



City of Haltom City, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF HALTOM CITY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2019

**Prepared By:
City of Haltom City, Texas
Finance Department**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2019

| | <u>Page Number</u> |
|---|------------------------|
| INTRODUCTORY SECTION | |
| Transmittal Letter | i – v |
| Organizational Chart | vi – vii |
| Principal Officials | viii |
| Certificate of Achievement | ix |
| FINANCIAL SECTION | |
| Independent Auditor's Report..... | 1 – 2 |
| Management's Discussion and Analysis..... | 3 – 13 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Position | 14 – 17 |
| Statement of Activities | 18 – 19 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 20 – 21 |
| Reconciliation of Total Governmental Fund Balances to the Statement of Net Position..... | 22 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 23 – 24 |
| Reconciliation of the Changes in Governmental Fund Balances to the Change in Net Position of Governmental Activities | 25 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund | 26 – 27 |
| Statement of Net Position – Proprietary Funds..... | 28 – 29 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | 30 |
| Statement of Cash Flows – Proprietary Funds..... | 31 |
| Notes to the Financial Statements..... | 32 – 62 |

Required Supplementary Information

| | |
|---|---------|
| Schedule of Changes in Net Pension Liability and Related Ratios..... | 63 – 64 |
| Schedule of Contributions..... | 65 – 66 |
| Schedule of Changes in Total OPEB Liability and Related Ratios – TMRS – Supplemental Death Benefits Funds..... | 67 |
| Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Health Care Benefit Plan..... | 68 |
| Combining Statements and Individual Fund Schedules | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Major Governmental Funds – Budget and Actual: | |
| Debt Service | 69 |
| Capital Projects (Street Reconstruction) | 70 |
| Capital Improvement | 71 |
| Combining Balance Sheet – Nonmajor Governmental Funds..... | 72 – 75 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 76 – 79 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds – Budget and Actual: | |
| Police Forfeitures..... | 80 |
| Police Donations..... | 81 |
| Red Light Camera..... | 82 |
| Police CART | 83 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: | |
| Parks Donation..... | 84 |
| Park Dedication | 85 |
| Library Donations | 86 |
| Hotel/Motel Tax..... | 87 |
| Grants | 88 |
| Fire Department Donations..... | 89 |
| Court Technology | 90 |
| Court Security..... | 91 |
| Juvenile Case Manager..... | 92 |
| Animal Shelter | 93 |

| | |
|----------------------------|----|
| Safe Pathways Program..... | 94 |
| TIF Fund No. 1..... | 95 |
| Street Assessments | 96 |
| Capital Replacement | 97 |

STATISTICAL SECTION

Table

Financial Trends

| | |
|---|-----------|
| 1 Net Position by Component..... | 98 - 99 |
| 2 Changes in Net Position..... | 100- 103 |
| 3 Fund Balance – Governmental Funds | 104 – 105 |

Revenue Capacity

| | |
|--|-----------|
| 4 Changes in Fund Balances – Governmental Funds | 106 – 107 |
| 5 General Governmental Tax Revenues By Source..... | 108 |
| 6 Assessed Value and Estimated Actual Value Of Taxable Property | 109 |
| 7 Direct and Overlapping Property Tax Rates | 110 – 111 |
| 8 Principal Property Tax Payers | 112 |
| 9 Property Tax Levies and Collections | 113 – 114 |
| 10 Sales Tax Collections by Fund | 115 |

Debt Capacity

| | |
|--|-----------|
| 11 Ratio of Outstanding Debt by Type | 116 – 117 |
| 12 Ratio of Net General Bonded Debt Outstanding | 118 – 119 |
| 13 Direct and Overlapping Government Activities Debt | 120 |
| 14 Legal Debt Margin Information | 121 – 122 |
| 15 Pledged – Revenue Coverage..... | 123 |

Demographic and Economic Information

| | |
|--|-----|
| 16 Demographic and Economic Statistics | 124 |
| 17 Principal Employers | 125 |

Operating Information

| | |
|---|-----------|
| 18 Full-Time Equivalent City Government Employees by Function/Program..... | 126 – 127 |
| 19 Operating Indicators by Function/Program..... | 128 – 129 |
| 20 Capital Asset Statistics by Function/Program..... | 130 – 131 |

| | | |
|----|---|-----------|
| 21 | Texas Municipal Retirement System – Analysis of Funding Progress and Contributions Rates | 132 – 133 |
|----|---|-----------|

COMPLIANCE SECTION

| | |
|--|-----------|
| Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 134 – 135 |
|--|-----------|

INTRODUCTORY SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



CITY OF HALTOM CITY

March 23, 2020

Honorable Mayor and City Council Members:

The comprehensive annual financial report of the City of Haltom City for the fiscal year ended September 30, 2019 is hereby submitted. State Law requires that all governmental units publish within six months of the close of each fiscal year financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a licensed public accountant. This report is published to satisfy that requirement and to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to insure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal control over financial reporting. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from the control. The evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's current system of internal control over financial reporting adequately safeguards assets and provides reasonable assurance for proper recording of financial transactions.

The City Charter and State Law require the City's basic financial statements to be audited by independent certified public accountants. Pattillo, Brown and Hill, L.L.P., Certified Public Accountants, performed the required audit and have issued an unmodified ("clean") opinion on the City of Haltom City's financial statements for the year ended September 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1950, is located six miles northeast of downtown Fort Worth in Tarrant County. The City has a land area of 12.4 square miles and an estimated population of 42,313. The City of Haltom City is a "home rule" unit of local government under State of Texas law. The City has a council-manager form of government. Policy-making and legislative authority are vested in a governing body (City Council) consisting of the mayor and seven council members, all elected at large through popular vote. Council members serve two-year terms, with four members elected in even numbered years and the mayor and three members elected in odd numbered years. The Council appoints the City Manager, who in turn appoints the heads of the various departments.

