

NOTICE OF SPECIAL MEETING

Notice is hereby given that the Abilene City Council will hold a Special Meeting in the Basement Conference Room of the City Hall on:

Thursday, February 2, 1984

9:00 a.m.

for the purpose of considering the following agenda:

AGENDA

1. Call to Order.
2. Invocation.
3. Presentation of Annual Financial Report - Condley and Company.
4. Review and Discussion of Financial Policies.
5. Financial Update 1st Quarter 1983-84.
6. Adjourn.

CERTIFICATE

I hereby certify that the above notice of meeting was posted on the bulletin board at City Hall in the City of Abilene, Texas, on the 27th day of January, 1984, at 4:00 p.m.


Asst. City Secretary

CITY COUNCIL OF THE CITY OF ABILENE,
TEXAS, BASEMENT CONFERENCE ROOM

The City Council of the City of Abilene, Texas, met in Special Session, Thursday, February 2, 1984, at 9:00 a.m. in the City Hall Basement Conference Room. Mayor Elbert E. Hall was present and presiding with Councilwoman Billye Proctor-Shaw, Councilmen Carlos Rodriguez, A. E. Fogle, Jr. and Harold Nixon. Councilmen Julian Bridges and Welton Robinson were absent. Also present were City Manager Ed Seegmiller, Assistant City Manager for Fiscal Resources Roy McDaniel, Finance Director David Wright and City Secretary Patricia Patton. Special guests present were Jerry Crisp, Condley and Company, Joe Smith, First Southwest Company.

Councilman Harold Nixon gave the invocation.

Ed Seegmiller, City Manager, opened the discussion explaining the purpose of today's meeting to review the financial status of the City of Abilene, including a presentation of the annual financial report for the year ending September 30, 1983; review and discussion of financial policies; and financial update on the first quarter of fiscal year 1983-84.

Ed Seegmiller introduced Mr. Jerry Crisp, Condley and Company, C.P.A., who began the presentation of the annual financial report for the year ending September 30, 1983.

Councilman Julian Bridges joined the meeting.

Mr. Crisp reviewed certain schedules in the financial report with the City Council being:

1. General Fund - statement of changes and undesignated fund balance;
2. General Fund - balance sheet, including assets, liabilities, reserves, and fund balance.
3. General Fund - statement of revenues and expenditures - budgetary and actual - budget basis;
4. Enterprise Funds - combining statement of changes in financial position - transit and water and sewer funds.

Roy McDaniel emphasized the City's participation in the Certificate of Conformance Program, sponsored by Municipal Finance Officers Association. He also thanked Mr. Crisp and his staff for conducting the audit for the year ended September 30, 1983. He stated it is the staff's recommendation for the Council to approve the annual financial report for the year ended September 30, 1983 and authorize payment to Condley and Company for same.

Councilman Rodriguez questioned the percent of current levy collected during fiscal year 1982-83, being 95.67%. Mr. McDaniel responded that percent of collection was reasonable and good, however, he mentioned he would prefer to see it higher. To include collections of prior taxes for the fiscal year would bring the 95.67% to 97.75% for total collections to the tax levy for 1982-83.

The Council expressed their appreciation to the staff for demonstrating proven budgeting restraints for the fiscal year 1982-83. Mr. Seegmiller expressed his appreciation to the department directors for their earnest efforts to continue providing services to the citizens of Abilene given the limited operating budget from which they worked. Mayor Hall also expressed appreciation to the citizens of Abilene for accepting these services during a time of low financial economy.

Councilwoman Proctor-Shaw moved approval of the annual financial report for the year ending September 30, 1983, including payment to Condley and Company for same. The motion was seconded by Councilman Fogle and the motion carried as follows:

AUDIT-1982-83
presented, ac-
cepted, & auth.
payment for sam

AYES: Councilman Bridges, Councilwoman Proctor-Shaw,
Councilmen Rodriguez, Fogle, Nixon and Mayor Hall.

NAYS: None.

The next item under consideration was a review and discussion of certain financial policies. Councilman Carlos Rodriguez reported to the Mayor and Council his findings regarding the financial policies. It was the Council's intent to approve these policies in January, 1982, but they were inadvertently never formally approved. However, the last portion of the policy statement was voted and adopted regarding the "maintaining of an undesignated fund balance equivalent to 30% of the general fund operating budget at a minimum of 95% liquidity." It is his recommendation that the Council adopt the policies with the stipulation that they be reviewed on an annual basis, either during financial workshop or retreat session, in order that the Council may stay abreast of the policies and make changes when appropriate. Roy McDaniel explained to the Council the reasoning behind the policy statement being to provide a sufficient amount of interim financing for necessary projects in order to meet unanticipated contingencies such as lawsuits, tax role tie-ups and severe seasonal fluctuations in sales of the City owned utilities.

Mr. Joe Smith, First Southwest Company, was present and reinforced the statements made by Mr. McDaniel. He stated that the bond rating agencies, in looking at the City's financial status, consider the City's continuity and the setting of trends.

Currently the City has accumulated over the past five to six years approximately 25% of the desired 30% undesignated fund balance. The staff projected attaining the entire 30% by the end of 1984. However, due to the recent economical hardships it appears that projection will not come to pass.

