,135	\$366,109	\$402,500	\$402,200	-\$300
Fines & Fees	\$405,830	\$987,351	\$736,715	\$867,965	\$131,250
Debt Service	\$5,473	\$9,119	\$1,381	\$1,381	\$0
Lease/Note Proceeds	\$86,982	\$791,813	\$147,130	\$0	-\$147,130
Refunds	\$3,635				\$0
Total Revenue Source:	\$4,137,727	\$6,148,032	\$6,691,098	\$6,760,926	\$69,828

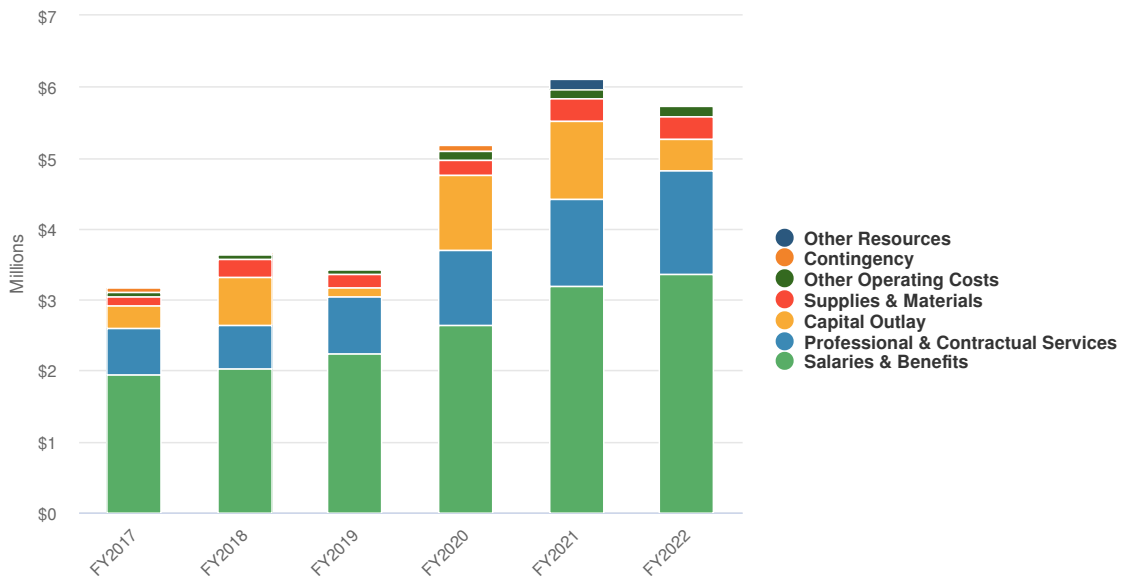
Expenditures by Expense Type

There is very little change from FY21 Adopted Budget from FY22. However, after the budget was adopted in FY21, the City Council made the decision to use some of the city's excess fund balance for Street repair and replacement and city park rehabilitation. As a result the Amended Budget increased by almost \$700K. This gives the appearance of a significant budget reduction in FY22; however, that's not exactly the case.

Budgeted Expenditures by Expense Type



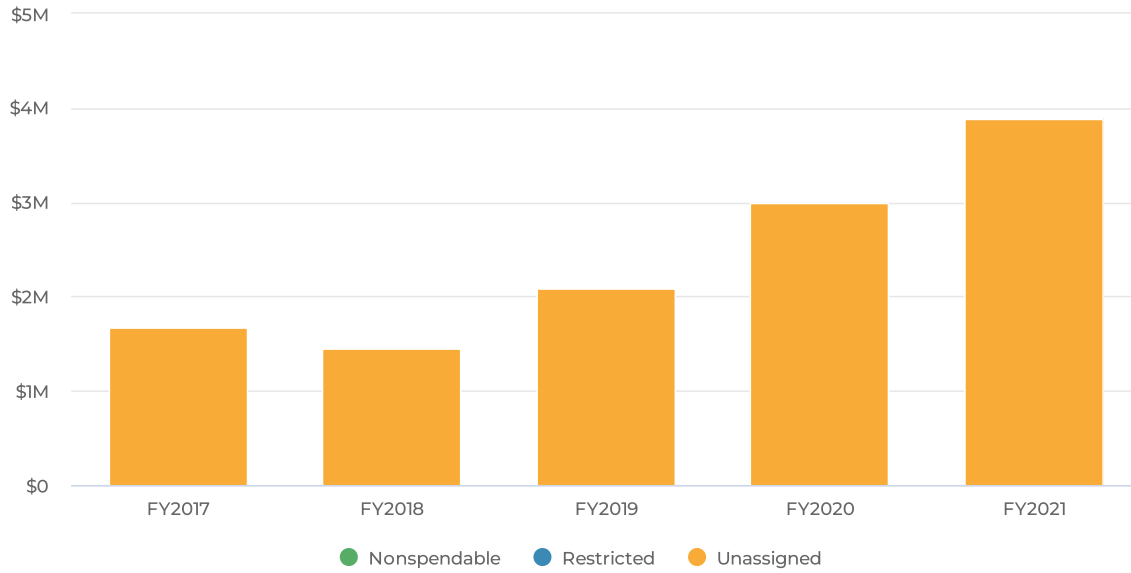
Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Expense Objects				
Salaries & Benefits	\$3,192,278	\$3,141,385	\$3,365,749	\$173,471
Supplies & Materials	\$326,586	\$244,744	\$318,388	-\$8,198
Professional & Contractual Services	\$1,218,208	\$1,090,226	\$1,446,829	\$228,621
Capital Outlay	\$1,110,270	\$1,001,637	\$448,589	-\$661,681
Other Operating Costs	\$109,560	\$85,714	\$144,120	\$34,560
Other Resources	\$147,090	\$89,300	\$0	-\$147,090
Total Expense Objects:	\$6,103,992	\$5,653,006	\$5,723,675	-\$380,317

Fund Balance

Fund Balance Projections



	FY2017	FY2018	FY2019	FY2020	\$ Change
Fund Balance	Actual	Actual	Actual	Actual	
Unassigned	\$1,672,557	\$1,446,713	\$2,083,956	\$2,997,736	\$913,780
Restricted	\$825	\$1,281	\$868	\$968	\$100
Nonspendable	\$22,325	\$24	\$0	\$0	\$0
Total Fund Balance:	\$1,695,707	\$1,448,018	\$2,084,824	\$2,998,704	\$913,880

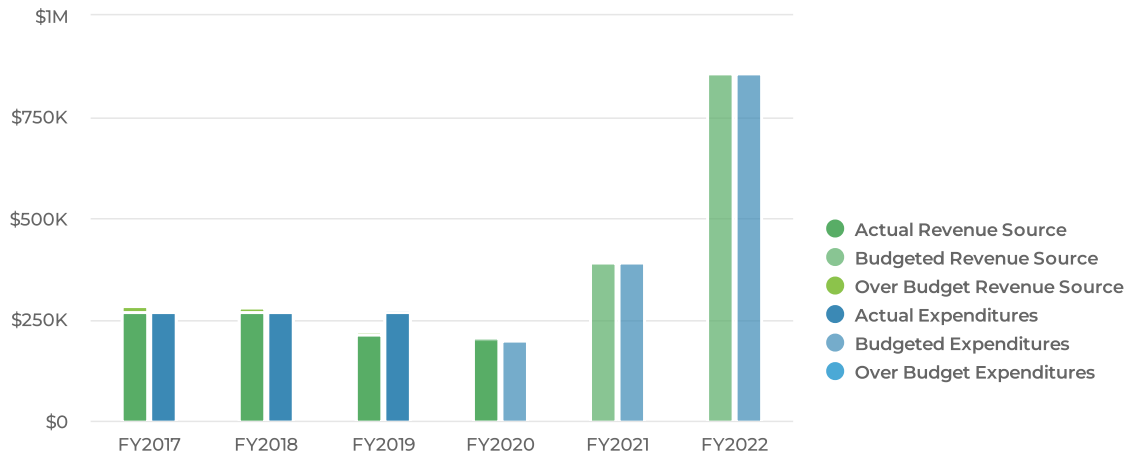


Debt Service Fund

The Debt Service Fund is established by ordinance authorizing the issuance of General Obligation Bonds as well as Certificates of Obligation. The fund provides for payment of bond principal, interest, paying agent fees and a debt service reserve as a sinking fund each year. An ad-valorem tax rate and tax levy is required to be computed and levied each year, which will be sufficient to produce the money required to pay principal and interest as it comes due and provide the interest and sinking fund reserve. The modified accrual basis of accounting is used by this governmental fund in accordance with Generally Accepted Accounting Principles (GAAP).

Summary

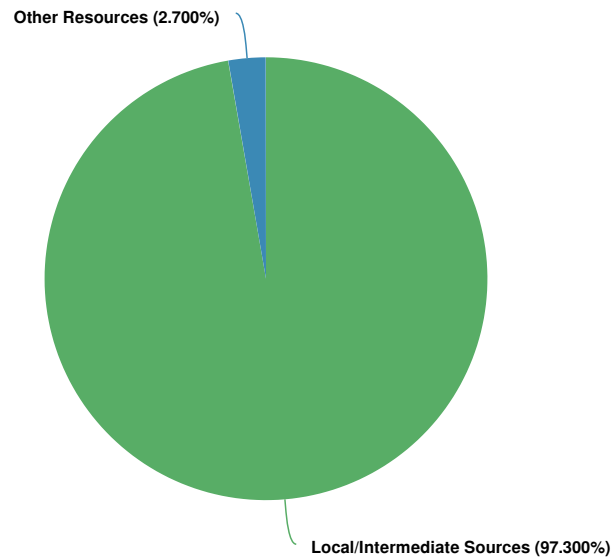
The City of Ferris is projecting \$860.13K of revenue in FY2022, which represents a 119% increase over the prior year. Budgeted expenditures are projected to increase by 119% or \$467.42K to \$860.13K in FY2022.



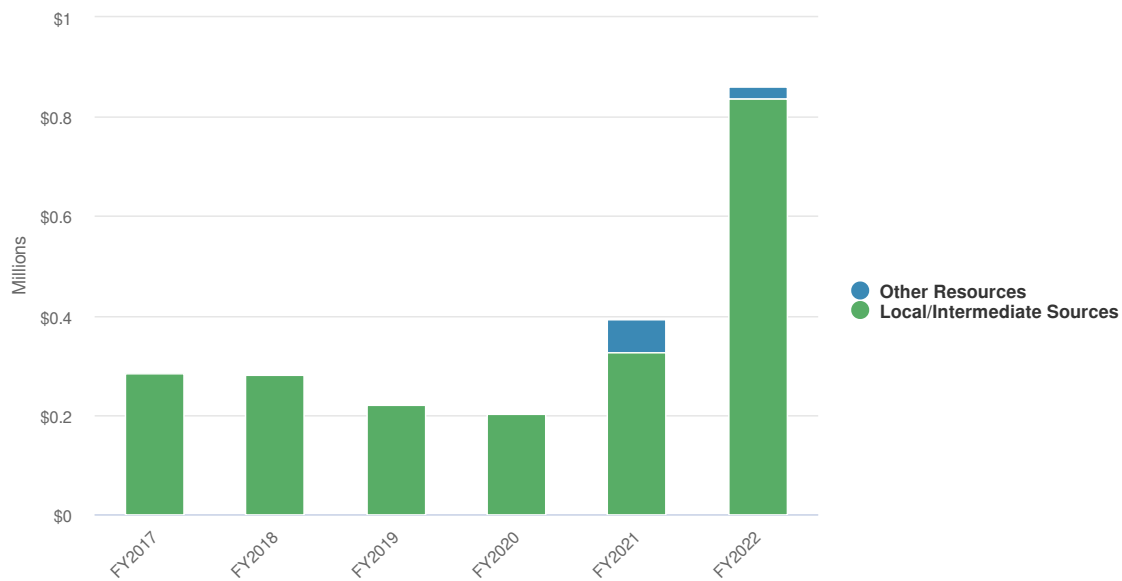
Revenues by Source

Debt Service revenue is calculated based on the Certified Property Values provided by the Ellis County Appraisal District and Debt Service Tax Rates calculated by the Ellis County Tax Assessor/Collector on the Truth-In-Taxation forms provided by the Texas Comptroller of Public Accounts. Delinquent Taxes and Penalties & Interest are forecast based on the average percentage of delinquent taxes collected over the last four (4) years. Other Resources are the predetermined Franchise Fees paid by Waste Management for their Methane to Electricity pipeline.

Projected 2022 Revenues by Source



Budgeted and Historical 2022 Revenues by Source

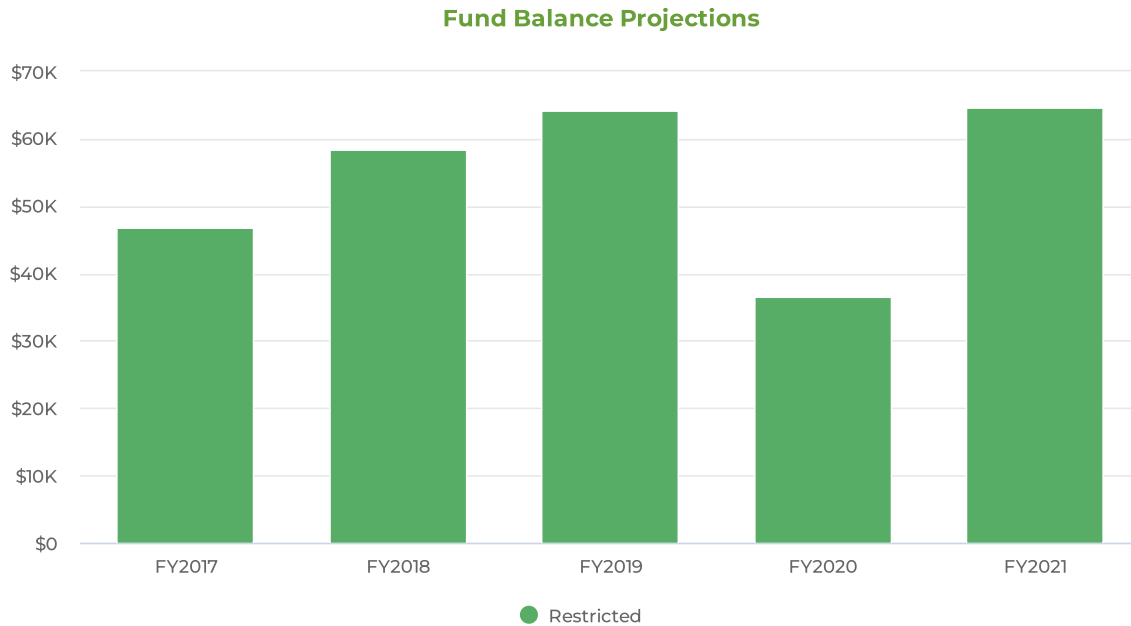


Name	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)



Name	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Revenue Source			
Local/Intermediate Sources	\$326,969	\$836,725	\$509,756
Other Resources	\$65,740	\$23,405	-\$42,335
Total Revenue Source:	\$392,709	\$860,130	\$467,421

Fund Balance



	FY2017	FY2018	FY2019	FY2020	\$ Change
Fund Balance	Actual	Actual	Actual	Actual	
Restricted	\$46,878	\$58,462	\$64,294	\$36,465	\$-27,829
Total Fund Balance:	\$46,878	\$58,462	\$64,294	\$36,465	\$-27,829





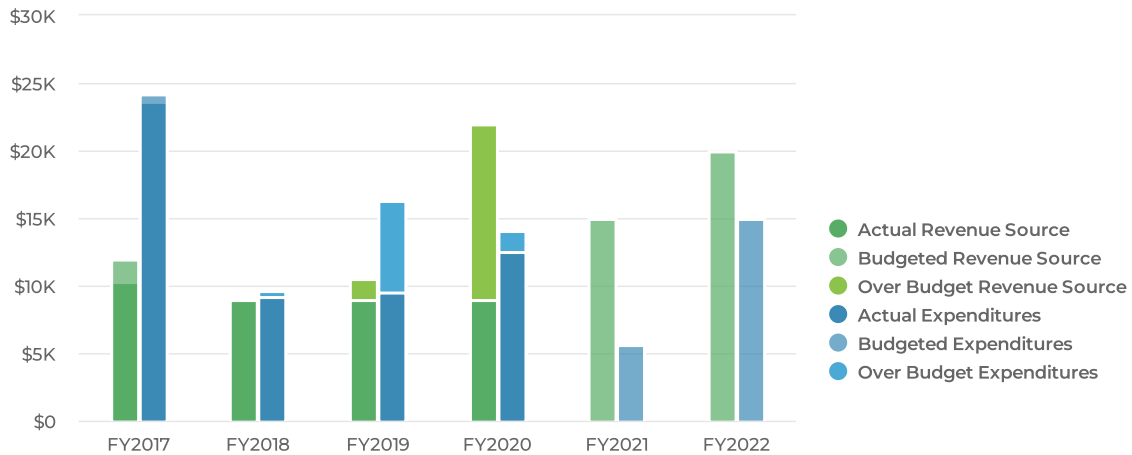
Court Technology

The Court Technology Fund is a Special Revenue Fund allowed by the State of Texas under Article 102.0172 of the Texas Code of Criminal Procedures to be established by the governing body of a municipality by ordinance, and allows the municipal court to require a defendant convicted of a misdemeanor offence to pay a technology fee not to exceed \$4 as a cost of court.

The Court Technology Fund may only be used to finance the purchase of or to maintain technological enhancement for a municipal court or municipal court of record.

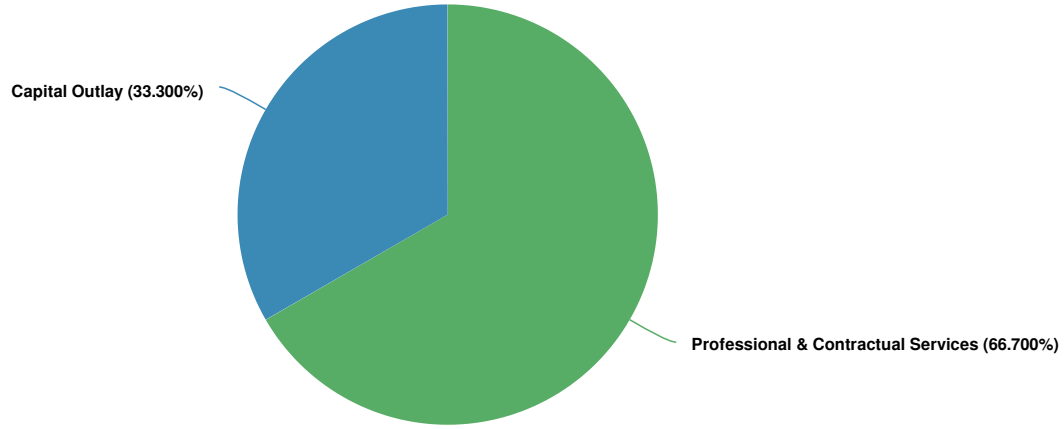
Summary

The City of Ferris is projecting \$20K of revenue in FY2022, which represents a 33.3% increase over the prior year. Budgeted expenditures are projected to increase by 164.9% or \$9.34K to \$15K in FY2022.

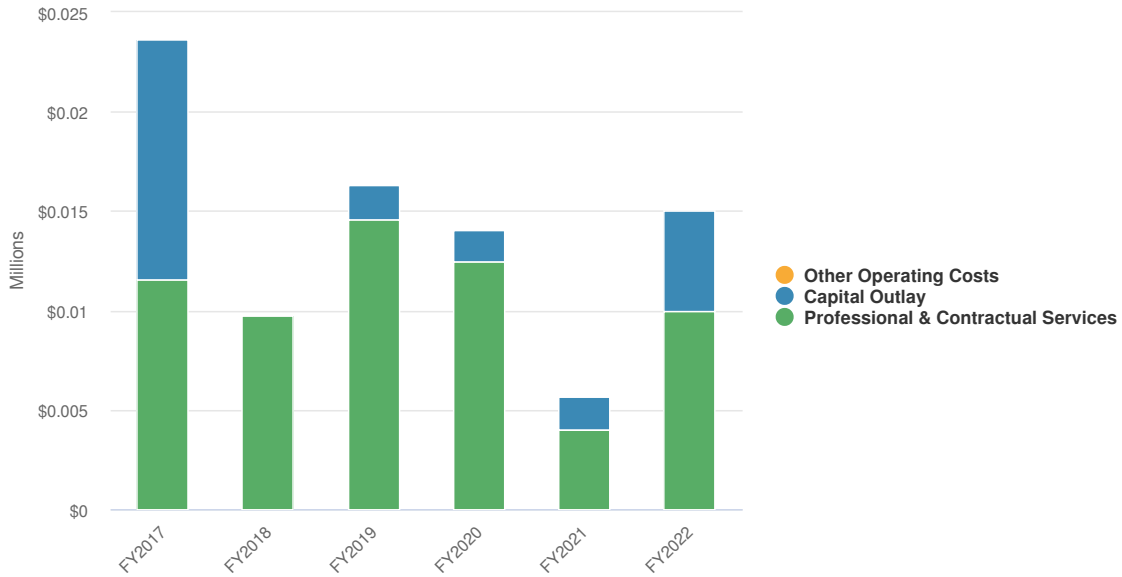


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



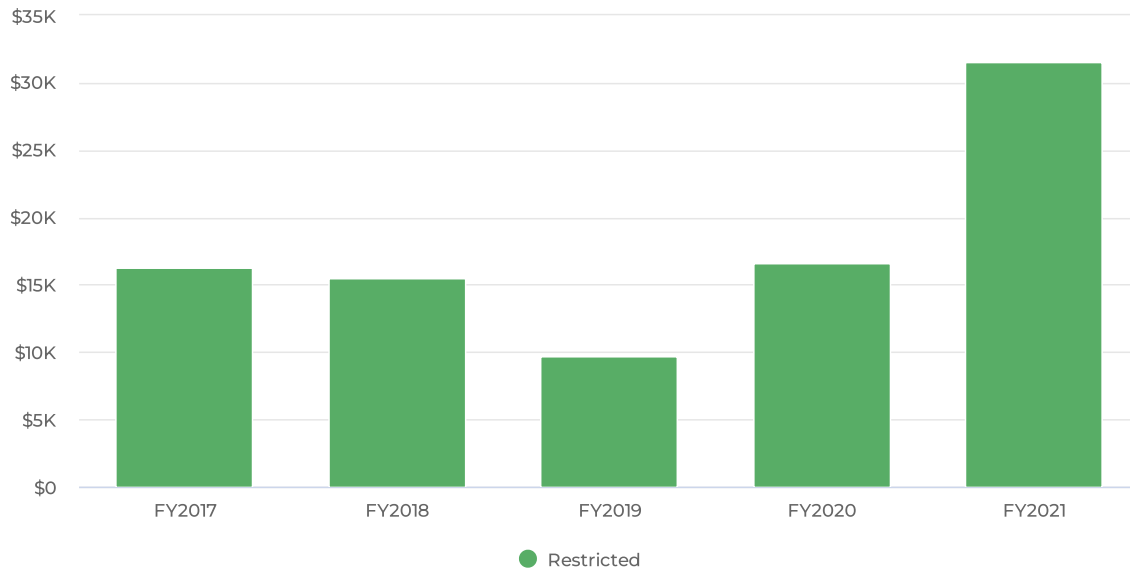
Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Expense Objects				
Professional & Contractual Services	\$4,000	\$8,269	\$10,000	\$6,000



Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Capital Outlay	\$1,663	\$0	\$5,000	\$3,337
Total Expense Objects:	\$5,663	\$8,269	\$15,000	\$9,337

Fund Balance

Fund Balance Projections



	FY2017	FY2018	FY2019	FY2020	\$ Change
Fund Balance	Actual	Actual	Actual	Actual	
Restricted	\$16,270	\$15,470	\$9,738	\$16,596	\$6,858
Total Fund Balance:	\$16,270	\$15,470	\$9,738	\$16,596	\$6,858





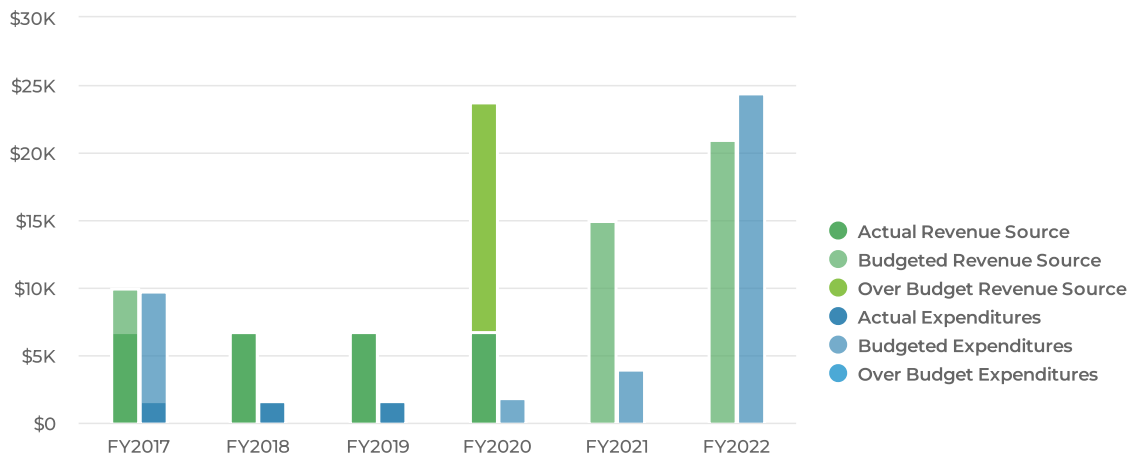
Court Security

The Court Security Fund is a Special Revenue Fund allowed by the State of Texas under Article 102.0172 of the Texas Code of Criminal Procedures to be established by the governing body of a municipality by ordinance, and allows the municipal court to require a defendant convicted of a misdemeanor offence to pay a \$3 security fee as a cost of court.

The Court Technology Fund may only be used to finance security personnel for a municipal court, or to finance the purchase of items used for the purpose of providing security services for buildings housing a municipal court.

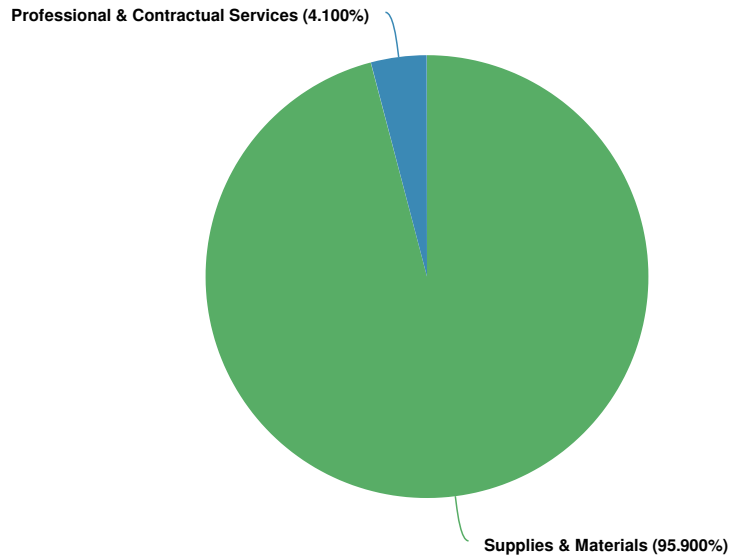
Summary

The City of Ferris is projecting \$21K of revenue in FY2022, which represents a 40.1% increase over the prior year. Budgeted expenditures are projected to increase by 512.5% or \$20.5K to \$24.5K in FY2022.

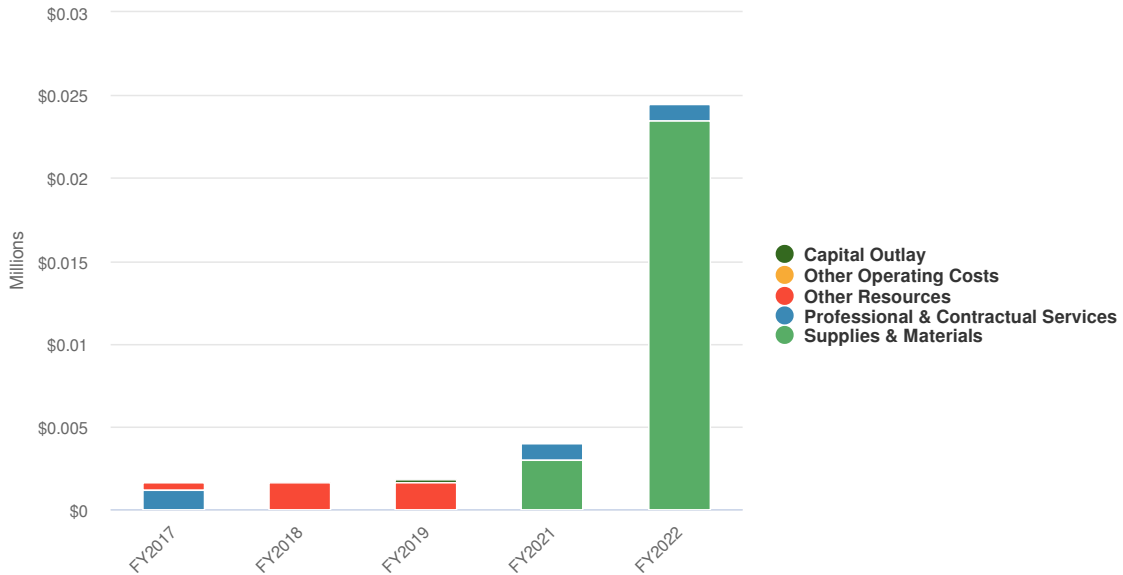


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



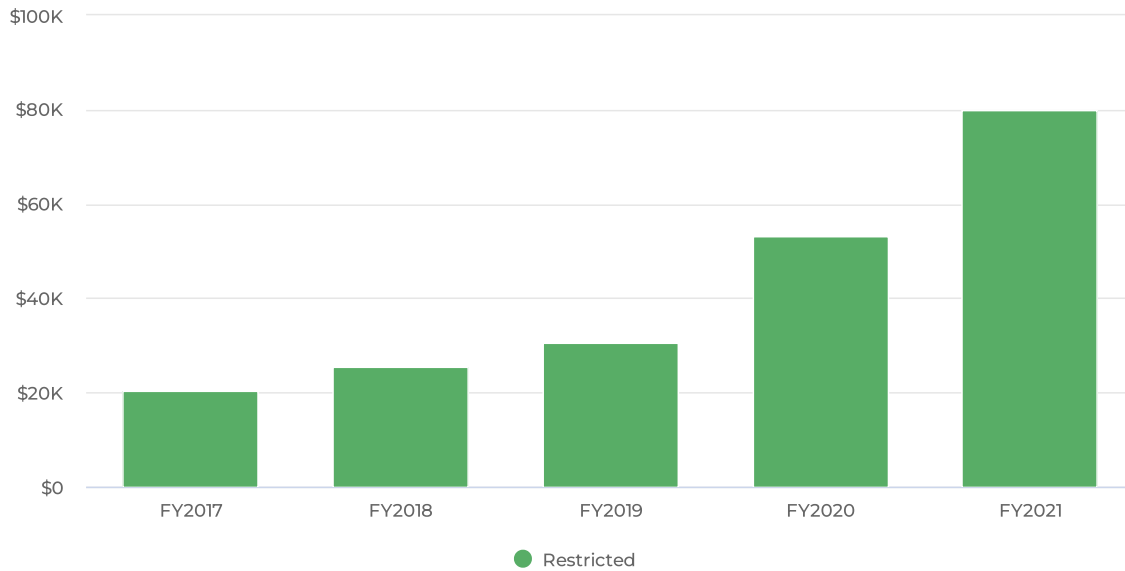
Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Expense Objects				
Supplies & Materials	\$3,000	\$0	\$23,500	\$20,500



Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Professional & Contractual Services	\$1,000	\$0	\$1,000	\$0
Total Expense Objects:	\$4,000	\$0	\$24,500	\$20,500

Fund Balance

Fund Balance Projections

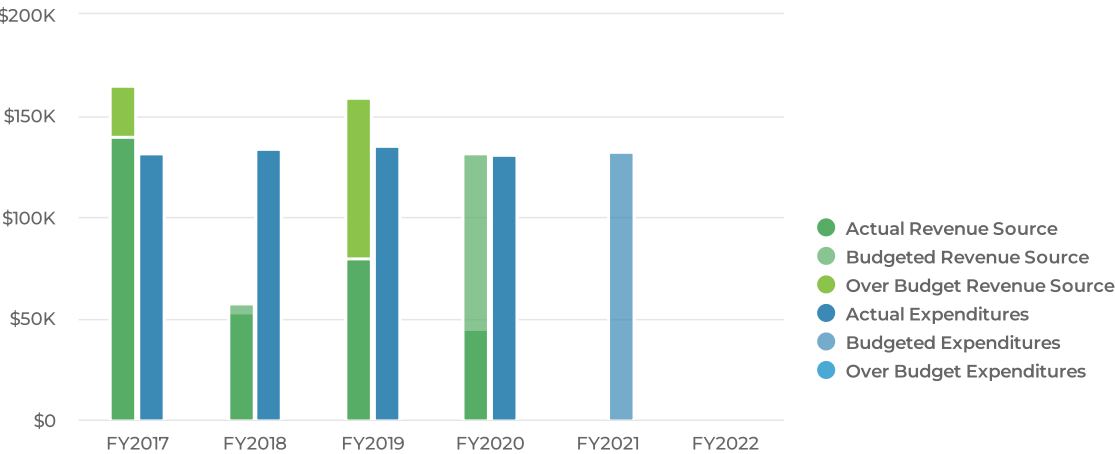


	FY2017	FY2018	FY2019	FY2020	\$ Change
Fund Balance	Actual	Actual	Actual	Actual	
Restricted	\$20,337	\$25,507	\$30,613	\$53,153	\$22,540
Total Fund Balance:	\$20,337	\$25,507	\$30,613	\$53,153	\$22,540



Summary

The Town of Ferris is projecting N/A of revenue in FY2022, which represents a 0.000% increase over the prior year. Budgeted expenditures are projected to decrease by 100.000% or \$132.32K to N/A in FY2022.



In 1989, the Texas Legislature amended the Development Corporation Act of 1979 by adding Section 4A, which allowed the creation of development corporations that could be funded by the imposition of a local sales tax dedicated to economic development.

The City of Ferris 4A Economic Development Corporation was established following the passage of a one-half (1/2) of one-percent (1%) sales tax dedicated to economic development by the residents of Ferris. The 4A is a non-profit, tax-exempt Texas Corporation, which is a separate entity from any other board or commission of the City of Ferris.



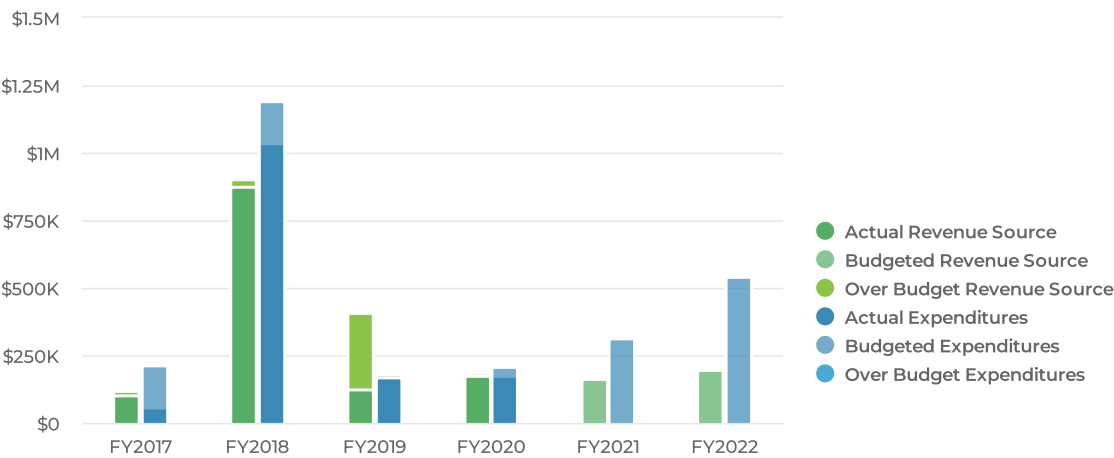
4A Economic Development

The types of projects permitted under Section 4A include the more traditional types of economic development initiatives that facilitate manufacturing and industrial activity. The Section 4A tax can be used to fund the provision of land, buildings, equipment, facilities, targeted infrastructure and improvements that are for the creation or retention of primary jobs and that the Corporation's Board deems suitable for manufacturing and industrial facilities, research and development facilities, recycling facilities, distribution centers, primary job training facilities for use by institutions of higher education, and regional or national corporate headquarters facilities.

For financial reporting, the 4A EDC is considered a component unit of the City.

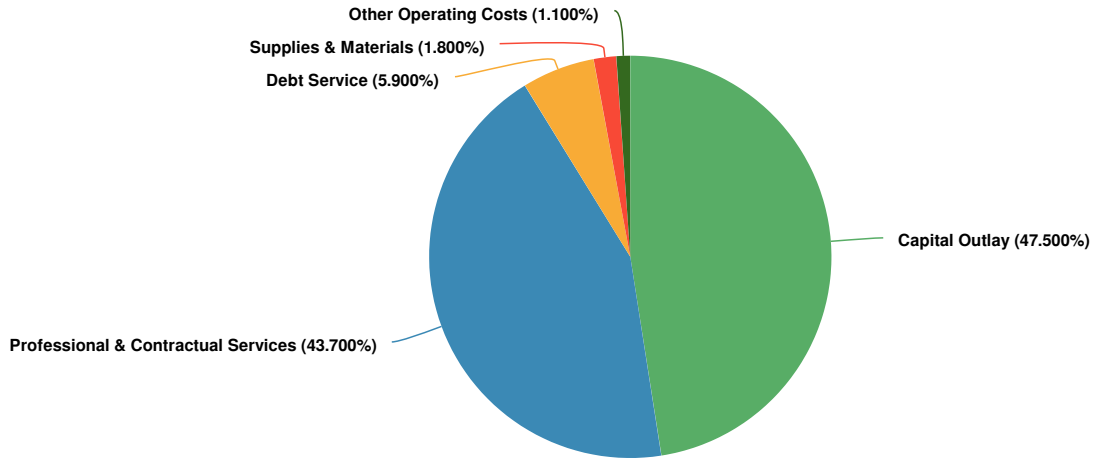
Summary

The City of Ferris is projecting \$200.45K of revenue in FY2022, which represents a 20.8% increase over the prior year. Budgeted expenditures are projected to increase by 73.5% or \$232.79K to \$549.4K in FY2022.

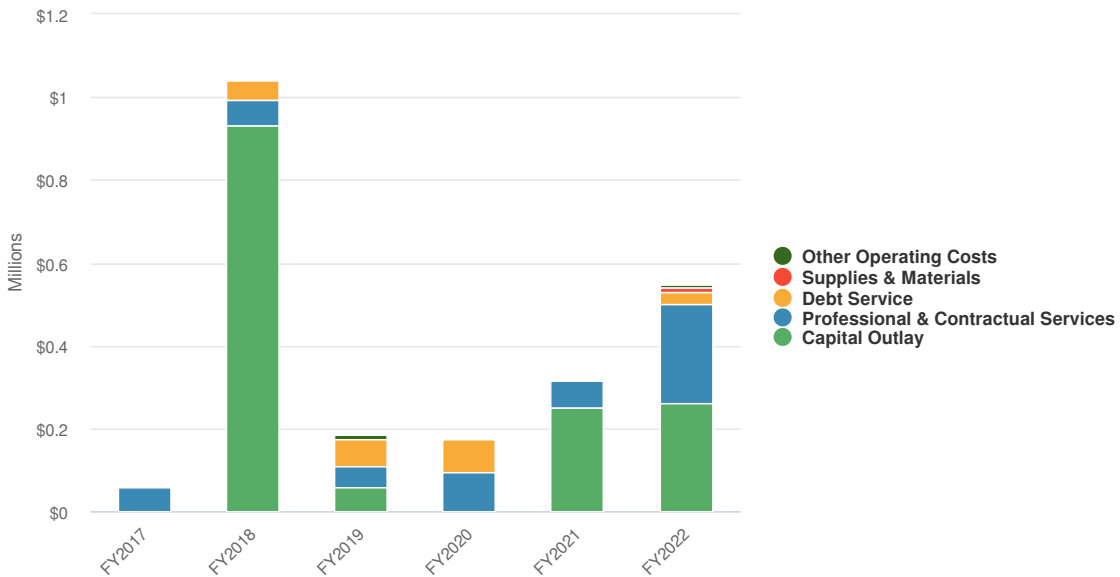


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type

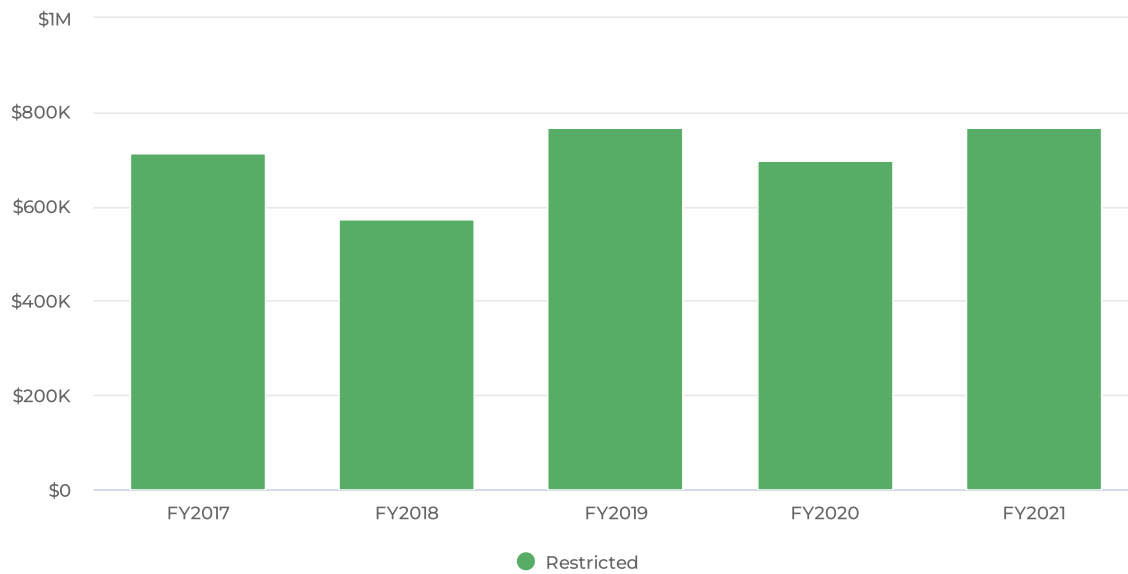


Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Expense Objects				
Supplies & Materials	\$0	\$2,887	\$10,000	\$10,000

Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Professional & Contractual Services	\$63,606	\$91,930	\$238,900	\$175,294
Capital Outlay	\$251,000	\$0	\$260,000	\$9,000
Other Operating Costs	\$2,000	\$150	\$6,000	\$4,000
Debt Service	\$0	\$31,804	\$32,000	\$32,000
Total Expense Objects:	\$316,606	\$126,771	\$546,900	\$230,294

Fund Balance

Fund Balance Projections



	FY2017	FY2018	FY2019	FY2020	\$ Change
Fund Balance	Actual	Actual	Actual	Actual	
Restricted	\$711,807	\$574,765	\$766,296	\$696,169	\$-70,127
Total Fund Balance:	\$711,807	\$574,765	\$766,296	\$696,169	\$-70,127

In 1991, the Texas Legislature authorized a new type of sales tax, a Section 4B sales tax, which allowed the promotion of a wide range of civic and commercial projects.