The City provides a full range of services. These include public safety (police and fire), municipal court, sanitation, parks, library, public works, and general administrative services. In addition, the City owns and operates a water distribution system, a wastewater collection system and a drainage utility system.

The basic financial statements of the City include all government activities, organizations and functions for which the City is financially accountable. The criteria considered in determining governmental activities to be reported within the City's basic financial statements are based upon and consistent with those set forth in the Codification of Governmental Accounting and Financial Reporting Standards. Component units are legally separate organizations that a primary government must include as a part of its financial reporting entity. The government-wide financial statements include not only the City itself (known as the primary government), but also include the Economic Development Corporation and the Crime Control District as discretely presented component units. The discretely presented component units are presented as separate columns in the government-wide financial statements.

The Haltom City Charter specifies that an operating budget be adopted prior to the first day of the fiscal year beginning October 1st. The City's budget process is a seven-month cycle, which begins in mid-February and ends in mid-September. Departments submit budget proposals by early May and during the months of May, June, and July the City Manager develops the recommended budget based on the policy direction received from Council. Prior to August 15, the City Manager submits to the Council a proposed budget of expenditures and the means to finance them for the next year. The Council holds workshop meetings and public hearings on the proposed budget to receive citizen feedback and make final determinations about the eventual adopted budget. Prior to September 30, the budget is legally enacted through the passage of an appropriation ordinance. Budgets are prepared by fund (e.g., general), department (e.g., fire), and division (e.g., suppression). Department heads may transfer resources within a department with the approval of the Finance Director. Transfers between departments and transfers involving capital outlays need special approval by the City Manager. Budget changes that increase the total budgeted expenditures of a fund must be approved by the City Council. The City Charter provides that the budget may be amended by the City Council.

LOCAL ECONOMY

The City of Haltom City has always shared the good fortune of Fort Worth and Northeast Tarrant County in general, with expanded job markets and general economic activity. This past year, the Fort Worth Metropolitan Statistical Area (MSA), in which Haltom City is located, has seen a moderately expansive growth driven by commercial construction, retail sales, services and transportation. Overall, the North Texas region has fared better than the nation as a whole. The Dallas-Fort Worth MSA area's population and labor force are among the more rapidly growing in the nation, having grown more than most other major MSA in Texas between 2010 and 2019. Relatively low taxes, housing and energy costs make the area attractive to business, with the additional enticement that Texas has no state personal income tax.

The City is strategically located less than 12 miles southwest of the Dallas / Fort Worth International Airport (DFW Airport) and less than 8 miles southeast of Fort Worth's Alliance Airport (the world's first industrial airport). Each airport is a major economic development catalyst for all cities in the surrounding area, which includes Haltom City.

Fiscal year 2019 proved to be a positive year for retail activity and growth for the City of Haltom City. Not only has sales tax increased over the previous year, but with rapid growth and development in new neighborhoods, the City will also see an increase in property tax values. The development of the 820 corridor will be the economic engine that will catapult the city into a favorable economic financial position. removal of several structures no longer acceptable for use and new construction planned. Due to various local developments, the local economy is expected to grow.

Because of the City's location in a region with a varied economic base, unemployment is relatively stable. Haltom City's labor force is approximately 20,499 and the unemployment rate for September 2018 was 3.3%, which compares favorably to the September 2018 State of Texas rate of 3.4% and the national rate of 3.5%. As the local and national economies continue to improve, unemployment is expected either to remain stable or decrease in the near term.

The general obligation bond rating for the City is AA- from Standard & Poor's. The rating is based on the strong financial management and budgetary flexibility.

LONG-TERM FINANCIAL PLANNING

Each year, the City Council meets and sets forth the strategic goals for the City. The Haltom City Council's Long-Term Strategic Goals for the coming three to five years are:

- Continue to build and maintain an empowered and loyal workforce
- While being fiscally responsible provide services to meet the needs of our growing community
- Develop a comprehensive plan for addressing the growing transportation needs of Haltom City
- Lead the city to build new municipal facilities that meet the public safety and administrative needs
- Maximize the economic benefits of the 820 Corridor
- Engage our community in order to develop a collective vision for the future of our City

The City continues to focus major efforts on our strategic goals. These goals drive decision-making and help the City Council further the City's mission and vision, and then translate that vision into actions. The City's limited resources are then prioritized to achieve that plan. The City's actions to implement the established strategic goals and address community issues are numerous and varied. However, the City continually addresses community issues through the best and most appropriate methods available.

Since 2004, the City's Finance Staff has worked with Department Heads and the City's financial advisor to develop financial models to be used in long-term financial planning. Models projecting revenues and expenditures/expenses for 5 years beyond the current year have been developed for all of the operational funds of the City and the Debt Service Fund. Assumptions have been developed for future tax rates and charges for service as well as projections for expenditures/expenses. Each possible program addition or change is analyzed in terms of impact over a 5-year window as a part of the decision making process. The models also enable the City to make assumptions about the future debt capacity of the operational funds. The ability to determine available current resources and future debt proceeds has enabled the City to move forward with a new Capital Improvement Program. The program has identified projects based on their critical nature and the timeliness of available financing for the project.

In May 2018, the voters passed a \$5.5 general bond election for building a new fire station. The bond was issued in FY 2019. All authorized bonds have been issued.

RELEVANT FINANCIAL POLICIES

Financial Policies guide the development and implementation of the budget and are a framework for fiscal decision making and that ensure financial resources are available to meet the current and future needs of the City. The policy statements address areas of reporting and auditing, budgeting, revenues, capital improvements, debt, and grants to name a few. The financial management policies are designed to ensure the financial integrity and assist the City in achieving the following:

- Quality basic City services that meet the needs and desires of the citizens.
- A financial base sufficient to maintain or enhance City assets required to support community service demands.
- Responsiveness to constant changing needs desires and service requirements of the City.
- Prudent and professional financial management practices to assure residents of Haltom City and the financial community that City government is well managed and in sound fiscal condition.
- Cost effective services to citizens through cooperation with other government entities.
- An adequate capital improvement program that maintains and enhances the public's assets.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Haltom City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the thirty-second consecutive year (fiscal years ended 1987-2018) that the government has achieved this prestigious award.