The Council discussed their concerns regarding the maintaining of the undesignated fund balance and the possible future use of that fund in the event an expenditure was authorized. They discussed the affects in "dipping" into this undesignated fund balance if the policy statement was adopted. The Council also discussed the possibility of establishing an additional fund strictly for the purpose of excess undesignated funds. Therefore, the policies could be adopted, as written, and the undesignated fund balance equivalent to 30% of the general fund operating budget be set as a goal, allowing the Council, at their discretion, to utilize funds from the excess undesignated funds without jeopardizing the statement of policy. The Council further discussed a distinction between a surplus of funds achieved through increased revenues and a surplus achieved through decrease in City programs.

Mayor Hall moved to adopt the financial policies, as set out below, and amend the last paragraph, item #10, to read as follows:

POLICIES-Financia
approved

"Having as a goal the accumulation and maintenance of an undesignated fund balance, created from excess of actual revenues over budgeted revenues and allocated each year by the Council, equivalent to 30% of the general operating budget at a minimum of 95% liquidity. This should be sufficient to provide interim financing for necessary projects and meet unanticipated contingencies such as lawsuits, tax role tie-ups, and severe seasonal fluctuations in sales of the City owned utilities."

The motion was seconded by Councilman Bridges, and the motion carried as follows:

AYES: Councilman Bridges, Councilwoman Proctor-Shaw,
Councilmen Rodriguez, Fogle, Nixon and Mayor Hall.

NAYS: None.

FINANCIAL POLICIES

The City of Abilene adheres to financial policies for conducting the financial management of the City. The established long-range policies regarding financial management are to exercise a discipline which allows us to retain a sound financial condition; strive to retain the best possible rating on bonds; provide future

generations with the ability to borrow capital for construction of facilities without severe financial burden; and, give recognition to the communities' needs and abilities to pay. These goals are accomplished in the following manner:

- o Prudent budgeting and effective budget control. Budget replacement of capital equipment as the need arises. (Office machines, automobiles, heavy equipment, etc.)
- o Use of General Revenue Sharing for capital improvements and one time projects rather than for operations.
- o Prudent use of other Federal Funds when available.
- o Pay as you go financing of capital improvements where feasible.
- o Attempting to schedule bond issues so that an equal principal amount is retired each year over the life of the issue producing a total debt service schedule with a declining balance each year.
- o Planning for capital improvements on a five year plan updated annually.
- o Passing a share of the cost of extending utilities and improvements in subdivisions to property owners of the subdivisions rather than to the general public.
- o Providing working capital in all funds sufficient to meet current operating needs.
- o Financial accounting and reporting in accordance with methods prescribed by the National Committee on Governmental Accounting of the Municipal Finance Officers Association and making such reports available to bond rating agencies and other financially interested organizations.
- o Having as a goal the accumulation and maintenance of an undesignated fund balance created from excess of actual revenues, over budgeted revenues and allocated each year by the Council, equivalent to 30% of the general operating budget at a minimum of 95% liquidity. This should be sufficient to provide interim financing for necessary lawsuits, tax role tie-ups, and severe seasonal fluctuations in sales of the City owned utilities.

Mr. McDaniel gave a brief review of the financial outlook for 1983-84 and mentioned a few items that may need attention in the near future:

1. Personnel salary increases.
2. Additional staff requirements in certain areas (i.e., flood control, etc.)
3. Address the affects of the Christmas season freeze.
4. Building maintenance areas (i.e., emergency purchase of City Hall chiller, the continued depreciation of various City buildings, etc.)
5. Street repair and expansion.
6. Street sweeping program.
7. AT&T break up and the affects it may have on the franchise taxes.

David Wright, Director of Finance, reviewed with the Council the 1982-83 revenue sharing budget and its status to date.

David Wright also gave the Council a financial update on the first quarter of fiscal year 1983-84 and reviewed various revenues collected. The presentation showed that current revenues appear to better meet projections than revenues for this same period last year. He also pointed out that there was approximately \$162,000 more in Revenue Sharing than had been anticipated.

Mayor Hall recognized former Council Member Seaton Higginbotham who was present. Mr. Higginbotham addressed the possible use of funds for the Police Department. Mayor Hall also recognized Homero Gonzales, Chairman Civic Abilene, Inc., and Mr. Gonzales stated he supported Mr. Higginbotham's comments. He also referenced an informational packet he prepared on the Civic Center's needs which he sent to Mayor Hall (who in turn forwarded copies to the Council). He suggested if certain funds were to be utilized, that the Council consider the needs of the Civic Center.

The Council further discussed the possibility of utilizing the \$336,581.00 that was added to the undesignated fund balance at September 30, 1983, and the \$162,000 of undesignated Revenue Sharing funds.

Councilwoman Proctor-Shaw moved to request that the Council, at their next regular Council meeting or a work session, look at different areas of need in the community and possibly consider the use of certain undesignated funds. The motion was seconded by Councilman Bridges and the motion carried as follows:

AYES: Councilman Bridges, Councilwoman Proctor-Shaw, Councilmen Rodriguez, Fogle, Nixon and Mayor Hall.

NAYS: None.

The Mayor further requested that the staff bring back to the Council a list of projects that the Council can review. Any member of the Council may express to the City Manager specific areas of interest they wish to be added to this list.

The Mayor recessed the Council into executive session to consider pending and contemplated litigation, in accordance with state law.

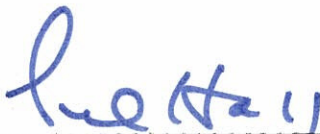
The Council reconvened and reported no action from executive session.

There being no further business the meeting was adjourned at 11:30 a.m.

BUDGET-consider use of undesig. funds fr. fund bal. & Rev. Shar.



Patricia Patton
City Secretary



Elbert E. Hall
Mayor