The City of 4B Economic Development Corporation was established following the passage of a one-half (1/2) of one-percent (1%) sales tax dedicated to community development by the residents of Ferris. The 4B EDC is a non-profit, tax-exempt Texas Corporation, which is a separate entity from any other board or commission of the City of Ferris, and provides leadership and funding for projects that enhance and preserve Ferris' excellent quality of life.



4B Economic Development

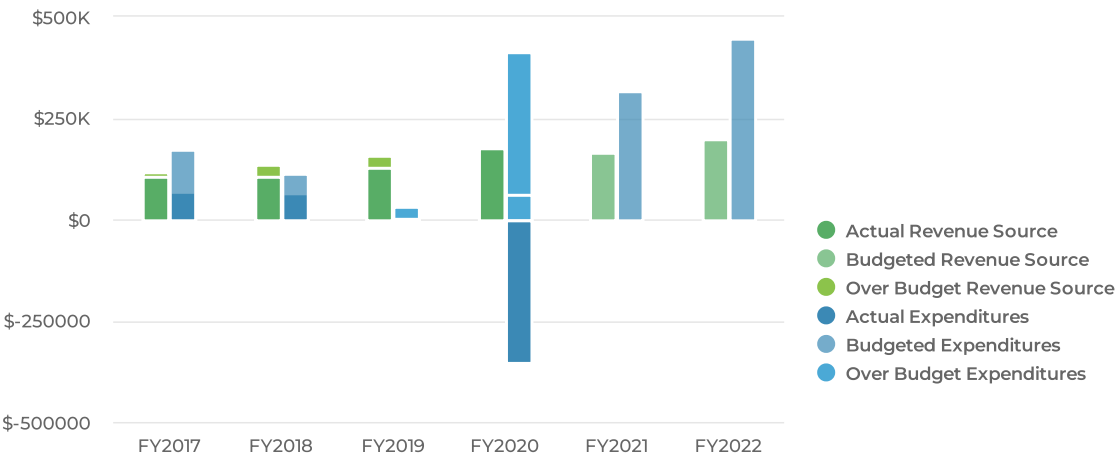
The tax provides cities with a wider range of uses for the tax revenues because it is intended to give communities an opportunity to undertake a project for quality of life improvements. The Section 4B tax can be used to fund projects that are typically considered to be community development initiatives. Authorized categories under Section 4B include, among others, land, buildings, equipment, facilities, expenditures and improvements for professional and amateur sports facilities, park facilities and events, entertainment, convention and tourist facilities.

Type B EDCs can fund all projects eligible for Type A; however, Type B EDCs are subject to more administrative restrictions than Type A.

For purposes of financial reporting the Ferris 4B EDC is considered a component unit of the City.

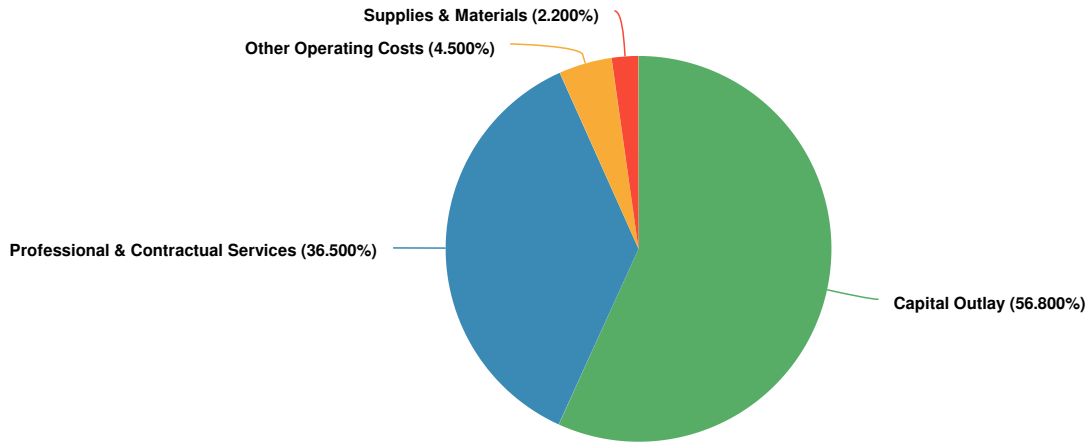
Summary

The City of Ferris is projecting \$200.35K of revenue in FY2022, which represents a 21.1% increase over the prior year. Budgeted expenditures are projected to increase by 41.9% or \$133.4K to \$451.4K in FY2022.

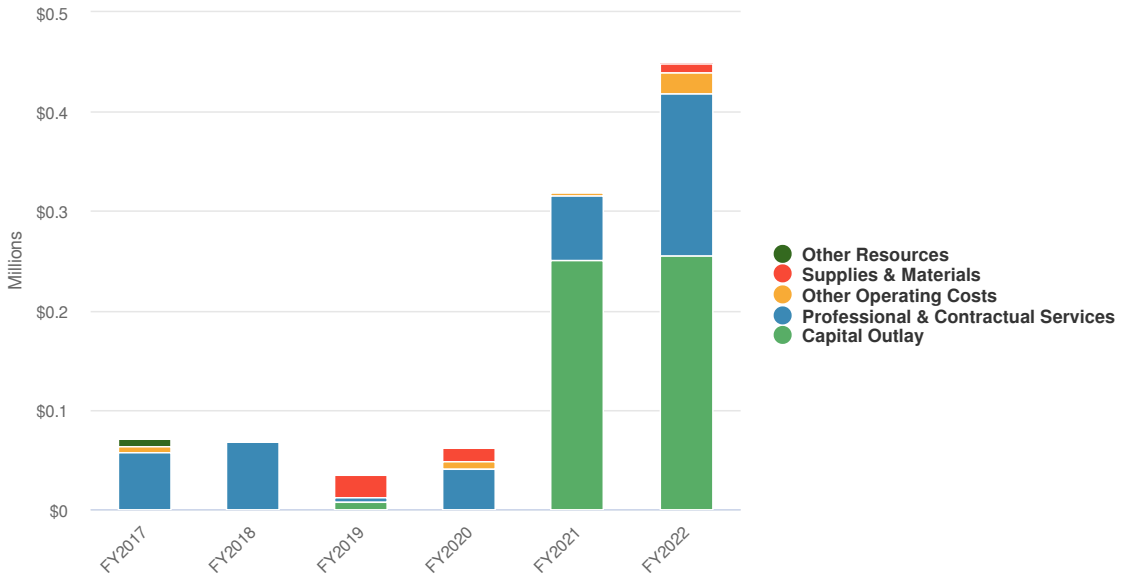


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



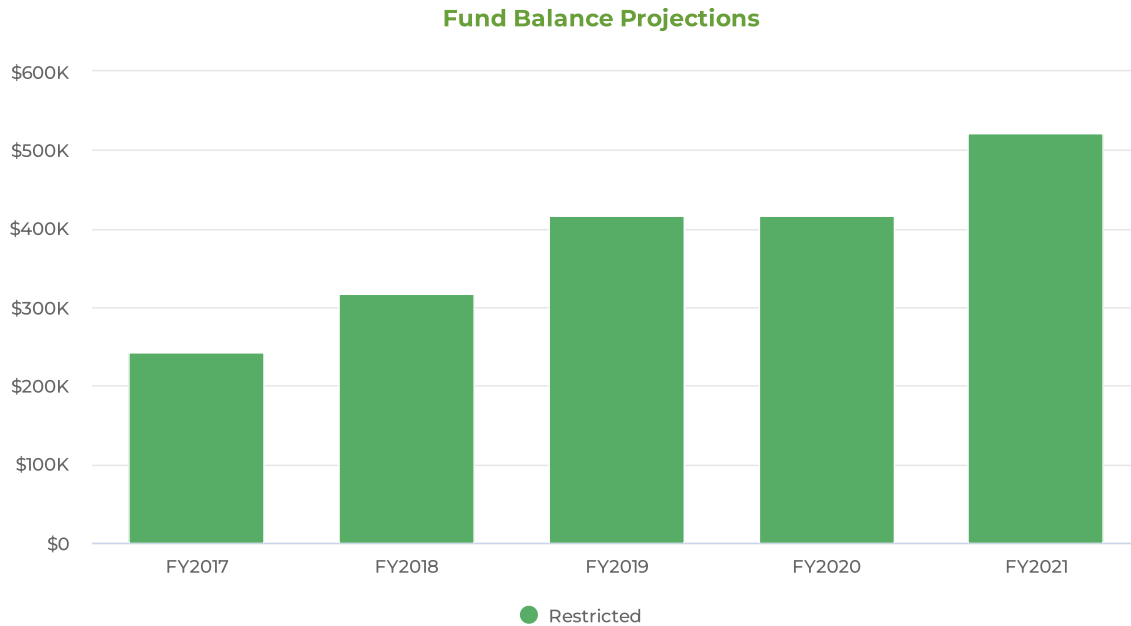
Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Expense Objects				
Supplies & Materials	\$0	\$2,935	\$10,000	\$10,000

Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Professional & Contractual Services	\$65,000	\$73,010	\$163,900	\$98,900
Capital Outlay	\$251,000	\$16,912	\$255,000	\$4,000
Other Operating Costs	\$2,000	\$200	\$20,000	\$18,000
Total Expense Objects:	\$318,000	\$93,057	\$448,900	\$130,900

Fund Balance



	FY2017	FY2018	FY2019	FY2020	\$ Change
Fund Balance	Actual	Actual	Actual	Actual	
Restricted	\$242,865	\$317,210	\$416,051	\$416,051	\$0
Total Fund Balance:	\$242,865	\$317,210	\$416,051	\$416,051	\$0





Water and Wastewater

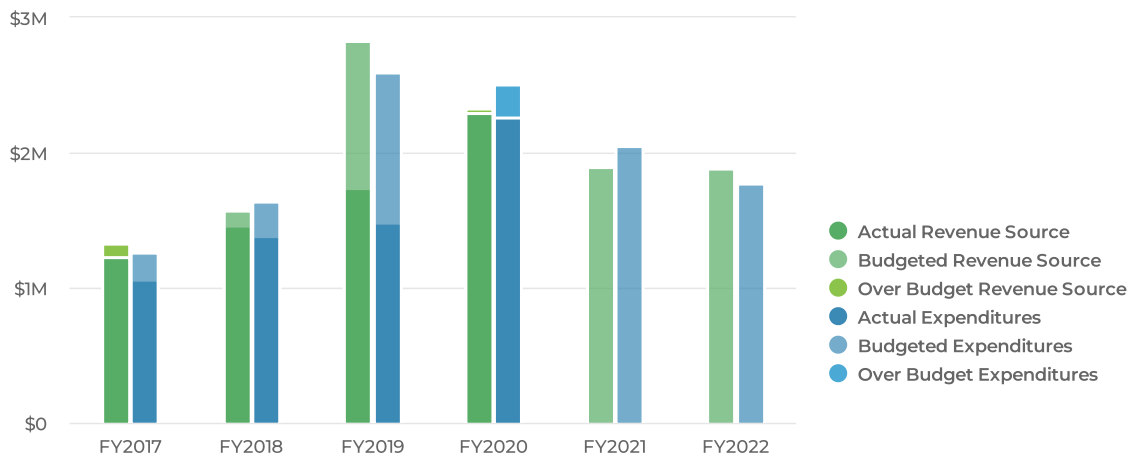
The Water/Sewer Utility Fund is an enterprise fund that includes all water and wastewater system operations. The City provides water and wastewater service within its designated Certificate of Convenience and Necessity (CCN) area to all visitors, businesses and approximately 6,000 residents, including some outside the City limits.

As the City has experienced rapid growth, there has been a corresponding expansion of the City's utility services area. The City now provides water and wastewater service to more households and businesses than ever before.

This budget provides funding for all positions with a cost of living adjustment to all employees. The budget also takes into account increases in operating costs such as a higher price of fuel, utilities and chemicals. A marginal rate increase for residential and business customers is included in this year's budget.

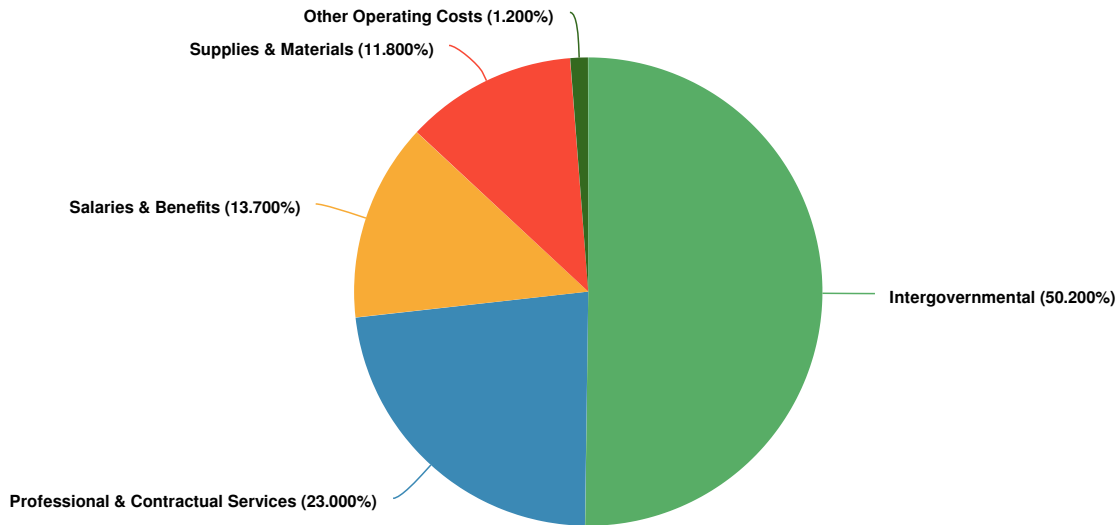
Summary

The City of Ferris is projecting \$1.59M of revenue in FY2022, which represents a 16.5% decrease over the prior year. Budgeted expenditures are projected to increase by 22.5% or \$462.24K to \$2.52M in FY2022.

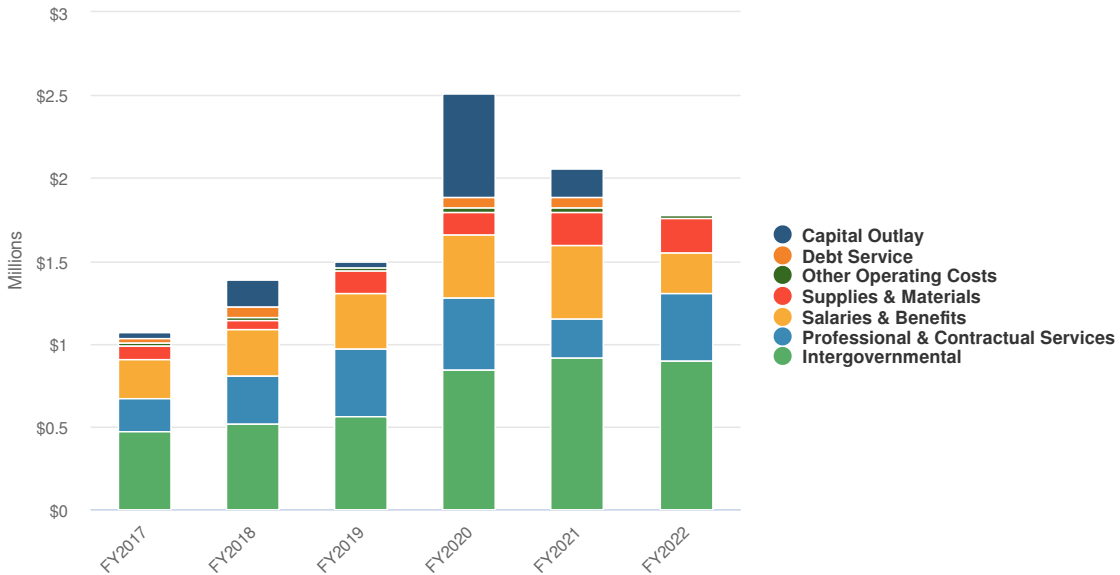


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



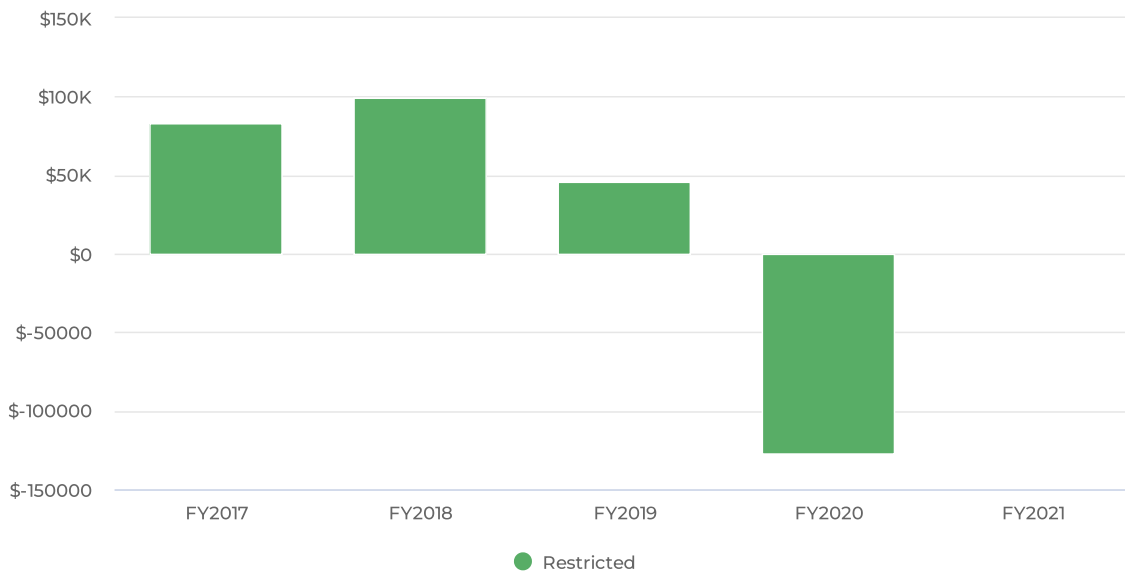
Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Expense Objects				
Salaries & Benefits	\$438,220	\$404,965	\$243,610	-\$194,610



Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Supplies & Materials	\$200,120	\$189,350	\$210,500	\$10,380
Professional & Contractual Services	\$239,183	\$205,427	\$409,252	\$170,069
Capital Outlay	\$168,413	\$144,416	\$0	-\$168,413
Other Operating Costs	\$27,600	\$21,002	\$22,000	-\$5,600
Debt Service	\$64,720	\$88,985	\$0	-\$64,720
Intergovernmental	\$916,000	\$885,741	\$893,500	-\$22,500
Total Expense Objects:	\$2,054,256	\$1,939,886	\$1,778,862	-\$275,394

Fund Balance

Fund Balance Projections



	FY2017	FY2018	FY2019	\$ Change
Fund Balance	Actual	Actual	Actual	
Restricted	\$83,304	\$99,439	\$46,046	\$-53,393
Total Fund Balance:	\$83,304	\$99,439	\$46,046	\$-53,393





Fluid #1





Fluid #2





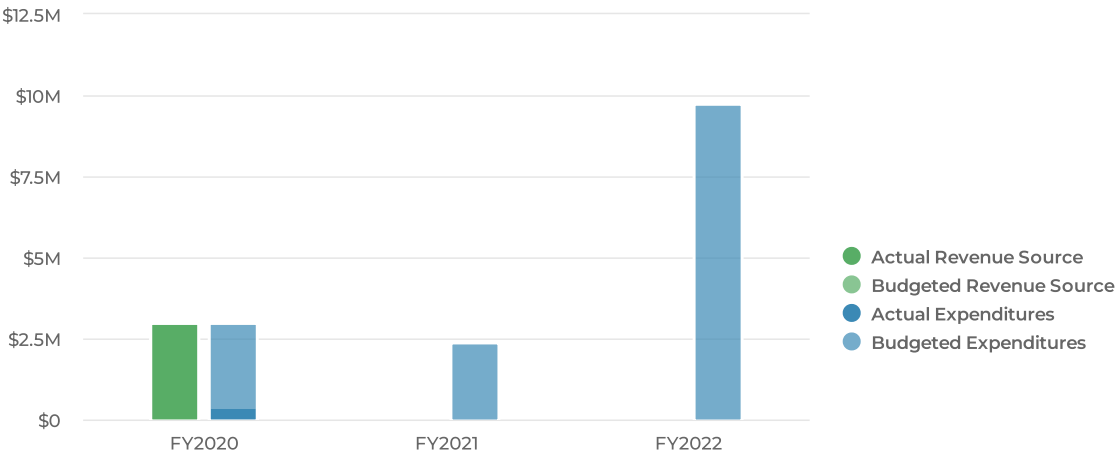
Ferris PID #1





Summary

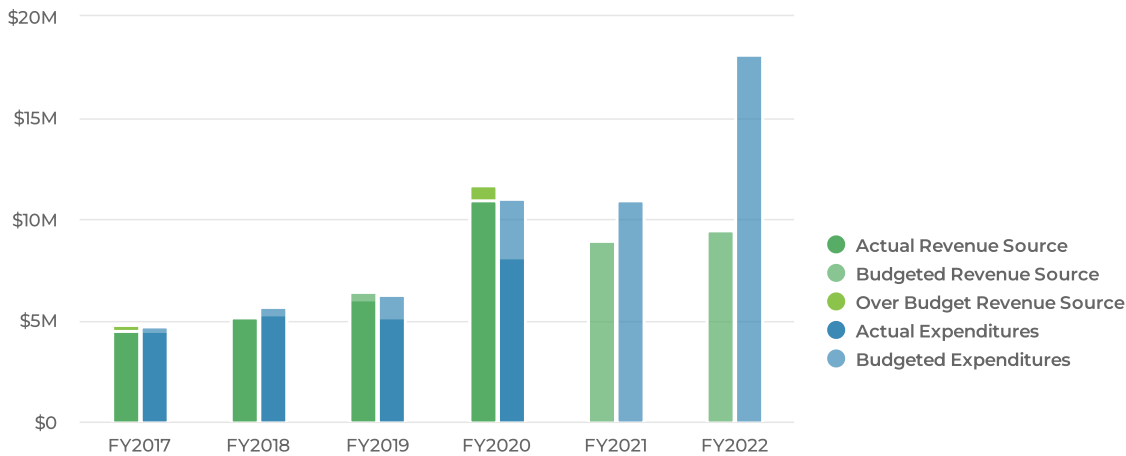
The Town of Ferris is projecting \$2K of revenue in FY2022, which represents a % increase over the prior year. Budgeted expenditures are projected to increase by 309.300% or \$7.4M to \$9.79M in FY2022.





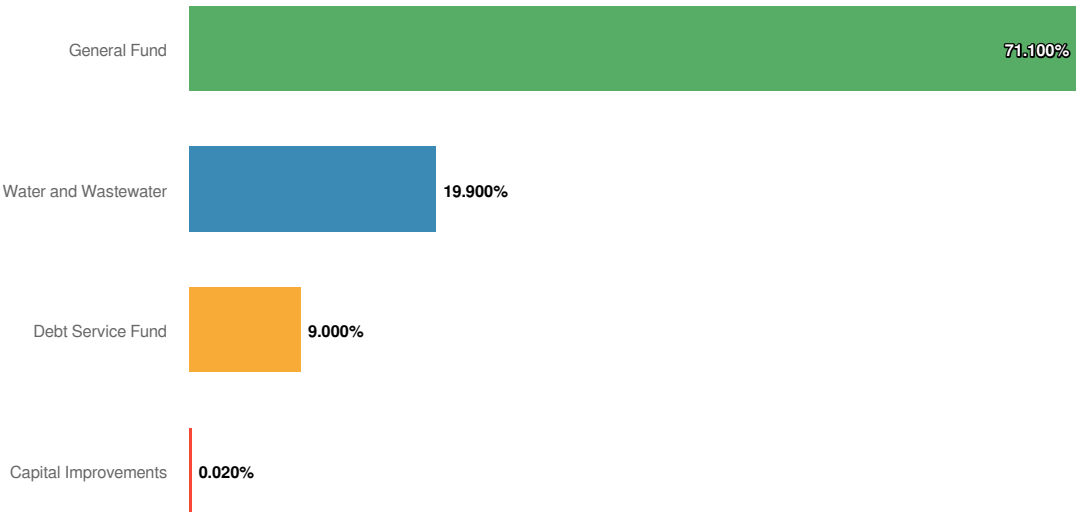
Summary

The City of Ferris is projecting \$9.45M of revenue in FY2022, which represents a 5.2% increase over the prior year. Budgeted expenditures are projected to increase by 70% or \$7.4M to \$18.4M in FY2022.

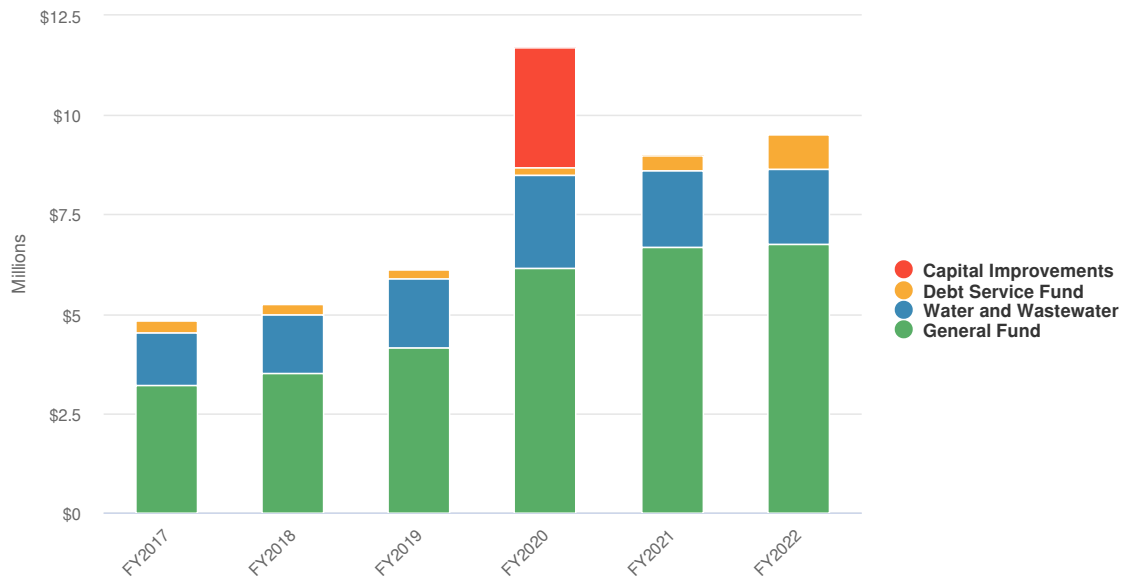


Revenue by Fund

2022 Revenue by Fund



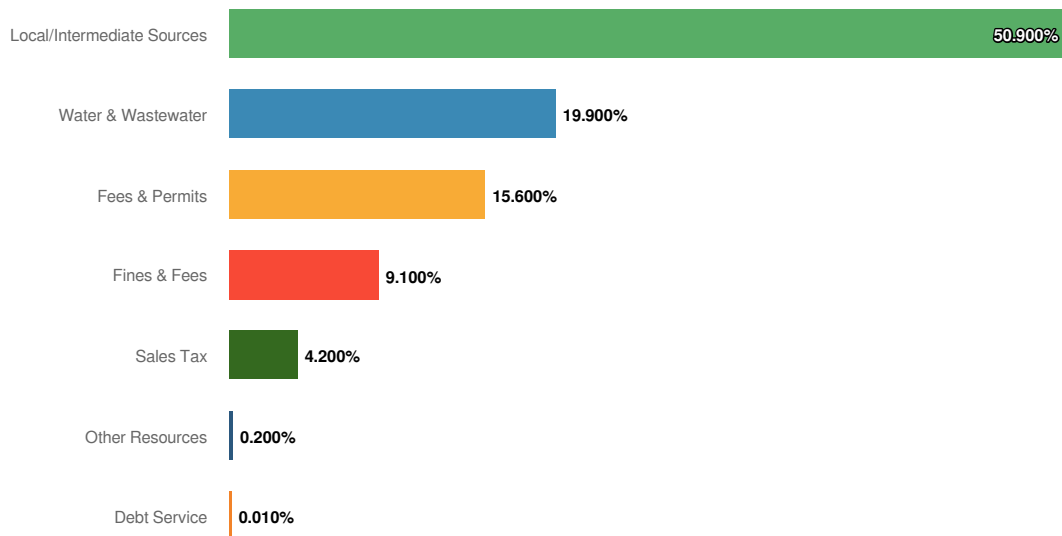
Budgeted and Historical 2022 Revenue by Fund



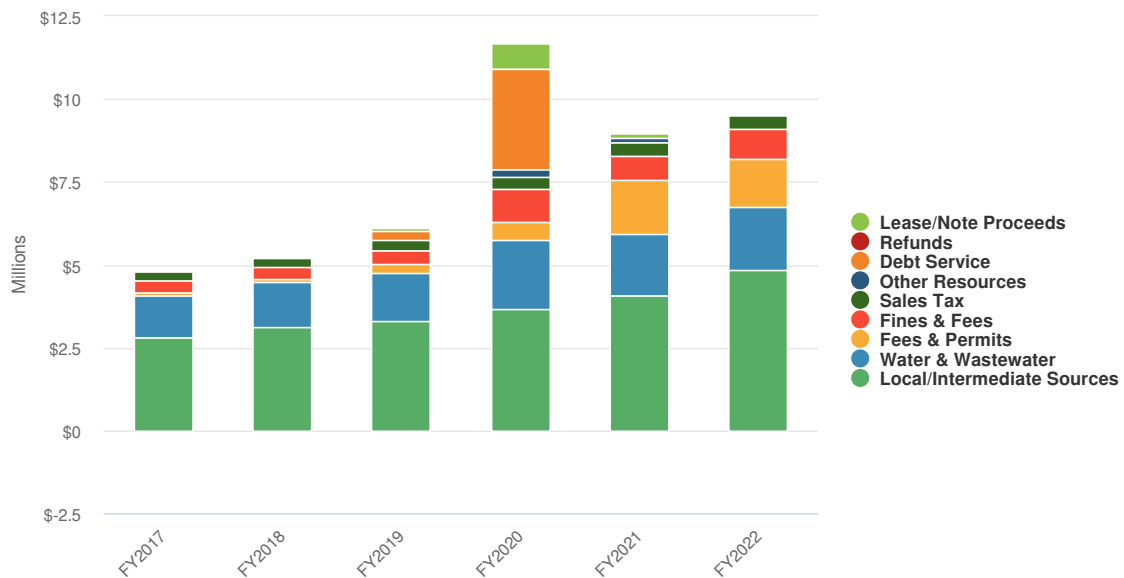
Name	FY2019 Actual	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
General Fund	\$4,137,727	\$6,148,032	\$6,691,098	\$6,760,926	\$69,828
Total General Fund:	\$4,137,727	\$6,148,032	\$6,691,098	\$6,760,926	\$69,828
Debt Service Fund	\$220,762	\$201,928	\$392,709	\$860,130	\$467,421
Total Debt Service Fund:	\$220,762	\$201,928	\$392,709	\$860,130	\$467,421
Capital Improvements		\$3,006,724	\$0	\$2,000	\$2,000
Total Capital Improvements:		\$3,006,724	\$0	\$2,000	\$2,000
Water and Wastewater	\$1,740,801	\$2,338,405	\$1,902,529	\$1,889,075	-\$13,454
Total Water and Wastewater:	\$1,740,801	\$2,338,405	\$1,902,529	\$1,889,075	-\$13,454
Total:	\$6,099,290	\$11,695,089	\$8,986,336	\$9,512,131	\$525,795

Revenues by Source

Projected 2022 Revenues by Source



Budgeted and Historical 2022 Revenues by Source



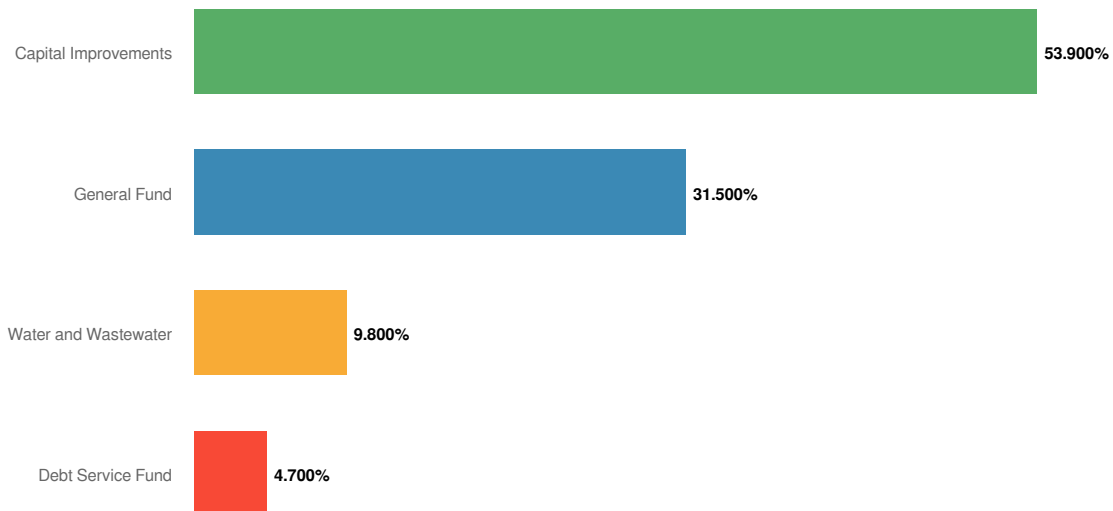
Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Revenue Source				
Local/Intermediate Sources	\$4,070,501	\$4,083,927	\$4,841,575	\$771,074
Fees & Permits	\$1,659,940	\$1,510,997	\$1,486,530	-\$173,410
Sales Tax	\$402,500	\$402,200	\$402,200	-\$300



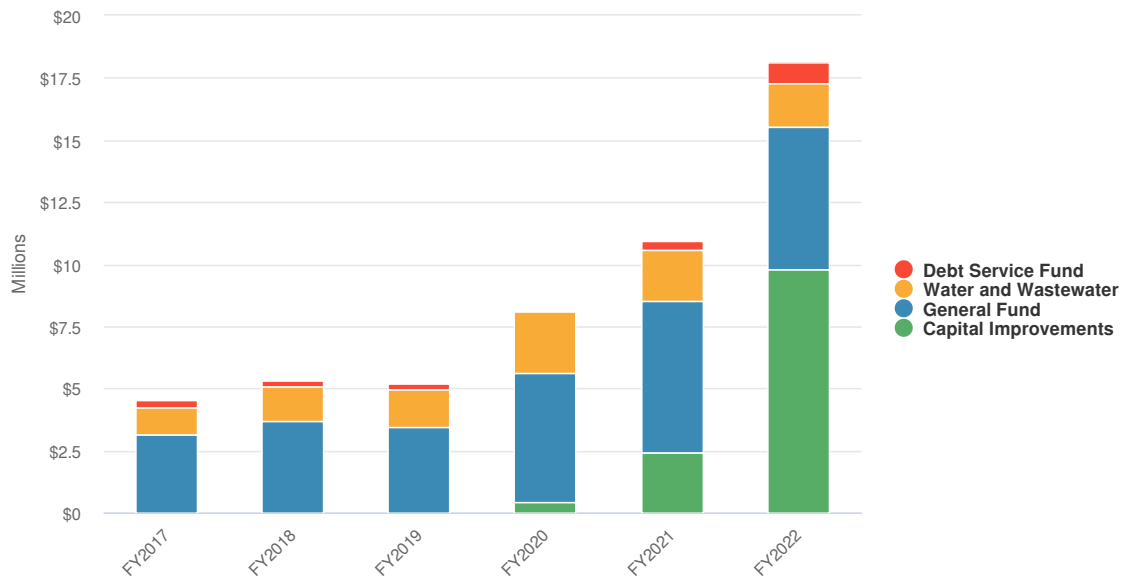
Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Fines & Fees	\$736,715	\$910,200	\$867,965	\$131,250
Water & Wastewater	\$1,837,709	\$1,515,751	\$1,889,075	\$51,366
Debt Service	\$1,381	\$1,381	\$1,381	\$0
Lease/Note Proceeds	\$147,130	\$44,149	\$0	-\$147,130
Other Resources	\$130,460	\$7,700,726	\$23,405	-\$107,055
Total Revenue Source:	\$8,986,336	\$16,169,331	\$9,512,131	\$525,795

Expenditures by Fund

2022 Expenditures by Fund



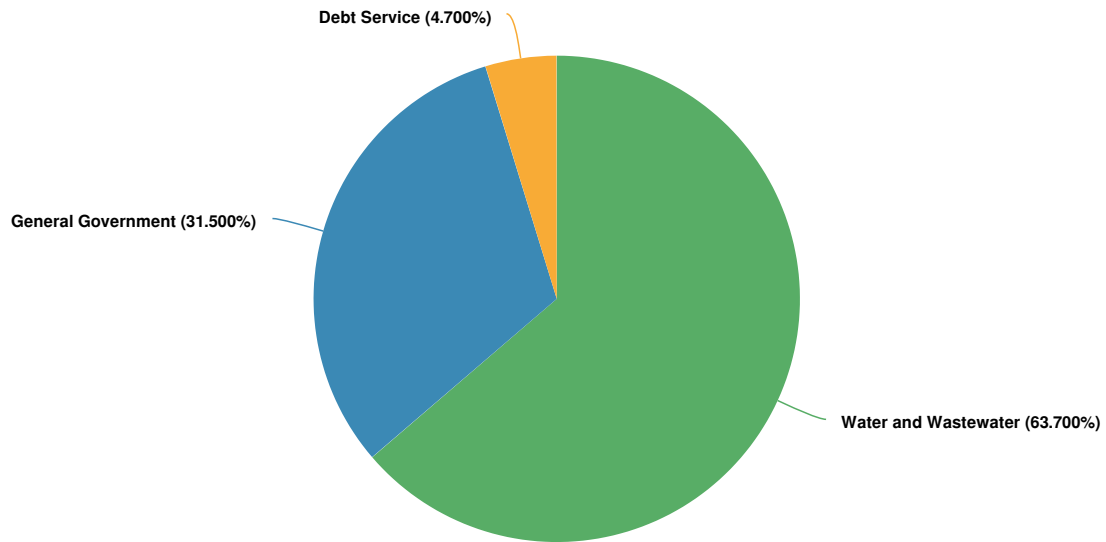
Budgeted and Historical 2022 Expenditures by Fund



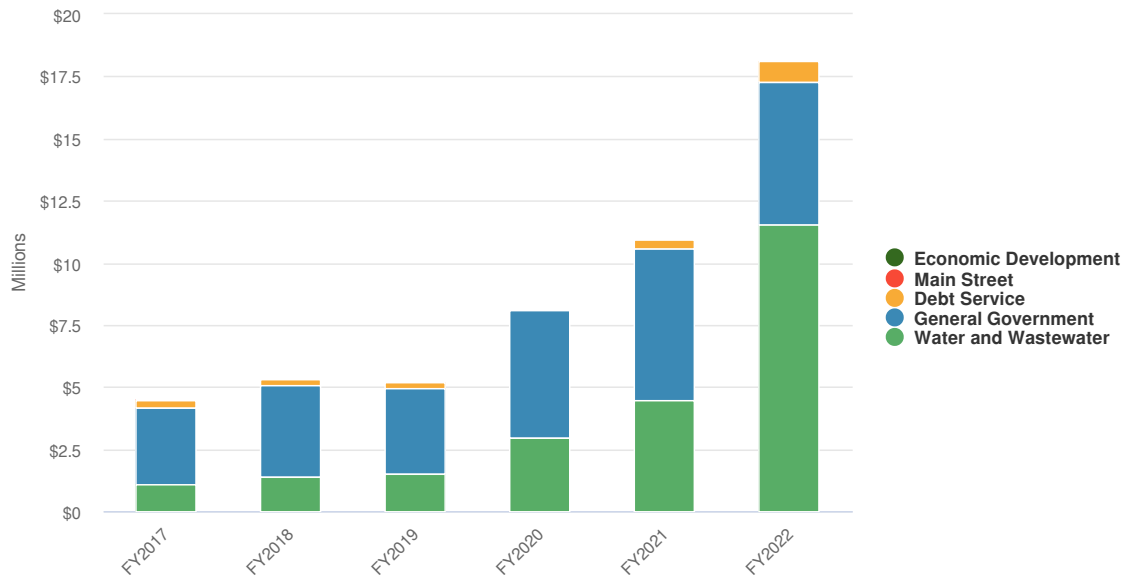
Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
General Fund	\$6,103,992	\$5,653,006	\$5,723,675	-\$380,317
Total General Fund:	\$6,103,992	\$5,653,006	\$5,723,675	-\$380,317
Debt Service Fund	\$392,709	\$532,157	\$860,130	\$467,421
Total Debt Service Fund:	\$392,709	\$532,157	\$860,130	\$467,421
Capital Improvements	\$2,391,757	\$1,855,781	\$9,789,013	\$7,397,256
Total Capital Improvements:	\$2,391,757	\$1,855,781	\$9,789,013	\$7,397,256
Water and Wastewater	\$2,054,256	\$1,939,886	\$1,778,862	-\$275,394
Total Water and Wastewater:	\$2,054,256	\$1,939,886	\$1,778,862	-\$275,394
Total:	\$10,942,714	\$9,980,830	\$18,151,680	\$7,208,966

Expenditures by Function

Budgeted Expenditures by Function



Budgeted and Historical Expenditures by Function



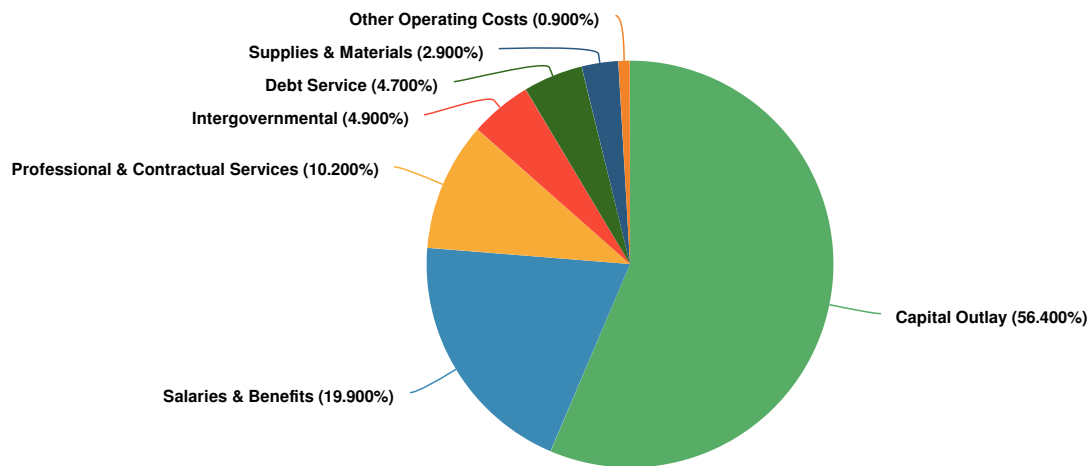
Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Expenditures				
General Government	\$6,103,992	\$5,653,006	\$5,723,675	-\$380,317



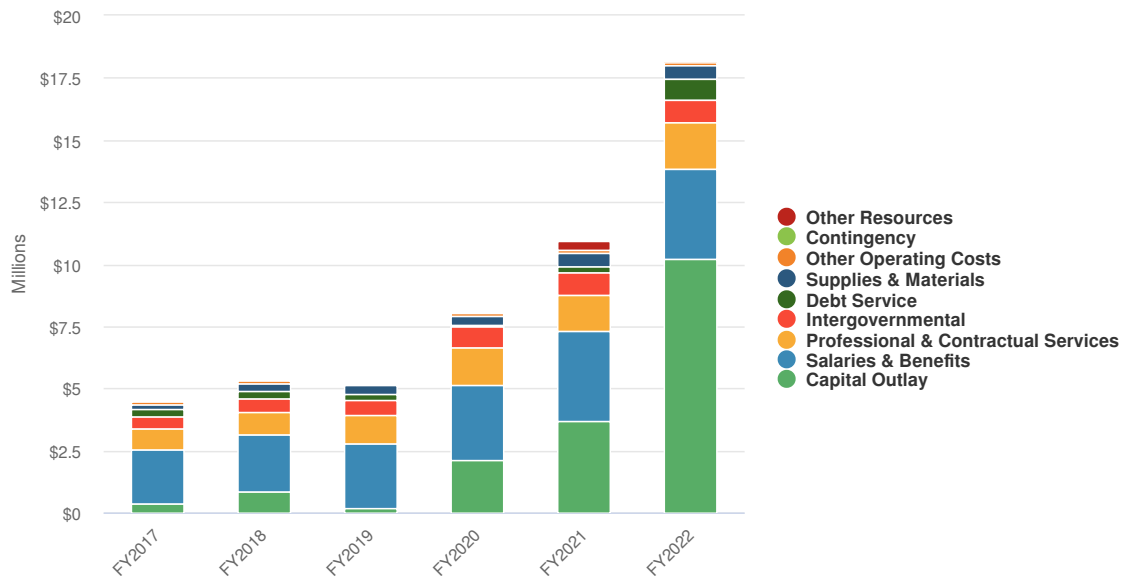
Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Debt Service	\$392,709	\$532,157	\$860,130	\$467,421
Water and Wastewater	\$4,446,013	\$3,795,667	\$11,567,875	\$7,121,862
Total Expenditures:	\$10,942,714	\$9,980,830	\$18,151,680	\$7,208,966

Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Amended Budget	FY2021 Actual	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Budgeted (\$ Change)
Expense Objects				
Salaries & Benefits	\$3,630,498	\$3,546,350	\$3,609,359	-\$21,139
Supplies & Materials	\$526,706	\$434,094	\$528,888	\$2,182
Professional & Contractual Services	\$1,457,421	\$1,295,653	\$1,856,081	\$398,660
Capital Outlay	\$3,670,410	\$3,001,834	\$10,237,602	\$6,567,192
Other Operating Costs	\$137,160	\$106,716	\$166,120	\$28,960
Debt Service	\$260,384	\$556,422	\$860,130	\$599,746
Intergovernmental	\$916,000	\$885,741	\$893,500	-\$22,500
Other Resources	\$344,135	\$154,020	\$0	-\$344,135
Total Expense Objects:	\$10,942,714	\$9,980,830	\$18,151,680	\$7,208,966

DEPARTMENTS



City Council



Fred Pontley
Mayor

The Mayor and five council members act as the elected representatives of the citizens of Ferris to formulate public policy to meet community needs and assure orderly development in the City.