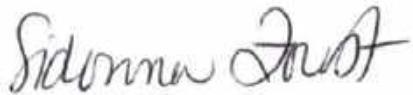
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

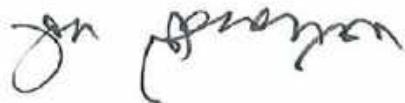
In addition, the City also received the GFOA's Distinguished Budget Presentation award for its annual budget document dated October 1, 2018. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, and operating guide, and a communications device.

The preparation of this report could not be accomplished without the efficient and dedicated endeavors of the entire staff of the Finance Department, our Audit Committee, and our independent auditors. We would like to express our sincere appreciation to all employees who contributed to the preparation. We would also like to thank the Mayor, City Council, and the City Manager for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

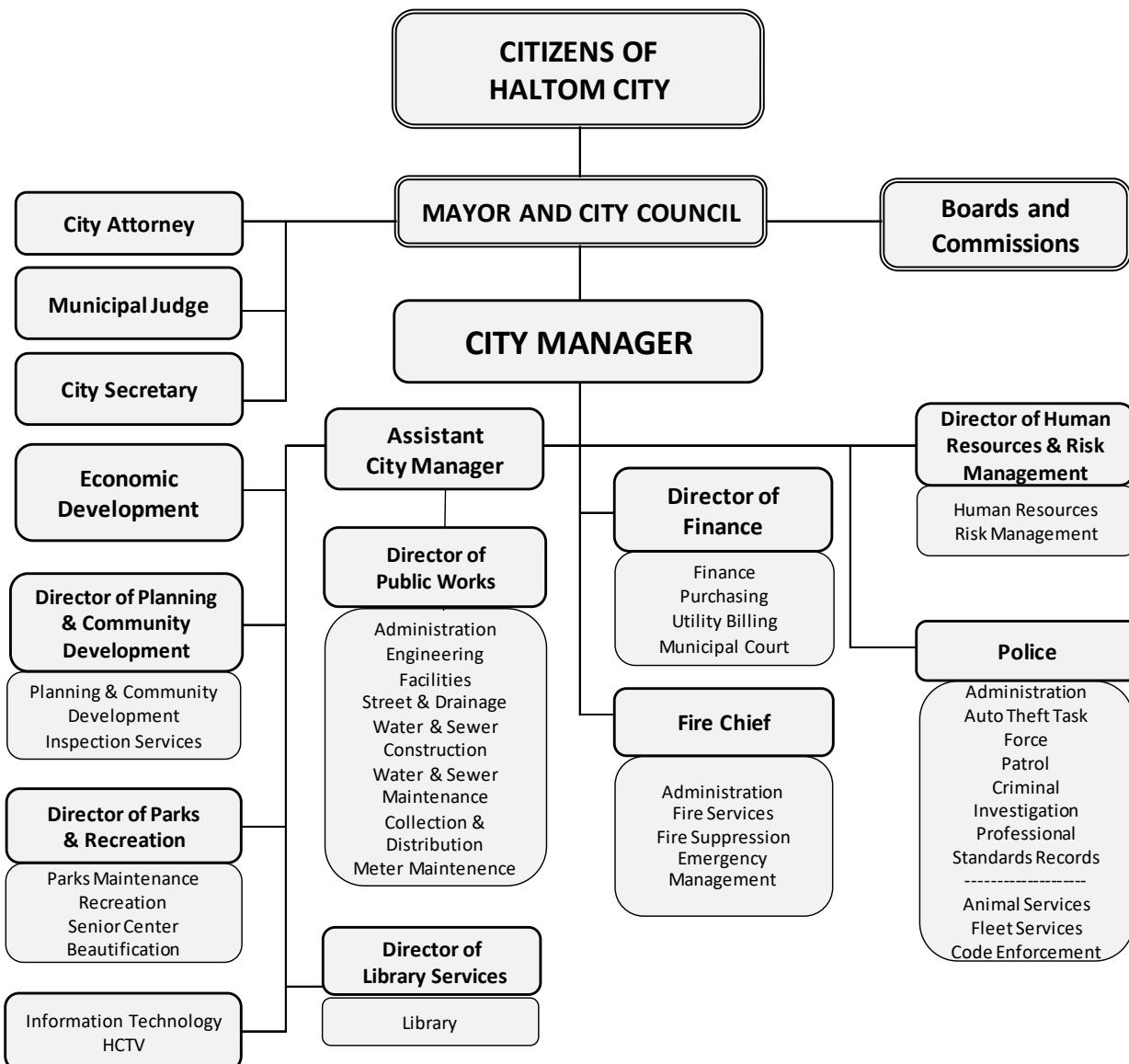


Sidonna Foust
Director of Finance



Jon Stevenson
Assistant Director of Finance/Controller

CITY OF HALTOM CITY ORGANIZATION CHART
FISCAL YEAR 2019



CITY OF HALTOM CITY CITY COUNCIL



An Truong
Mayor



Brent Weast
Place 4



Marian Hilliard
Place 1



Susan Soule
Place 5



Walter Grow
Place 2



Ricky Brown
Place 6



Lin Thompson
Place 3



Gaye Vanzant
Place 7

CITY OF HALTOM CITY

Management Staff

| | |
|--|---------------------------------|
| City Manager | Keith Lane |
| Assistant City Manager | Rex Phelps |
| City Secretary | Art Camacho |
| Director of Finance | Sidonna Foust |
| Fire Chief | Brian Jacobs |
| Director of Human Resources & Risk Management | Toni Beckett |
| Municipal Judge | Lorraine Irby |
| Director of Library Services | Lesly Smith |
| Director of Parks & Recreation | Christi Pruitt |
| Director of Planning & Community Development | Glenna Batchelor |
| Police Chief | Cody Phillips |
| Director of Public Works | Gregory Van Nieuwenhuize |