DESCRIPTION

- Appoint the City Manager, City Attorney, Municipal Court Judge and various citizen boards and commissions
- Adopt the City's annual budget and ad valorem tax rate
- Adopt City ordinances and resolutions
- Establish the fees and rates for City goods and services
- Approve purchases and contracts as prescribed by City policy and State law.

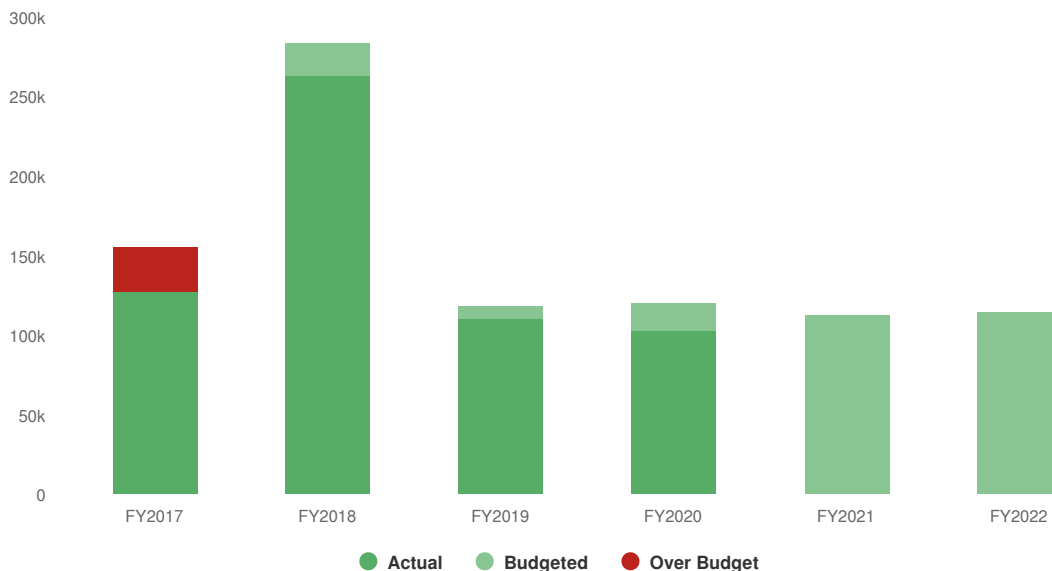
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Salaries & Benefits: Slight reduction in Workers' Comp Coverage (\$73)
- Supplies & Materials: Increase in Furniture & Equipment (\$1,840), Reading Materials (\$250), Food and Beverage (\$300), and General Supplies (\$159)
- Contractual Services: Increase in Municipal Code Supplement Printing (\$400), offset by a decrease in Misc. Contracted Services (\$2,000)
- Utilities: Increase in Gas Service (\$184), Telephone & Internet Services (\$15), and Mobile Phone Service (\$514), offset by a decrease in Electric Service (\$486), and Safety and Security Services (\$693)
- Other Operating Costs: Increase in Travel & Subsistence (\$1,336), Election Costs (\$712), Statutorily Required Public Notices (\$344), Memberships and Dues (\$2,400), and Misc. Operating Costs (\$350)

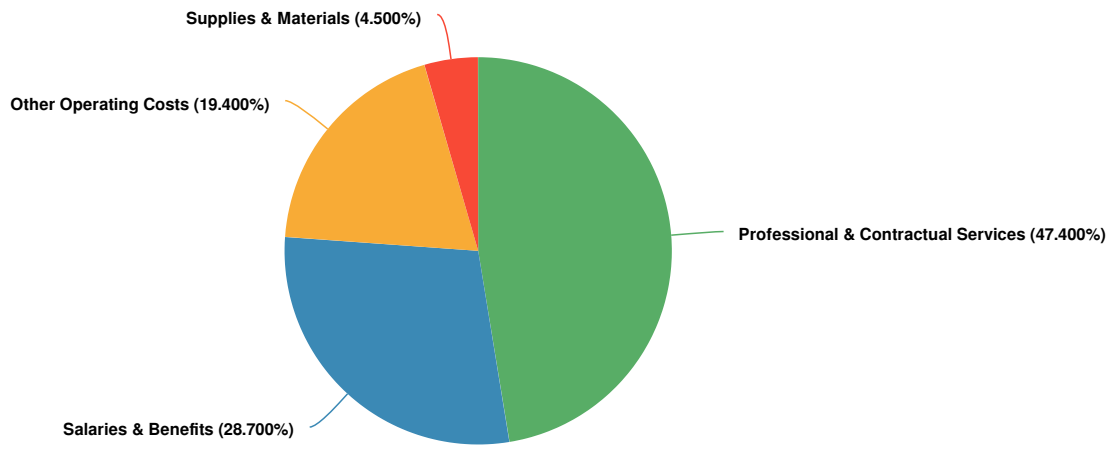
\$114,871 **\$1,236**
(1.09% vs. prior year)

City Council Proposed and Historical Budget vs. Actual

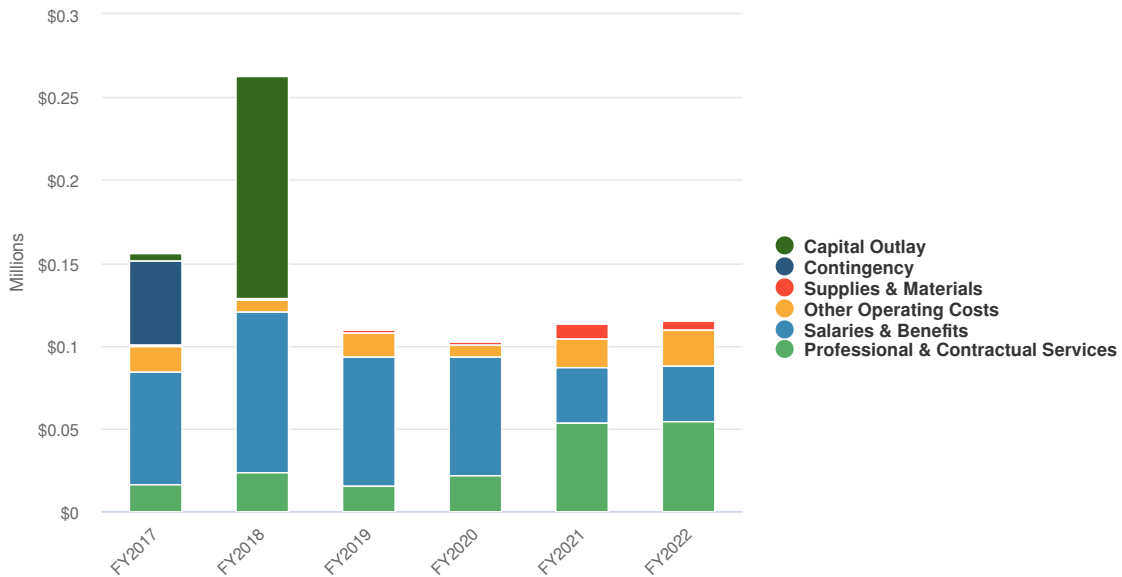


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
General Government				
Salaries - Exempt	\$56,455			\$0
Salaries or Wages - Nonexemp	\$2,650			\$0
Extra Duty/OT - Nonexempt		\$33,000	\$33,000	\$0
FICA	\$4,310	\$515	\$0	-\$514
Health Insurance	\$3,734			\$0
Workers Compensation	\$668	\$126	\$0	-\$126
TMRS	\$3,168			\$0
Group Dental & Vision Ins	\$269			\$0
Total General Government:	\$71,254	\$33,641	\$33,000	-\$640
Total Salaries & Benefits:	\$71,254	\$33,641	\$33,000	-\$640
Supplies & Materials				
General Government				
Furn & Equip < \$5,000		\$8,000	\$4,000	-\$4,000
Reading Materials	\$419	\$400	\$250	-\$150
Food & Beverage Supplies	\$969	\$700	\$350	-\$350
Nonfood Supplies		\$50	\$50	\$0
General Supplies	\$211	\$600	\$500	-\$100
Total General Government:	\$1,599	\$9,750	\$5,150	-\$4,600
Total Supplies & Materials:	\$1,599	\$9,750	\$5,150	-\$4,600
Professional & Contractual Services				
General Government				
Legal Services		\$45,000	\$45,000	\$0
Professional Services	\$17,308	\$1,000	\$0	-\$1,000
Safety & Security Services		\$1,025	\$0	-\$1,025
Electric Service	\$1,326	\$1,470	\$400	-\$1,070
Gas Service	\$657	\$700	\$900	\$200
Telephone Service & Internet		\$200	\$150	-\$50
Mobile Telephone Service		\$2,600	\$2,521	-\$79
Misc. Contracted Services	\$2,696	\$1,500	\$5,000	\$3,500
Municipal Code Supplement		\$0	\$500	\$500
Total General Government:	\$21,987	\$53,495	\$54,471	\$976
Total Professional & Contractual Services:	\$21,987	\$53,495	\$54,471	\$976
Capital Outlay				
General Government				
Capital Assets - Other - <\$5,000	\$313			\$0



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Total General Government:	\$313			\$0
Total Capital Outlay:	\$313			\$0
Other Operating Costs				
General Government				
Trave & Subsist - Non-employees	\$3,257	\$2,500	\$1,500	-\$1,000
Election Costs		\$5,000	\$5,000	\$0
Statutorily Req Public Notices		\$5,000	\$12,500	\$7,500
Dues	\$2,447	\$2,500	\$2,500	\$0
Misc. Operating Costs	\$1,823	\$1,750	\$750	-\$1,000
Total General Government:	\$7,527	\$16,750	\$22,250	\$5,500
Total Other Operating Costs:	\$7,527	\$16,750	\$22,250	\$5,500
Total Expense Objects:	\$102,679	\$113,636	\$114,871	\$1,236

City Manager



Brooks Williams

City Manager & City Secretary

The City Manager's office is responsible for the efficient and effective implementation of Council policies and priorities throughout city government.

DESCRIPTION

- Coordinate the official business of the City Council
- Provide leadership and direction to the entire organization
- Provide customer service to all internal and external stakeholders
- Act as a liaison between city government and the City of Ferris City Council
- Oversee City elections conducted by designated election officials
- Monitor and approve all City purchases, expenditures, and budget

Expenditures Summary

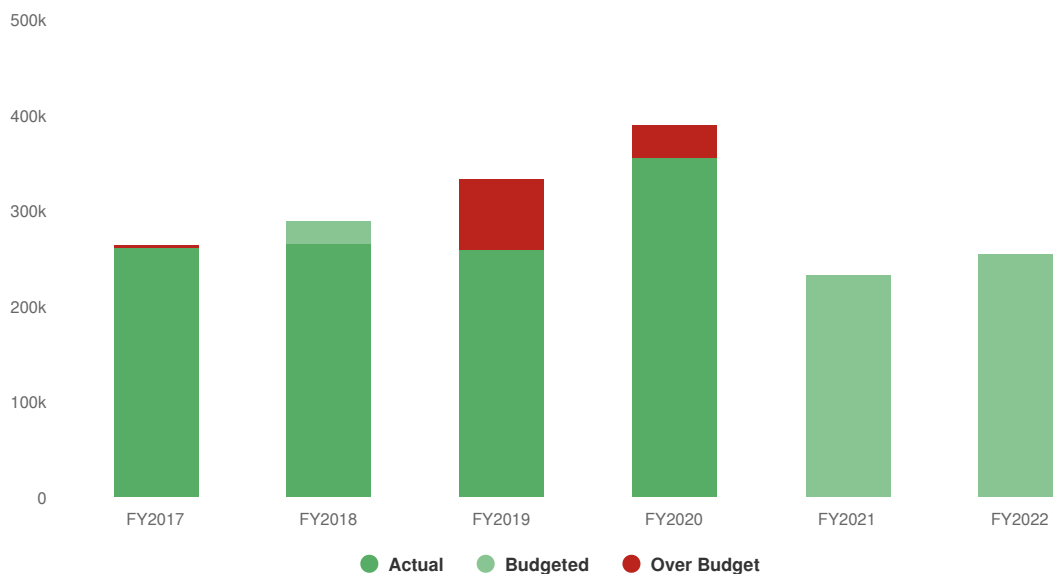
HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Salaries & Benefits: Increase in Health Insurance, Dental Insurance, and TMRS (\$1,871)
- Supplies & Materials: Increase in General Supplies (\$1,100), Training & Instructional Supplies (\$2,425), Food and Beverage (\$450), and decreases in Furniture & Equipment (\$21), Safety & Security Supplies (\$76), and Clothing and Uniforms (\$22)
- Contractual Services: Decrease in Professional Services (\$75)
- Utilities: Decrease in Mobile Phone Service (\$280)
- Other Operating Costs: Increase in Travel & Subsistence (\$1,500), and Misc. Operating Costs (\$975)

\$255,202 **\$22,904**

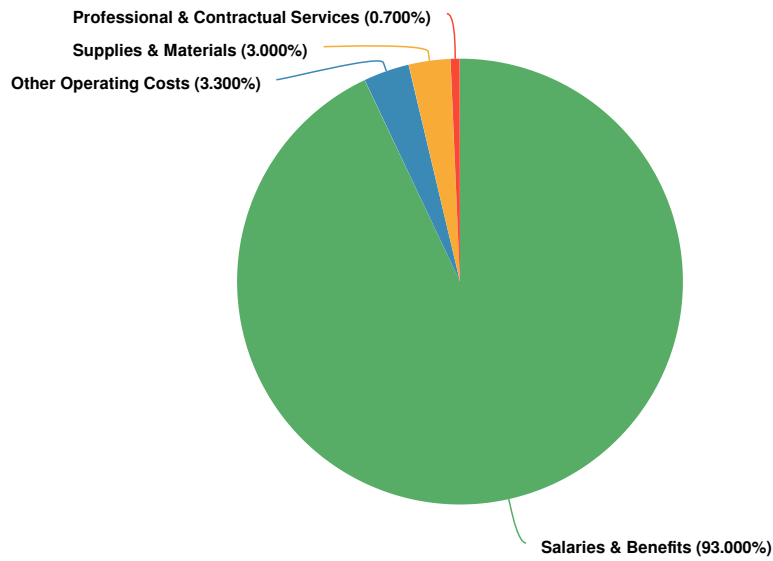
(9.86% vs. prior year)

City Manager Proposed and Historical Budget vs. Actual

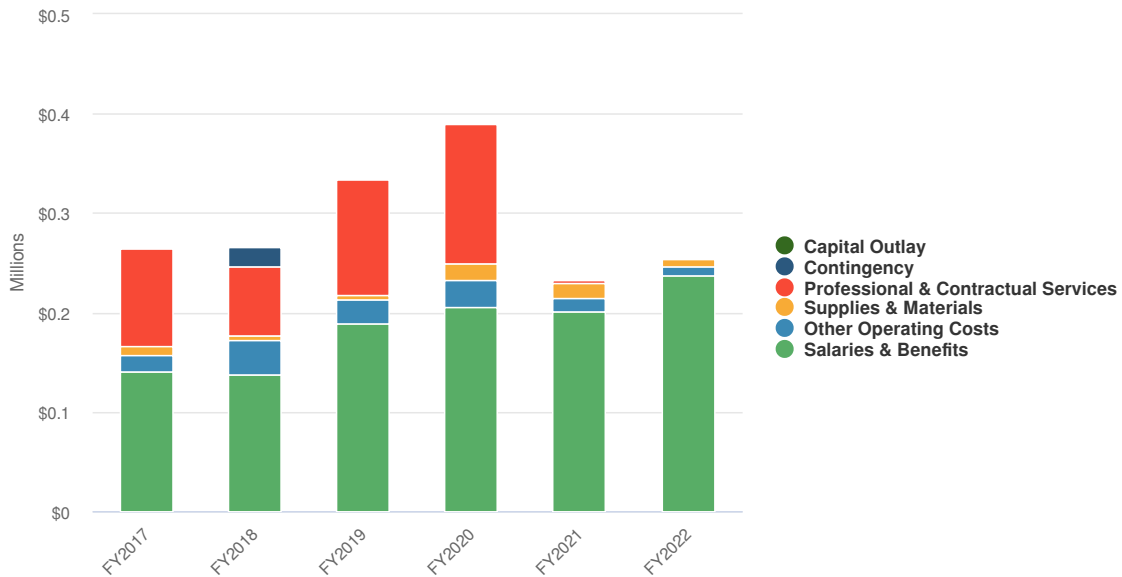


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
General Government				
Salaries - Exempt	\$159,300	\$155,500	\$168,000	\$12,500
Extra Duty Pay/Overtime - Nonexempt	\$249			\$0
FICA	\$12,983	\$11,274	\$12,852	\$1,578
Group Health and Life Insurance	\$11,647	\$7,535	\$21,913	\$14,378
Workers Compensation	\$322	\$366	\$375	\$9
TMRS	\$7,518	\$10,108	\$11,923	\$1,815
Group Dental and Vision Insurance	\$892	\$1,438	\$1,629	\$191
Employee Allowances	\$12,765	\$14,534	\$20,590	\$6,056
Total General Government:	\$205,676	\$200,755	\$237,282	\$36,527
Total Salaries & Benefits:	\$205,676	\$200,755	\$237,282	\$36,527
Supplies & Materials				
General Government				
Fuel & Lubricants	\$63			\$0
Supplies - Maintenance & Operations	\$328	\$0	\$400	\$400
Furniture & Equipment <\$5,000	\$3,339	\$531	\$500	-\$31
Training & Instr Supp & Mat		\$2,500	\$2,500	\$0
Reading Materials	\$90			\$0
Safety & Security Supplies		\$76	\$0	-\$76
Food and Beverage Supplies	\$7,301	\$6,964	\$1,000	-\$5,964
Nonfood Supplies	\$75	\$1,150	\$500	-\$650
Clothing & Uniforms		\$322	\$300	-\$22
General Supplies	\$4,504	\$5,000	\$2,500	-\$2,500
Total General Government:	\$15,701	\$16,543	\$7,700	-\$8,843
Total Supplies & Materials:	\$15,701	\$16,543	\$7,700	-\$8,843
Professional & Contractual Services				
General Government				
Professional Services	\$60,674	\$0	\$0	\$0
Building & Grounds Services	\$640			\$0
Contracted Maintenance & Repair - Other	\$393			\$0
Building & Facilities Rentals/Oper Leases	\$8,523			\$0
Electric Service	\$3,264			\$0
Water & Sewer Service	\$1,127			\$0
Gas Service	\$788			\$0
Telephone & Internet Services	\$11,336			\$0
Mobile Telephone Service		\$2,000	\$1,720	-\$280



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Consulting Services	\$45,092			\$0
Miscellaneous Contract Service	\$9,517			\$0
Total General Government:	\$141,353	\$2,000	\$1,720	-\$280
Total Professional & Contractual Services:	\$141,353	\$2,000	\$1,720	-\$280
Other Operating Costs				
General Government				
Travel & Subsist - Employee Only	\$1,633	\$8,500	\$7,000	-\$1,500
Insurance - Liability & Property	\$24,057			\$0
Statutorily Req Public Notices		\$2,000	\$0	-\$2,000
Dues	\$1,033			\$0
Misc. Operating Costs	\$715	\$2,500	\$1,500	-\$1,000
Total General Government:	\$27,438	\$13,000	\$8,500	-\$4,500
Total Other Operating Costs:	\$27,438	\$13,000	\$8,500	-\$4,500
Total Expense Objects:	\$390,168	\$232,298	\$255,202	\$22,904

Finance Department



Bobby LaBorde
Chief Financial Officer

The Finance Department maintains budgetary controls on all expenditures and revenues of the City.

DESCRIPTION

- Maintains central accounting records
- Distributes and maintains controls on payroll records
- Prepares financial statements
- Disburses on all City obligations
- Invoices and collects all revenues
- Maintains City bank accounts and investments
- Has general responsibility for financial forecasting and planning
- Oversees and maintains Onboarding, Benefits, and Talent Management functions

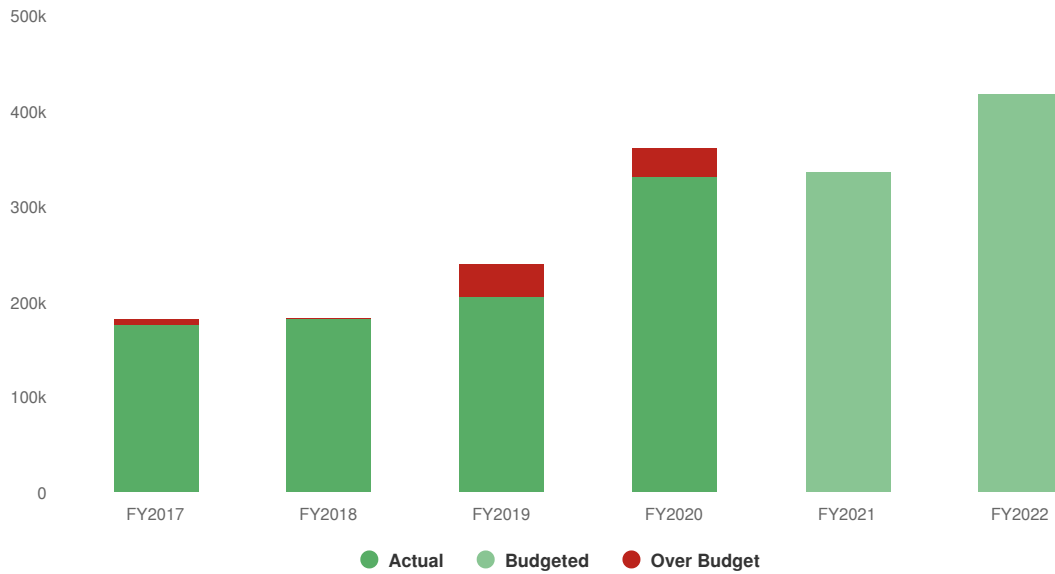
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Salaries & Benefits: COLA Increase in Salaries and 1 FTE for HR Coordinator (\$69,035) and Increase in associated Benefits (\$16,962)
- Supplies & Materials: Increase in General Supplies (\$1,350), Furniture & Equipment (\$900), and a decrease in Food and Beverage (\$32)
- Contractual Services: Increase in Professional Services (\$4,000) offset by a decrease in Miscellaneous Contracted Services (\$2,100)
- Utilities: Increase in Mobile Phone Service for additional FTE (\$323)
- Other Operating Costs: Increase in Travel & Subsistence (\$3,500), Statutorily Required Public Notices (\$500) and Misc. Operating Costs (\$600)

\$418,266 **\$81,419**
(24.17% vs. prior year)

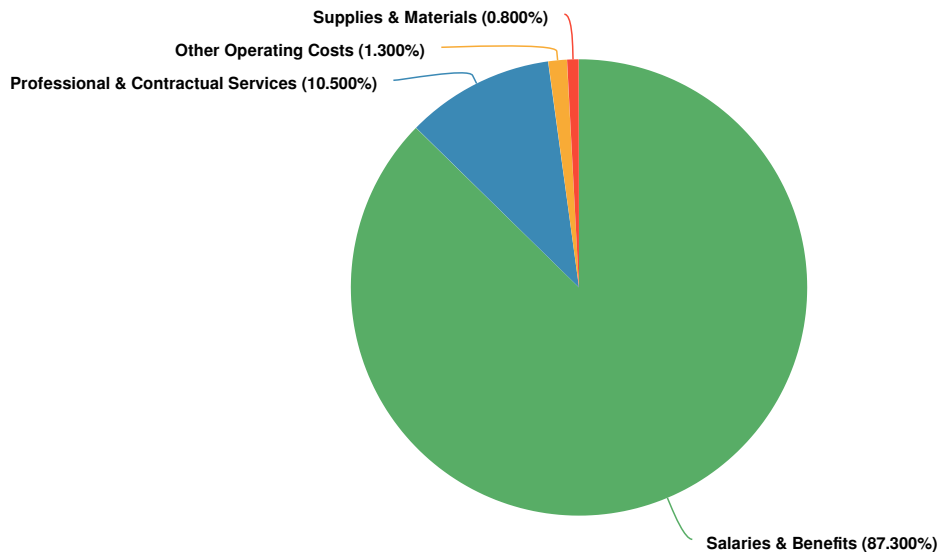
Finance Department Proposed and Historical Budget vs. Actual



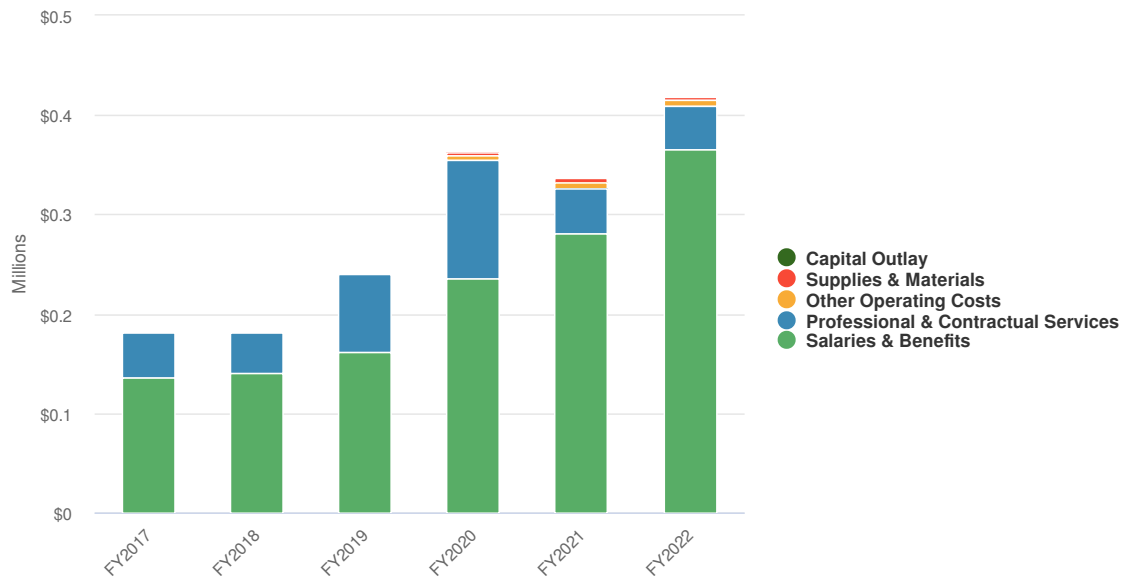
Expenditures by Expense Type

The addition of 1 FTE to serve as Human Resources Coordinator, Fixed Asset Coordinator, Accounts Payable Clerk, and City Hall Customer Service accounts for an increase to the FY 2021 Amended Budget of \$84,664. All other appropriations are reduced \$3,245 from FY 2021.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				
General Government				
Salaries - Exempt	\$198,929	\$178,800	\$196,301	\$17,501
Salaries - Nonexempt		\$45,200	\$96,658	\$51,458
Extra Duty Pay/Overtime - Nonexempt	\$1,272	\$1,500	\$400	-\$1,100
FICA	\$13,473	\$16,250	\$22,442	\$6,192
Group Health & Life Insurance		\$22,603	\$30,978	\$8,375
Workers Compensation	\$288	\$529	\$529	\$0
TMRS	\$11,186	\$14,568	\$16,135	\$1,567
Group Health and Life Insurance	\$9,801	\$1,212	\$1,883	\$671
Group Dental and Vision Insurance	\$1,041			\$0
Total General Government:	\$235,989	\$280,662	\$365,326	\$84,664
Total Salaries & Benefits:	\$235,989	\$280,662	\$365,326	\$84,664
Supplies & Materials				
General Government				
Supplies - Maintenance & Operations	\$1,562	\$600	\$600	\$0
Furn & Equip < \$5,000		\$900	\$900	\$0
Reading Materials	\$211			\$0
Food and Beverage Supplies	\$404	\$32	\$0	-\$32



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Nonfood Supplies	\$2			\$0
General Supplies	\$47	\$2,571	\$2,000	-\$571
Total General Government:	\$2,226	\$4,103	\$3,500	-\$603
Total Supplies & Materials:	\$2,226	\$4,103	\$3,500	-\$603
Professional & Contractual Services				
General Government				
Audit Service	\$74,804	\$35,000	\$35,000	\$0
Tax Appraisal and Collection	\$9,151			\$0
Professional Services		\$6,500	\$6,500	\$0
Contracted Maintenance & Repair - Other	\$35,116			\$0
Mobile Telephone Service		\$1,440	\$1,440	\$0
Misc. Contracted Services	\$498	\$3,101	\$1,000	-\$2,101
Total General Government:	\$119,569	\$46,041	\$43,940	-\$2,101
Total Professional & Contractual Services:	\$119,569	\$46,041	\$43,940	-\$2,101
Capital Outlay				
General Government				
Capital Assets - Other - <\$5,000	\$48			\$0
Total General Government:	\$48			\$0
Total Capital Outlay:	\$48			\$0
Other Operating Costs				
General Government				
Travel & Subsistence - Employee Only	\$2,521	\$3,500	\$3,500	\$0
Insurance - Bonding & Other Insurance	\$1,000	\$41	\$0	-\$41
Statutorily Req Public Notices		\$1,000	\$1,000	\$0
Dues	\$100	\$800	\$500	-\$300
Misc. Operating Costs	\$850	\$700	\$500	-\$200
Total General Government:	\$4,471	\$6,041	\$5,500	-\$541
Total Other Operating Costs:	\$4,471	\$6,041	\$5,500	-\$541
Total Expense Objects:	\$362,303	\$336,847	\$418,266	\$81,419



Code Compliance and Permitting



Art Neidich
Chief Building Official

The Code Compliance and Permitting Department monitors the orderly growth of the City and fosters compliance with the City's development standards, codes, and ordinances.

DESCRIPTION

- Issue permits and maintain records for building, plumbing, electrical and electrical construction. Also issue permits for remodeling, demolition, roofing, etc.
- Initiate and investigate complaints on properties found to be in violation of City ordinances
- Review plans and specifications for subdivisions and building projects within the city
- Inspect construction work within the City to verify compliance with adopted codes and standards

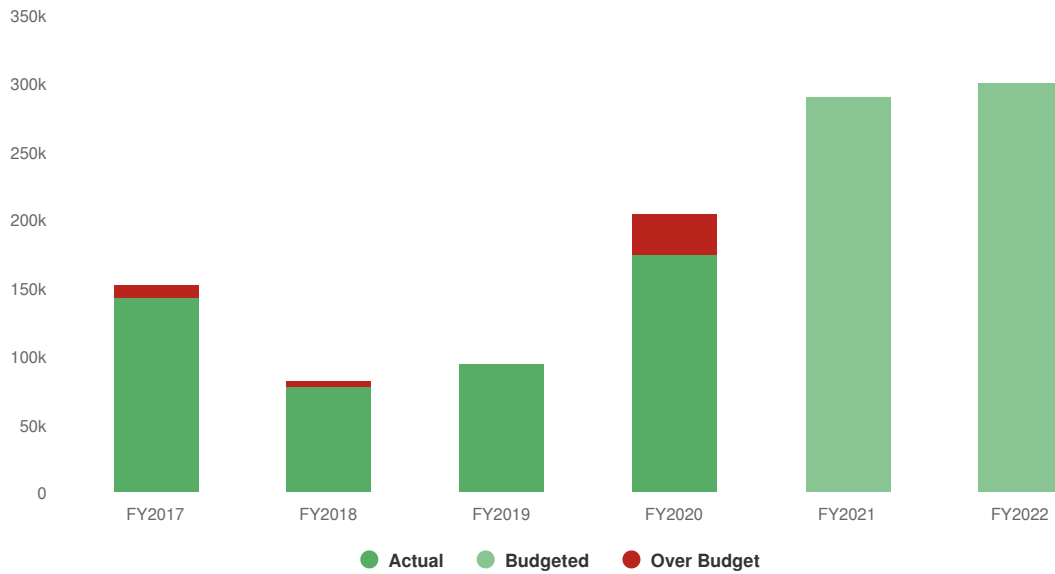
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Salaries & Benefits: Decrease in Salaries (\$34,408), Benefits (\$5,502), and Employee Allowances (\$2,539) due to realignment of staff; some offset of overall savings by COLA increase and associated benefits
- Supplies & Materials: Increase in Fuel & Lubricants (\$4,793), Supplies - M&O (\$350), Furniture & Equipment (\$568), Training & Instructional Supplies (\$1,087), Reading Materials (\$2,000), Safety & Security Supplies (\$3,802), Clothing and Uniforms (\$900), and General Supplies (\$1,657)
- Contractual Services: Increase in Professional Services (\$9,173), Vehicle & Equipment Services (\$6,236), and Contracted Inspections (\$29,125)
- Utilities: Decrease in Mobile Phone Service (\$207)
- Capital Outlay: Decrease in Capital Assets <\$5,000 (\$1,849)
- Other Operating Costs: Increase in Travel & Subsistence (\$3,350), and Dues & Memberships (\$270), and a decrease in Misc. Operating Costs (\$253)

\$300,844 **\$9,825**
(3.38% vs. prior year)

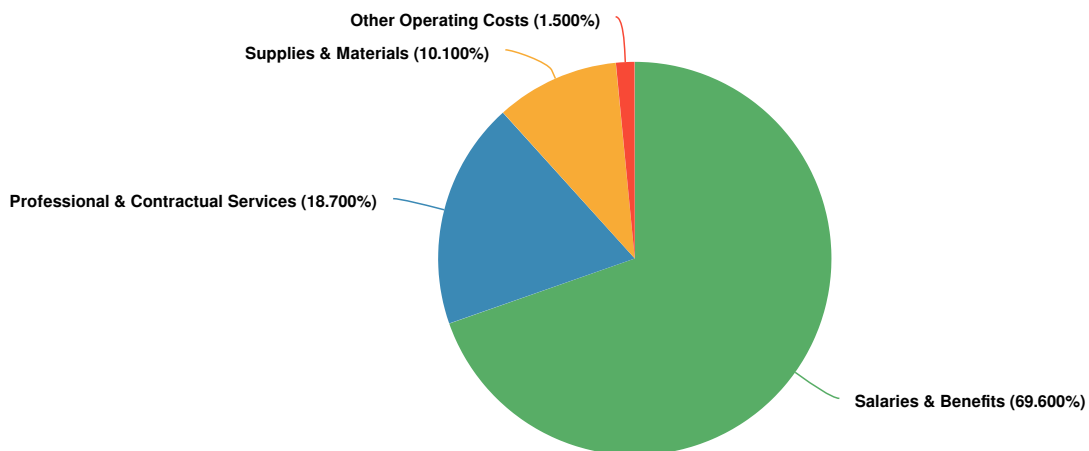
Code Compliance Proposed and Historical Budget vs. Actual



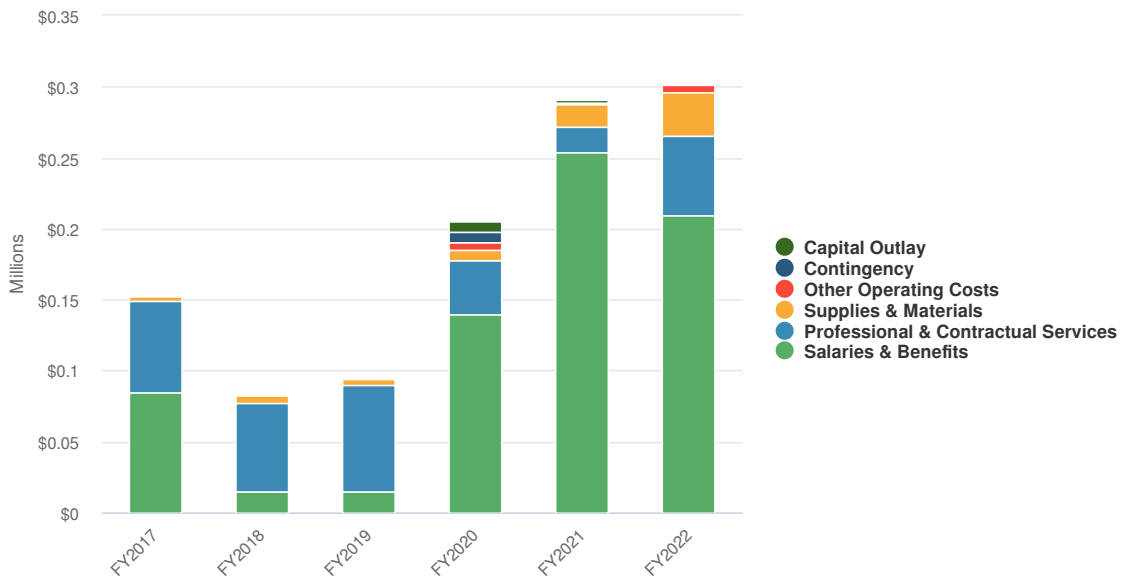
Expenditures by Expense Type

Decrease in Salaries & Benefits as a result of creating Community Development and City Engineer Department mid-year 2021. The Salaries and Benefits of Chief Growth and Sustainability Officer, City Planner, and City Engineer were coded to Code Compliance Budget for 50% of FY 2021. After the COLA was appropriated there was still an overall decrease to Salaries & Benefits of \$42,449. The Supplies, Contracted Services, and Operating Costs increase of \$52,674 from FY 2021 is primarily for possible supplemental Contracted Inspections and Professional Services required as part of the rapid growth in the city.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				
General Government				
Salaries - Exempt	\$100,909	\$128,800	\$72,845	-\$55,955
Salaries - Nonexempt		\$66,800	\$88,047	\$21,247
Salaries or Wages - Nonexempt	\$11,359			\$0
Extra Duty Pay/Overtime - Nonexempt	\$1,579	\$600	\$400	-\$200
FICA	\$8,664	\$14,225	\$12,339	-\$1,886
Group Health and Life Insurance	\$9,334	\$24,172	\$23,233	-\$939
Workers Compensation	\$447	\$630	\$630	\$0
TMRS	\$5,811	\$12,753	\$8,872	-\$3,881
Unemployment Compensation		\$1,730	\$1,750	\$20
Group Dental and Vision Insurance	\$673	\$1,300	\$1,412	\$112
Employee Allowances	\$462	\$2,539	\$0	-\$2,539
Total General Government:	\$139,238	\$253,549	\$209,528	-\$44,021
Total Salaries & Benefits:	\$139,238	\$253,549	\$209,528	-\$44,021
Supplies & Materials				
General Government				
Fuels & Lubricants for Vehicles	\$1,476	\$800	\$6,684	\$5,884
Supplies - Maintenance & Operations	\$2,617			\$0



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Furn & Equip < \$5,000		\$1,200	\$1,200	\$0
Training & Instr Supp & Mat		\$6,913	\$8,000	\$1,087
Reading Materials	\$486	\$275	\$2,000	\$1,725
Safety & Security Supplies & Materials	\$44	\$500	\$1,800	\$1,300
Safety & Sec Supp - Facilities		\$500	\$2,500	\$2,000
Safety & Sec Supp - Other		\$1,500	\$3,085	\$1,585
Food and Beverage Supplies	\$556	\$60	\$50	-\$10
Nonfood Supplies	\$2			\$0
Clothing & Uniforms		\$500	\$1,400	\$900
General Supplies	\$2,002	\$3,516	\$3,800	\$284
Total General Government:	\$7,183	\$15,764	\$30,519	\$14,755
Total Supplies & Materials:	\$7,183	\$15,764	\$30,519	\$14,755
Professional & Contractual Services				
General Government				
Professional Services	\$13,787	\$9,682	\$10,000	\$318
Janitorial Services	\$15,385			\$0
Building & Grounds Services	\$4,416			\$0
Vehicle & Equip Services		\$1,065	\$7,079	\$6,014
Vehicle & Equipment Services	\$2,762			\$0
Contracted Inspections		\$6,000	\$30,000	\$24,000
Contracted Maintenance & Repair - Other	\$207			\$0
Build & Fac Rental/Oper Leases			\$8,000	\$8,000
Mobile Telephone Service		\$1,385	\$1,088	-\$297
Misc. Contracted Services	\$1,614	\$350	\$0	-\$350
Total General Government:	\$38,171	\$18,482	\$56,167	\$37,685
Total Professional & Contractual Services:	\$38,171	\$18,482	\$56,167	\$37,685
Capital Outlay				
General Government				
Capital Assets - Other - <\$5,000	\$7,217	\$1,849	\$0	-\$1,849
Total General Government:	\$7,217	\$1,849	\$0	-\$1,849
Total Capital Outlay:	\$7,217	\$1,849	\$0	-\$1,849
Other Operating Costs				
General Government				
Travel & Subsistence - Employee Only	\$4,287	\$500	\$3,600	\$3,100



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Dues	\$869	\$760	\$1,030	\$270
Misc. Operating Costs	\$88	\$115	\$0	-\$115
Total General Government:	\$5,244	\$1,375	\$4,630	\$3,255
Total Other Operating Costs:	\$5,244	\$1,375	\$4,630	\$3,255
Contingency				
General Government				
Resolution Expense	\$7,644			\$0
Total General Government:	\$7,644			\$0
Total Contingency:	\$7,644			\$0
Total Expense Objects:	\$204,696	\$291,019	\$300,844	\$9,825

Community Development



Mike Grace
Chief Growth & Sustainability Officer

The Community Development Department is responsible for facilitating, organizing and directing the city's growth and development.

DESCRIPTION

- Implements growth policies in accordance with the City of Ferris - directed goals and objectives
- Provides coordination among other development-related departments through management of the Development Review Committee
- Provides support for Economic Development Corporation and the Planning & Zoning Board
- Manage land use development through the administration of the Ferris Development Code
- Create a high quality, sustainable community by establishing and managing the standards for development

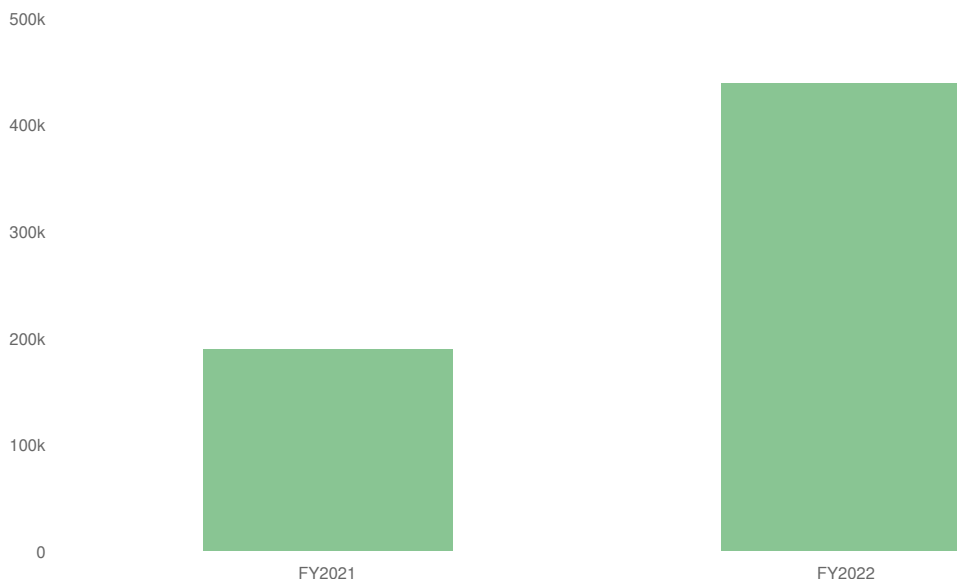
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Salaries & Benefits: Increase Salaries (\$74,881), Benefits (\$16,817), and Employee Allowances (\$2,769)
- Supplies & Materials: Increase in General Supplies (\$750), offset by decreases in Furniture & Equipment (\$625), and Clothing and Uniforms (\$78)
- Contractual Services: Increase in Consulting Services for creation of Comprehensive Plan (\$173,688) somewhat offset by a decrease in Professional Services (\$67,815)
- Utilities: Increase in Mobile Phone Service (\$403)
- Other Operating Costs: Increase in Travel & Subsistence (\$10,711), Statutorily Required Public Notices (\$1,000), and Dues and Memberships (\$1,180)

\$438,950 **\$248,174**
(130.09% vs. prior year)

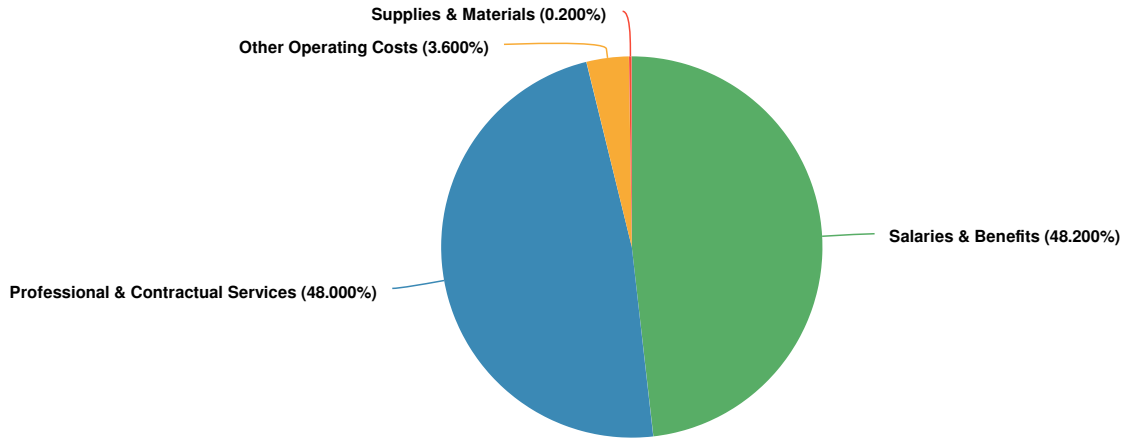
Community Development Proposed and Historical Budget vs. Actual



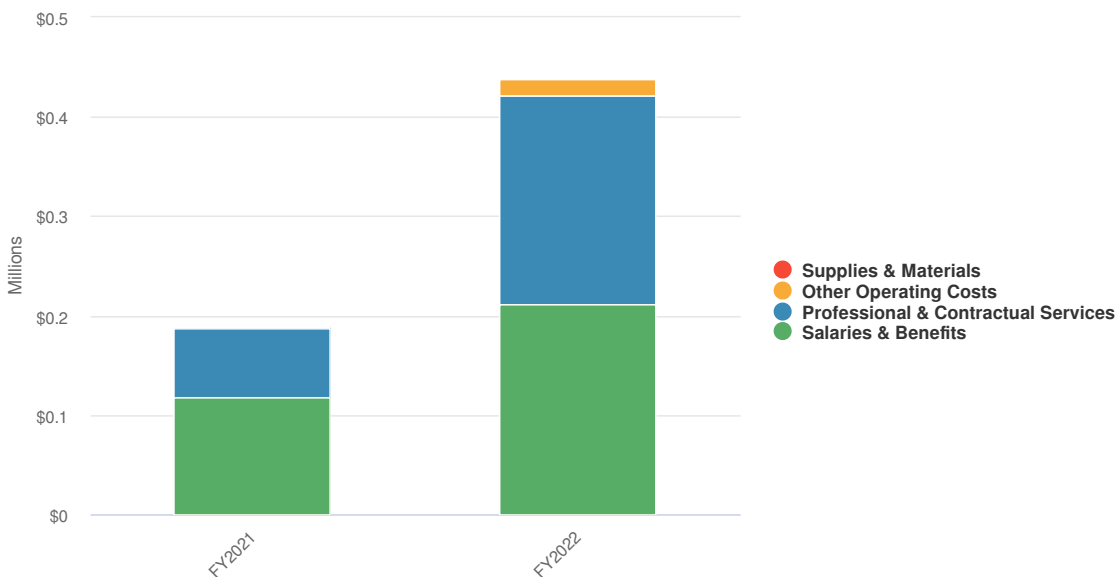
Expenditures by Expense Type

The large FY 2022 increase in Community Development is due to the creation the department mid-year 2021. Two (2) FTE salaries were charged to Code Compliance for 50% of the fiscal year in FY2021. Hiring the City Planner and City Engineer eliminated the need for Professional Services (Engineer) and Consulting Services (Planner), which resulted in a \$67K offsetting reduction in the department budget. As the city continues to experience rapid growth and interest from residential and commercial developers the need for a Comprehensive Plan for the city has become a priority. This budget includes \$200,000 in the Consultant Services line-item to meet this need.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects			
Salaries & Benefits			
General Government			
Salaries - Exempt	\$92,309	\$167,189	\$74,880
FICA	\$7,280	\$12,790	\$5,510
Group Health & Life Insurance	\$8,790	\$15,490	\$6,700
TMRS	\$4,950	\$9,196	\$4,246
Group Dental & Vision Ins	\$471	\$941	\$470
Employee Allowances	\$3,700	\$6,000	\$2,300
Total General Government:	\$117,500	\$211,606	\$94,106
Total Salaries & Benefits:	\$117,500	\$211,606	\$94,106
Supplies & Materials			
General Government			
Supplies - Maint & Operations	\$300	\$0	-\$300
Furn & Equip < \$5,000	\$625	\$0	-\$625
Clothing & Uniforms	\$250	\$0	-\$250
General Supplies	\$250	\$1,000	\$750
Total General Government:	\$1,425	\$1,000	-\$425
Total Supplies & Materials:	\$1,425	\$1,000	-\$425
Professional & Contractual Services			
General Government			
Postage & Freight	\$36	\$0	-\$36
Professional Services	\$49,000	\$0	-\$49,000
Mobile Telephone Service	\$564	\$967	\$403
Consulting Services	\$19,001	\$209,567	\$190,566
Professional Training	\$1,500	\$0	-\$1,500
Total General Government:	\$70,101	\$210,534	\$140,433
Total Professional & Contractual Services:	\$70,101	\$210,534	\$140,433
Other Operating Costs			
General Government			
Trav & Subsist - Employee Only	\$0	\$12,000	\$12,000
Statutorily Req Public Notices	\$250	\$1,000	\$750
Dues	\$1,000	\$2,810	\$1,810
Misc Operating Costs	\$500	\$0	-\$500
Total General Government:	\$1,750	\$15,810	\$14,060
Total Other Operating Costs:	\$1,750	\$15,810	\$14,060



Name	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Total Expense Objects:	\$190,776	\$438,950	\$248,174



City Engineer



Quang Nguyen
City Engineer

The City of Ferris' Engineering Department provides quality management over both Capital Improvement Projects as well as all new development projects within the city.

DESCRIPTION

- Provide engineering support to Ferris Public Works Water and Wastewater division
- Provide comprehensive system planning, engineering design, design review, and implementation systems in accordance with local, state, and federal rules and laws and good engineering practices
- Provide representation for all departments for all predevelopment, development, and preconstruction meetings
- Review and approve subdivision construction plans

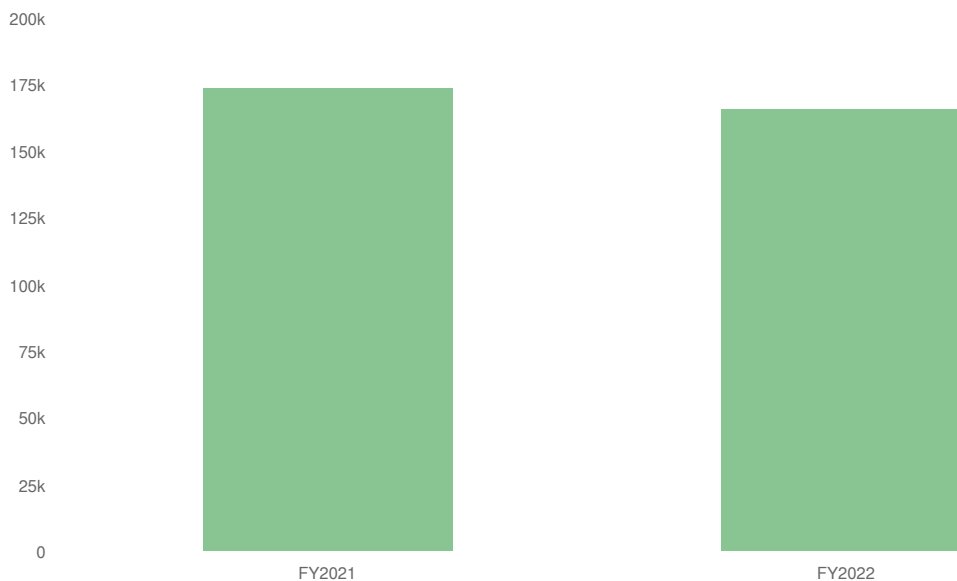
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Salaries & Benefits: Increase Salaries (\$67,879), and Benefits (\$13,828)
- Supplies & Materials: Increase in Supplies - M&O (\$500), Reading Materials (\$300), and Clothing & Uniforms (\$500), offset by decreases in General Supplies (\$150)
- Contractual Services: Decrease in Professional Services (\$35,000)
- Utilities: Decrease in Mobile Phone Service (\$192)
- Other Operating Costs: Increase in Travel & Subsistence (\$3,000), and Dues and Memberships (\$500)

\$166,222 **-\$8,134**
(-4.67% vs. prior year)

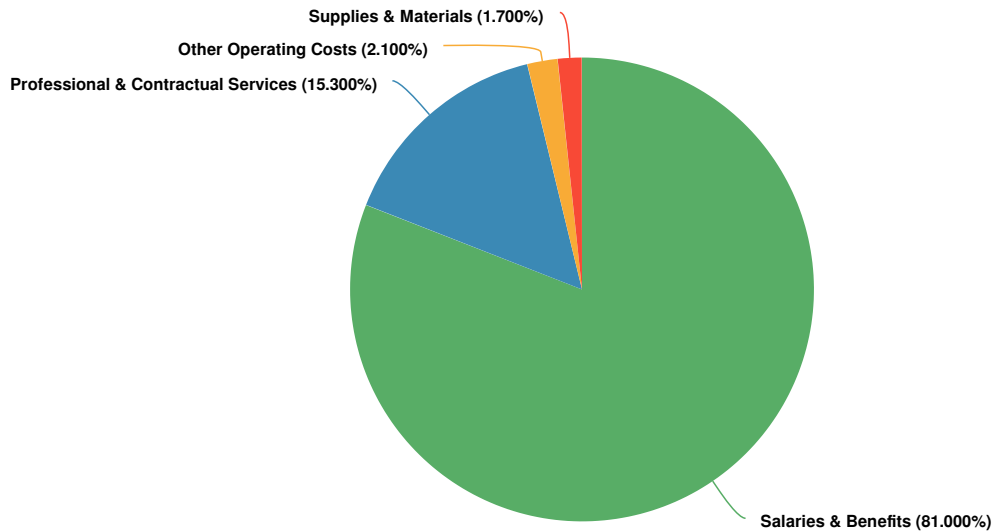
City Engineer Proposed and Historical Budget vs. Actual



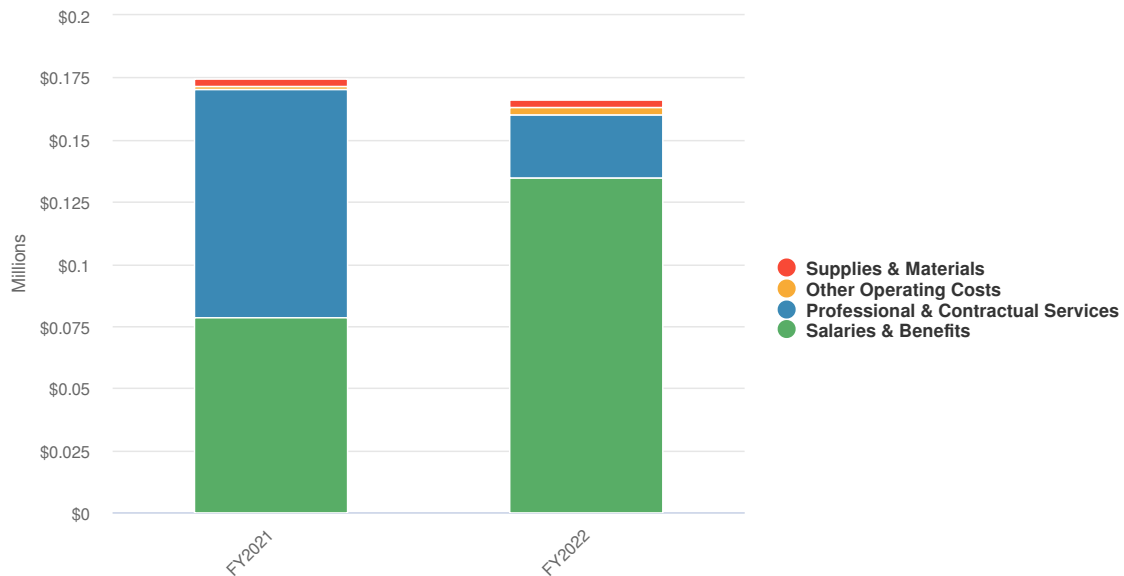
Expenditures by Expense Type

The large increase in the FY 2022 City Engineer department budget of \$56,141 over the FY 2021 amended budget is due to the creation of a Engineering Department mid-year 2021. Only 50% of the salary and benefits on one FTE was charged in the fiscal year of FY2021. Hiring the City Engineer reduced the need for Professional Services (Engineer) \$65K, which resulted in a \$65K offsetting reduction for Contracted Services, and an overall decrease in the department budget decrease of \$8,134.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects			
Salaries & Benefits			
General Government			
Salaries - Exempt	\$64,865	\$111,657	\$46,792
FICA	\$4,703	\$8,542	\$3,839
Group Health & Life Insurance	\$4,395	\$7,745	\$3,350
TMRS	\$4,217	\$6,142	\$1,925
Group Dental & Vision Ins	\$236	\$471	\$235
Total General Government:	\$78,416	\$134,557	\$56,141
Total Salaries & Benefits:	\$78,416	\$134,557	\$56,141
Supplies & Materials			
General Government			
Supplies - Maint & Operations	\$1,000	\$500	-\$500
Furn & Equip < \$5,000	\$1,000	\$1,500	\$500
Reading Materials	\$100	\$300	\$200
Clothing & Uniforms	\$250	\$500	\$250
General Supplies	\$250	\$0	-\$250
Total General Government:	\$2,600	\$2,800	\$200
Total Supplies & Materials:	\$2,600	\$2,800	\$200
Professional & Contractual Services			
General Government			
Postage & Freight	\$150	\$0	-\$150
Professional Services	\$90,000	\$25,000	-\$65,000
Mobile Telephone Service	\$440	\$365	-\$75
Misc Contracted Services	\$1,000	\$0	-\$1,000
Professional Training	\$250	\$0	-\$250
Total General Government:	\$91,840	\$25,365	-\$66,475
Total Professional & Contractual Services:	\$91,840	\$25,365	-\$66,475
Other Operating Costs			
General Government			
Trav & Subsist - Employee Only	\$250	\$3,000	\$2,750
Statutorily Req Public Notices	\$250	\$0	-\$250
Dues	\$750	\$500	-\$250
Misc Operating Costs	\$250	\$0	-\$250
Total General Government:	\$1,500	\$3,500	\$2,000
Total Other Operating Costs:	\$1,500	\$3,500	\$2,000



Name	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Total Expense Objects:	\$174,356	\$166,222	-\$8,134



Parks



Michael Hamilton
Public Works Superintendent

The Parks Department ensures that the citizens of Ferris have well maintained spaces to exercise, play, and do other activities to improve the quality of life.

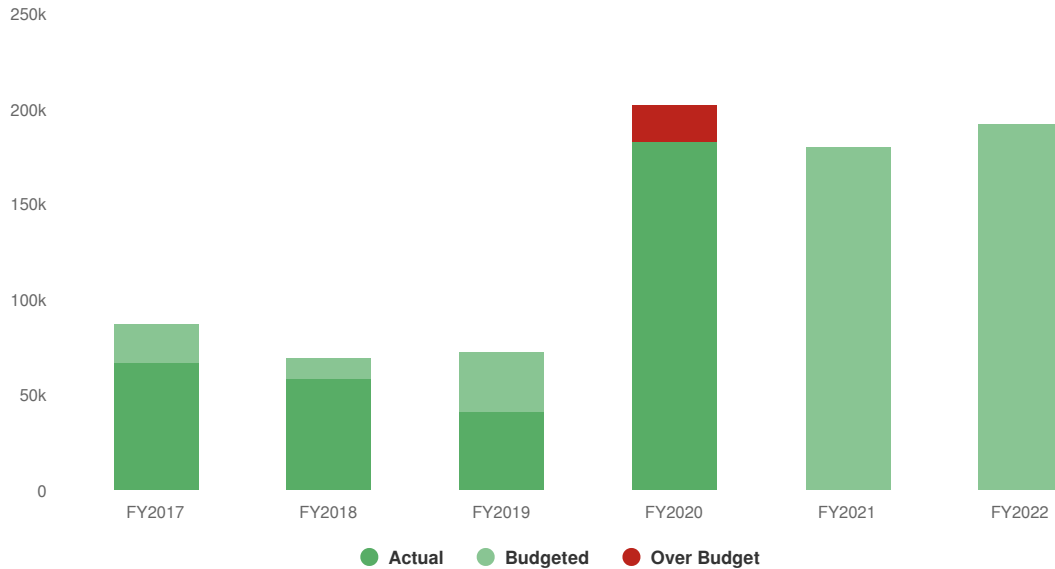
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Supplies & Materials: Increase in Supplies - M&O (\$1,037)
- Contractual Services: Increase in Building & Grounds Services (\$15,000), and Contracted Maintenance & Repair (\$418)
- Capital Outlay: Decrease in Council Special Projects (\$24,046)
- Other Operating Costs: Increase in Miscellaneous Operating Costs (\$1,000)

\$192,088 **\$12,388**
(6.89% vs. prior year)

Parks Proposed and Historical Budget vs. Actual

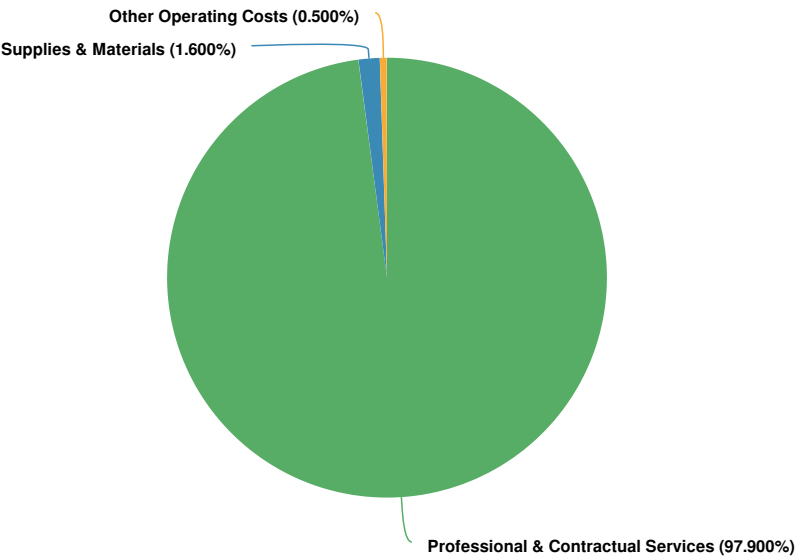


Almost 80% of the Parks budget is devoted to contracted Landscaping.

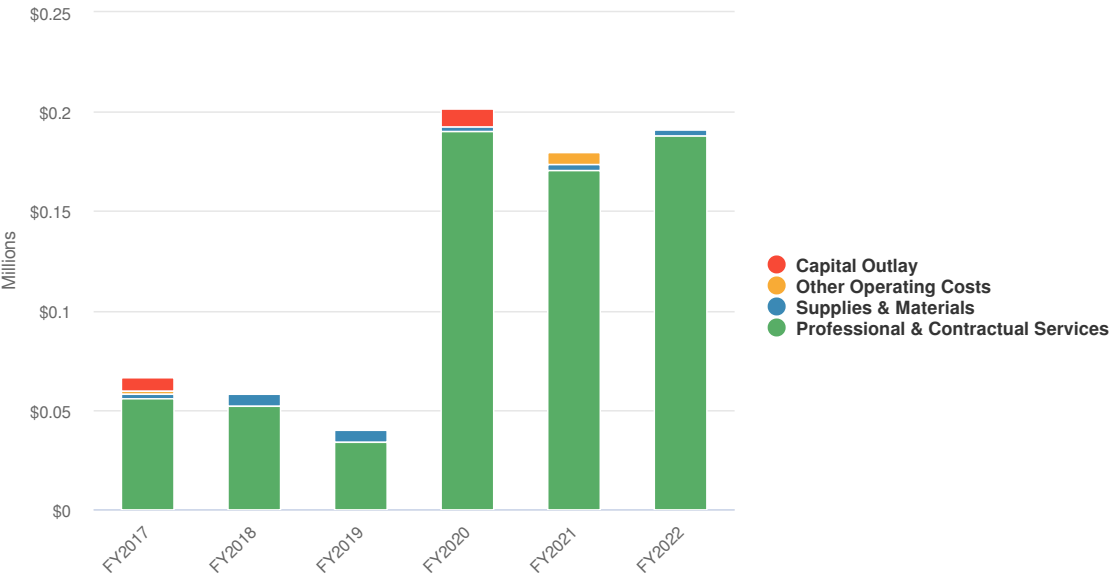
Expenditures by Expense Type

The main savings for FY 2022 \$24K is due to the completion of the FY 2021 City Council Park Project. Future appropriations for Park upgrades and renovation will be accounted for the Capital Improvement Plan 5-year budget.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Supplies & Materials				
General Government				
Supplies - Maintenance & Operations	\$1,511	\$3,000	\$3,000	\$0
General Supplies	\$773			\$0
Total General Government:	\$2,284	\$3,000	\$3,000	\$0
Total Supplies & Materials:	\$2,284	\$3,000	\$3,000	\$0
Professional & Contractual Services				
General Government				
Professional Services	\$2,929			\$0
Building & Grounds Services	\$168,028	\$140,000	\$155,000	\$15,000
Contracted Maintenance & Repair - Other	\$2,796	\$7,500	\$5,000	-\$2,500
Building & Facilities Rentals/Oper Leases	\$4,491	\$4,720	\$4,788	\$68
Rentals/Oper Leases - Other		\$4,500	\$0	-\$4,500
Electric Service	\$9,021	\$10,000	\$10,000	\$0
Water & Sewer Service	\$2,904	\$3,000	\$3,050	\$50
Misc Contracted Services		\$1,280	\$10,250	\$8,970
Total General Government:	\$190,168	\$171,000	\$188,088	\$17,088
Total Professional & Contractual Services:	\$190,168	\$171,000	\$188,088	\$17,088
Capital Outlay				
General Government				
Building Purchase, Construction, or Improvement	\$9,430			\$0
Total General Government:	\$9,430			\$0
Total Capital Outlay:	\$9,430			\$0
Other Operating Costs				
General Government				
Misc Operating Costs		\$5,700	\$1,000	-\$4,700
Total General Government:		\$5,700	\$1,000	-\$4,700
Total Other Operating Costs:		\$5,700	\$1,000	-\$4,700
Total Expense Objects:	\$201,881	\$179,700	\$192,088	\$12,388



Economic Development



Mike Grace
Chief Growth & Sustainability Officer

The Economic Development Department promotes the economic growth and sustainability for the City of Ferris. Economic development supports and encourages existing businesses while working to attract new business to the city.

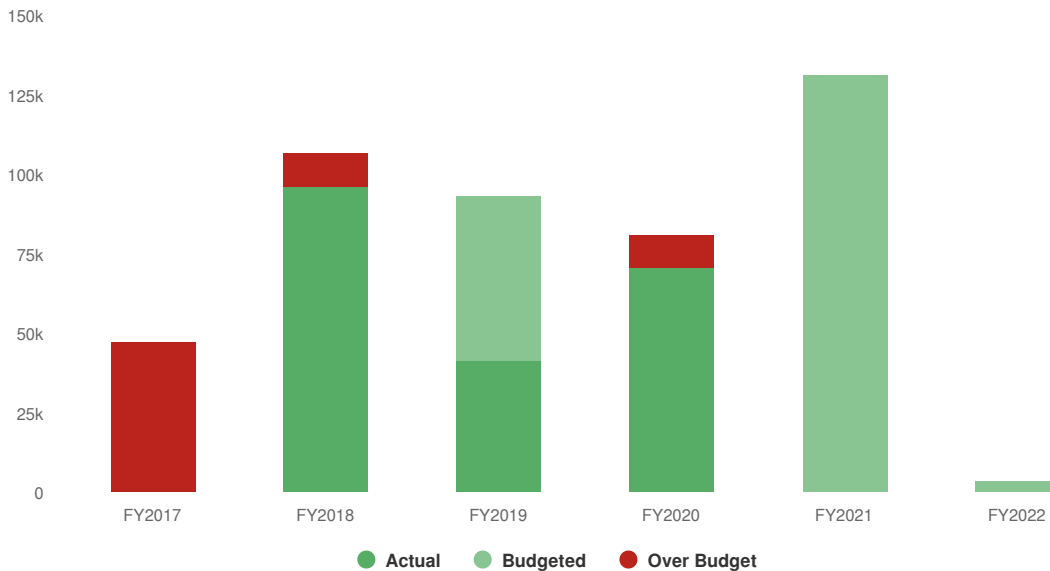
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Salaries & Benefits: Decrease of (\$90,303)
- Supplies & Materials: Decrease in General Supplies (\$45)
- Contractual Services: Decrease in Professional Services (\$100)
- Utilities: Decrease in Mobile Phone Service (\$325)
- Other Operating Costs: Decrease in Misc. Operating Costs (\$345)

\$3,600 **-\$128,014**
(-97.26% vs. prior year)

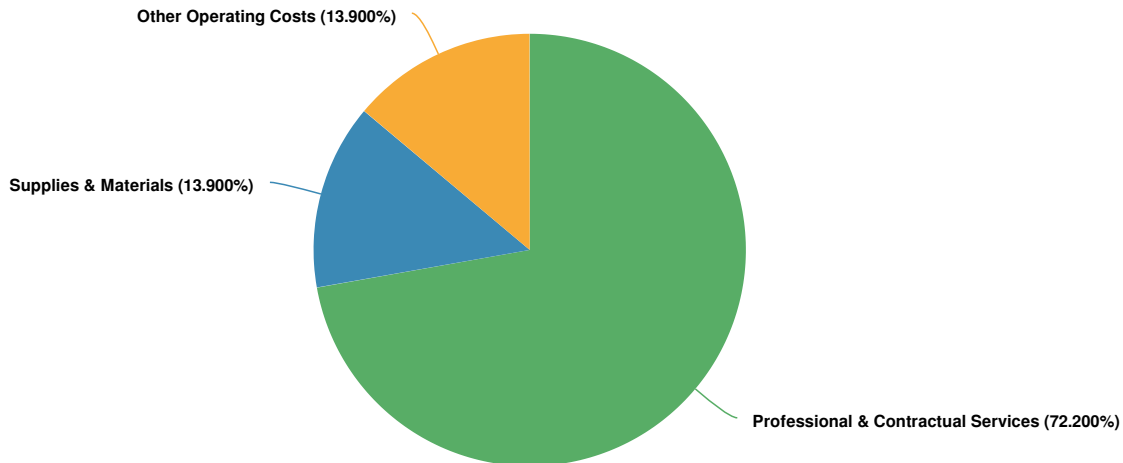
Economic Development Proposed and Historical Budget vs. Actual



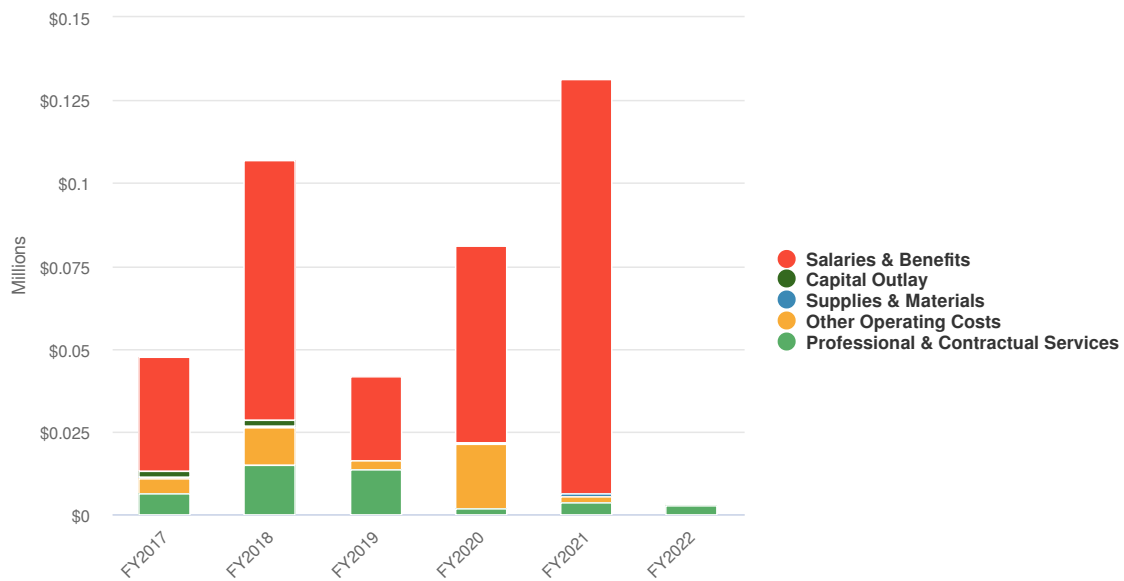
Expenditures by Expense Type

In FY 2022 the Director of the Economic Development Corporation 4A & 4B moved to contracted status, thus eliminating Salary and Benefits from the General Fund and saving \$125,428. There will be a reduction in revenue by an amount equal to reductions in expenditures because the EDC has historically reimbursed the General Fund for Director's salary.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				
General Government				
Salaries - Exempt	\$51,925	\$100,983	\$0	-\$100,983
FICA	\$3,972	\$8,492	\$0	-\$8,491
Group Health and Life Insurance		\$8,162	\$0	-\$8,162
Workers Compensation	\$161	\$455	\$0	-\$455
TMRS	\$2,931	\$6,272	\$0	-\$6,272
Unemployment Insurance	\$312	\$625	\$0	-\$625
Group Dental and Vision Insurance		\$440	\$0	-\$440
Total General Government:	\$59,301	\$125,429	\$0	-\$125,428
Total Salaries & Benefits:	\$59,301	\$125,429	\$0	-\$125,428
Supplies & Materials				
General Government				
Supplies Maintenance & Operations	\$11			\$0
Training & Instr Supp & Mat	\$21			\$0
Food & Beverage Supplies	\$326			\$0
Clothing & Uniforms	\$216			\$0
General Supplies		\$550	\$500	-\$50
Total General Government:	\$574	\$550	\$500	-\$50
Total Supplies & Materials:	\$574	\$550	\$500	-\$50
Professional & Contractual Services				
General Government				
Other Professional Service	\$1,600	\$2,600	\$2,500	-\$100
Mobile Phone Service	\$0	\$960	\$0	-\$960
Misc Contracted Services		\$75	\$100	\$25
Misc Contracted Services	\$119			\$0
Total General Government:	\$1,719	\$3,635	\$2,600	-\$1,035
Total Professional & Contractual Services:	\$1,719	\$3,635	\$2,600	-\$1,035
Other Operating Costs				
General Government				
Travel & Subsistence - Employee Only	\$261	\$500	\$0	-\$500
Statutorily Required Public Notices	\$0	\$250	\$0	-\$250



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Misc. Operating Costs	\$19,345	\$1,250	\$500	-\$750
Total General Government:	\$19,606	\$2,000	\$500	-\$1,500
Total Other Operating Costs:	\$19,606	\$2,000	\$500	-\$1,500
Total Expense Objects:	\$81,201	\$131,614	\$3,600	-\$128,013



Senior Services

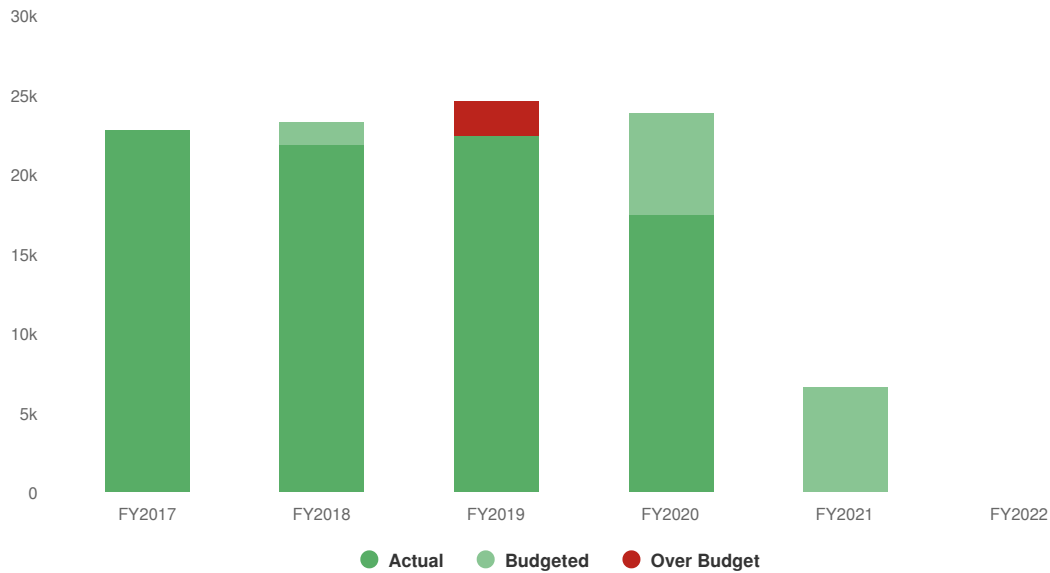
The Senior Services Department helps Ferris' multi-generational senior community lead active, independent and engaged lives through comprehensive nutrition wellness, education, and more.