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Haltom City
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrell

Executive Director/CEO

THIS PAGE LEFT BLANK INTENTIONALLY

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Haltom City, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Haltom City, Texas as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Haltom City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Haltom City, Texas' management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Haltom City, Texas as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, the schedule of contributions, and the schedule of changes in total OPEB liabilities and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City of Haltom City, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2020, on our considerations of the City of Haltom City, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Haltom City, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 25, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the year ended September 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial management team of the City of Haltom City offers the following narrative overview and analysis of the financial activities of the City of Haltom City for the fiscal year ended September 30, 2019. Please read this in conjunction with the transmittal letter at the beginning of the report and the City's financial statements following this section.

I. FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2019 by \$125.2 million (net position). Of this amount, about \$10.6 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by about \$9.6 million for the year ended September 30, 2019. Out of this, \$5.2 million is from governmental activities and \$4.4 million from business activities.
- On a government-wide basis, the City's total assets increased by \$11.9 million or 6% and total liabilities increased by \$9.3 million or 11%.
- As of September 30, 2019, the City's governmental funds reported combined ending fund balances of \$39.7 million, an increase of \$8.3 million in comparison with prior year. Approximately, \$12.4 million, or 31%, of the fund balance is available for spending at the government's discretion (unassigned fund balance).

II. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

CITY OF HALTOM CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2019

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities:** Most of the City's basic services are reported here, including the police, fire, street maintenance, culture and recreation and general administration. Property taxes, sales taxes, franchise fees, charges for services and fines/forfeitures provide the majority of funding for these activities.
- **Business-type activities:** The City charges a fee to customers to cover all or most of the cost of certain services provided. The City's water and sewer system, and drainage utility system are reported here.

The government-wide financial statements include not only the City itself (known as the primary government), but also include the Economic Development Corporation and the Crime Control District, which are legally separate entities. The Economic Development Fund accounts for the local sales tax used to stimulate the local economy, development, and redevelopment. The Crime Control District accounts for the accumulation and use of sales tax proceeds designated for crime reduction programs. Additional information on these two component units can be found in Note 1 in the notes to the financial statements.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City establishes many other funds to control and manage money for particular purposes or to show the legal responsibilities for using certain revenues.

The City's three kinds of funds, governmental, proprietary, and fiduciary, use different accounting approaches

Governmental funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation beside the fund financial statements.

Proprietary funds: When the City charges customers for the full cost of the services it provides whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Fiduciary funds: These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

CITY OF HALTOM CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2019

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-retirement healthcare benefits to its employees. This report also contains combined financial statements, as well as individual detailed budgetary comparisons for all non-major governmental funds.

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of the City's Financial Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Haltom City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$125 million as of September 30, 2019.

By far the largest portion of the City's net position, \$97 million or 77% reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

A portion of the City's net position (\$18 million, or 14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$11 million, or 9%) may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF HALTOM CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2019

At the end of the current fiscal year, the City reported a positive balance in all three categories of net position. However, the governmental activities showed a \$9 million negative unrestricted net position and the business-type activities showed a positive unrestricted net position of \$20 million. The net position for governmental activities and business-type activities are summarized as follows:

| | Governmental | | Business Type | | Total | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | Activities | | Activities | | FY 2019 | FY 2018 |
| | FY 2019 | FY 2019 | FY 2019 | FY 2018 | | |
| Assets | | | | | | |
| Current and other assets | \$ 43,179,062 | \$ 34,548,165 | \$ 26,103,954 | \$ 21,519,136 | \$ 69,283,016 | \$ 56,067,301 |
| Capital assets | <u>82,939,063</u> | <u>82,566,234</u> | <u>60,029,205</u> | <u>61,682,570</u> | <u>142,968,268</u> | <u>144,248,804</u> |
| Total assets | <u>126,118,125</u> | <u>117,114,399</u> | <u>86,133,159</u> | <u>83,201,706</u> | <u>212,251,284</u> | <u>200,316,105</u> |
| Deferred Outflows of Resources | <u>7,438,897</u> | <u>2,466,662</u> | <u>1,001,100</u> | <u>324,104</u> | <u>8,439,997</u> | <u>2,808,766</u> |
| Liabilities | | | | | | |
| Current liabilities | 2,576,189 | 2,333,065 | 3,286,687 | 2,760,823 | 5,862,876 | 5,093,888 |
| Noncurrent liabilities | <u>66,972,149</u> | <u>57,287,490</u> | <u>20,724,772</u> | <u>21,908,600</u> | <u>87,696,921</u> | <u>79,196,090</u> |
| Total Liabilities | <u>69,548,338</u> | <u>59,620,555</u> | <u>24,011,459</u> | <u>24,669,423</u> | <u>93,559,797</u> | <u>84,289,978</u> |
| Deferred Inflows of Resources | <u>1,668,535</u> | <u>2,831,433</u> | <u>223,555</u> | <u>375,691</u> | <u>1,892,090</u> | <u>3,207,124</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 53,560,693 | 48,343,655 | 43,145,765 | 42,648,361 | 96,706,458 | 90,992,016 |
| Restricted | 17,961,901 | 17,962,649 | - | - | 17,961,901 | 17,962,649 |
| Unrestricted | (9,182,445) | (9,177,231) | 19,753,480 | 15,850,335 | 10,571,035 | 6,673,104 |
| Total Net Position | <u>\$ 62,340,149</u> | <u>\$ 57,129,073</u> | <u>\$ 62,899,245</u> | <u>\$ 58,496,696</u> | <u>\$ 125,239,394</u> | <u>\$ 115,627,769</u> |