Expenditures Summary

The Senior Services Department was closed and all activities cancelled during the COVID-19 pandemic for the 2021 fiscal year. Due to state mandates and lack of participation it is anticipated that this division will remain closed for the 2022 fiscal year as well.

\$0 **-\$6,667**
(-100.00% vs. prior year)

Senior Services Proposed and Historical Budget vs. Actual



Streets and Drainage



Michael Hamilton
Public Works Superintendent

The Streets and Drainage team works to ensure safe and direct passage for vehicles and pedestrians on all streets and sidewalks within the city limits.

DESCRIPTION

- Street and alley repair
- Crack and joint sealing
- Pothole repair
- Street sanding during winter weather
- Sidewalk and curb repair and replacement
- Maintain drainage channels to ensure adequate flow of storm water
- Inspect and clean drainage channels of debris
- Removal of obstructions from drainage culverts
- Maintenance of storm sewers

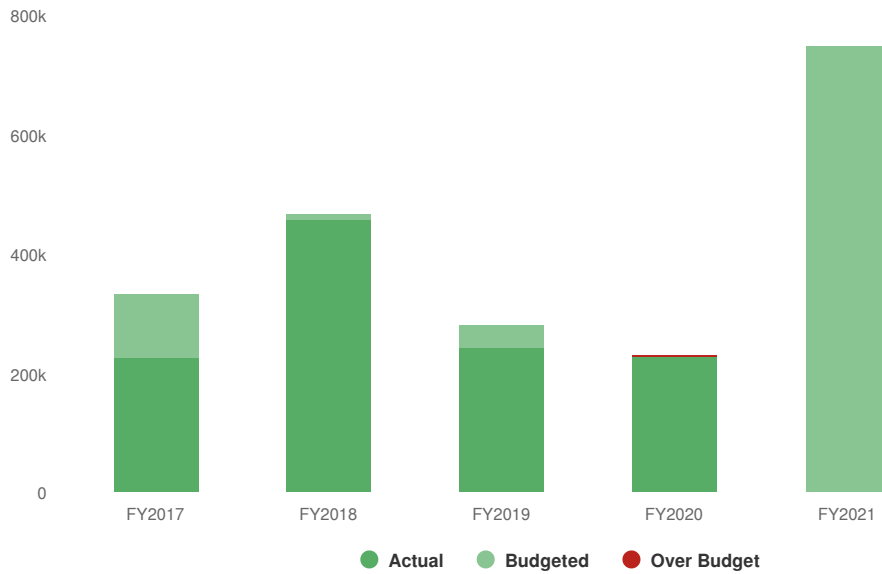
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Supplies & Materials: Decrease in Supplies - M&O (\$29,500), Safety & Security Supplies (\$589), and an increase Clothing & Uniforms (\$2,000)
- Contractual Services: Decrease in Building & Grounds Services (\$2,393), Vehicle & Equipment Services (\$6,497), and Contracted Maintenance & Repairs (\$21,850), offset by an increase in Miscellaneous Contracted Services (\$74,000)
- Utilities: A small increase in Electricity Service (\$33), and decrease in Safety & Security Services (\$200)
- Capital Outlay: Decrease in Capital Improvement - Infrastructure (\$577,290)
- Other Operating Costs: Increase in Insurance - Vehicles (\$204), and a small decrease in Travel & Subsistence (\$8)

\$180,483 **-\$570,009**
(-75.95% vs. prior year)

Streets and Drainage Proposed and Historical Budget vs. Actual

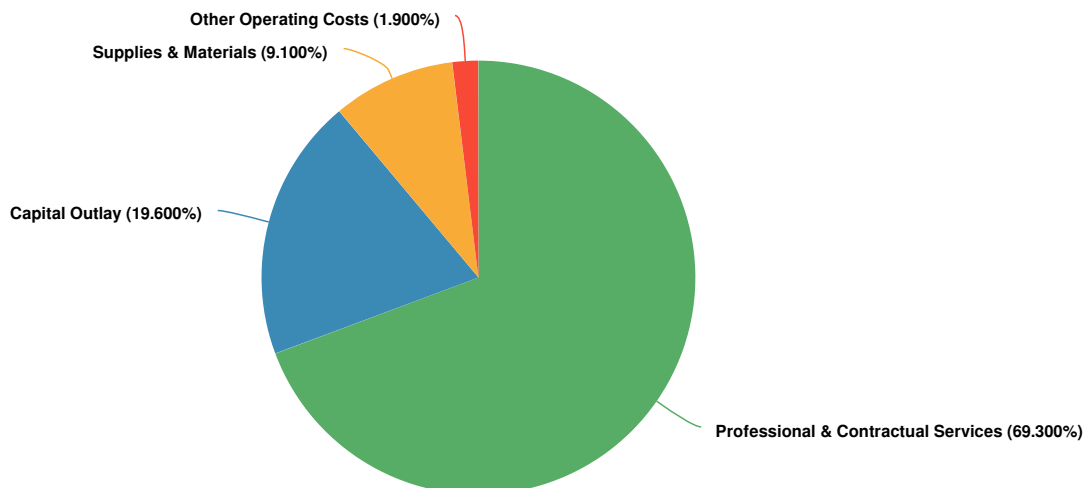


The budget for Streets and Drainage remains largely unchanged with the exception of the \$597,000 approved use of Fund Balance by the City Council in 2021 to repair and replace a large section of streets. This amount has been removed from the original budget request for FY 2022, but may be added after budget adoption if funds are available.

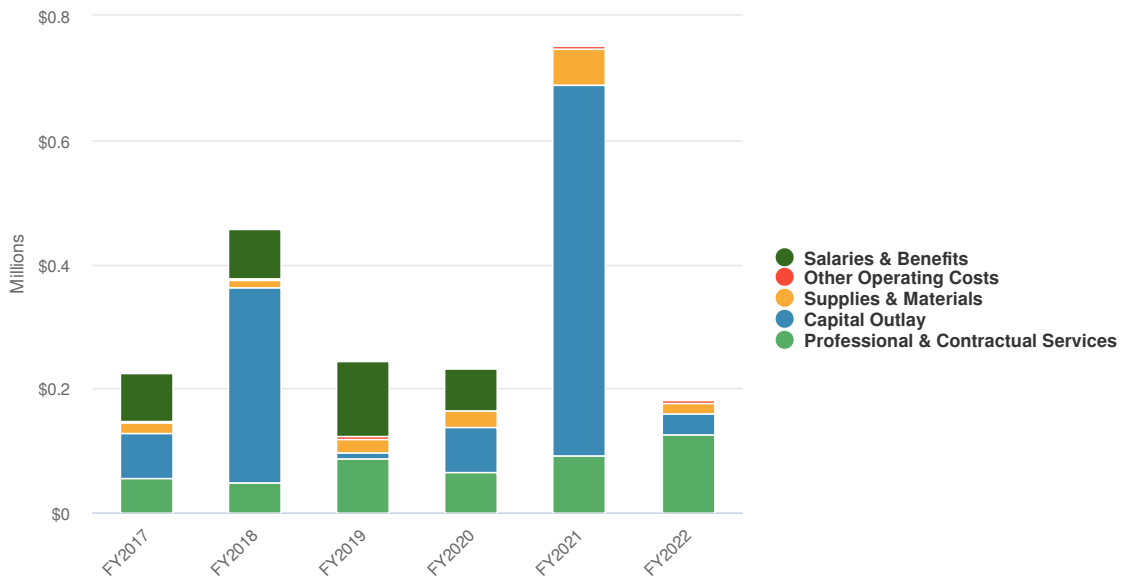
Expenditures by Expense Type

The largest single reduction in the FY 22 budget was a result of the completion of \$562.2K of streets repairs and replacement approved by the City Council in FY 21.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				
General Government				
Salaries - Exempt	\$41,344			\$0
Extra Duty Pay/Overtime - Nonexempt	\$3,354			\$0
FICA	\$3,412			\$0
Group Health and Life Insurance	\$8,401			\$0
Workers Compensation	\$7,071			\$0
TMRS	\$2,481			\$0
Group Dental and Vision Insurance	\$569			\$0
Total General Government:	\$66,632			\$0
Total Salaries & Benefits:	\$66,632			\$0
Supplies & Materials				
General Government				
Fuels & Lubricants for Vehicles	\$3,008	\$5,000	\$0	-\$5,000
Supplies - Maintenance & Operations	\$21,714	\$43,000	\$15,000	-\$28,000
Training & Instr Supp & Mat		\$2,500	\$0	-\$2,500
Safety & Sec Supp - Employees		\$2,086	\$1,000	-\$1,086
Safety & Sec Supp - Facilities		\$2,200	\$0	-\$2,200
Safety & Security Supplies & Materials - Other	\$538	\$550	\$0	-\$550



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Food and Beverage Supplies	\$351	\$450	\$500	\$50
Nonfood Supplies		\$400	\$0	-\$400
Clothing & Uniforms	\$2,306			\$0
General Supplies	\$540	\$700	\$0	-\$700
Total General Government:	\$28,458	\$56,886	\$16,500	-\$40,386
Total Supplies & Materials:	\$28,458	\$56,886	\$16,500	-\$40,386
Professional & Contractual Services				
General Government				
Other Professional Service	\$3,991	\$6,000	\$0	-\$6,000
Building & Grounds Services		\$5,000	\$0	-\$5,000
Vehicle & Equipment Services	\$4,524	\$12,500	\$0	-\$12,500
Safety & Security Services		\$693	\$0	-\$693
Contracted Maint & Repair		\$5,500	\$0	-\$5,500
Vehicles & Equipment Rentals/Oper Leases	\$4,873	\$2,000	\$0	-\$2,000
Electric Service	\$48,353	\$41,200	\$45,100	\$3,900
Misc Contracted Services		\$19,307	\$80,000	\$60,693
Insurance - Vehicles	\$2,882			\$0
Professional Services	\$375			\$0
Total General Government:	\$64,999	\$92,200	\$125,100	\$32,900
Total Professional & Contractual Services:	\$64,999	\$92,200	\$125,100	\$32,900
Capital Outlay				
General Government				
Building Purchase, Construction, or Improvements	\$61,212			\$0
Capital Imp - Infrastructure		\$597,706	\$35,383	-\$562,323
Capital Assets - Other - <\$5,000	\$10,402			\$0
Total General Government:	\$71,614	\$597,706	\$35,383	-\$562,323
Total Capital Outlay:	\$71,614	\$597,706	\$35,383	-\$562,323
Other Operating Costs				
General Government				
Insurance - Vehicle		\$3,300	\$3,500	\$200
Misc Operating Costs		\$400	\$0	-\$400
Total General Government:		\$3,700	\$3,500	-\$200
Total Other Operating Costs:		\$3,700	\$3,500	-\$200
Total Expense Objects:	\$231,702	\$750,492	\$180,483	-\$570,009





Library



Kathy Harrington
Library Manager

Our Mission

The Mission of the Ferris Public Library is to link the community to a world of information in a variety of formats to educate, inspire, and entertain, with excellent customer service in a welcoming environment that promotes lifelong learning and the continuation of our nation's unique intellectual freedom.

Our Vision

The Ferris Public Library will be known as our community's gateway to information for all aspects of life enrichment.

Our Values

The Ferris Public Library offers a safe and fun environment and encourages creativity and higher educational achievements. We strive to create partnerships with organizations such as Ferris ISD, Ferris Senior Center, local community colleges and businesses. The Ferris Public Library's Staff will show respect to our patrons and safeguard their privacy. Quality customer service will be practiced at all times, with individual accountability for each employee.

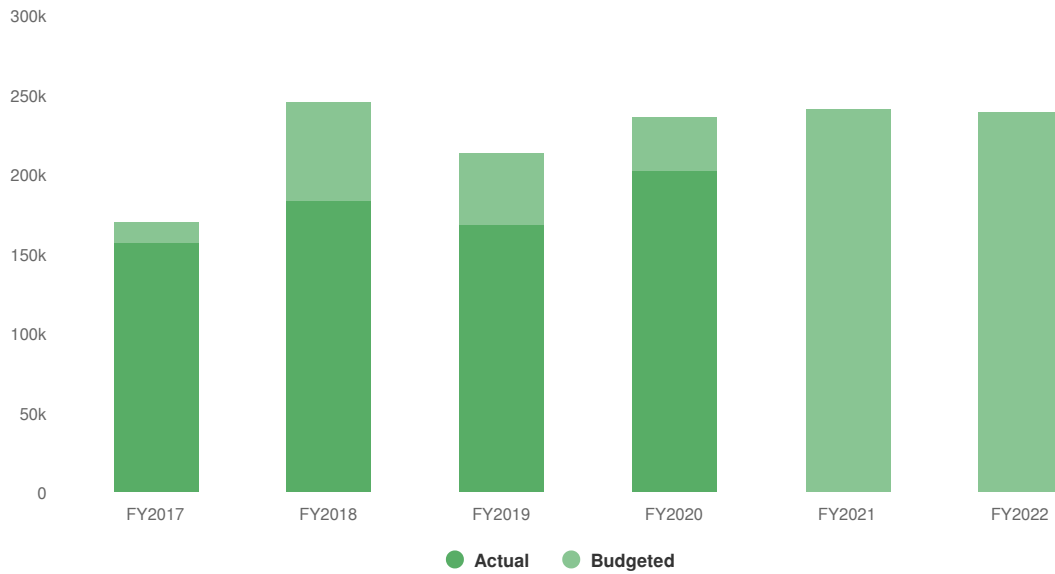
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Salaries & Benefits: COLA increase in Salaries (\$3,683), FICA (\$414), Group Health & Life Insurance (\$421), TMRS (\$112) and Group Dental & Vision Insurance (\$133)
- Supplies & Materials: Increase in Supplies - M&O (\$2,076), Training & Instructional Supplies (\$400), Food and Beverage (\$1,125), and General Supplies (\$5,145), and a decrease in Furniture & Equipment (\$650)
- Contractual Services: Decrease in Data Processing Services (\$4,575), and increases in Contracted Maintenance & Repair (\$18,262)
- Capital Outlay: Increase in Library Books & Media (\$4,259) is offset by a decrease in Building Purchase, Construction or Improvement (\$7,070)
- Other Operating Costs: Increase in Dues and Memberships (\$300)

\$239,904 **-\$1,939**
(-0.80% vs. prior year)

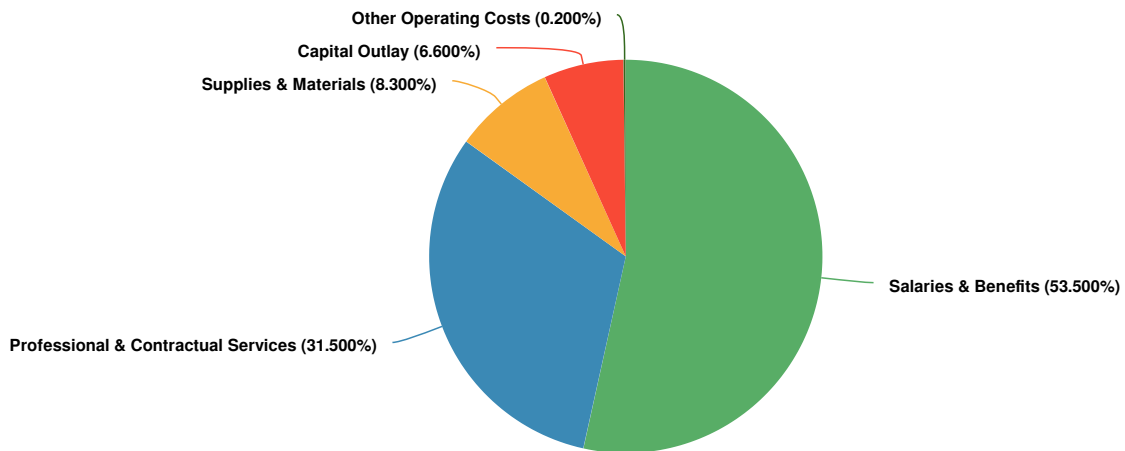
Library Proposed and Historical Budget vs. Actual



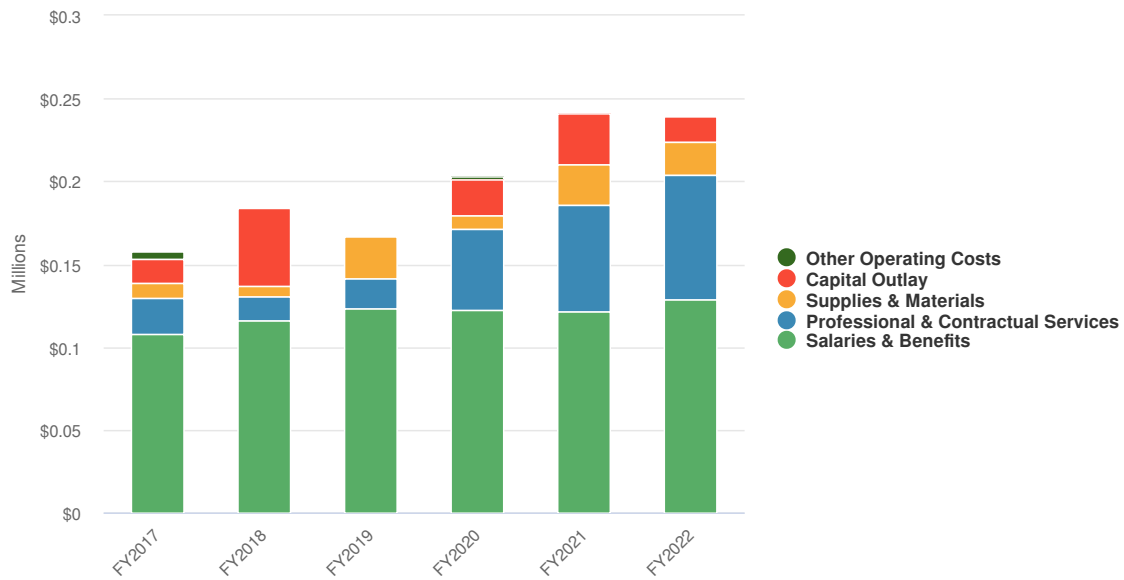
The total library budget remains largely unchanged from the previous year's amended budget.

Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				
General Government				
Salaries - Exempt	\$91,695	\$57,845	\$59,580	\$1,735
Salaries - Nonexempt		\$35,400	\$39,083	\$3,683
Extra Duty Pay/Overtime - Nonexempt	\$499			\$0
FICA	\$12,394	\$6,762	\$7,548	\$786
Group Health and Life Insurance	\$11,201	\$15,069	\$15,490	\$421
Workers Compensation	\$337	\$297	\$297	\$0
TMRS	\$5,179	\$5,220	\$5,332	\$112
Group Dental and Vision Insurance	\$807	\$808	\$941	\$133
Total General Government:	\$122,112	\$121,401	\$128,271	\$6,870
Total Salaries & Benefits:	\$122,112	\$121,401	\$128,271	\$6,870
Supplies & Materials				
General Government				
Supplies - Maintenance & Operations	\$4,021	\$2,805	\$2,726	-\$79
Furn & Equip < \$5,000		\$8,922	\$4,978	-\$3,944
Training & Instr Supp & Mat		\$400	\$400	\$0
Reading Materials	\$345			\$0



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Donations Expense	\$61			\$0
Security Supplies - Facilities		\$1,200	\$0	-\$1,200
Food and Beverage Supplies	\$138	\$1,218	\$1,250	\$32
Nonfood Supplies		\$300	\$300	\$0
General Supplies	\$3,622	\$9,708	\$10,260	\$552
Total General Government:	\$8,187	\$24,553	\$19,914	-\$4,639
Total Supplies & Materials:	\$8,187	\$24,553	\$19,914	-\$4,639
Professional & Contractual Services				
General Government				
Building & Grounds Services	\$31,775			\$0
Data Processing Services	\$3,177	\$5,870	\$0	-\$5,870
Contracted Maint & Repair		\$1,500	\$19,272	\$17,772
Copier & MFP Rental/Oper Lease		\$2,784	\$2,816	\$32
Rentals/Oper. Leases - Other	\$2,161			\$0
Electric Service	\$7,534	\$8,511	\$8,920	\$409
Water & Sewer Service	\$850	\$1,408	\$2,333	\$925
Telephone & Internet Services	\$3,691	\$3,600	\$3,088	-\$512
Mobile Telephone Service		\$480	\$484	\$4
Misc. Contracted Services	\$0	\$4,135	\$2,705	-\$1,430
V Duff Contribution		\$35,894	\$35,894	\$0
Total General Government:	\$49,189	\$64,182	\$75,512	\$11,330
Total Professional & Contractual Services:	\$49,189	\$64,182	\$75,512	\$11,330
Capital Outlay				
General Government				
Bldg Purch, Const or Improv		\$15,500	\$0	-\$15,500
Capital Assets - Other - <\$5,000	\$2,373			\$0
Library Books and Media	\$12,802	\$15,757	\$15,757	\$0
Virginia Duff Estate Contribut	\$6,648			\$0
Total General Government:	\$21,823	\$31,257	\$15,757	-\$15,500
Total Capital Outlay:	\$21,823	\$31,257	\$15,757	-\$15,500
Other Operating Costs				
General Government				
Travel & Subsistence - Employee Only	\$1,332			\$0
Dues		\$300	\$300	\$0
Misc. Operating Costs	\$640	\$150	\$150	\$0



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Total General Government:	\$1,972	\$450	\$450	\$0
Total Other Operating Costs:	\$1,972	\$450	\$450	\$0
Total Expense Objects:	\$203,283	\$241,843	\$239,904	-\$1,939



Fire Department



Brian Horton
Fire Chief

Mission Statement

The Ferris Fire Department is devoted to protecting the lives and property of our community, visitors and neighbors by providing professional emergency services with absolute compassion and most honorable integrity.

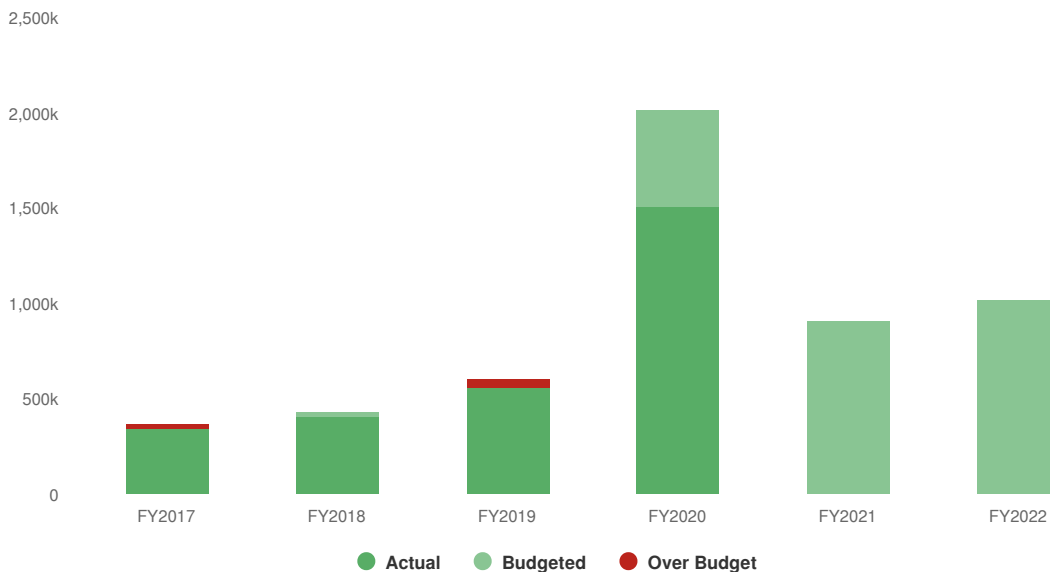
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Salaries & Benefits: Addition of 0.5 FTE and COLA increase in Salaries - Exempt (\$11,035), Salaries - Non-Exempt (\$98,710), and associated Benefits (\$28,762) offset by a decrease in Part-time Salaries (\$70,895), and Extra-Duty/Overtime (\$25,853)
- Supplies & Materials: Increase in Fuel (\$349), Supplies M&O (\$19,868), Safety & Security Supplies (\$11,020), and General Supplies (\$3,343), a decrease in Training & Instructional Supplies (\$2,821)
- Contractual Services: Increase in Professional Services (\$4,422), and Safety & Security Services (\$3,030) with a offsetting decrease in Vehicle & Equipment Services (\$10,289)
- Utilities: Small overall increase in all accounts (\$66)
- Capital Outlay: Increase in Vehicle Purchase (\$20,339) and an offsetting decrease in Equipment Purchase (\$13,808)
- Other Operating Costs: Increase in Travel & Subsistence (\$18,174), and Misc. Operating Costs (\$4,800)

\$1,023,075 **\$111,374**
(12.22% vs. prior year)

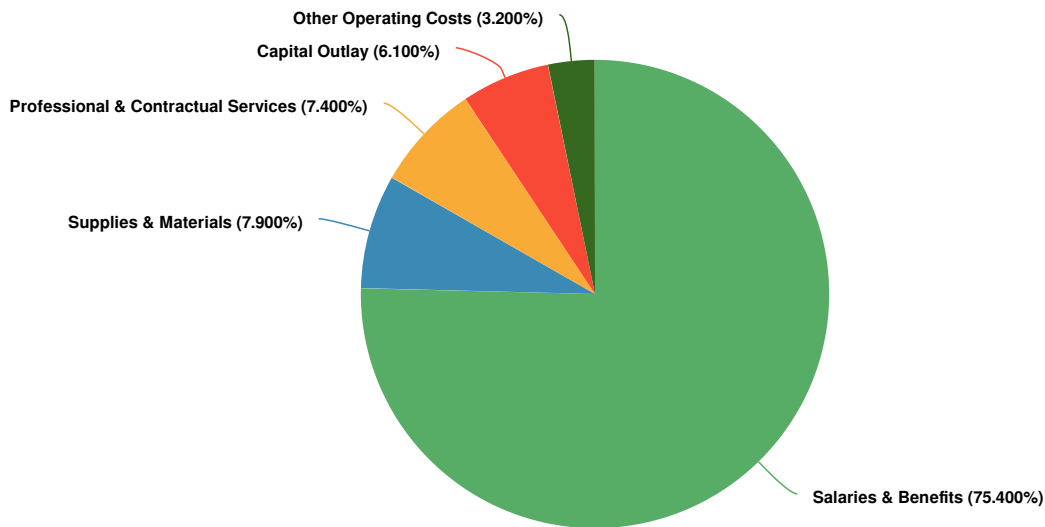
Fire Department Proposed and Historical Budget vs. Actual



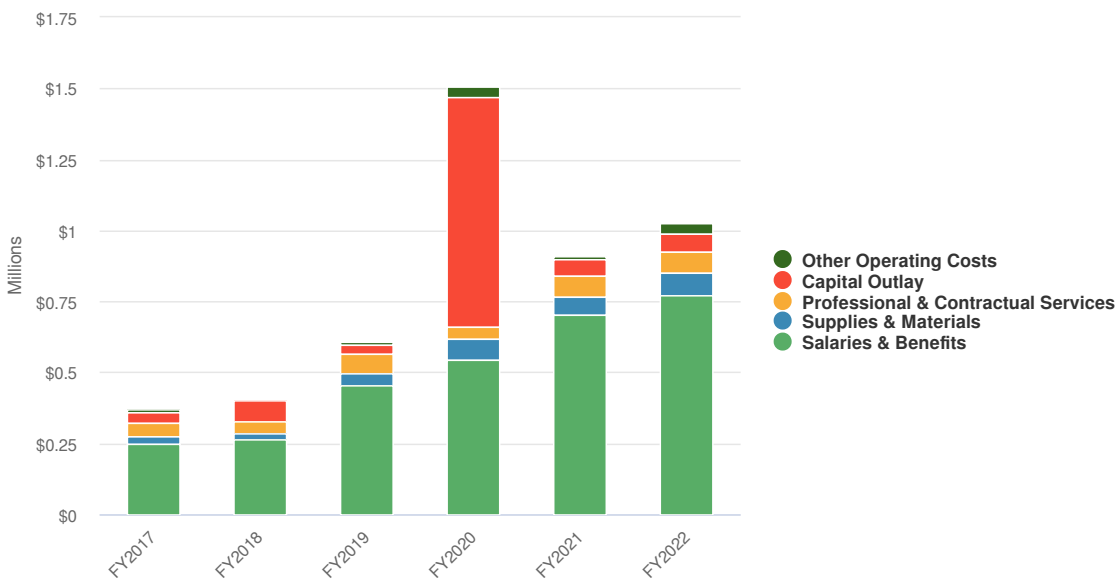
Expenditures by Expense Type

In FY 2022 the Fire Department will be going to 96/48 shifts. This change will reduce the amount of FLSA overtime accumulated on the current 48/24 shift schedule. Also, the department plans to add 3 FTE Firefighters and eliminate the 4 current part-time positions. Because part-time employees are not eligible for benefits, this will increase benefit cost. The FY 2022 appropriations also include the purchase of a vehicle to be used on calls currently run by Engine 1 that can be run by a smaller vehicle, thus reducing wear-and-tear and fuel for the large engine. Training costs are also increased by \$17,000 to bring all fire fighters training up to date.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				
General Government				
Salaries - Exempt	\$335,319	\$141,460	\$152,495	\$11,035
Part Time Salaries/Wages		\$71,610	\$0	-\$71,610
Stand-By Pay		\$4,810	\$5,275	\$465
Salaries or Wages - Nonexempt	\$56,734	\$282,490	\$412,868	\$130,378
Extra Duty Pay/Overtime - Nonexempt	\$42,570	\$37,262	\$10,000	-\$27,262
FICA	\$28,236	\$44,195	\$44,419	\$224
Group Health and Life Insurance	\$35,026	\$62,156	\$85,232	\$23,076
Workers Compensation	\$12,130	\$25,081	\$25,081	\$0
TMRS	\$32,731	\$28,333	\$31,936	\$3,603
Group Dental and Vision Insurance	\$2,525	\$3,331	\$4,152	\$821
Volunteer Fire Retirement	\$1,296			\$0
Total General Government:	\$546,567	\$700,728	\$771,458	\$70,730
Total Salaries & Benefits:	\$546,567	\$700,728	\$771,458	\$70,730
Supplies & Materials				
General Government				
Fuels & Lubricants for Vehicles	\$29,586	\$15,000	\$15,000	\$0
Supplies - Maint & Operations	\$8,929	\$3,000	\$13,200	\$10,200
Training & Instr Supp & Mat		\$3,000	\$0	-\$3,000
Reading Materials	\$965			\$0
Safety & Sec Supp - Employees		\$17,010	\$18,750	\$1,740
Safety & Sec Supp - Other		\$27,623	\$29,660	\$2,037
Food and Beverage Supplies	\$598			\$0
Clothing & Uniforms	\$32,111			\$0
General Supplies	\$2,268	\$2,100	\$3,950	\$1,850
Total General Government:	\$74,456	\$67,733	\$80,560	\$12,827
Total Supplies & Materials:	\$74,456	\$67,733	\$80,560	\$12,827
Professional & Contractual Services				
General Government				
Building & Grounds Services	\$2,746	\$4,000	\$3,150	-\$850
Vehicle & Equipment Services	\$239	\$18,873	\$10,900	-\$7,973
Data Processing Services	\$1,592			\$0
Safety & Security Services		\$8,000	\$7,433	-\$567
Contracted Maintenance & Repair - Other	\$21,252			\$0
Build & Fac Rental/Oper Lease		\$26,901	\$38,900	\$11,999



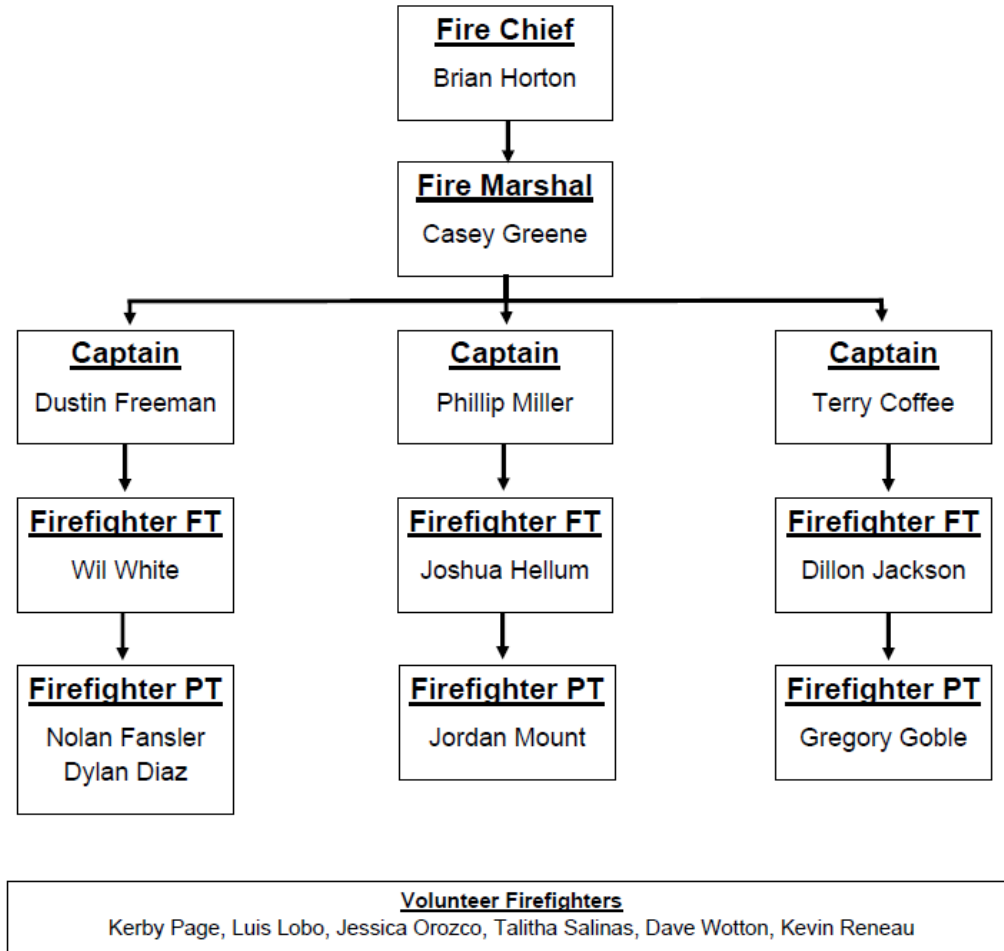
Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Copiers Rentals/Operating Leases		\$4,400	\$4,400	\$0
Electric Service	\$4,702	\$4,500	\$4,550	\$50
Water & Sewer Service	\$800	\$600	\$875	\$275
Gas Service	\$899	\$600	\$700	\$100
Telephone Service & MiFi Servi	\$3,371	\$2,566	\$2,650	\$84
Mobile Phone Service		\$856	\$850	-\$6
Consulting Services	\$1,750	\$115	\$0	-\$115
Misc Contracted Services	\$242	\$3,000	\$1,250	-\$1,750
Total General Government:	\$37,593	\$74,411	\$75,658	\$1,247
Total Professional & Contractual Services:	\$37,593	\$74,411	\$75,658	\$1,247
Capital Outlay				
General Government				
Vehicles Per-Unit Cost >\$5,000	\$791,813	\$35,837	\$55,999	\$20,162
Furniture, Equipment and Software	\$13,443	\$20,000	\$6,450	-\$13,550
Capital Assets - Other - <\$5,000	\$3,341			\$0
Total General Government:	\$808,597	\$55,837	\$62,449	\$6,612
Total Capital Outlay:	\$808,597	\$55,837	\$62,449	\$6,612
Other Operating Costs				
General Government				
Travel & Subsistence - Employee Only	\$9,902	\$1,500	\$18,500	\$17,000
Insurance - Vehicles	\$4,621	\$5,492	\$5,500	\$8
Insurance - Liability & Proper		\$0	\$200	\$200
Dues	\$26,733	\$3,000	\$3,250	\$250
Misc Operating Costs	\$826	\$3,000	\$5,500	\$2,500
Total General Government:	\$42,081	\$12,992	\$32,950	\$19,958
Total Other Operating Costs:	\$42,081	\$12,992	\$32,950	\$19,958
Total Expense Objects:	\$1,509,294	\$911,701	\$1,023,075	\$111,374



Organizational Chart



Ferris Fire Department Organizational Chart



Emergency Medical Services



CareFlite
Contractor

The City of Ferris is under contract with CareFlite to provide first-level medical care and transportation for all health emergencies to our citizens.

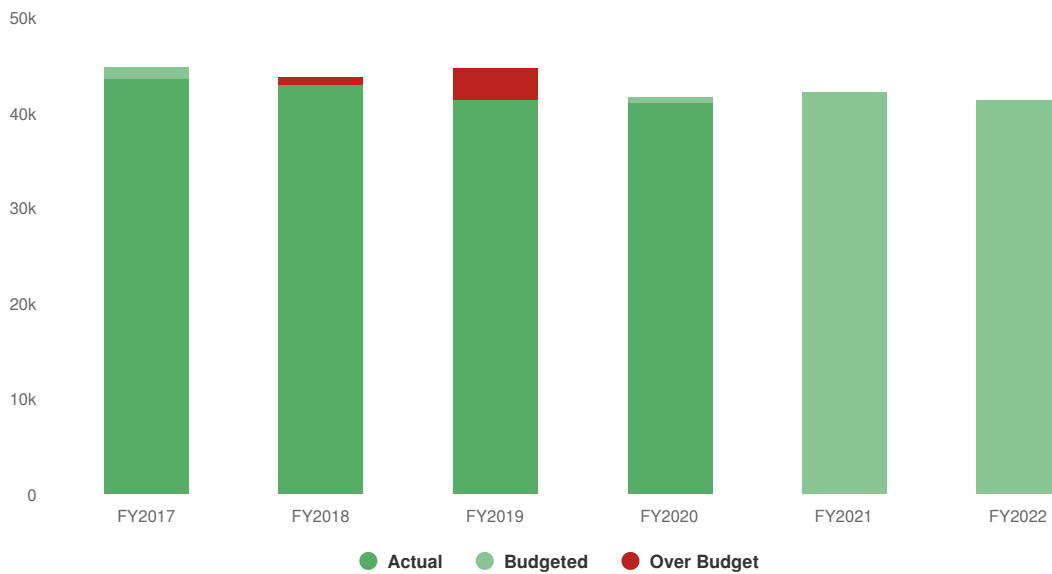
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Projected Total Expenditures

- Utilities: Small increase in Water & Sewer Service (\$54)

\$41,430 **-\$770**
(-1.82% vs. prior year)

Emergency Medical Services Proposed and Historical Budget vs. Actual



Police Department



John DeLeon
Chief of Police

The Ferris Police Department provides twenty-four hour police service within the incorporated city limits of Ferris, Texas. The men and women of our Department are devoted to serving the needs of our community. We strive to ensure that Ferris, Texas remains a safe and comfortable place in which to live, work, raise a family, or visit.

The Ferris Police Department is committed to maintaining strong partnerships within the private and business communities. We believe that shared goals and active cooperation between the community and the police are our strongest tools against crime.

The Officers and civilian employees of the Ferris Police Department are dedicated to providing the highest standard of police service. We commit ourselves to fair and impartial enforcement of the laws. Above all, we pledge to treat every person we contact with respect and dignity.

Expenditures Summary

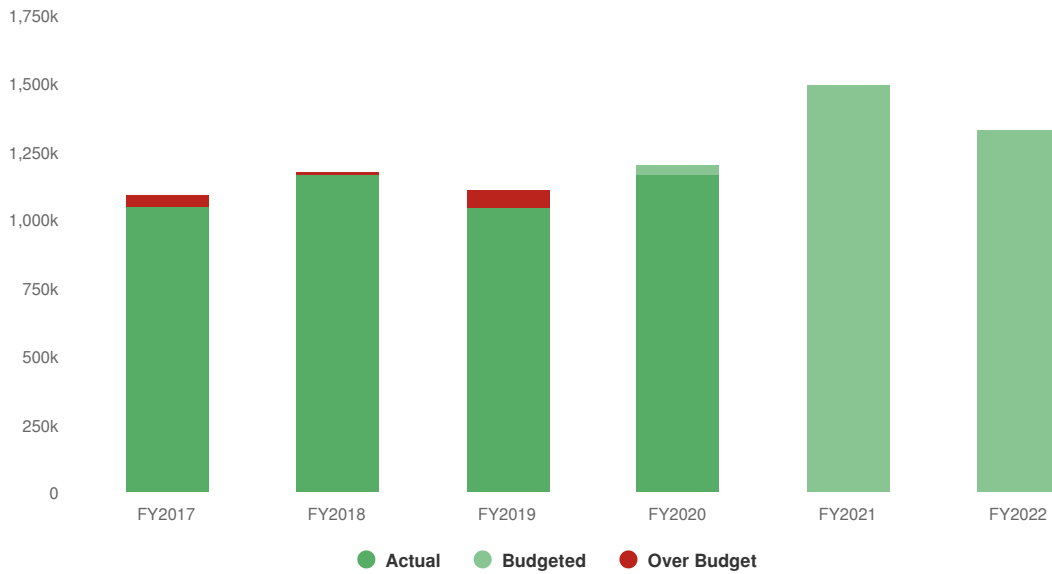
HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Estimate

- Salaries & Benefits: COLA increase in Salaries - Exempt (\$12,305), decrease in Nonexempt Salaries (\$14,877), decrease in Overtime (325) and a decrease in Benefits (\$2,834)
- Supplies & Materials: Increase in Fuel and Lubricants for Vehicles (\$18,500), Supplies (\$6,230), Furniture & Equipment (\$3,379), Training & Instructional Supplies (\$750), Food and Nonfood Supplies (\$1,109), Clothing and Uniforms (\$14,000), and decreases in Safety & Security Supplies (\$12,708)
- Contractual Services: Increase in Professional Services (\$7,500), Vehicle & Equipment Services (\$29,500), Contracted Maintenance & Repairs (325), Miscellaneous Contracted Services (\$11,580) and Consulting Services (\$2,500); also, a decrease decrease in Data Processing Services Services (\$12,500)
- Utilities: Small increases in all utilities, in total, (\$681)
- Capital Outlay: Increase in Vehicles (\$58,531) and Furniture, Equipment and Software (\$870)
- Other Operating Costs: Increase in Travel & Subsistence (\$2,124), and Vehicle, Property, and Liability Insurance (\$599)
- Grant Expenses: Decrease in Grant Expenses (\$89,300)

\$1,334,110 **-\$162,478**
(-10.86% vs. prior year)



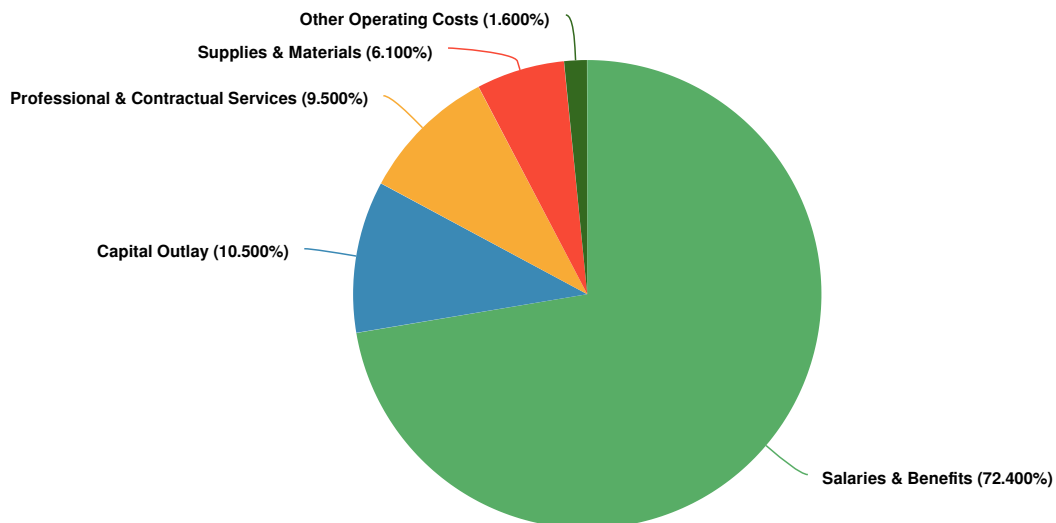
Police Department Proposed and Historical Budget vs. Actual



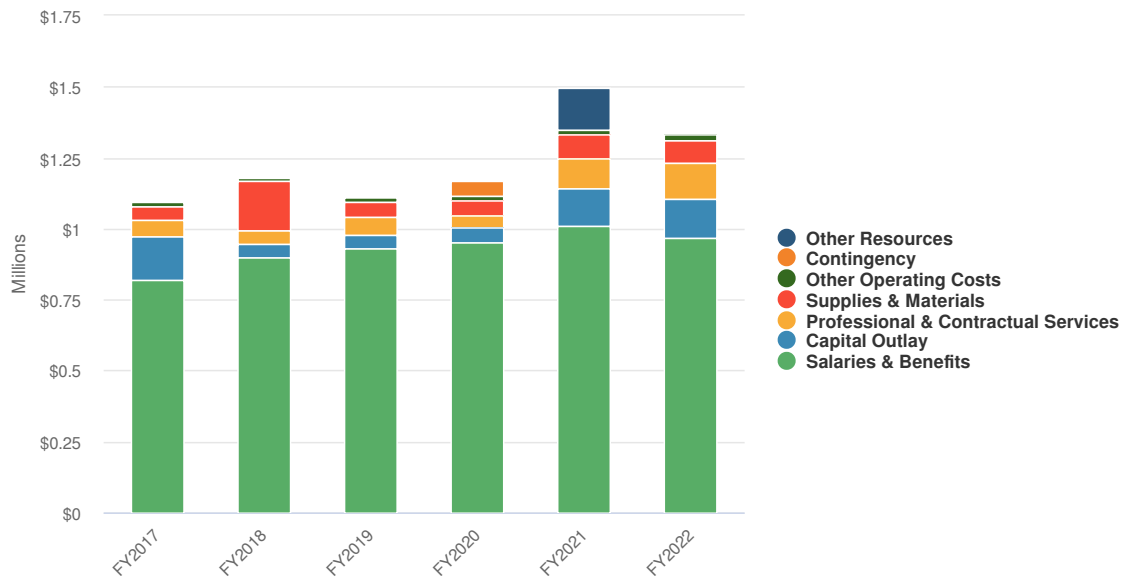
Expenditures by Expense Type

Major additions to the FY 2022 Police budget include: Vehicle Services for aging vehicles that are requiring more repairs, Contracted Services for a contracted Public Information Officer, and a new patrol vehicle to replace a current out-of-service vehicle. Also, Grant Expenditures of \$89,300 spent in FY 2021 is not included in the FY 2022 budget.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				
General Government				
Salaries - Exempt	\$695,733	\$83,246	\$94,133	\$10,887
Part Time Salaries/Wages		\$23,000	\$35,822	\$12,822
Salaries or Wages - Nonexempt	\$9,610	\$602,865	\$546,550	-\$56,315
Extra Duty Pay/Overtime - Nonexempt	\$32,984	\$56,000	\$56,000	\$0
FICA		\$56,356	\$55,579	-\$777
FICA	\$55,358			\$0
Group Health and Life Insurance	\$85,621	\$103,000	\$101,000	-\$2,000
Workers Compensation	\$14,803	\$16,316	\$16,316	\$0
TMRS	\$41,496	\$46,638	\$39,959	-\$6,679
Group Dental and Vision Insurance	\$6,135	\$6,415	\$6,116	-\$299
Employee Allowances	\$10,100	\$15,577	\$13,850	-\$1,727
Total General Government:	\$951,841	\$1,009,413	\$965,325	-\$44,088
Total Salaries & Benefits:	\$951,841	\$1,009,413	\$965,325	-\$44,088
Supplies & Materials				
General Government				
Fuels & Lubricants for Vehicles	\$25,414	\$44,348	\$55,000	\$10,652
Supplies - Maintenance & Operations	\$14,519	\$10,725	\$6,500	-\$4,225
Furn & Equip < \$5,000		\$3,444	\$3,400	-\$44



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Training & Instr Supp & Mat		\$200	\$5,200	\$5,000
Reading Materials	\$98	\$550	\$550	\$0
Safety & Security Supplies & Materials - Employees	\$947	\$19,000	\$5,000	-\$14,000
Safety & Sec Supp - Facilities		\$331	\$330	-\$1
Food and Beverage Supplies	\$542	\$750	\$750	\$0
Nonfood Supplies	\$27	\$1,000	\$1,000	\$0
Clothing & Uniforms	\$8,933			\$0
General Supplies	\$2,580	\$1,250	\$3,600	\$2,350
Total General Government:	\$53,059	\$81,598	\$81,330	-\$268
Total Supplies & Materials:	\$53,059	\$81,598	\$81,330	-\$268
Professional & Contractual Services				
General Government				
Professional Services	\$3,138	\$17,000	\$17,000	\$0
Building & Grounds Services	\$42			\$0
Vehicle & Equipment Services	\$17,636	\$32,500	\$48,000	\$15,500
Data Processing Services	\$6,138	\$9,000	\$0	-\$9,000
Contracted Maintenance & Repair - Other	\$677	\$325	\$325	\$0
Build & Fac Rental/Oper Lease		\$26,500	\$31,744	\$5,244
Copier & MFP Rental/Oper Lease		\$1,600	\$1,600	\$0
Electric Service	\$3,468	\$3,500	\$3,500	\$0
Water & Sewer Service	\$267	\$300	\$300	\$0
Telephone Service & MiFi Servi	\$8,254	\$8,000	\$7,500	-\$500
Mobile Phone Service		\$1,960	\$1,786	-\$174
Consulting Services		\$2,500	\$2,500	\$0
Misc. Contracted Services	\$750	\$0	\$12,000	\$12,000
Travel Expense		\$640	\$0	-\$640
Total General Government:	\$40,370	\$103,825	\$126,255	\$22,430
Total Professional & Contractual Services:	\$40,370	\$103,825	\$126,255	\$22,430
Capital Outlay				
General Government				
Vehicles Per-Unit >\$5,000		\$83,871	\$110,000	\$26,129
Furniture, Equipment and Software	\$28,185	\$51,000	\$30,000	-\$21,000
Capital Assets - Other - <\$5,000	\$659			\$0
Capital Lease of Buildings	\$23,409			\$0
Total General Government:	\$52,253	\$134,871	\$140,000	\$5,129
Total Capital Outlay:	\$52,253	\$134,871	\$140,000	\$5,129



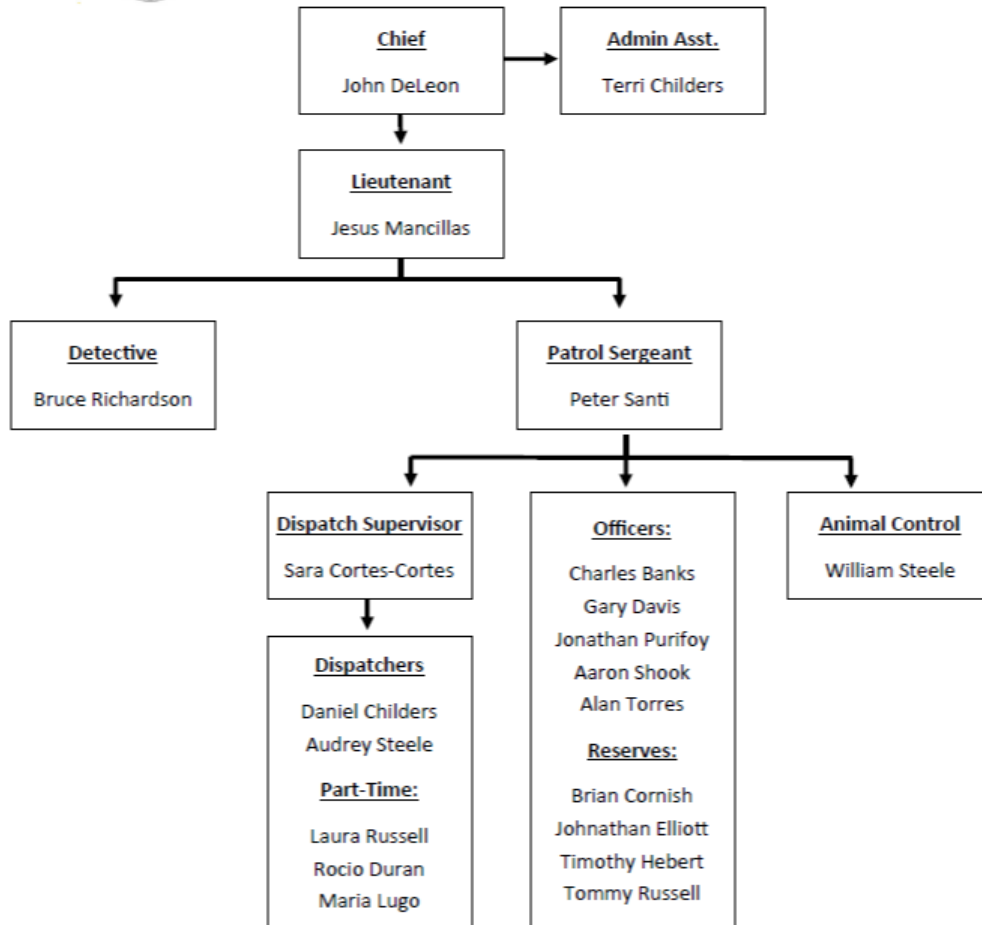
Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Other Operating Costs				
General Government				
Travel & Subsistence - Employee Only	\$8,267	\$4,000	\$5,000	\$1,000
Insurance - Vehicles	\$6,025	\$6,591	\$7,000	\$409
Insurance - Liability & Property	\$2,000	\$9,000	\$9,000	\$0
Dues & Memberships	\$172	\$200	\$200	\$0
Misc. Operating Costs	\$2,500			\$0
Total General Government:	\$18,964	\$19,791	\$21,200	\$1,409
Total Other Operating Costs:	\$18,964	\$19,791	\$21,200	\$1,409
Other Resources				
General Government				
PD Grant Expenses		\$147,090	\$0	-\$147,090
LEOSE Expenses (Continuing Edu	\$275			\$0
Total General Government:	\$275	\$147,090	\$0	-\$147,090
Total Other Resources:	\$275	\$147,090	\$0	-\$147,090
Contingency				
General Government				
Resolution Expense	\$50,000			\$0
Total General Government:	\$50,000			\$0
Total Contingency:	\$50,000			\$0
Total Expense Objects:	\$1,166,762	\$1,496,588	\$1,334,110	-\$162,478



Organizational Chart



Ferris Police Department Organizational Chart



Municipal Court



Ariana Campos
Chief Deputy Court Clerk

The Municipal Court provides lawful notice to those individuals receiving a citation from the Ferris Police Department, guarantees due process is followed and serves the citizens of Ferris by ensuring proper justice is served.

DESCRIPTION

- Review citations issued; issue arrest warrants when necessary; turn violators into collection service if necessary
- Provide outstanding customer service by being polite and professional
- Maintain education the latest changes in laws, procedures, and regulations

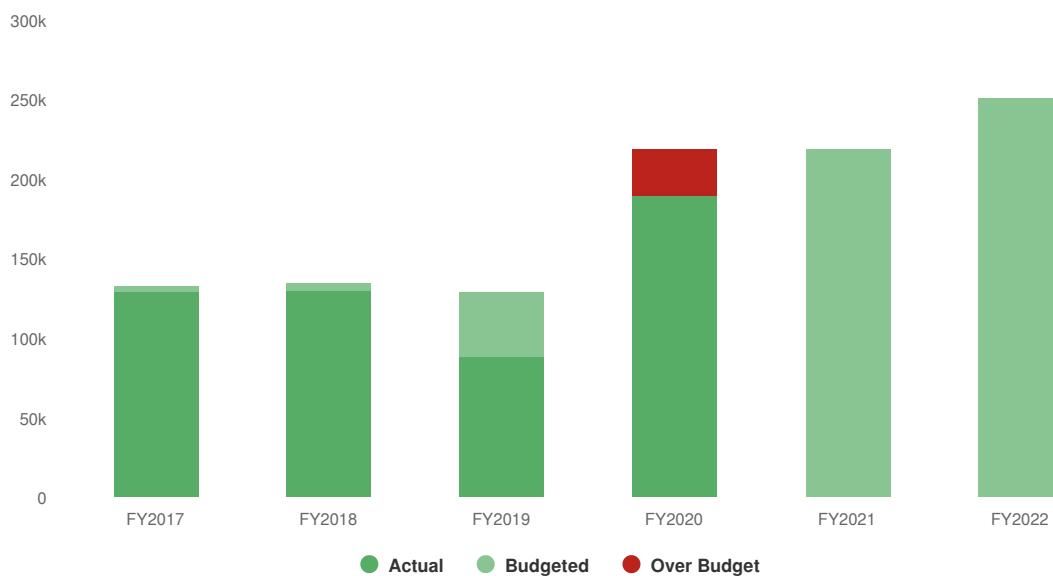
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Estimate

- Salaries & Benefits: COLA increase in Nonexempt Salaries (\$17,740), and Benefits (\$5,161)
- Supplies & Materials: Increase in Supplies (\$850), Food and Nonfood Supplies (\$245), and a decrease in Furniture & Equipment (\$540)
- Contractual Services: Increase in Professional Services (\$2,400), and Building Lease (\$4,000), and a decrease in Safety and Security Services (\$1,002) and Miscellaneous Contracted Services (\$236)
- Utilities: Small decrease in all utilities, in total, (\$56)
- Other Operating Costs: Increase in Travel & Subsistence (\$500), Dues and Memberships (\$180), Miscellaneous Operating Costs (\$500) and Vehicle, Property, and Liability Insurance (\$43)

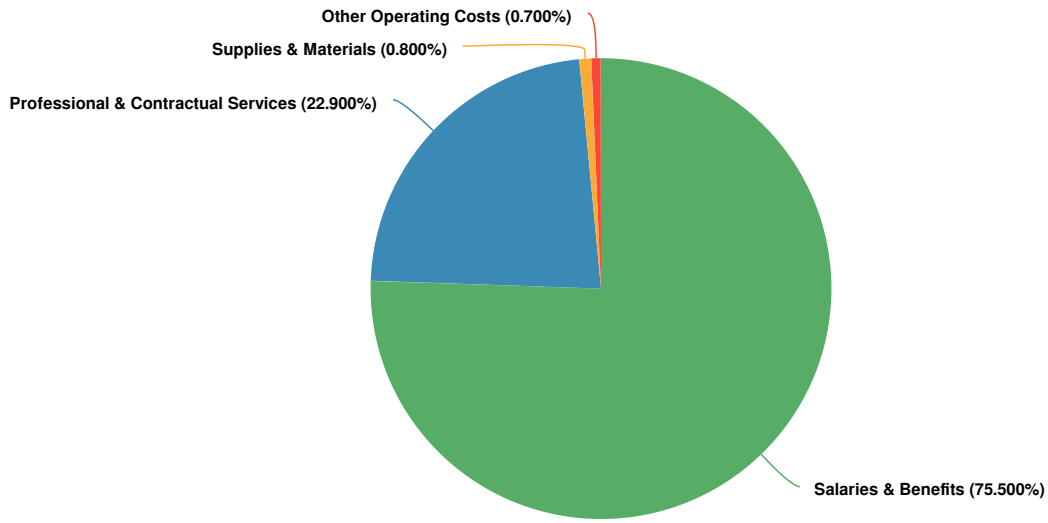
\$250,813 **\$32,221**
(14.74% vs. prior year)

Municipal Court Proposed and Historical Budget vs. Actual

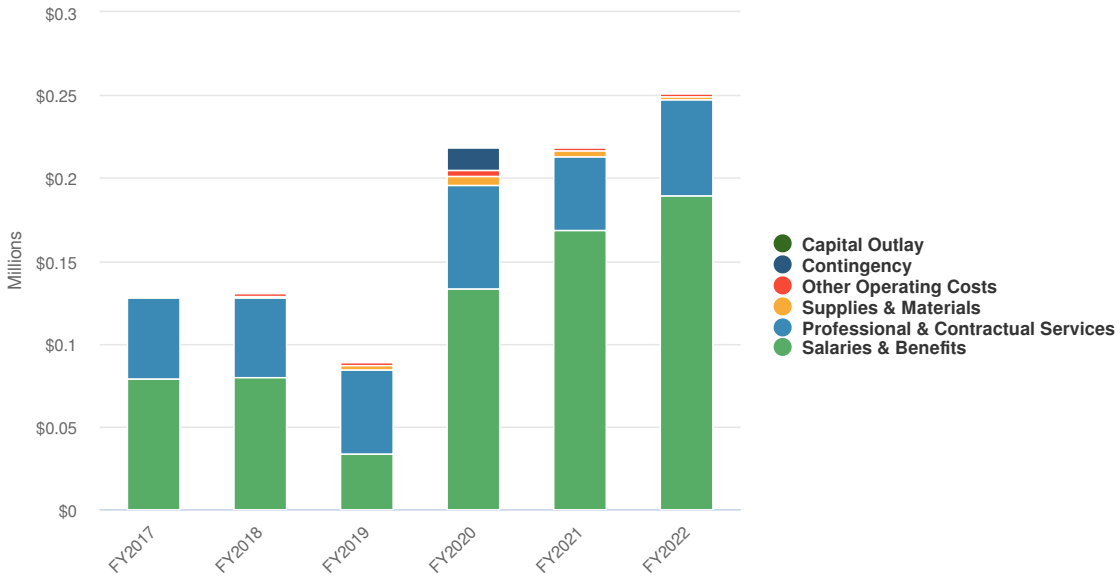


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
General Government				
Salaries - Exempt	\$104,503			\$0
Salaries - Nonexempt		\$127,435	\$144,124	\$16,689
Salaries or Wages - Nonexempt	\$751	\$1,000	\$1,000	\$0
FICA	\$7,993	\$9,312	\$11,102	\$1,790
Group Health and Life Insurance	\$13,020	\$21,033	\$23,233	\$2,200
Workers Compensation	\$137	\$239	\$300	\$61
TMRS	\$5,923	\$8,349	\$8,316	-\$33
Group Dental and Vision Insurance	\$938	\$1,128	\$1,412	\$284
Total General Government:	\$133,267	\$168,496	\$189,487	\$20,991
Total Salaries & Benefits:	\$133,267	\$168,496	\$189,487	\$20,991
Supplies & Materials				
General Government				
Supplies - Maint & Operations		\$250	\$250	\$0
Furn & Equip < \$5,000		\$550	\$0	-\$550
Training & Instr Supp & Mat		\$500	\$0	-\$500
Food and Beverage Supplies	\$416	\$200	\$200	\$0
Nonfood Supplies		\$150	\$150	\$0
General Supplies	\$5,517	\$1,800	\$1,500	-\$300
Total General Government:	\$5,933	\$3,450	\$2,100	-\$1,350
Total Supplies & Materials:	\$5,933	\$3,450	\$2,100	-\$1,350
Professional & Contractual Services				
General Government				
Professional Services	\$42,476	\$35,000	\$40,000	\$5,000
Building & Grounds Services	\$1,065			\$0
Safety & Security Services		\$950	\$0	-\$950
Build & Fac Rental/Oper Lease			\$8,000	\$8,000
Copier & MFP Rental/Oper Lease		\$1,500	\$1,500	\$0
Electric Service	\$3,290	\$2,900	\$3,366	\$466
Water & Sewer Service	\$321	\$300	\$350	\$50
Telephone Service & MiFi Servi	\$3,031	\$2,500	\$2,500	\$0
Mobile Telephone Service		\$1,298	\$1,330	\$32
Consulting Services		\$316	\$500	\$184
Misc. Contracted Services	\$11,935	\$21	\$0	-\$21
Total General Government:	\$62,119	\$44,785	\$57,546	\$12,761
Total Professional & Contractual Services:	\$62,119	\$44,785	\$57,546	\$12,761



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Capital Outlay				
General Government				
Capital Assets - Other - <\$5,000	\$571			\$0
Total General Government:	\$571			\$0
Total Capital Outlay:	\$571			\$0
Other Operating Costs				
General Government				
Travel & Subsistence - Employee Only	\$1,825			\$0
Insurance - Liability & Property	\$1,000	\$1,000	\$1,000	\$0
Dues & Memberships	\$268	\$110	\$180	\$70
Misc Operating Costs		\$751	\$500	-\$251
Total General Government:	\$3,093	\$1,861	\$1,680	-\$181
Total Other Operating Costs:	\$3,093	\$1,861	\$1,680	-\$181
Contingency				
General Government				
Resolution Expense	\$13,754			\$0
Total General Government:	\$13,754			\$0
Total Contingency:	\$13,754			\$0
Total Expense Objects:	\$218,736	\$218,592	\$250,813	\$32,221

Animal Control



William Steele
Animal Control Officer

To control and contain stray animals within the city limits through enforcement of City ordinances and removal of deceased animals.

DESCRIPTION

- Provide pickup and transport of stray animals within the City limits
- Provide disposal of dead animals within the City limits
- Follow through on all animal bite reports and ensure that animal owners follow State quarantine laws
- Complete and maintain information for reporting to City management and State agencies
- Provide information for prosecution of cases involving cruelty of animals

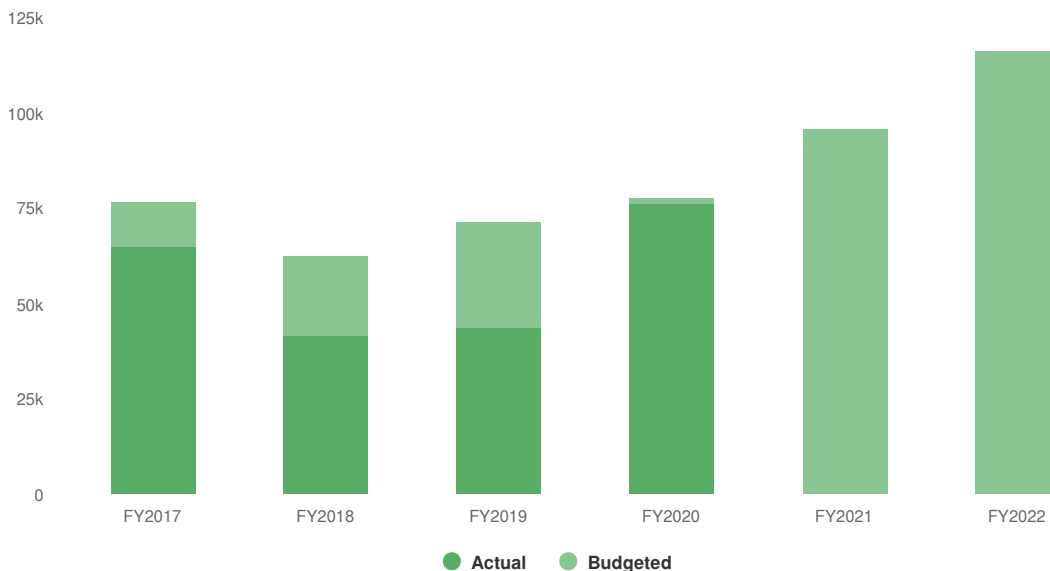
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Estimate

- Salaries & Benefits: COLA increase in Nonexempt Salaries (\$2,617), and Benefits (\$313)
- Supplies & Materials: Increase in Fuel & Lubricants for Vehicle (\$411), Supplies (\$4,300), Furniture & Equipment (\$988), Training Supplies (\$3,095), Safety & Security Supplies (\$3,480), Food and Nonfood Supplies (\$700), and Clothing & Uniforms (\$1,000)
- Contractual Services: Increase in Professional Services (\$4,640), and Building & Grounds Services (\$2,000), and Vehicle & Equipment Services (\$2,000)
- Utilities: Small increase all utilities, in total, (\$74)
- Capital Outlay: Increase in Building Renovation and Improvement (\$5,911)
- Other Operating Costs: Increase in Travel & Subsistence (\$475), Dues and Memberships (\$150), and Vehicle, Property, and Liability Insurance (\$85)

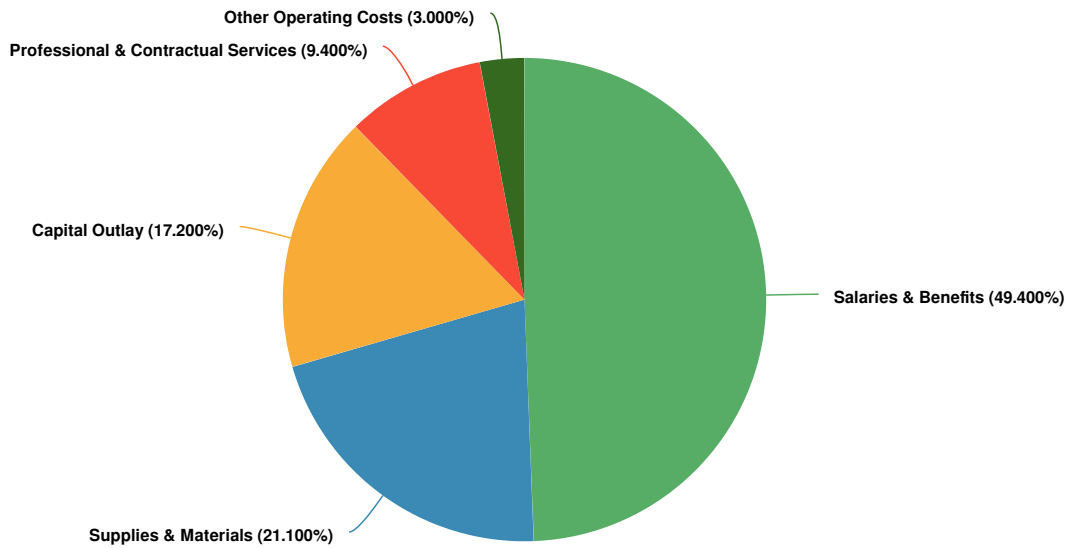
\$116,486 **\$20,640**
(21.53% vs. prior year)

Animal Control Proposed and Historical Budget vs. Actual

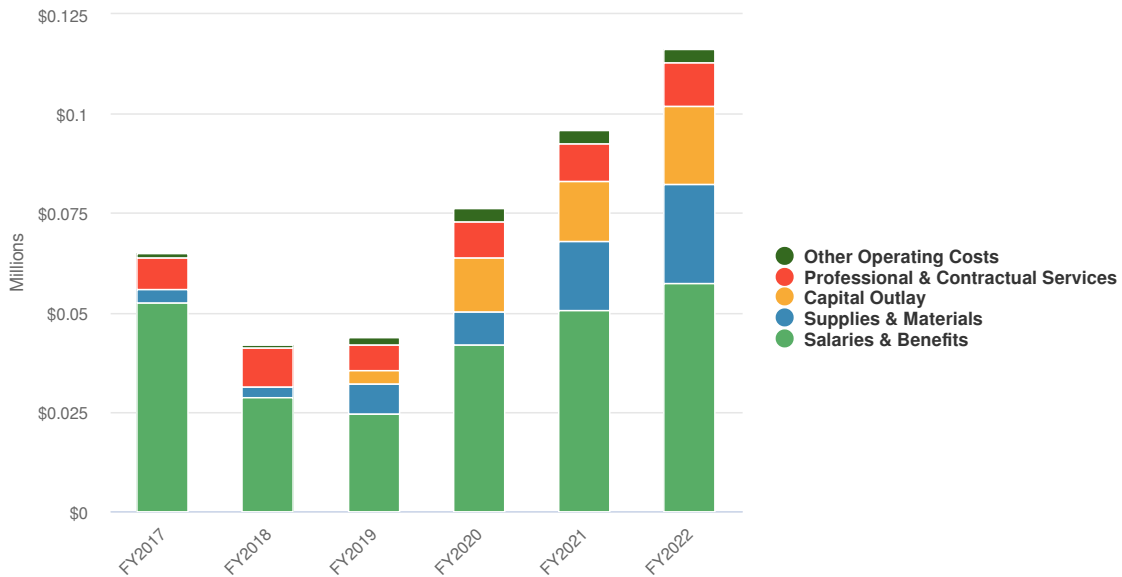


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
General Government				
Salaries - Exempt	\$30,176			\$0
Salaries - Nonexempt		\$34,400	\$40,540	\$6,140
Extra Duty Pay/Overtime - Nonexempt	\$756	\$600	\$2,000	\$1,400
FICA	\$2,359	\$2,678	\$3,102	\$424
Group Health and Life Insurance	\$4,901	\$7,535	\$7,745	\$210
Workers Compensation	\$1,222	\$2,150	\$1,250	-\$900
TMRS	\$1,741	\$1,978	\$2,433	\$455
Unemployment Insurance	\$417	\$500	\$0	-\$500
Group Dental and Vision Insurance	\$353	\$875	\$471	-\$404
Total General Government:	\$41,925	\$50,716	\$57,541	\$6,825
Total Salaries & Benefits:	\$41,925	\$50,716	\$57,541	\$6,825
Supplies & Materials				
General Government				
Fuels & Lubricants for Vehicles	\$2,374	\$2,600	\$4,000	\$1,400
Supplies - Maintenance & Operations	\$3,817	\$6,000	\$7,500	\$1,500
Furn & Equip < \$5,000		\$500	\$1,000	\$500
Training & Instr Supp & Mat		\$2,000	\$3,000	\$1,000
Safety & Sec Supp - Employees		\$800	\$900	\$100
Donations Expense	\$332			\$0
Food and Drink Supplies		\$100	\$200	\$100
Nonfood Supplies		\$250	\$500	\$250
Clothing & Uniforms	\$648			\$0
General Supplies	\$1,113	\$5,000	\$7,500	\$2,500
Total General Government:	\$8,284	\$17,250	\$24,600	\$7,350
Total Supplies & Materials:	\$8,284	\$17,250	\$24,600	\$7,350
Professional & Contractual Services				
General Government				
Professional Services	\$959	\$1,500	\$2,000	\$500
Building & Grounds Services		\$725	\$2,000	\$1,275
Vehicle & Equipment Services	\$3,506	\$1,000	\$2,000	\$1,000
Contracted Maintenance & Repair - Other	\$51			\$0
Rentals/Oper Leases - Other		\$775	\$0	-\$775
Electric Service	\$4,049	\$4,500	\$3,700	-\$800
Water & Sewer Service	\$708	\$700	\$715	\$15
Mobile Phone Service		\$480	\$480	\$0
Misc. Contracted Services	\$18			\$0
Travel & Subsistence - Employee Only	\$9			\$0



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Total General Government:	\$9,300	\$9,680	\$10,895	\$1,215
Total Professional & Contractual Services:	\$9,300	\$9,680	\$10,895	\$1,215
Capital Outlay				
General Government				
Building Purchase, Construction, or Improvements	\$13,477	\$15,000	\$20,000	\$5,000
Total General Government:	\$13,477	\$15,000	\$20,000	\$5,000
Total Capital Outlay:	\$13,477	\$15,000	\$20,000	\$5,000
Other Operating Costs				
General Government				
Professional Training	\$560	\$500	\$500	\$0
Insurance - Vehicles	\$1,579	\$1,600	\$1,800	\$200
Insurance - Liability & Property	\$1,000	\$1,000	\$1,000	\$0
Dues		\$100	\$150	\$50
Total General Government:	\$3,139	\$3,200	\$3,450	\$250
Total Other Operating Costs:	\$3,139	\$3,200	\$3,450	\$250
Total Expense Objects:	\$76,124	\$95,846	\$116,486	\$20,640

Information Technology



HVE ConneXions
Contracted Information Technology Consultant

Information Technology is an outsourced department responsible for the architecture, hardware, software and networking of all information devices owned and operated by the City of Ferris. They are charged with establishing, monitoring, and maintaining the City's information technology systems and services.

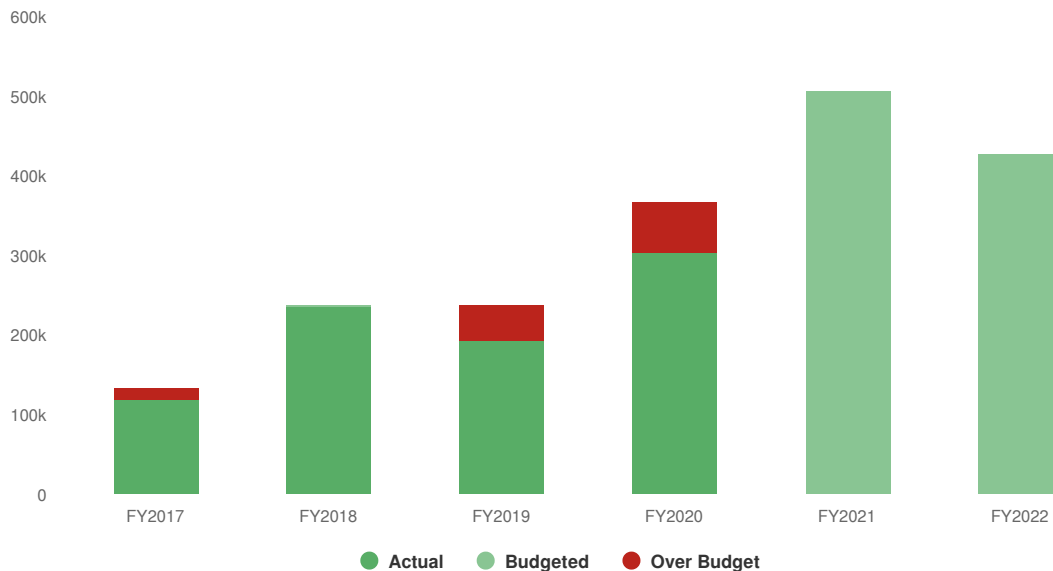
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Estimate

- Supplies & Materials: Increase in Supplies & Materials (\$1,944), and Furniture & Equipment (\$2,500)
- Contractual Services: Decrease in Professional Services (\$12,532) and increases in Data Processing Services (\$121,271), Consulting Services (\$10,000) and Miscellaneous Contracted Services (\$4,818)
- Capital Outlay: Decrease in Furniture, Equipment & Software (\$50,702), and an increase in Capital Assets < \$5,000 (\$19,621)
- Other Operating Costs: Increase in Travel & Subsistence (\$1,500), and Misc. Operating Costs (\$975)

\$429,000 **-\$77,955**
(-15.38% vs. prior year)

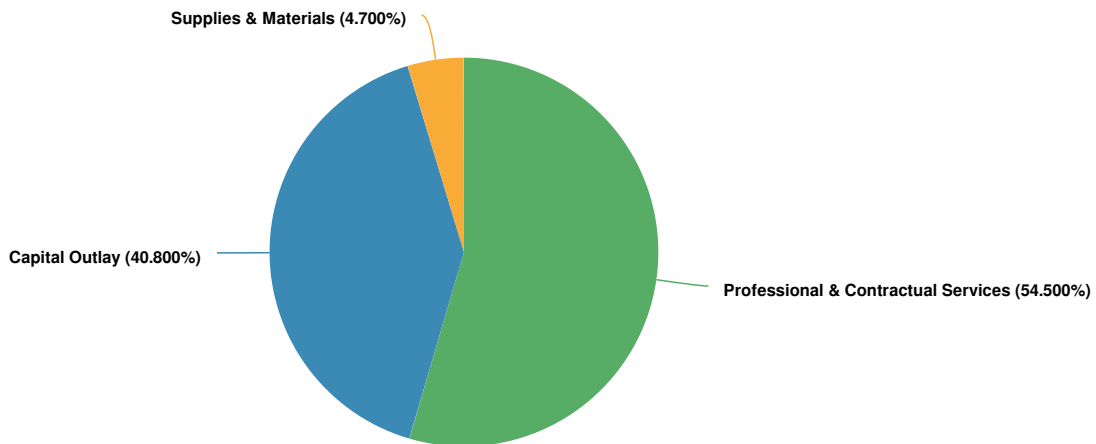
Information Technology Proposed and Historical Budget vs. Actual



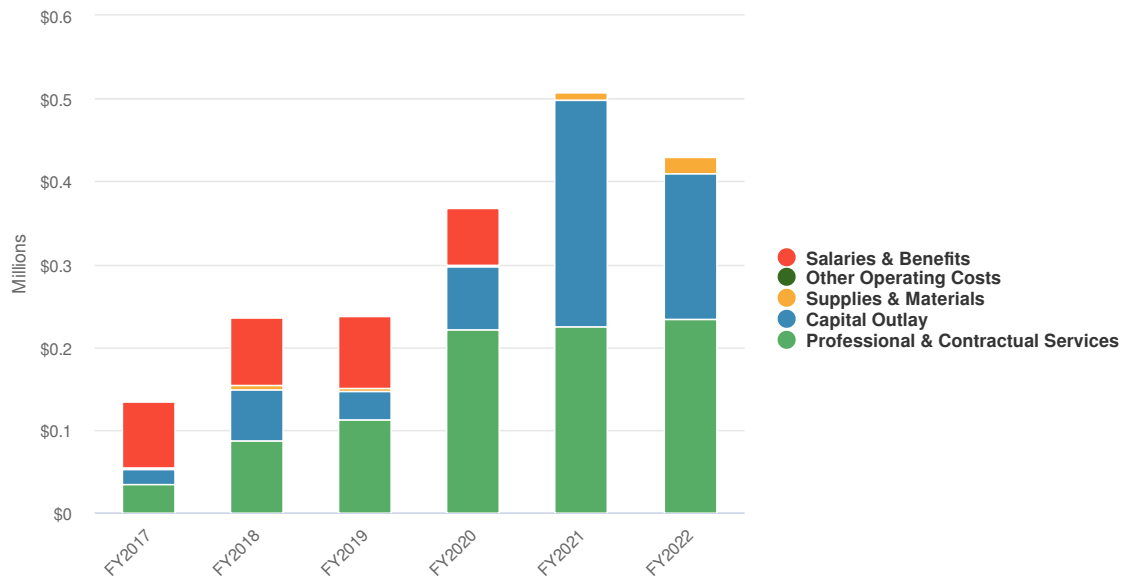
Expenditures by Expense Type

The city made great strides to upgrading and addressing our technology needs in FY 2021. Moving forward all software, licensing, maintenance agreements, and support will be charged to the Information Technology budget. Thus, a \$109,844 increase to the Data Processing Services line-item. There are various reductions in departmental budgets throughout the budget document offsetting much of this amount. New City Council meeting software purchase, new Accounting Systems software purchase, and new Utility Billing software purchase were also included in this increase. We anticipate continuing to upgrade our systems software, provide more continuity for employees, and better services and transparency for our citizens.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				
General Government				
Salaries - Exempt	\$56,696			\$0
FICA	\$4,317			\$0
Group Health and Life Insurance	\$2,800			\$0
Workers Compensation	\$187			\$0
TMRS	\$3,196			\$0
Group Dental and Vision Insurance	\$202			\$0
Employee Allowances	\$300			\$0
Total General Government:	\$67,697			\$0
Total Salaries & Benefits:	\$67,697			\$0
Supplies & Materials				
General Government				
Fuels & Lubricants for Vehicles	\$453			\$0
Supplies - Maintenance & Operations	\$10	\$3,500	\$2,500	-\$1,000
Furn & Equip < \$5,000		\$5,750	\$17,500	\$11,750
General Office Supplies	\$1,438			\$0
Total General Government:	\$1,901	\$9,250	\$20,000	\$10,750



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Total Supplies & Materials:	\$1,901	\$9,250	\$20,000	\$10,750
Professional & Contractual Services				
General Government				
Professional Services	\$62,500	\$78,675	\$0	-\$78,675
Data Processing Services	\$65,150		\$126,500	\$126,500
Safety & Security Services	\$5,016			\$0
Contracted Maint & Repair		\$1,350	\$2,500	\$1,150
Copiers Rentals/Oper Leases	\$20,355	\$19,750	\$0	-\$19,750
Rentals/Oper Leases - Other		\$11,400	\$0	-\$11,400
Telephone Service & MiFi Servi	\$68,908			\$0
Consulting Services		\$107,780	\$100,000	-\$7,780
Misc. Contracted Services	\$22	\$5,000	\$5,000	\$0
Total General Government:	\$221,951	\$223,955	\$234,000	\$10,045
Total Professional & Contractual Services:	\$221,951	\$223,955	\$234,000	\$10,045
Capital Outlay				
General Government				
Vehicles Per-Unit Cost >\$5,000	\$6,614			\$0
Furniture, Equipment and Software	\$68,529	\$115,450	\$100,000	-\$15,450
Capital Assets-Other-<\$5,000		\$158,300	\$75,000	-\$83,300
Total General Government:	\$75,143	\$273,750	\$175,000	-\$98,750
Total Capital Outlay:	\$75,143	\$273,750	\$175,000	-\$98,750
Other Operating Costs				
General Government				
Insurance - Vehicle	\$549			\$0
Total General Government:	\$549			\$0
Total Other Operating Costs:	\$549			\$0
Total Expense Objects:	\$367,240	\$506,955	\$429,000	-\$77,955



City Hall



The City Hall department was designed as a cost center to capture those expenditures for departments housed within City Hall but not attributable to any specific department. The departments currently operating out of City Hall include, City Manager, Administrative Assistant - Reception, Community Development, City Engineer, and Finance.