CITY OF HALTOM CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2019

Analysis of the City's operations

The City of Haltom City's net position increased by \$9.6 million from \$115.6 million to \$125.2 million during the current fiscal year. Out of which an increase of \$5.2 million in governmental activities and an increase of \$4.4 million in business-type activities. Details are listed as follows:

| | Governmental Activities | | Business Type Activities | | Total | |
|--|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
| | FY 2019 | FY 2018 | FY 2019 | FY 2018 | FY 2019 | FY 2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$4,344,519 | \$3,981,201 | \$24,789,336 | \$25,203,891 | \$29,133,855 | \$29,185,092 |
| Operating grants and contributions | 258,868 | 442,109 | - | - | 258,868 | 442,109 |
| Capital grants and contributions | 24,356 | 459,410 | - | - | 24,356 | 459,410 |
| General revenues: | | | | | | |
| Property taxes | 14,458,831 | 13,688,707 | - | - | 14,458,831 | 13,688,707 |
| Other taxes | 17,534,316 | 17,348,690 | - | - | 17,534,316 | 17,348,690 |
| Interest and investment earnings | 901,211 | 239,572 | 520,982 | 147,322 | 1,422,193 | 386,894 |
| Other revenues | 311,668 | 456,722 | - | - | 311,668 | 456,722 |
| Total revenues | 37,833,769 | 36,616,411 | 25,310,318 | 25,351,213 | 63,144,087 | 61,967,624 |
| Expenses: | | | | | | |
| General government | 7,170,945 | 6,320,374 | - | - | 7,170,945 | 6,320,374 |
| Public safety | 17,907,680 | 18,389,178 | - | - | 17,907,680 | 18,389,178 |
| Streets | 3,217,049 | 3,801,982 | - | - | 3,217,049 | 3,801,982 |
| Culture and recreation | 3,732,618 | 3,819,112 | - | - | 3,732,618 | 3,819,112 |
| Interest and fiscal charges | 1,174,401 | 1,049,253 | - | - | 1,174,401 | 1,049,253 |
| Water and sewer | - | - | 18,761,789 | 16,372,945 | 18,761,789 | 16,372,945 |
| Drainage | - | - | 1,567,980 | 1,218,164 | 1,567,980 | 1,218,164 |
| Total expenses | 33,202,693 | 33,379,899 | 20,329,769 | 17,591,109 | 53,532,462 | 50,971,008 |
| Increase in net position before transfers | 4,631,076 | 3,236,512 | 4,980,549 | 7,760,104 | 9,611,625 | 10,996,616 |
| Transfers | 580,000 | 580,000 | (580,000) | (580,000) | - | - |
| Change in net position | 5,211,076 | 3,816,512 | 4,400,549 | 7,180,104 | 9,611,625 | 10,996,616 |
| Net position - Beginning | 57,129,073 | 53,312,561 | 58,498,696 | 51,318,592 | 115,627,769 | 104,631,153 |
| Net position - Ending | \$62,340,149 | \$57,129,073 | \$62,899,245 | \$58,498,696 | \$125,239,394 | \$115,627,769 |

Governmental activities

Net position of the City's governmental activities increased by \$5.2 million or 9%, from \$57.1 million to \$62.3 million at the end of the year. Revenues increase by about \$1.2 million (3%) and expenses decrease slightly about \$0.2 million (0.4%).

CITY OF HALTOM CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2019

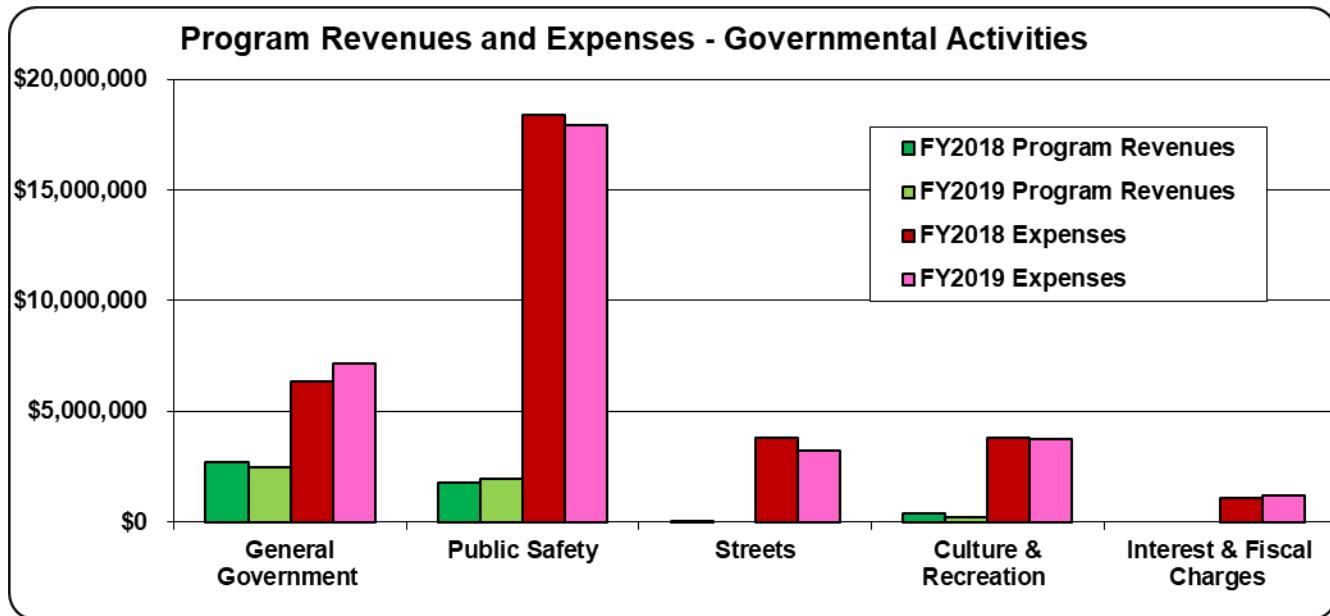
Key changes of revenues and expenses are as follows:

Revenues

- Total revenue increased by \$1.22 million or 3% from previous year.
- Property tax increased by about \$770,124 (6%) due to higher assessed value.
- Interest income from investment increased by \$661,639 (276%) due to higher interest rate.
- Charges for services increased by \$363,318 (9%) due to building and construction permits.
- Capital grants and contributions reduced by \$435,054 (95%) for FY2018.