COSTS INCLUDED

- Salaries and Benefits for Administrative Assistant - Reception
- Supplies and Materials
- Food and Nonfood Supplies
- Buildings and Grounds Services
- Safety and Security Services
- Building Lease
- Utilities

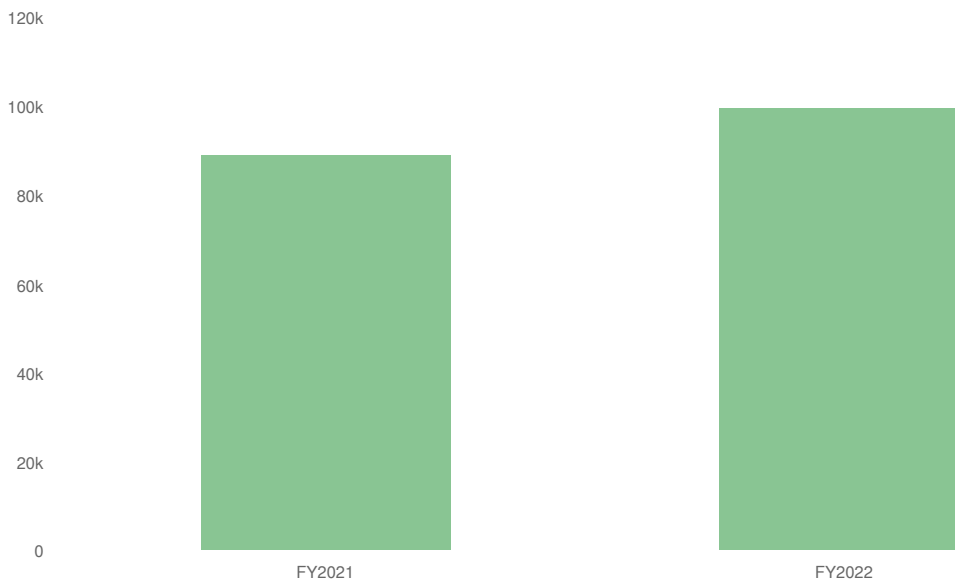
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Estimate

- Salaries & Benefits: COLA increase in Salaries (\$6,982) and Benefits (\$1,848)
- Supplies & Materials: Increase in Supplies & Materials (\$538)
- Contractual Services: Decrease in Building & Grounds Services (\$1,083), Safety & Security Services (\$551), and Contracted Maintenance & Repair (\$1,511)
- Utilities: Increase in Electric Service (\$122), Water & Sewer Service (\$74), Gas Service (\$785), and Telephone & Internet Service (\$105)

\$99,782 **\$10,399**
(11.63% vs. prior year)

City Hall Proposed and Historical Budget vs. Actual

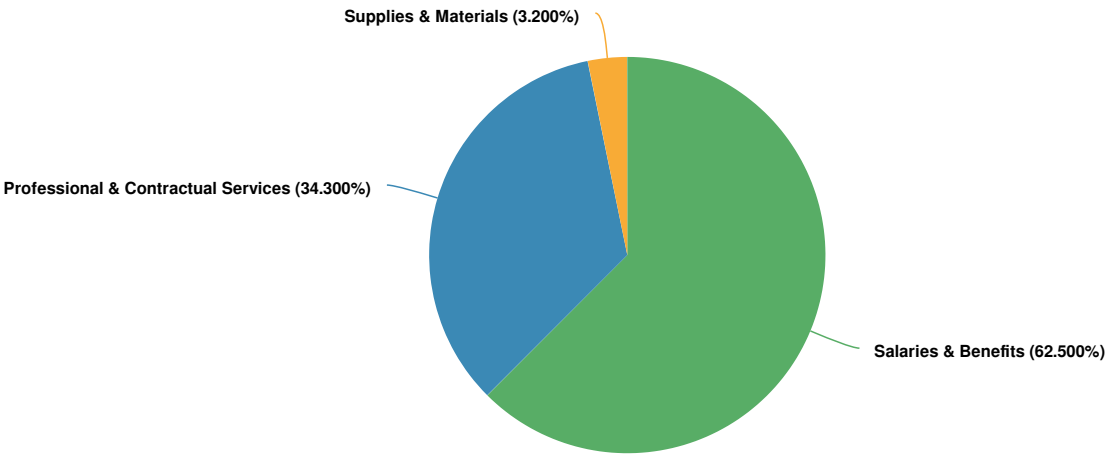


Expenditures by Expense Type

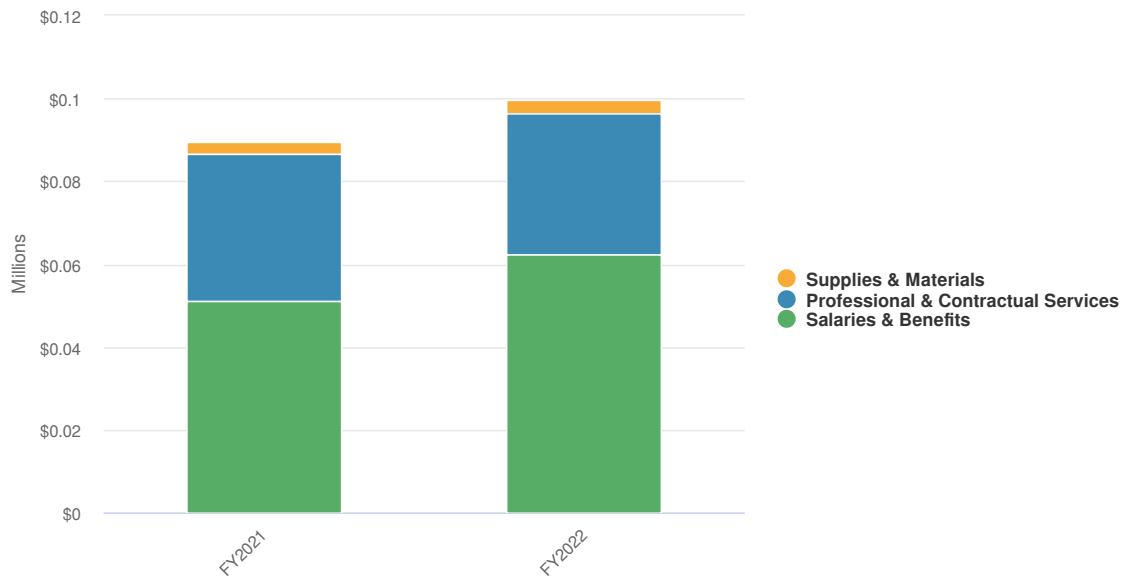
This is only the second year of utilizing this cost center, and staff is still learning what is appropriate to charge to a multi-department facility.

As the city moves forward, especially into a new City Hall facility, this cost center will become increasingly important, and trends should develop as utilization and years move forward.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects			
Salaries & Benefits			
General Government			
Salaries - Exempt		\$47,354	\$47,354
Salaries - Nonexempt	\$38,480		-\$38,480
FICA	\$2,827	\$3,623	\$796
Group Health & Life Insurance	\$6,906	\$7,745	\$839
Workers' Compensation	\$98	\$100	\$2
TMRS	\$2,404	\$2,605	\$201
Group Dental & Vision Ins	\$371	\$941	\$570
Total General Government:	\$51,086	\$62,368	\$11,282
Total Salaries & Benefits:	\$51,086	\$62,368	\$11,282
Supplies & Materials			
General Government			
Supplies - Maint & Operations	\$50	\$100	\$50
Safety & Sec Supp - Facilities	\$331	\$0	-\$331
Food and Drink Supplies	\$1,750	\$2,500	\$750
Nonfood Supplies	\$250	\$100	-\$150
General Supplies	\$500	\$500	\$0
Total General Government:	\$2,881	\$3,200	\$319
Total Supplies & Materials:	\$2,881	\$3,200	\$319



Name	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Professional & Contractual Services			
General Government			
Building & Grounds Services	\$6,670	\$5,000	-\$1,670
Contracted Maint & Repair	\$500	\$500	\$0
Build & Fac Rental/Oper Lease	\$15,829	\$15,829	\$0
Electric Service	\$3,500	\$3,000	-\$500
Water & Sewer Service	\$1,100	\$1,885	\$785
Telephone Service & Internet S	\$7,817	\$8,000	\$183
Total General Government:	\$35,416	\$34,214	-\$1,202
Total Professional & Contractual Services:	\$35,416	\$34,214	-\$1,202
Total Expense Objects:	\$89,383	\$99,782	\$10,399

City-Wide



The City-Wide department was designed as a cost center to capture those expenditures for goods and services utilized by or for the benefit of the entire City of Ferris, but not attributable to any specific department.

COSTS INCLUDED

- Supplies and Materials
- Food and Nonfood Supplies
- Tax Appraisal and Collection
- Buildings and Grounds Services
- Some City-Wide Utilities
- Building Improvement and Infrastructure Improvement
- Property & Liability Insurance
- Miscellaneous Operating Costs

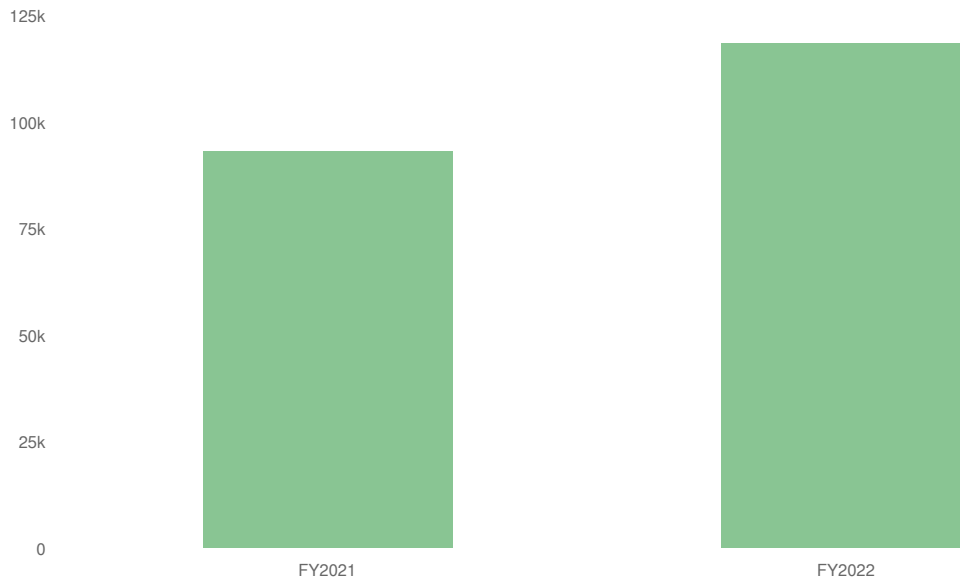
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Estimate

- Supplies & Materials: Decrease in Supplies & Materials (\$2,344)
- Contractual Services: Increase in Tax Appraisal & Collection (\$1,697), and Safety and Security Services (1,793), with offsetting decrease in Building & Grounds Services (\$60,145), Professional Services (\$1,178), and Rentals & Operating Leases (\$3,609)
- Utilities: Increase in Telephone & Internet Service (\$11,000) and decrease in Mobile Telephone Service (\$2,428), and Miscellaneous Contracted Services (\$3,050)
- Capital Outlay: Decrease in Building Purchase, Construction, or Improvement (\$15,960)
- Operating Costs: Decrease in Dues & Memberships (\$1,164) and Miscellaneous Operating Costs (\$776)

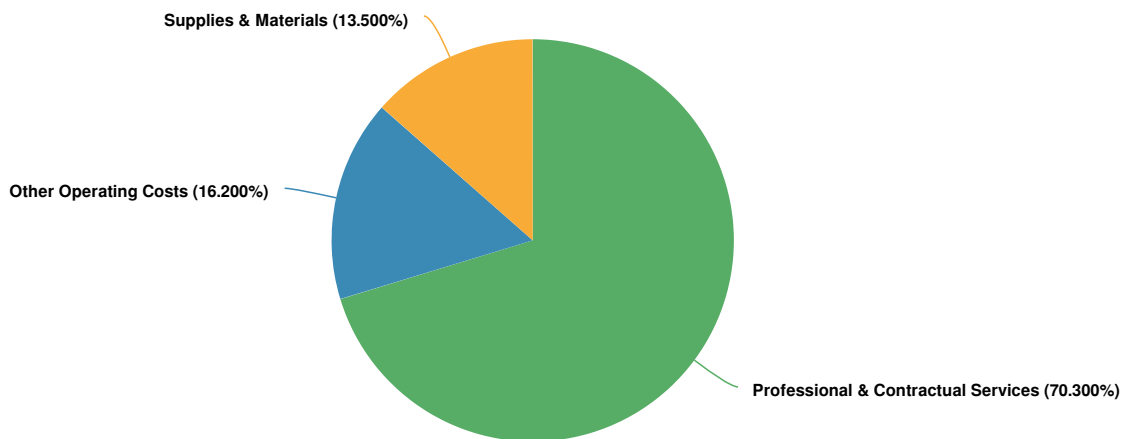
\$118,549 **\$25,069**
(26.82% vs. prior year)

City-Wide Proposed and Historical Budget vs. Actual

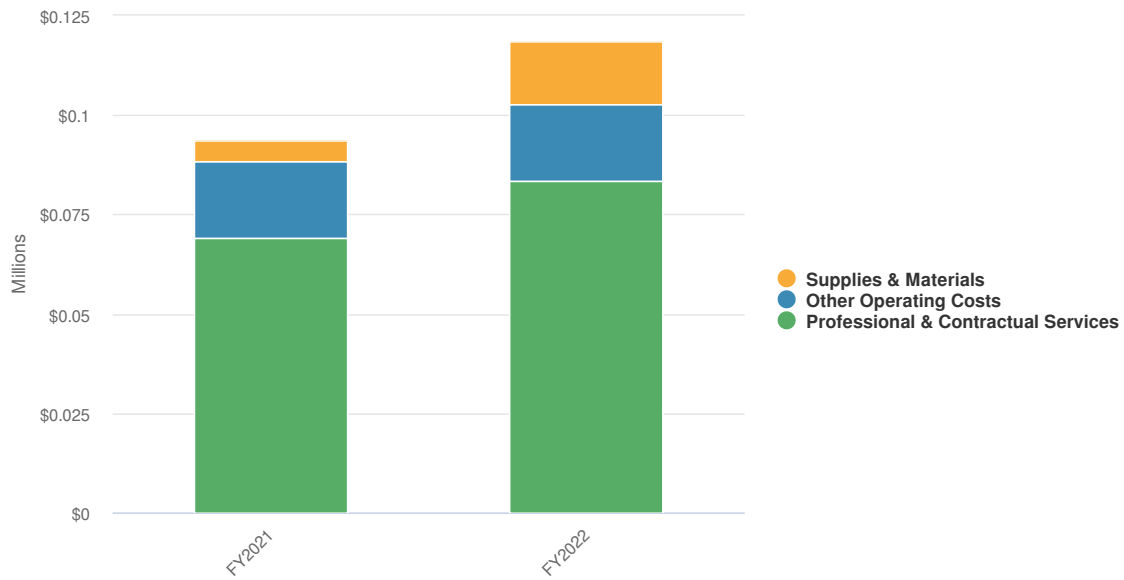


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Amended Budget	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects			
Supplies & Materials			
General Government			
Supplies - Maint & Operations	\$2,000	\$2,000	\$0
Reading Materials		\$240	\$240
Safety & Sec Supp - Other	\$750	\$2,000	\$1,250
Food and Drink Supplies	\$0	\$750	\$750
Nonfood Supplies	\$0	\$25	\$25
General Supplies	\$2,500	\$11,000	\$8,500
Total General Government:	\$5,250	\$16,015	\$10,765
Total Supplies & Materials:	\$5,250	\$16,015	\$10,765
Professional & Contractual Services			
General Government			
Tax Appraisal and Collection	\$10,000	\$10,000	\$0
Building & Grounds Services	\$50,000	\$39,410	-\$10,590
Safety & Security Services	\$1,500	\$6,000	\$4,500
Copier Rentals/Oper Leases	\$4,000	\$10,000	\$6,000
Gas Service	\$250	\$2,100	\$1,850
Mobile Telephone Service	\$2,580	\$1,824	-\$756
Misc Contracted Services	\$650	\$14,000	\$13,350
Total General Government:	\$68,980	\$83,334	\$14,354



Name	FY2021 Amended Budget	FY2022 Budgeted	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Total Professional & Contractual Services:	\$68,980	\$83,334	\$14,354
Other Operating Costs			
General Government			
Insurance - Liability & Proper	\$19,000	\$18,200	-\$800
Statutorily Req Public Notices	\$250	\$0	-\$250
Misc Operating Costs	\$0	\$1,000	\$1,000
Total General Government:	\$19,250	\$19,200	-\$50
Total Other Operating Costs:	\$19,250	\$19,200	-\$50
Total Expense Objects:	\$93,480	\$118,549	\$25,069

Water and Wastewater



Michael Hamilton

Public Works Superintendent

The Water Department's mission is to maintain the potable water supply of the City in compliance with TCEQ regulations, and rapidly respond to customer service calls and system leaks or major line breaks. The Wastewater Department is charged with providing an efficient wastewater collection system to protect the public health, safety, and water quality of the community.

DESCRIPTION

- Set water taps and meters for new accounts and customers
- Inspect and replace isolation valves
- Responsible for maintaining the water system chemical levels
- Repair leaks and broken lines
- Comply with TCEQ rules for operating, maintenance, reporting, and training
- Maintain City's wastewater collection system, to include mains, manholes, and clean-outs
- Install and repair sewer taps as needed
- Respond to customer service calls

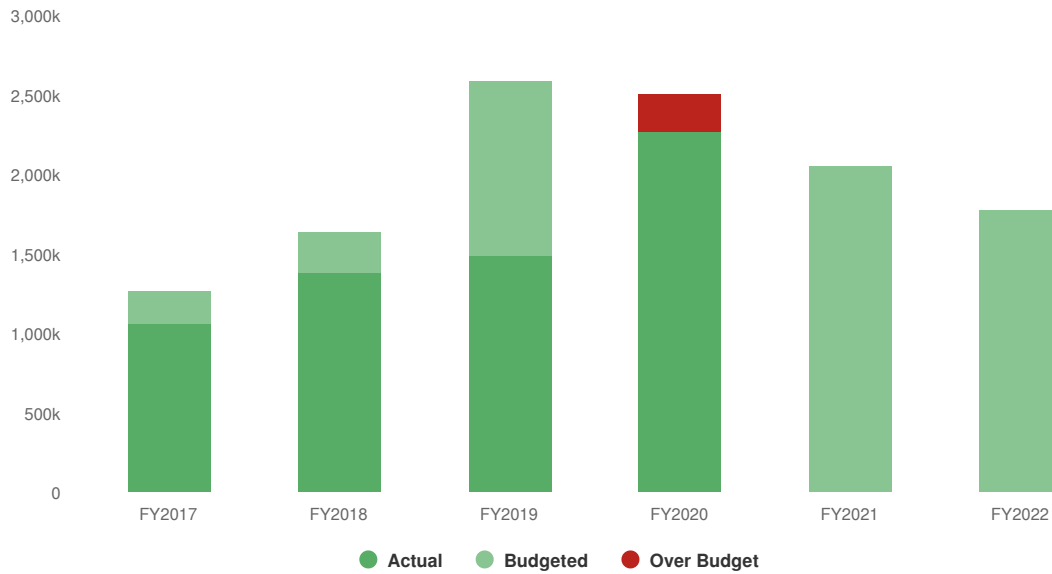
Expenditures Summary

HIGHLIGHTS - FY 2022 Proposed Budget Change from FY 2021 Estimate

- Salaries & Benefits: Decrease in Salaries (\$115,157), and Benefits (\$46,198)
- Supplies & Materials: Increase in Supplies & Materials for M&O (\$9,465), offset by a decrease in other supply accounts (\$6,035)
- Contractual Services: Increase in Contracted Maintenance and Repair Services (\$153,408) and other Contracted Services (\$150,000)
- Utilities: Small increases in all utilities, in total (\$177)
- Capital Outlay: Increase in Hydrants & Meters (150,000) and decrease in Furniture, Equipment & Software (\$73,000) and Vehicle Purchases (\$48,240)
- Operating Costs: Small increases in Dues & Memberships (\$480) and Miscellaneous Operating Costs (\$223)
- Intergovernment Charges: Increases to Water Purchases - Rockett SUD (\$5,304) and Wastewater Treatment - TRA (\$2,455)

\$1,778,862 **-\$275,394**
(-13.41% vs. prior year)

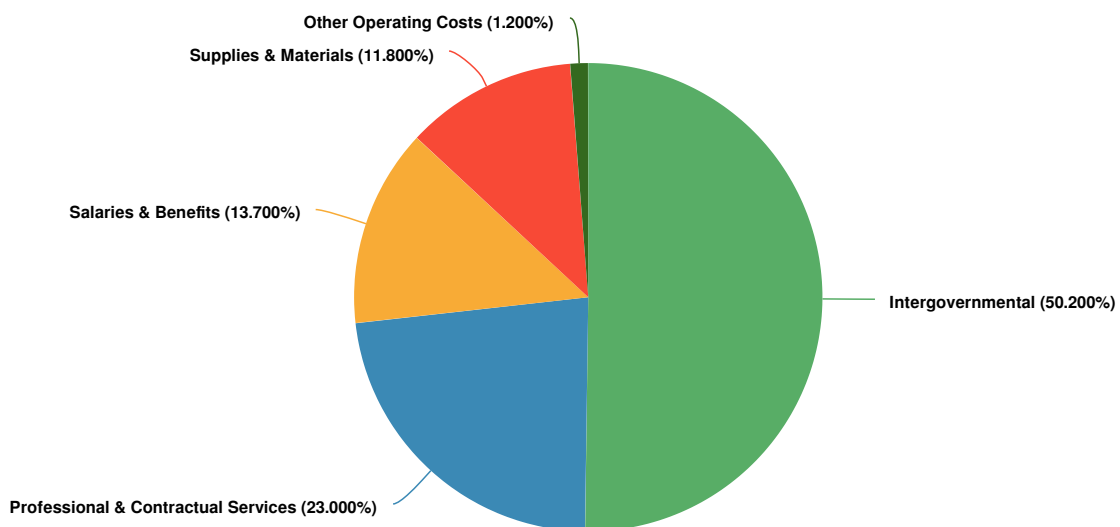
Water and Wastewater Proposed and Historical Budget vs. Actual



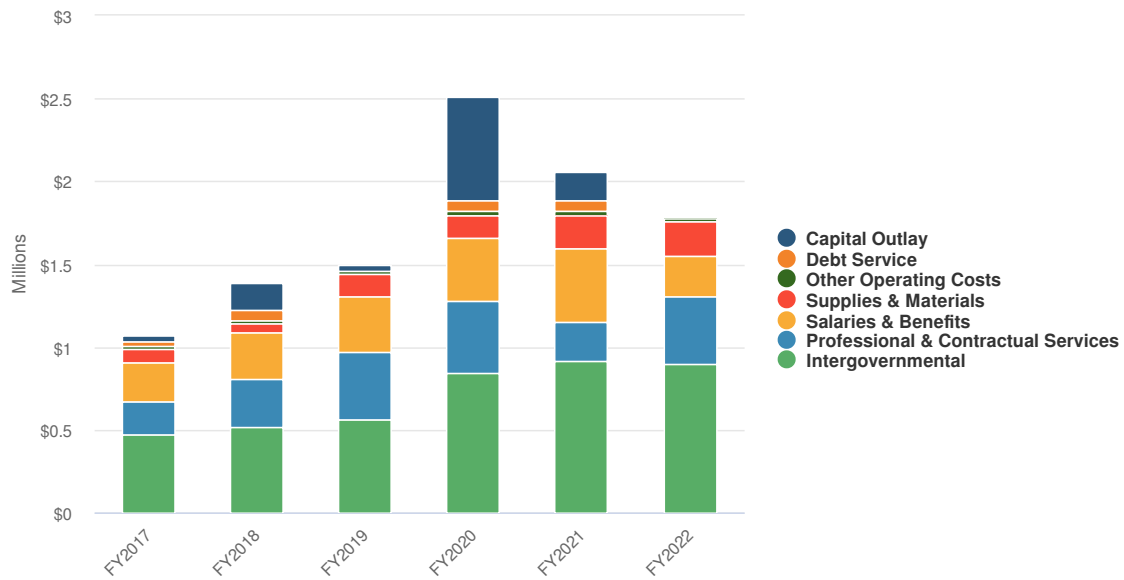
Expenditures by Expense Type

In FY2022 Water & Wastewater will move to a majority outsourced model. This model will increase the Contracted Services budget; however, it will eliminate 3 FTE's, 3 Vehicles, Fuel & Lubricants, and Insurance. It will also allow the department to focus on water quality, and utility billing. It is anticipated that overall this will save \$105K and help reduce the current operating deficit.

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Expense Objects				
Salaries & Benefits				
Water and Wastewater				
Salaries - Exempt	\$278,820	\$118,700	\$65,785	-\$52,915
Salaries - Nonexempt		\$179,800	\$118,179	-\$61,621
Extra Duty Pay/Overtime - Nonexempt	\$19,090	\$20,000	\$2,500	-\$17,500
FICA	\$21,621	\$25,107	\$14,265	-\$10,842
Group Health and Life Insurance	\$37,444	\$57,492	\$23,232	-\$34,260
Workers Compensation	\$4,736	\$14,208	\$8,217	-\$5,991
TMRS	\$16,728	\$19,913	\$10,256	-\$9,657
Unemployment Insurance	\$222			\$0
Group Dental and Vision Insurance	\$2,680	\$3,000	\$1,176	-\$1,824
Total Water and Wastewater:	\$381,341	\$438,220	\$243,610	-\$194,610
Total Salaries & Benefits:	\$381,341	\$438,220	\$243,610	-\$194,610
Supplies & Materials				
Water and Wastewater				
Fuels & Lubricants for Vehicles	\$18,551	\$18,620	\$18,500	-\$120
Supplies - Maintenance & Operations	\$100,565	\$160,000	\$175,000	\$15,000
Furn & Equip < \$5,000		\$300	\$0	-\$300
Training & Instr Supp & Mat		\$4,000	\$4,000	\$0
Safety & Security Supplies & Materials - Employees	\$2,957	\$4,200	\$3,000	-\$1,200



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Safety & Sec Supp - Other		\$5,000	\$7,000	\$2,000
Food and Beverage Supplies	\$901	\$1,300	\$1,500	\$200
Nonfood Supplies		\$200	\$0	-\$200
Clothing & Uniforms	\$5,015			\$0
General Supplies	\$4,626	\$6,500	\$1,500	-\$5,000
Total Water and Wastewater:	\$132,614	\$200,120	\$210,500	\$10,380
Total Supplies & Materials:	\$132,614	\$200,120	\$210,500	\$10,380
Professional & Contractual Services				
Water and Wastewater				
Professional Services	\$205,920	\$98,000	\$15,000	-\$83,000
Building & Grounds Services	\$10,485	\$8,500	\$30,000	\$21,500
Vehicle & Equipment Services	\$3,208	\$19,836	\$19,836	\$0
Data Processing Services	\$1,146			\$0
Contracted Maintenance & Repair - Other	\$90,068	\$23,500	\$200,000	\$176,500
Vehicles & Equipment Rentals/Oper Leases	\$47,165	\$12,087	\$2,500	-\$9,587
Rentals/Oper. Leases - Other	\$7,495			\$0
Electric Service	\$31,797	\$30,000	\$31,000	\$1,000
Water & Sewer Service	\$1,018	\$1,125	\$1,100	-\$25
Gas Service	\$1,448	\$1,500	\$2,000	\$500
Telephone Service & MiFi Servi	\$8,573	\$9,175	\$5,300	-\$3,875
Mobile Phone Service		\$3,460	\$2,516	-\$944
Consulting Services	\$125			\$0
Misc. Contracted Services	\$296	\$2,000	\$100,000	\$98,000
Adm Cost Share to General Fund	\$24,000	\$30,000	\$0	-\$30,000
Total Water and Wastewater:	\$432,742	\$239,183	\$409,252	\$170,069
Total Professional & Contractual Services:	\$432,742	\$239,183	\$409,252	\$170,069
Capital Outlay				
Water and Wastewater				
Building Purchase, Construction, or Improvements	\$19,185	\$41,000	\$0	-\$41,000
Water System Improvements	\$436,917			\$0
Vehicles Per-Unit Cost >\$5,000	\$46,931	\$48,413	\$0	-\$48,413
Infrastructure Upgrades		\$6,000	\$0	-\$6,000
Hydrants & Meters	\$49,670			\$0
Furniture, Equip & Software		\$73,000	\$0	-\$73,000
Furniture, Equipment and Software	\$69,512			\$0
Total Water and Wastewater:	\$622,216	\$168,413	\$0	-\$168,413



Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Total Capital Outlay:	\$622,216	\$168,413	\$0	-\$168,413
Other Operating Costs				
Water and Wastewater				
Travel & Subsistence - Employee Only	\$4,973	\$5,000	\$0	-\$5,000
Insurance - Vehicles	\$3,648	\$4,500	\$4,400	-\$100
Insurance - Liability/Property	\$14,715	\$15,000	\$15,000	\$0
Statutorily Req Public Notices		\$500	\$100	-\$400
Dues & Memberships	\$4,874	\$2,600	\$2,500	-\$100
Misc. Operating Costs	\$50			\$0
Total Water and Wastewater:	\$28,260	\$27,600	\$22,000	-\$5,600
Total Other Operating Costs:	\$28,260	\$27,600	\$22,000	-\$5,600
Debt Service				
Water and Wastewater				
Long-Term Debt Principal	\$50,000	\$50,000	\$0	-\$50,000
Interest on Debt	\$17,026	\$14,720	\$0	-\$14,720
Total Water and Wastewater:	\$67,026	\$64,720	\$0	-\$64,720
Total Debt Service:	\$67,026	\$64,720	\$0	-\$64,720
Intergovernmental				
Water and Wastewater				
ECWSP Water Rights Payment	\$16,698	\$25,000	\$2,500	-\$22,500
Water Purchases-Rocket	\$527,216	\$500,000	\$500,000	\$0
Wastewater Treatment - TRA	\$303,427	\$355,000	\$355,000	\$0
Misc. Water & Wastewater Purchases and Fees	\$0	\$36,000	\$36,000	\$0
Total Water and Wastewater:	\$847,341	\$916,000	\$893,500	-\$22,500
Total Intergovernmental:	\$847,341	\$916,000	\$893,500	-\$22,500
Total Expense Objects:	\$2,511,541	\$2,054,256	\$1,778,862	-\$275,394

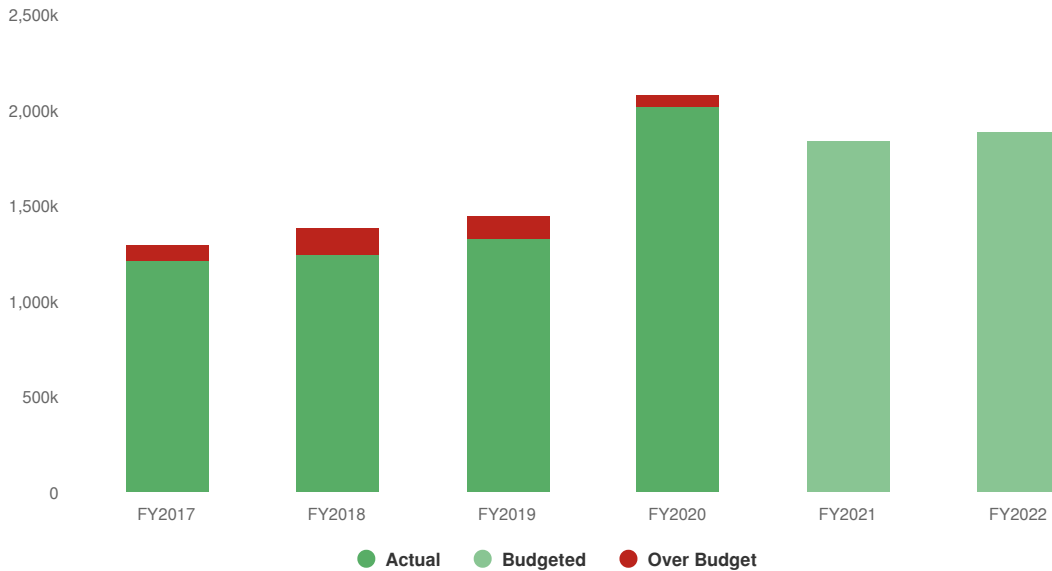


Revenues Summary

For FY 2022, the City of Ferris is anticipating that at least 153 new water accounts will be added, based on the 2020 study completed by Wildan Group. Also, the residential water sales were calculated using the 6% increase in rates, which was also recommended. However, even with these increases, there was still an overall reduction in Water Sales and Wastewater Sales revenue. This reduction is due to some of the previous accounting practices and unchecked Utility Billing errors, which had been booked as receipts due, when in fact, they were incorrect readings that should have been corrected. Over the prior two fiscal years, over \$1M in adjustments were incorrectly booked as revenue.

\$1,889,075 **\$51,366**
(2.80% vs. prior year)

Water and Wastewater Proposed and Historical Budget vs. Actual



Revenues by Source

Name	FY2020 Actual	FY2021 Amended Budget	FY2022 Proposed Budget	FY2021 Amended Budget vs. FY2022 Proposed Budget (\$ Change)
Revenue Source				
Water & Wastewater				
Water Sales	\$1,538,173	\$983,454	\$879,606	-\$103,848
Wastewater Sales	\$514,929	\$804,255	\$701,469	-\$102,786
Penalties & Late Charges	\$15,851	\$15,000	\$18,000	\$3,000
Meter Set Fees	\$23,175	\$25,000	\$165,000	\$140,000
Miscellaneous Fees	-\$9,610	\$10,000	\$125,000	\$115,000
Total Water & Wastewater:	\$2,082,518	\$1,837,709	\$1,889,075	\$51,366
Total Revenue Source:	\$2,082,518	\$1,837,709	\$1,889,075	\$51,366



CAPITAL IMPROVEMENTS



City of Ferris, Texas
Capital Improvement Plan Budget
2021 thru 2025
PROJECTS BY CATEGORY

Category	Project #	2021	2022	2023	2024	2025	Total
WATER & SEWER							
CO Bonds 2020		2,003,172.00	0.00	0.00	0.00	0.00	
CO Bonds 2021		7,253,158.00	8,247,211.00	4,203,006.00	2,580,750.00	944,745.00	
Interest Earnings		7,250.00	5,595.00	3,365.00	1,555.00	1,200.00	
		9,263,580.00	8,252,806.00	4,206,371.00	2,582,305.00	945,945.00	
Lift Sta #3 Improvements	WW006	258,180.00	208,800.00				466,980.00
Lift Sta #3 Forcemain Upgrade	WW007	83,520.00	100,000.00				183,520.00
1st Street Sewer	WW008	134,073.00	341,000.00				475,073.00
FM 983 Sewer	WW009	48,180.00	100,000.00				148,180.00
TRA to 1st Street Sewer	WW011	281,736.00	2,200,000.00				2,481,736.00
1st to 11th Street Sewer	WW012	210,680.00	1,100,000.00				1,310,680.00
Downtown Pump Station	WW010			330,738.00			330,738.00
Western Hills Chlorine & LAS	WW024			50,000.00			50,000.00
South Main St. Water Line	WW022			328,145.00			328,145.00
8th Street 6" Water Line	WW002			15,000.00			15,000.00
Downtown Storage Tank	WW014			350,000.00			350,000.00
Lift Sta #5 Improvements	WW016			186,000.00			186,000.00
Redbud, Mulberry & Mimosa AC Water Line	WW025			365,738.00			365,738.00
12" I-45 Bore	WW028				250,000.00		250,000.00
Lift Sta #1 Improvements	WW013				458,800.00		458,800.00
10th St to Lift Sta #1 Sewer	WW017				418,500.00		418,500.00
FM 660 Sewer	WW018				301,320.00		301,320.00
FM 660 South Meadow to FHS	WW019				208,940.00		208,940.00
I-45 Sewer Line Crossing	WW020					252,960.00	252,960.00
South Meadow and FHS Forcemain	WW021					104,780.00	104,780.00
Plug North Pasture Well	WW003					90,409.00	90,409.00
Water & Sewer Total		1,016,369.00	4,049,800.00	1,625,621.00	1,637,560.00	448,149.00	8,777,499.00
Balance Available		8,247,211.00	4,203,006.00	2,580,750.00	944,745.00	497,796.00	
FIRE STATION							
GO Bonds 2022			3,628,765.00	362,513.00			
Transfer from Host Fees				61,606.00			
Interest Earnings			3,325.00	2,446.00			
			3,632,090.00	426,565.00			
Engineer & Architect	FS001		209,550.00				209,550.00
Geotechnical Report	FS002		5,000.00				5,000.00
Survey	FS003		5,000.00				5,000.00
TDLR Architectural Barrier	FS004		1,500.00				1,500.00
Bid Services	FS005		50,000.00				50,000.00
Construction Admin, Project Mgmt.	FS012		209,900.00	110,038.00			319,938.00
Building Construction	FS010		2,788,627.00	191,738.00			2,980,365.00
Furniture, Fixtures, and Equipment	FS024			124,789.00			124,789.00
Fire Station Total			3,269,577.00	426,565.00			3,696,142.00
Balance Available			362,513.00	0.00			
STREET IMPROVEMENTS							
Transfer-In from Host Fees			350,200.00	501,319.00	339,750.00		
Interest Earnings			0.00	0.00			
			350,200.00	501,319.00	339,750.00		



10th Street	SD001		220,450.00				220,450.00
Ferris Road	SD002			454,613.00			454,613.00
E. 3rd Street	SD003				90,000.00		90,000.00
S. Main Street	SD004				120,000.00		120,000.00
Soccer Parking	SD005		129,750.00		129,750.00		259,500.00
Scout House Parking	SD006			39,936.00			39,936.00
Bridge at Scout House	SD007			6,770.00			6,770.00
							0.00
Street & Parking Improvement			350,200.00	501,319.00	339,750.00	0.00	1,191,269.00
Balance Available			0.00	0.00	0.00	0.00	

PARK & TRAIL UPGRADES

Transfer-In from Host Fees			400,000.00	650,000.00	738,350.00	795,104.00	
Transfer-In from EDC						150,000.00	
CO Revenue Bonds					7,500,000.00	5,000,000.00	
Interest Earnings			0.00		11,650.00	4,896.00	
			400,000.00	650,000.00	8,250,000.00	5,950,000.00	
Earlene Jackson Park	PT001		350,000.00	350,000.00	350,000.00	350,000.00	1,400,000.00
Mutz Park Baseball Field Expansion	PT002			200,000.00	200,000.00		400,000.00
Soccer Field Rehabilitation	PT003		50,000.00	50,000.00	50,000.00		150,000.00
Ferris Cyclone Water Park (Proposed Bond Project)	PT004				7,500,000.00	5,000,000.00	12,500,000.00
Mutz Park Upgrade and Expansion	PT005					100,000.00	100,000.00
Downtown WiFi and Parks WiFi	PT006			50,000.00		50,000.00	100,000.00
983 Walking/Bike Trail - Connectivity Plan	PT007				150,000.00	150,000.00	300,000.00
City Walking/Sidewalk Installation/Expansion	PT008					300,000.00	300,000.00
Park & Trail Upgrade Total			400,000.00	650,000.00	8,250,000.00	5,950,000.00	15,250,000.00
Balance Available			0.00	0.00	0.00	0.00	

There are no submitted Capital Requests



There are no submitted Capital Requests



DEBT



Debt Snapshot

The Debt Service Fund is used to manage payments on all general government related debt. Required by state law, the Debt Service Fund is linked to the Interest and Sinking (I&S) component of the Ad Valorem tax rate. It is important to note that the City does not have legal debt limits. In most municipalities, the I&S levy funds the majority of annual debt service payments.

In Ferris, the I&S component funds the City's issued General Obligation and Certificates of Obligation principal and interest payments.

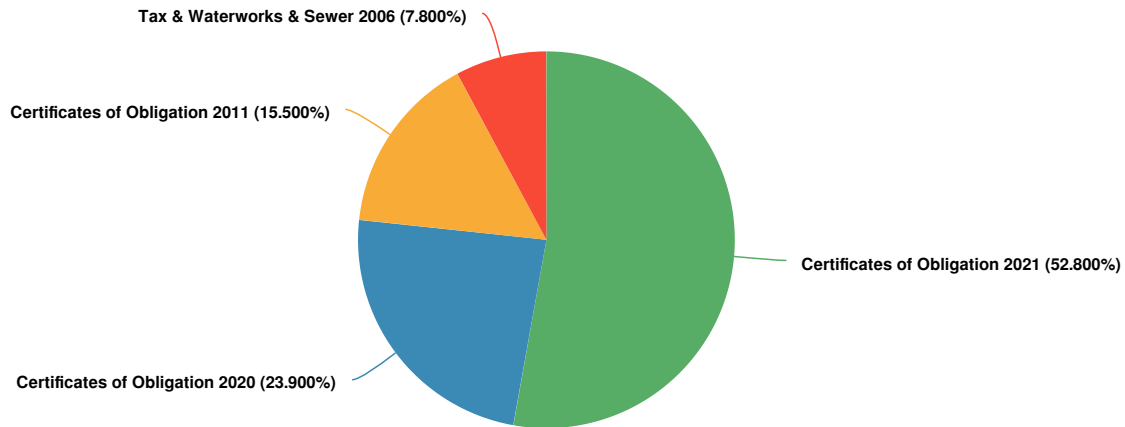
Currently, the Debt Service Fund is used to manage debt service payments associated with construction of a new Fire Station, and also with the Water and Wastewater revitalization projects occurring throughout the City.