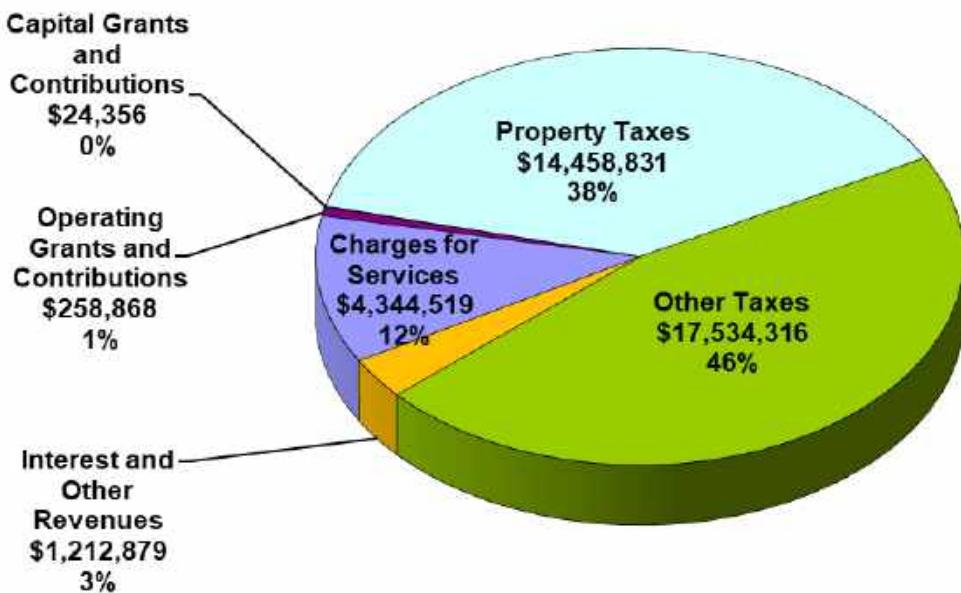
Expenses

- Total expenses for the governmental funds decreased by \$177,206 or 0.35%.
- General government expenses increase by \$850,571 (13%) due to an increase in pension expense.
- Public Safety expenses decreased by \$481,498 (3%) due to staff turnover and vacancies.
- Streets expenses were \$584,933 (15%) lower due to lower street maintenance and construction.
- Interest and fiscal charges increased by \$125,148 (12%) due to additional debt service.



CITY OF HALTOM CITY, TEXAS**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the year ended September 30, 2019

Revenues by Source - Governmental Activities**Business-type activities**

The net position of business-type activities at end of Fiscal Year 2019 was at \$62.9 million compared to \$58.5 million for prior year. This was an increase in net position of \$4.4 million. The City generally can only use the net position to finance the continuing operations of the business-type activities. Total revenues for business-type activities was similar to the prior year with a slight decrease of \$40,895 (0%) from \$25.35 million to \$25.31 million. Total expenses for FY2019 increased by \$2.7 million (16%) when compared to FY2018. The increase was mainly due to higher operating costs for both water/sewer and drainage activities.

Water and Sewer Fund

- The Water and Sewer Fund program revenues increased from \$22.3 million in FY2018 to \$22.7 million in FY2019 which is almost the same for both years.
- Expenses for Water and Sewer Fund increased by about \$2.4 million (15%). The increase is due to higher water and sewer cost and third-party billing cost.

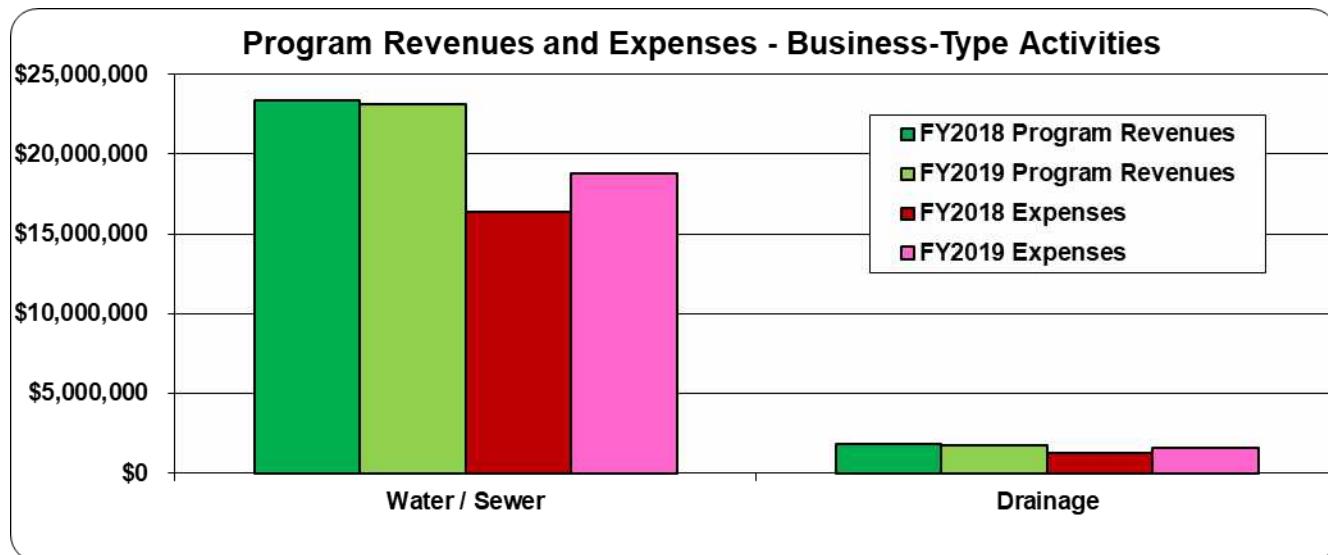
Drainage Fund

- Program revenues for FY2019 was \$1.7 compared to \$1.8 in FY2018. This represents a 6% decrease.
- Drainage expenses increased from \$1.2 million in FY2018 to \$1.5 in FY2019. This represents a 30% increase. The increase was due higher maintenance and construction activities in FY2019.

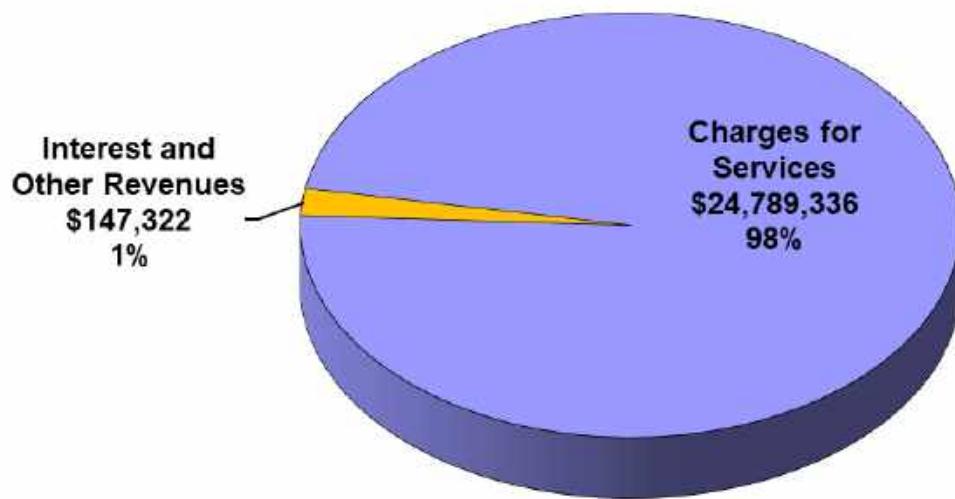
CITY OF HALTOM CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2019



Revenues by Source - Business-Type Activities



Analysis of City's Funds

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds had a combined ending fund balance of about \$39.7 million, an increase of \$8.3 million (27%) in comparing to the prior year. About \$12.4 million (31%) of this fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance of \$27.3 million (69%), is not available for general spending.

CITY OF HALTOM CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2019

The General Fund fund balance had an increase of \$20,616 (0.15%) this fiscal year. For FY2019, total General Fund revenues increased slightly by \$51,459 (0.18%). Two major increases were Taxes and interest income. Total tax revenues increased by \$319,667 (1.3%) contributed by property tax, sales tax and franchise tax. Interest income increase by \$232,064 (199%) mainly due to increase in investment and interest rate. Licenses and Permits increased by \$108,359 (11%) primarily due to increase in Building Permits with new developments near State Highway 820. Reductions in revenues included Charges for Service, Miscellaneous Revenues, and Intergovernmental revenues. Revenues from Charges for Services decreased by \$308,356 (19%) due to lower Recreation revenues and lower Fleet Service Fees. Due to higher revenues from sale of assets and grants received in FY 2018, revenues in FY 2019 decreased.

General Fund expenditures were \$2.1 million (7.7%) higher compared to prior year. Most department expenditures increased due to higher salaries and cost of providing services. For sworn employees, there was a 3% market adjustment and the scheduled step increase. Non-sworn (general) employees also had a 3% increase.

The Debt Service Fund had a fund balance of \$522,051 all of which is restricted for the payment of debt. The City is to limit general obligation annual debt requirements to 25% of general government expenditures. The FY2019 debt requirement was about 20% of the General Fund expenditures.

The fund balance of Street Reconstruction Capital Project Fund ended the year at about \$14.5 million. The fund balance is restricted for street capital projects. This fund balance was almost the same as the previous year. Total expenditures for FY2019 amounted to \$1.3 million.

The fund balance of the Capital Improvement Fund ended the year at about \$8.8 million. The fund balance is restricted for capital improvement projects. The increase in the fund was approximately \$6.2 million, primarily derived from the issuance of bonds.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements. Factors concerning the finances of the proprietary funds have already been addressed in the discussion of the City of Haltom City's business-type activities.

General Fund Budgetary Highlights

General Fund fund balance increased by \$20,616 (.15%) for FY2019. Transfers, revenues, and expenditures were very similar to the prior year.

When comparing to the budget, actual total revenues were \$647,781 higher than the budget due to increase in almost every revenue category except Fines and Fees and Charges for Services. It was encouraging to see increases in Taxes and Licenses and Permits which showed a better economic outlook. Income from Oil and Gas Lease was lower than budgeted due to lower oil activities. Income from Fines and Fees were lower due to fewer citations issued.

The total expenditures were lower than budgeted by \$1.4 million. Most departments spent less than their budgeted amounts except for City Secretary, City Council, Finance, and Fleet Department. City Secretary Department was over budget due to election cost, City Council Department was due to City Council's participation in special events, Finance Department due to retirement of the former Director of Finance and Fleet due to higher cost of vehicles maintenance.