Currently the voter approved bonds for the construction of the new fire station have not been issued and they are not included in this analysis; however, those public safety bonds and any other future bond issuances will also be paid from this fund. City Council and staff are dedicated to a conservative debt issuance pattern that ensures property tax rates remain as low as feasible in order to remain attractive to prospective businesses and residents.

When debt is issued, it will be used to acquire major assets with expected lives which equal or exceed the average life of the debt issuance.

Debt by Type



	FY2021	FY2022	% Change
Debt	Actual	Actual	
Certificates of Obligation 2021	\$0	\$454,125	0.000%
Certificates of Obligation 2020	\$203,960	\$205,175	0.600%
Certificates of Obligation 2011	\$132,324	\$133,025	0.500%
Tax & Waterworks & Sewer 2006	\$64,720	\$67,305	4.000%
Total Debt:	\$401,004	\$859,630	114.400%

Certificates of Obligation 2021

	FY2022	% Change
Certificates of Obligation 2021	Actual	
Certificates of Obligation 2021	\$454,125	0.000%
Total Certificates of Obligation 2021:	\$454,125	0.000%

Certificates of Obligation 2020

	FY2021	FY2022	% Change
Certificates of Obligation 2020	Actual	Actual	
Certificates of Obligation 2020	\$203,960	\$205,175	0.600%
Total Certificates of Obligation 2020:	\$203,960	\$205,175	0.600%

Certificates of Obligation 2011

	FY2021	FY2022	% Change
Certificates of Obligation 2011	Actual	Actual	
Certificates of Obligation 2011	\$132,324	\$133,025	0.500%
Total Certificates of Obligation 2011:	\$132,324	\$133,025	0.500%

Tax & Waterworks & Sewer 2006

	FY2021	FY2022	% Change
Tax & Waterworks & Sewer 2006	Actual	Actual	
Tax & Waterworks & Sewer 2006	\$64,720	\$67,305	4.000%
Total Tax & Waterworks & Sewer 2006:	\$64,720	\$67,305	4.000%

Valuation and General Obligation Debt History

Fiscal Year	Estimated City Population	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Tax Supported Debt	Per Capita Tax Supported Debt	Ratio Tax Supported Debt to Taxable Assessed Valuation
2017	2,500	\$ 108,789,381	\$ 43,516	\$ 2,005,000	\$ 802	1.84%
2018	2,500	121,922,327	48,769	1,610,000	644	1.32%
2019	2,700	146,693,328	54,331	1,200,000	444	0.82%
2020	2,930	183,691,507	62,693	3,885,000	1,326	2.11%
2021	3,312	209,080,872	63,128	9,960,000	3,007	4.76%



Government-Wide Debt Obligations

City of Ferris, Texas (Dallas & Ellis Counties) Combination Tax & Waterworks & Sewer System Revenue Certificates of Obligation, Series 2021					
Date	Principal	Rate	Interest	Total Debt Service	Annual Debt Service
3/1/2021	-		-	-	-
9/1/2021			69,339.03	69,339.03	69,339.03
3/1/2022	\$ 215,000	3.000%	121,175.00	336,175.00	
9/1/2022			117,950.00	117,950.00	454,125.00
3/1/2023	225,000	3.000%	117,950.00	342,950.00	
9/1/2023			114,575.00	114,575.00	457,525.00
3/1/2024	230,000	3.000%	114,575.00	344,575.00	
9/1/2024			111,125.00	111,125.00	455,700.00
3/1/2025	235,000	3.000%	111,125.00	346,125.00	
9/1/2025			107,600.00	107,600.00	453,725.00
3/1/2026	245,000	4.000%	107,600.00	352,600.00	
9/1/2026			102,700.00	102,700.00	455,300.00
3/1/2027	255,000	4.000%	102,700.00	357,700.00	
9/1/2027			97,600.00	97,600.00	455,300.00
3/1/2028	265,000	4.000%	97,600.00	362,600.00	
9/1/2028			92,300.00	92,300.00	454,900.00
3/1/2029	275,000	4.000%	92,300.00	367,300.00	
9/1/2029			86,800.00	86,800.00	454,100.00
3/1/2030	290,000	4.000%	86,800.00	376,800.00	
9/1/2030			81,000.00	81,000.00	457,800.00
3/1/2031	300,000	4.000%	81,000.00	381,000.00	
9/1/2031			75,000.00	75,000.00	456,000.00
3/1/2032	310,000	4.000%	75,000.00	385,000.00	
9/1/2032			68,800.00	68,800.00	453,800.00
3/1/2033	325,000	4.000%	68,800.00	393,800.00	
9/1/2033			62,300.00	62,300.00	456,100.00
3/1/2034	340,000	4.000%	62,300.00	402,300.00	
9/1/2034			55,500.00	55,500.00	457,800.00
3/1/2035	350,000	4.000%	55,500.00	405,500.00	
9/1/2035			48,500.00	48,500.00	454,000.00
3/1/2036	365,000	4.000%	48,500.00	413,500.00	
9/1/2036			41,200.00	41,200.00	454,700.00
3/1/2037	380,000	4.000%	41,200.00	421,200.00	
9/1/2037			33,600.00	33,600.00	454,800.00
3/1/2038	395,000	4.000%	33,600.00	428,600.00	
9/1/2038			25,700.00	25,700.00	454,300.00
3/1/2039	410,000	4.000%	25,700.00	435,700.00	
9/1/2039			17,500.00	17,500.00	453,200.00
3/1/2040	430,000	4.000%	17,500.00	447,500.00	
9/1/2040			8,900.00	8,900.00	456,400.00
3/1/2041	445,000	4.000%	8,900.00	453,900.00	
9/1/2041					453,900.00
Total	\$ 6,285,000.00		\$ 2,887,814.03	\$ 9,172,814.03	\$ 9,172,814.03



City of Ferris, Texas (Dallas & Ellis Counties) Combination Tax & Waterworks & Sewer Revenue Certificates of Obligation, Series 2020					
Date	Principal	Rate	Interest	Total Debt Service	Annual Debt Service
3/1/2021	-		-	-	
9/1/2021			50,875.00	50,875.00	50,875.00
3/1/2022	105,000.00	3.000%	50,875.00	155,875.00	
9/1/2022			49,300.00	49,300.00	205,175.00
3/1/2023	110,000.00	3.000%	49,300.00	159,300.00	
9/1/2023			47,650.00	47,650.00	206,950.00
3/1/2024	115,000.00	3.000%	47,650.00	162,650.00	
9/1/2024			45,925.00	45,925.00	208,575.00
3/1/2025	115,000.00	3.000%	45,925.00	160,925.00	
9/1/2025			44,200.00	44,200.00	205,125.00
3/1/2026	120,000.00	3.000%	44,200.00	164,200.00	
9/1/2026			42,400.00	42,400.00	206,600.00
3/1/2027	125,000.00	3.000%	42,400.00	167,400.00	
9/1/2027			40,525.00	40,525.00	207,925.00
3/1/2028	125,000.00	3.000%	40,525.00	165,525.00	
9/1/2028			38,650.00	38,650.00	204,175.00
3/1/2029	130,000.00	3.000%	38,650.00	168,650.00	
9/1/2029			36,700.00	36,700.00	205,350.00
3/1/2030	135,000.00	4.000%	36,700.00	171,700.00	
9/1/2030	-		34,000.00	34,000.00	205,700.00
3/1/2031	140,000.00	4.000%	34,000.00	174,000.00	
9/1/2031	-		31,200.00	31,200.00	205,200.00
3/1/2032	145,000.00	4.000%	31,200.00	176,200.00	
9/1/2032	-		28,300.00	28,300.00	204,500.00
3/1/2033	155,000.00	4.000%	28,300.00	183,300.00	
9/1/2033	-		25,200.00	25,200.00	208,500.00
3/1/2034	160,000.00	4.000%	25,200.00	185,200.00	
9/1/2034	-		22,000.00	22,000.00	207,200.00
3/1/2035	165,000.00	4.000%	22,000.00	187,000.00	
9/1/2035	-		18,700.00	18,700.00	205,700.00
3/1/2036	175,000.00	4.000%	18,700.00	193,700.00	
9/1/2036	-		15,200.00	15,200.00	208,900.00
3/1/2037	180,000.00	4.000%	15,200.00	195,200.00	
9/1/2037	-		11,600.00	11,600.00	206,800.00
3/1/2038	185,000.00	4.000%	11,600.00	196,600.00	
9/1/2038	-		7,900.00	7,900.00	204,500.00
3/1/2039	195,000.00	4.000%	7,900.00	202,900.00	
9/1/2039	-		4,000.00	4,000.00	206,900.00
3/1/2040	200,000.00	4.000%	4,000.00	204,000.00	
9/1/2040	-		-	-	204,000.00
Total	\$ 2,780,000.00		\$ 1,188,650.00	\$ 3,968,650.00	\$ 3,968,650.00



**City of Ferris, Texas
(Dallas & Ellis Counties)**

Tax & Waterworks & Sewer Revenue Certificates of Obligation, Series 2011

Date	Principal	Rate	Interest	Total Debt Service	Annual Debt Service
3/1/2021					
9/1/2021			13,662.50	13,662.50	13,662.50
3/1/2022	110,000.00	4.000%	11,512.50	121,512.50	
9/1/2022			11,512.50	11,512.50	133,025.00
3/1/2023	115,000.00	4.250%	9,190.63	124,190.63	
9/1/2023			9,190.63	9,190.63	133,381.25
3/1/2024	120,000.00	4.250%	6,693.75	126,693.75	
9/1/2024			6,693.75	6,693.75	133,387.50
3/1/2025	125,000.00	4.250%	4,090.63	129,090.63	
9/1/2025			4,090.63	4,090.63	133,181.25
3/1/2026	130,000.00	4.250%	1,381.25	131,381.25	
9/1/2026			1,381.25	1,381.25	132,762.50
Total	\$ 600,000.00		\$ 79,400.00	\$ 679,400.00	\$ 798,062.50



**City of Ferris, Texas
(Dallas & Ellis Counties)**

Tax & Waterworks & Sewer System, Series 2006

Date	Principal	Rate	Interest	Total Debt Service	Annual Debt Service
3/1/2021				-	
9/1/2021			\$ 6,785.00	6,785.00	6,785.00
3/1/2022	\$ 55,000.00	4.600%	6,785.00	61,785.00	
9/1/2022			5,520.00	5,520.00	67,305.00
3/1/2023	55,000.00	4.600%	5,520.00	60,520.00	
9/1/2023			4,255.00	4,255.00	64,775.00
3/1/2024	60,000.00	4.600%	4,255.00	64,255.00	
9/1/2024			2,875.00	2,875.00	67,130.00
3/1/2025	60,000.00	4.600%	2,875.00	62,875.00	
9/1/2025			1,495.00	1,495.00	64,370.00
3/1/2026	65,000.00	4.600%	1,495.00	66,495.00	
9/1/2026			-	-	66,495.00
Total	\$ 295,000.00		\$ 41,860.00	\$ 336,860.00	\$ 336,860.00



APPENDIX



Glossary

Abatement: A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

Accounting System: The total structure of records and procedures that identify record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, account groups, and organizational components.

Accrued Interest: The amount of interest that has accumulated on the debt since the date of the last interest payment, and on the sale of a bond, the amount accrued up to but not including the date of delivery (settlement date). (See Interest)

Amortization: The gradual repayment of an obligation over time and in accordance with a predetermined payment schedule.

Appropriation: A legal authorization from the community's legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended.

Arbitrage: As applied to municipal debt, the investment of tax-exempt bonds or note proceeds in higher yielding, taxable securities. Section 103 of the Internal Revenue Service (IRS) Code restricts this practice and requires (beyond certain limits) that earnings be rebated (paid) to the IRS.

Assessed Valuation: A value assigned to real estate or other property by a government as the basis for levying taxes.

Audit: An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool in evaluating the fiscal performance of a community.

Audit Report: Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to application of auditing procedures; (c) findings and opinions. It is almost always accompanied by a management letter which contains supplementary comments and recommendations.

Available Funds: Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other one-time costs.

Balance Sheet: A statement that discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date.

Betterments (Special Assessments): Whenever a specific area of a community receives benefit from a public improvement (e.g., water, sewer, sidewalk, etc.), special property taxes may be assessed to reimburse the governmental entity for all or part of the costs it incurred. Each parcel receiving benefit from the improvement is assessed for its proportionate share of the cost of such improvements. The proportionate share may be paid in full or the property owner may request that the assessors apportion the betterment over 20 years. Over the life of the betterment, one year's apportionment along with one year's committed interest computed from October 1 to October 1 is added to the tax bill until the betterment has been paid.

Bond: A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

Bond and Interest Record: (Bond Register) – The permanent and complete record maintained by a treasurer for each bond issue. It shows the amount of interest and principal coming due each date and all other pertinent information concerning the bond issue.

Bonds Authorized and Unissued: Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining balance of authorized and unissued bonds may not be used for other purposes, but must be rescinded by the community's legislative body to be removed from community's books.

Bond Issue: Generally, the sale of a certain number of bonds at one time by a governmental unit.



Bond Rating (Municipal): A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Budget: A plan for allocating resources to support particular services, purposes and functions over a specified period of time. (See Performance Budget, Program Budget)

Capital Assets: All real and tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Assets)

Capital Budget: An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Assets, Fixed Assets)

Cash: Currency, coin, checks, postal and express money orders and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

Cash Management: The process of monitoring the ebb and flow of money in an out of municipal accounts to ensure cash availability to pay bills and to facilitate decisions on the need for short-term borrowing and investment of idle cash.

Certificate of Deposit (CD): A bank deposit evidenced by a negotiable or non-negotiable instrument, which provides on its face that the amount of such deposit plus a specified interest payable to a bearer or to any specified person on a certain specified date, at the expiration of a certain specified time, or upon notice in writing.

Classification of Real Property: Assessors are required to classify all real property according to use into one of four classes: residential, open space, commercial, and industrial. Having classified its real properties, local officials are permitted to determine locally, within limitations established by statute and the Commissioner of Revenue, what percentage of the tax burden is to be borne by each class of real property and by personal property owners.

Collective Bargaining: The process of negotiating workers' wages, hours, benefits, working conditions, etc., between an employer and some or all of its employees, who are represented by a recognized labor union. regarding wages, hours and working conditions.

Consumer Price Index: The statistical measure of changes, if any, in the overall price level of consumer goods and services. The index is often called the "cost-of-living index."

Cost-Benefit Analysis: A decision-making tool that allows a comparison of options based on the level of benefit derived and the cost to achieve the benefit from different alternatives.

Debt Burden: The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

Debt Service: The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Encumbrance: A reservation of funds to cover obligations arising from purchase orders, contracts, or salary commitments that are chargeable to, but not yet paid from, a specific appropriation account.

Enterprise Funds: An enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery--direct, indirect, and capital costs—are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the

"surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

Equalized Valuations (EQVs): The determination of the full and fair cash value of all property in the community that is subject to local taxation.

Estimated Receipts: A term that typically refers to anticipated local revenues often based on the previous year's receipts and represent funding sources necessary to support a community's annual budget. (See Local Receipts)

Exemptions: A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and cultural institutions. Persons who may qualify for exemptions include disabled veterans, blind individuals, surviving spouses, and seniors.

Expenditure: An outlay of money made by municipalities to provide the programs and services within their approved budget.

Fiduciary Funds: Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Fixed Assets: Long-lived, assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

Fixed Costs: Costs that are legally or contractually mandated such as retirement, FICA/Social Security, insurance, debt service costs or interest on loans.

Float: The difference between the bank balance for a local government's account and its book balance at the end of the day. The primary factor creating float is clearing time on checks and deposits. Delays in receiving deposit and withdrawal information also influence float.

Full Faith and Credit: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

Fund: An accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Accounting: Organizing financial records into multiple, segregated locations for money. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds. Communities whose accounting records are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

GASB 34: A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria on the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering value estimates on public infrastructure assets, such as bridges, road, sewers, etc. It also requires the presentation of a narrative statement the government's financial performance, trends and prospects for the future.

GASB 45: This is another Governmental Accounting Standards Board major pronouncement that each public entity account for and report other postemployment benefits in its accounting statements. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service.

General Fund: The fund used to account for most financial resources and activities governed by the normal appropriation process.

General Obligation Bonds: Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

Governing Body: A board, committee, commission, or other executive or policymaking body of a municipality or school district.



Indirect Cost: Costs of a service not reflected in the operating budget of the entity providing the service. An example of an indirect cost of providing water service would be the value of time spent by non-water department employees processing water bills. A determination of these costs is necessary to analyze the total cost of service delivery. The matter of indirect costs arises most often in the context of enterprise funds.

Interest: Compensation paid or to be paid for the use of money, including amounts payable at periodic intervals or discounted at the time a loan is made. In the case of municipal bonds, interest payments accrue on a day-to-day basis, but are paid every six months.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time. It is always expressed in annual terms.

Investments: Securities and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Line Item Budget: A budget that separates spending into categories, or greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

Local Aid: Revenue allocated by the state or counties to municipalities and school districts.

Maturity Date: The date that the principal of a bond becomes due and payable in full.

Municipal(s): (As used in the bond trade) "Municipal" refers to any state or subordinate governmental unit. "Municipals" (i.e., municipal bonds) include not only the bonds of all political subdivisions, such as cities, towns, school districts, special districts, counties but also bonds of the state and agencies of the state.

Note: A short-term loan, typically with a maturity date of a year or less.

Objects of Expenditures: A classification of expenditures that is used for coding any department disbursement, such as "personal services," "expenses," or "capital outlay."

Official Statement: A document prepared for potential investors that contains information about a prospective bond or note issue and the issuer. The official statement is typically published with the notice of sale. It is sometimes called an offering circular or prospectus.

Operating Budget: A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Overlapping Debt: A community's proportionate share of the debt incurred by an overlapping government entity, such as a regional school district, regional transit authority, etc.

Performance Budget: A budget that stresses output both in terms of economy and efficiency.

Principal: The face amount of a bond, exclusive of accrued interest.

Program: A combination of activities to accomplish an end.

Program Budget: A budget that relates expenditures to the programs they fund. The emphasis of a program budget is on output.

Purchased Services: The cost of services that are provided by a vendor.

Refunding of Debt: Transaction where one bond issue is redeemed and replaced by a new bond issue under conditions generally more favorable to the issuer.

Reserve Fund: An amount set aside annually within the budget of a town to provide a funding source for extraordinary or unforeseen expenditures.

Revaluation: The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessors' analysis and consideration of many factors, including, but not limited to, the status of



the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information.

Revenue Anticipation Note (RAN): A short-term loan issued to be paid off by revenues, such as tax collections and state aid. RANs are full faith and credit obligations.

Revenue Bond: A bond payable from and secured solely by specific revenues and thereby not a full faith and credit obligation.

Revolving Fund: Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service.

Sale of Real Estate Fund: A fund established to account for the proceeds of the sale of municipal real estate other than proceeds acquired through tax title foreclosure.

Stabilization Fund: A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose.

Surplus Revenue: The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

Tax Rate: The amount of property tax stated in terms of a unit of the municipal tax base; for example, \$14.80 per \$1,000 of assessed valuation of taxable real and personal property.

Tax Title Foreclosure: The procedure initiated by a municipality to obtain legal title to real property already in tax title and on which property taxes are overdue.

Trust Fund: In general, a fund for money donated or transferred to a municipality with specific instructions on its use. As custodian of trust funds, the treasurer invests and expends such funds as stipulated by trust agreements, as directed by the commissioners of trust funds or by the community's legislative body. Both principal and interest may be used if the trust is established as an expendable trust. For nonexpendable trust funds, only interest (not principal) may be expended as directed.

Uncollected Funds: Recently deposited checks included in an account's balance but drawn on other banks and not yet credited by the Federal Reserve Bank or local clearinghouse to the bank cashing the checks. (These funds may not be loaned or used as part of the bank's reserves and they are not available for disbursement.)

Undesignated Fund Balance: Monies in the various government funds as of the end of the fiscal year that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash.

Unreserved Fund Balance (Surplus Revenue Account): The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

Valuation (100 Percent): The legal requirement that a community's assessed value on property must reflect its market, or full and fair cash value.

City of Ferris Debt Issuance and Management Policy

Overview

The City of Ferris is authorized by federal law and Texas law to issue long-term debt to finance the cost of public improvements over a period not to exceed the life of each improvement. The process of issuing debt, making debt payments, and reporting results is heavily regulated by state and federal law. The management of debt proceeds, including investment, appropriation, and spending, is also heavily regulated and must be addressed to ensure transparency to the public, responsiveness to oversight and reporting agencies, as well as compliance with internal controls, records requirements, and security for cash proceeds.

Purpose

The purpose of the City's Debt Management Policy is to establish and maintain well-defined guidelines for issuing new debt and managing outstanding debt. This Policy will ensure the City sustains a robust debt management program, achieves manageable borrowing costs, and maintains the greatest flexibility to meet the City's needs.

Definitions

Long-Term Debt may be issued to finance major capital improvements: i.e., to purchase facility/venue sites, finance infrastructure improvements, construction of new facilities, significant expansions of existing facilities, extensive remodeling of existing structures, and the equipping thereof. Depending upon the location of the facilities, one or more of the following options may apply:

1. **Public Improvement Bonds** – (General Obligation bonds or GO's) Public Improvement Bonds (GO's) are used to construct, acquire, and equip buildings and purchase necessary sites for buildings. Public Improvement bonds (GO's) are intended to provide long-term financing for facilities payable by the City's ad valorem taxes. GO bonds issued for refunding existing bonds (see Debt Refunding below) do not require voter approval. The voters must approve authority to issue GO bonds for new projects and repay the bonds using ad valorem (property) taxes before issuance.
2. **Certificates of Obligation** – Certificates of Obligation (CO's) may be used to fund projects where both property taxes and revenues are pledged repayment sources for the same projects as GO bonds. CO bonds may also finance equipment, including vehicles, computers, radios, and major equipment and machinery that is not a part of a facility rebuild project. The use of CO's may occur when a credit rating upgrade results from the dual pledge of revenues. City Council may approve Certificates of Obligation after meeting special public notice requirements under State law regarding the sale.
3. **Revenue Bonds (Enterprise Revenue Bonds)** – Revenue Bonds may be used to fund capital requirements for the construction, acquisition, and equipping of projects that are supported by revenues other than property tax revenues, such as Utility System, Water and Wastewater Revenue Bonds, or Hotel Occupancy Taxes.
4. **Self-Supporting Debt** – Self-Supporting Debt is issued with an underlying property tax pledge planned and administered to pay all debt service with reliable revenue streams other than property taxes. Revenue may include sales taxes, water and sewer revenue, special district assessments, tax increment reinvestment zones (TIRZs).
5. **Debt Refunding** – The refinancing or restructuring of existing debt is used to take advantage of lower interest rates or provide debt relief. Refunding transactions are usually considered practical if they produce a minimum amount of savings to the City.
6. **Variable Rate Bonds** – Variable rate debt is a bond issue that includes provisions by which interest rates can be adjusted after the time of sale using an agreed-upon market-based index at regular periodic intervals.
7. **Assessment Bonds** – Proceeds from Assessment Bonds may be used to finance local public improvements, provided that said improvements benefit the parcels of land to be assessed. Local street lights, landscaping, sidewalks, and sanitary sewers are some examples of local improvements commonly financed by Assessment Bonds.
8. **Private Placement Loans (Bank Notes/Loans)** – Private placements are sold directly to financial institutions. These may be short-, medium- or long-term, fixed or floating rate. Private placements may be used instead of the preferred methods of sale for financing specific assets or programs or refunding of existing debt.
9. **Capital Lease** – A capital lease is a contract entitling a renter to an asset's temporary use. Such a lease has the economic characteristics of asset ownership for accounting purposes. The capital lease requires a renter to book assets and liabilities associated with the lease if the rental contract meets specific requirements. In essence, a capital lease is considered a purchase of an asset, while an operating lease (<https://www.investopedia.com/terms/o/operatinglease.asp>) is handled as a typical lease under generally accepted accounting principles (<https://www.investopedia.com/terms/g/gaap.asp>) (GAAP).
10. **Other Obligations** – There may be exceptional circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include but are not limited to tax notes, non-enterprise revenue bonds, bond anticipation notes, grant application notes, and judgment or settlement obligation bonds.

Conditions of Debt Issuance

1. **Community Needs** – Debt should be issued to meet the community's needs through the funding of capital projects and equipment, but without constituting an unreasonable burden to taxpayers.



2. **Qualified Projects** – Only capital needs identified in the capital improvement program will be considered for long-term debt issuance. Refunding bonds will only be issued if the present value of debt service savings exceeds three percent of the refunded bonds' par value unless the refunding is intended for rate management purposes. Debt for other purposes, such as acquiring capital assets, is covered separately in this policy.
3. **Emergency Purposes** – Debt may be issued in compliance with State law to repair or replace an essential public asset (e.g., water or wastewater main line that has suffered catastrophic damages) or for other purposes, if there is an immediate risk to the health or general safety or the general population of the City. The issuance of debt under this subsection requires an affirmative vote by a majority of the City Council members present and voting, provided not less than four affirmative votes shall be required to authorize the issuance of debt under this subsection.

Restrictions on Debt Issuance

1. The City will not use long-term debt to finance current operations or routine maintenance.
2. The city will not use derivative products.
3. Variable-rate debt will not be used to refinance fixed-rate, long-term debt.
4. The City Council shall approve all debt issuances.
5. Before any debt may be issued, the city will analyze the requirements to determine the impact on future budgets, the sufficiency of revenues to fund the debt service requirements, and additional operating costs of the capital asset acquired. The analysis will ensure that debt service payments not tied to a specific revenue source shall be not greater than 40% of budgeted General Fund revenue for the current fiscal year. For calculation purposes, General Fund revenue shall include revenue in both Community Development and Recreation Funds of the City.

Payments on bonds tied to a specified revenue stream such as water & wastewater Bonds or TIF-supported bonds are not subject to this 40% limit. This percentage restriction may be waived on a case-by-case basis for emergency purposes.

Limitations on Outstanding Debt.

1. Limitations on the city's outstanding bonded debt include:
 - A. The total of gross bonded debt payable from the City's General Fund (to include principal portion only) will not exceed six (6) percent of the City's assessed valuation for the same year.
 - B. Certificates of obligation payable from the General Fund shall not exceed eight (8) percent of the City's assessed valuation.
2. These limitations shall not apply to utility-supported or TIF-supported debt. They shall be periodically compared with other cities to determine if the city is still within the norm for comparably sized cities.

Characteristics of Debt Issuance.

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

1. The term may be up to thirty (30) years, depending on cash flow assumptions and the asset's useful life being financed.
2. Call provisions will be the shortest possible optional call consistent with optimal pricing.
3. The City will seek to retire at least twenty-five (25) percent of the total General Fund supported principal outstanding within the next ten (10) fiscal years.
4. The City will seek level or declining overall debt repayment schedules. It will avoid issuing debt that provides for balloon principal payments reserved at the end of the term of the issue unless such debt issue is intended initially to be refinanced to produce level or declining overall debt repayment.
5. The City will avoid variable rate debt due to the potential volatility of such instruments. Therefore, the City will avoid the use of variable rate debt for its general obligation bond issues.
6. Debt service reserves will conform with bond covenants, if applicable.
7. Commercial insurance or other credit enhancements to the bond rating shall be considered when cost-effective.
8. Repayment of debt shall be made with revenues derived from the projects that benefitted from the bond issuance when possible.

Debt Issuance Process

1. The City will strive continually achieve a higher Standard and Poor's rating. The City will maintain good communications with bond rating agencies about its financial condition and follow a full disclosure policy on every financial report and bond prospectus. The City will also comply with all federal tax law provisions, including arbitrage requirements.
2. The City shall utilize independent financial advisor(s) on debt financing when deemed prudent. Although not required, the City may utilize an RFP-selected pool of underwriters for any negotiated bond sale. Bond counsel will be used for each transaction.



3. The Finance Department shall review each debt issuance transaction on a case-by-case basis to determine the most appropriate method of sale.

Methods of Sale

1. **Competitive Sale.** In a competitive sale, bids for the bonds' purchase are opened at a specified place and time. They are awarded to the underwriter (or syndicate) whose conforming bid represents the City's lowest true interest cost (TIC). This method is most advantageous when the debt to be issued is less complex, the municipal bond market for high-grade credits is stable, and the City's bonds' sale is assured.
 - A. Bond sales shall be cancelable at any time prior to the time bids are to be received
 - B. Upon an award to the bidder whose conforming bid represents the lowest true interest cost, the City may restructure the bonds in accordance with the Official Notice of Sale. The City shall reserve the unfettered right to reject all bids or waive bid irregularities.
2. **Negotiated Sale.** In a negotiated sale, the City chooses the initial buyer of the bonds in advance of the sale date. The initial buyer is usually an investment banking firm or a syndicate of investment banking firms interested in reoffering the bonds to investors through an underwriting process. This type of sale allows the City to discuss various financing techniques with the underwriter in advance of the sale date. This method is most advantageous when the debt issue is complex, debt structuring flexibility is required (as would be the case in a bond refunding), or the municipal bond market is unstable or uncertain.
3. **Private Placement** In a private placement, the City may select a private purchaser willing to bid a below-market rate. Such placements often allow debt to be issued more efficiently by eliminating the need for bond ratings and other associated issuance costs. Such financing will be analyzed on a case-by-case basis, depending primarily on rates prevailing in the placement market from time to time.
4. Professional services used in conjunction with a bond issuance may be obtained using a Request for Proposal (RFP). If an RFP is used, the selection will be based on experience in the type of issuance and municipal bond activities, ability to perform needed services, conflicts of interest, fees and fee structure.

Debt Administration

1. Designated reserves and/or unreserved fund balances will be maintained so as to cover scheduled debt service payments until dedicated revenue is available for deposit in the appropriate debt service fund for payment of the principal and interest scheduled to be paid.
2. The City's General Debt Service fund balance will not exceed thirteen months of debt service payments as required by the Internal Revenue Service.
3. Project schedules and costs provided as the basis for an individual bond sale shall be based on the CIP. They will not constitute the basis for the continued commitment of bond proceeds for any specific project, contract, or cost past the end of a fiscal year.
4. Capital project funds, including bond proceeds unencumbered in a contract awarded by City Council as of the end of a fiscal year, must be presented for contract awards in the subsequent fiscal year by City Council. Eligible CIP projects are brought forward before new bond sales are conducted.
5. The Chief Financial Officer is responsible for coordinating and analyzing the debt requirements as part of the annual budget and capital improvement plan preparation. This function will include debt timing, calculation of outstanding debt, debt limitation calculations and compliance, impact on future debt burdens, and current/future revenue requirements.

Permitted Investments of Debt Proceeds

1. All investments of debt proceeds shall adhere to the City's Investment Policy. Accordingly, the investment of proceeds is limited to:
 - A. securities guaranteed for both principal and interest by the federal government. All securities held in the City's name prior to the effective date of this Ordinance are exempt until such securities mature and funds become available for reinvestment;
 - B. collateralized certificates of deposit from banks whose collateral consists of securities of the United States or secured by a letter of credit from the Federal Home Loan Bank Board that guarantees both principal and interest;
 - C. local government investment pools; or
 - D. collateralized certificates of deposit from banks secured by a combination of collateral and guarantees as provided in (A) and (B), or bonds and debt obligations of the State of Texas and other instruments as authorized by State law.



City of Ferris Investment Policy

INTRODUCTION

The purpose of this document is to set forth specific investment policy and strategy guidelines for the City of Ferris in order to achieve the goals of safety, liquidity, yield, and public trust for all investment activity. The City Council of the City of Ferris shall review its investment strategies and policy not less than annually. This policy serves to satisfy the statutory requirement (specifically the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act")) to define, adopt and review a formal investment strategy policy.

INVESTMENT STRATEGY

A. The City of Ferris maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios.

B. Investment strategies for operating funds and commingled pools containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. This may be accomplished by purchasing high quality, short to medium-term securities which will complement each other in a ladder or barbell maturity structure. The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity date of each security.

C. Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds the debt service payment date.

D. Investment strategies for debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund from securities with a low degree of volatility. Securities should be of high quality and, except as may be required by the bond ordinance specific to an individual issue, of short to intermediate-term maturities. Volatility shall be further controlled through the purchase of securities carrying the highest coupon available, within the desired maturity and quality range, without paying a premium, if at all possible. Such securities will tend to hold their value during economic cycles.

E. Investment strategies for 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 high 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.

INVESTMENT POLICY

I. SCOPE

This investment policy applies to all financial assets of the City of Ferris. These funds are accounted for in the City's Annual Audit and include:

- General Fund
- Special Revenue Funds
- Internal Service Funds
- Capital Projects/Grants Funds
- Enterprise Funds

II. OBJECTIVES

The City of Ferris shall manage and invest its cash with four objectives, listed in order of priority: Safety, Liquidity, Yield, and Public Trust. The safety of the principal invested always remains the primary objective. All investments shall be designed and managed in a manner responsive to the public trust and consistent with State and Local Law.

The City shall maintain a comprehensive cash management program which includes collection of accounts receivable, vendor payment in accordance with invoice terms, and prudent investment of available cash. Cash management is defined as the process of managing monies in order to insure maximum cash availability and maximum yield on short-term investment.

Safety



The primary objective of the City's investment activity is the preservation of capital in the overall portfolio. Each investment transaction shall be conducted in a manner to avoid capital losses, whether they are from securities defaults or erosion of market value.

Liquidity

The City's investment portfolio shall be structured such that the City is able to meet all obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

Yield

The City's cash management portfolio shall be designed with the objective of regularly exceeding the average rate of return on three-month U.S. Treasury Bills. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment policies.

Public Trust

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

III. RESPONSIBILITY AND CONTROL

Delegation of Authority and Training

Authority to manage the City's investment program is derived from a resolution of the City Council. The City Manager or His/Her Designee is designated as investment officer of the City and is responsible for investment decisions and activities. The City Manager or His/Her Designee shall establish written procedures for the operation of the investment program, consistent with this investment policy. The investment officer shall attend at least one training session relating to the officer's responsibility under the Act within 12 months after assuming duties.

Internal Controls

The City Manager or His/Her Designee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the City Manager or His/Her Designee shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- A. Control of collusion.
- B. Separation of transaction authority from accounting and record keeping.
- C. Custodial safekeeping.
- D. Avoidance of physical delivery securities.
- E. Clear delegation of authority to subordinate staff members.
- F. Written confirmation for telephone (voice) transactions for investments and wire transfers.
- G. Development of a wire transfer agreement with the depository bank or third-party custodian.

Prudence

The standard of prudence to be applied by the investment officer shall be the "prudent investor" rule, which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." In determining whether an investment officer has 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 the investment officer had responsibility rather than a consideration as to the prudence of single investment.



Whether the investment decision was consistent with the written investment policy of the City.

The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

Ethics and Conflicts of Interest

City staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. City staff shall disclose to the City Manager or His/Her Designee/Administrator any material financial interests in financial institutions that conduct business with the City and they shall further disclose positions that could be related to the performance of the City's portfolio. City staff shall subordinate their personal financial transactions to those of the City, particularly with regard to timing of purchases and sales.

An investment officer of the City who has a personal business relationship with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body by the entity.

IV. REPORTING

Quarterly Reporting

The City Manager or His/Her Designee shall submit a signed quarterly investment report that summarizes current market conditions, economic developments and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics, and shall explain the total investment return for the quarter.

Annual Report

Within 60 days of the end of the fiscal year, the City Manager or His/Her Designee shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the Mayor and the City Council.

Methods

The quarterly investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be provided to the Mayor and the City Council. The report will include the following:

- A. A listing of individual securities held at the end of the reporting period.
- B. Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period.
- C. Additions and changes to the market value during the period.
- D. Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmark.
- E. Listing of investments by maturity date.
- F. The percentage of the total portfolio which each type of investment represents.
- G. Statement of compliance of the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.

V. INVESTMENT PORTFOLIO

Active Portfolio Management



The City shall pursue an active versus passive portfolio management philosophy. That is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade. The investment officer will routinely monitor the contents of the portfolio, the available markets, and the relative value of competing instruments, and will adjust the portfolio accordingly.

Investments

Assets of the City of Ferris may be invested in the following instruments; provided, however, that at no time shall assets of the City be invested in any instrument or security not authorized for investment under the Act, as the Act may from time to time be amended.

I. Authorized

- A. Obligations of the United States of America, its agencies and instrumentalities.
- B. Direct obligations of the State of Texas and agencies thereof.
- C. Other obligations, the principle of and interest on which are unconditionally guaranteed by the State of Texas and United States of America.
- D. Obligations of the States, agencies thereof, Counties, Cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or its equivalent. However, should these investments be down rated to "A" or its equivalent, they will be sold.
- E. Certificates of Deposit of state and national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance or its successor or secured by obligations described in A through D above, which are intended to include all direct agency or instrumentality issued mortgage backed securities rated AAA by a nationally recognized rating agency, or by Article 2529b-1, V.T.C.S., and that have a market value of not less than the principal amount of the certificates.
- F. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, selected by the City Manager or His/Her Designee, other than an agency for the pledgor. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or bank domiciled in Texas.
- G. Joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law.

II. Not Authorized

The City's authorized investments options are more restrictive than those allowed by the State law. State law specifically prohibits investment in the following investment securities.

- 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 of greater than 10 years.
- D. Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Holding Period

The City of Ferris intends to match the holding periods of investment funds with liquidity needs of the City. In no case will the average maturity of investments of the City's operating funds exceed one year. The maximum final stated maturity of any investment shall not exceed three years.

Investments in all funds shall be managed in such a way that the market price losses resulting from interest rate volatility would be offset by coupon income and current income received from the volume of the portfolio during a twelve-month period.

Risk and Diversification

The City of Ferris recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk is controlled through portfolio diversification which shall be achieved by the following general guidelines:

- A. Risk of issuer default is controlled by limiting investments to those instruments allowed by the Act, which are described herein.



- B. Risk of market price changes shall be controlled by avoiding over- concentration of assets in a specific maturity sector, limitation of average maturity of operating investments to one year, and avoidance of over- concentration of assets in specific instruments other than U.S. Treasury Securities and Insured or Collateralized Certificates of Deposits.
- C. Risk of illiquidity due to technical complications shall be controlled by the selection of securities dealers as described herein.

VI. SELECTION OF BANKS AND DEALERS

Depository

At least every three years a Depository shall be selected through the City's banking services procurement process, which shall include a formal request for proposal (RFP). In selecting a depository, the credit worthiness of institutions shall be considered, and the Director of Finance shall conduct a comprehensive review of prospective depositories credit characteristics and financial history. The City may consider applications received from a bank, credit union, or savings association that is not doing business within the municipality. The Council must take into consideration what is in the best interest of the municipality in establishing a depository.

Certificates of Deposit

Banks seeking to establish eligibility for the City's competitive certificate of deposit purchase program shall submit for review annual financial statements, evidence of federal insurance and other information as required by the City Manager or His/Her Designee.

Securities Dealers

For brokers and dealers of government securities, the City shall select only those dealers reporting to the Market Reports Division of the Federal Reserve Board of New York, also known as the "Primary Government Security Dealers", unless a comprehensive credit and capitalization analysis reveals that other firms are adequately financed to conduct public business. Investment officials shall not knowingly conduct business with any firm with whom public entities have sustained losses on investments. All Securities dealers shall provide the City with references from public entities which they are currently serving.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate:

- audited financial statements
- proof of National Association of Securities Dealers (NASD) certification
- proof of state registration
- completed broker/dealer questionnaire
- certification of having read the City's investment policy signed by a registered principal of the organization
- acknowledgement that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the City and the organization

An annual review of the financial condition and registration of qualified bidders will be conducted by the City Manager or His/Her Designee.

VII. SAFEKEEPING AND CUSTODY

Insurance or Collateral

All deposits and investments of City funds other than direct purchases of U.S. Treasuries or Agencies shall be secured by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC or FSLIC. Evidence of the pledged collateral shall be maintained by the City Manager or His/Her Designee or a third party financial institution. Repurchase agreements shall be documented by a specific agreement noting the collateral pledge in each agreement. Collateral shall be reviewed weekly to assure that the market value of the pledged securities is adequate.

Safekeeping Agreement



Collateral pledged to secure deposits of the City shall be held by a safekeeping institution in accordance with a Safekeeping Agreement which clearly defines the procedural steps for gaining access to the collateral should the City of Ferris determine that the City's funds are in jeopardy. The safekeeping institution, or Trustee, shall be the Federal Reserve Bank or an institution not affiliated with the firm pledging the collateral. The safekeeping agreement shall include the signatures of authorized representatives of the City of Ferris, the firm pledging the collateral, and the Trustee.

Collateral Defined

The City of Ferris shall accept only the following securities as collateral:

- A. FDIC and FSLIC insurance coverage.
- B. A bond, certificate of indebtedness, or Treasury Note of the United States, or other evidence of indebtedness of the United States that is guaranteed as to principal and interest by the United States.

Subject to Audit

All collateral shall be subject to inspection and audit by the City Manager or His/Her Designee or the City's independent auditors.

Delivery vs. Payment

Treasury Bills, Notes, Bonds and Government Agencies' securities shall be purchased using the delivery vs. payment method. That is, funds shall not be wired or paid until verification has been made that the correct security was received by the Trustee. The security shall be held in the name of the City or held on behalf of the City. The Trustee's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City.

VIII. INVESTMENT POLICY ADOPTION

The City of Ferris investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed for effectiveness on an annual basis by the City Manager or His/Her designee and any modifications will be recommended for approval to the City Council.