CITY OF HALTOM CITY, TEXAS**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the year ended September 30, 2019

IV. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At September 30, 2019, the City had \$143 million (net of accumulated depreciation) invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and storm water facilities. This amount represents a net decrease of \$1.3 million (0.89%) from last year. Details of capital assets are listed below.

| | Governmental | | Business Type | | | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | Activities | | Activities | | FY 2019 | FY 2018 |
| | FY 2019 | FY 2018 | FY 2019 | FY 2018 | | |
| Land | \$18,846,739 | \$18,846,739 | \$6,125,273 | \$6,125,273 | \$24,972,012 | \$24,972,012 |
| Building | \$19,092,974 | \$18,179,525 | \$10,585,874 | \$10,585,874 | \$29,678,848 | \$28,765,399 |
| Water & sewer system | - | - | \$68,778,708 | \$68,509,151 | \$68,778,708 | \$68,509,151 |
| Improvement other than building | \$90,676,289 | \$90,435,027 | - | - | \$90,676,289 | \$90,435,027 |
| Machinery and equipment | \$14,939,410 | \$13,818,488 | \$5,811,234 | \$6,152,648 | \$20,750,644 | \$19,971,136 |
| Construction in progress | \$3,080,039 | \$2,348,023 | \$4,405,848 | \$4,248,091 | \$7,485,887 | \$6,596,114 |
| Accumulated depreciation | (63,696,388) | (61,061,568) | (35,677,732) | (33,938,467) | (99,374,120) | (95,000,035) |
| Total | \$82,939,063 | \$82,566,234 | \$60,029,205 | \$61,682,570 | \$142,968,268 | \$144,248,804 |

There were no major changes in most of the capital asset groups except Improvements Other Than Buildings and Construction in Progress. Major construction projects completed or in progress during the current fiscal year were Montreal Circle, Clay Avenue and Haltom Road Park – Veteran Memorial. The City also completed the change out of approximately 14,000 total water meters as of 2019.

Additional information on the City of Haltom City's capital assets can be found in Note 6 of this report.

Long-term Liabilities - At the end of the current fiscal year, the City had total general obligation bonds, refunding bonds, certificates of obligation, tax notes, premium on bonds, compensated absences, net pension obligations and post-employment obligations liabilities outstanding of \$87.3 million. Of this amount, \$66.9 million was from governmental activities and \$20.3 million were business-type activities.

CITY OF HALTOM CITY, TEXAS**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the year ended September 30, 2019

The City had total bonded debt outstanding of \$53.6 million. Of this amount, \$36.7 million was comprised of debt backed by the full faith and credit of the City and \$16.9 million represents bonds secured by the full faith and credit of the City but serviced by specific revenue sources from the proprietary funds. The City's underlying General Obligation Bond rating is AA- by Standard & Poor's.

| | Governmental Activities | | Business Type Activities | | Total | |
|------------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | FY 2019 | FY 2018 | FY 2019 | FY 2018 | FY 2019 | FY 2018 |
| Certificates of Obligations | \$5,020,000 | \$5,660,000 | \$12,870,000 | \$13,630,000 | \$17,890,000 | \$19,290,000 |
| General Obligation Bonds | 30,350,000 | 26,820,000 | - | - | 30,350,000 | 26,820,000 |
| General Obligation Refunding Bonds | - | - | 3,570,000 | 4,910,000 | 3,570,000 | 4,910,000 |
| Tax Notes | 225,000 | 455,000 | - | - | 225,000 | 455,000 |
| Premium on Bond Issuance | 1,104,935 | 705,285 | 467,499 | 528,554 | 1,572,434 | 1,233,839 |
| Total Bonded Bonds | 36,699,935 | 33,640,285 | 16,907,499 | 19,068,554 | 53,607,434 | 52,708,839 |
| Compensated Absence Obligations | 2,894,147 | 3,855,704 | 300,683 | 225,804 | 3,194,830 | 4,081,508 |
| Capital Lease | 1,131,026 | 756,316 | - | - | 1,131,026 | 756,316 |
| Net Pension Liability | 22,953,448 | 15,248,037 | 3,075,317 | 2,005,270 | 26,028,765 | 17,253,307 |
| OPEB Liability | 3,293,593 | 3,787,148 | 441,273 | 608,972 | 3,734,866 | 4,396,120 |
| Total Long-Term Liabilities | \$66,972,149 | \$57,287,490 | \$20,724,772 | \$21,908,600 | \$87,696,921 | \$79,196,090 |

Additional information on the City's long-term debt can be found in note 8 of this report.

V. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's budgetary flexibility remains very strong with solid fund reserves. The City's economy remains weak despite the strong economy of the Dallas Fort Worth Metroplex. The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget especially tax rates, and fees that will be charged for the business-type activities.

Highlights of the 2020 budget include:

- Balanced budget
- Increase property tax rate from \$0.653 to \$0.66576
- Salary increase for full time employees
- Total City budget over \$93.1million

VI. REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Finance Department at 5024 Broadway Avenue, Haltom City, Texas.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

CITY OF HALTOM CITY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

| | Primary Government | | |
|---|-------------------------|-------------------|--------------------------|
| | Governmental Activities | | Business-type Activities |
| | | | Total |
| ASSETS | | | |
| Cash and investments | \$ 38,926,374 | \$ 22,999,574 | \$ 61,925,948 |
| Receivables, net: | | | |
| Taxes | 528,485 | - | 528,485 |
| Accounts receivable | - | 2,910,023 | 2,910,023 |
| Intergovernmental | 2,419,784 | - | 2,419,784 |
| Accrued Interest | 183,046 | 108,211 | 291,257 |
| Other | 952,497 | - | 952,497 |
| Inventory | 158,376 | 86,146 | 244,522 |
| Prepays | 10,500 | - | 10,500 |
| Capital assets | | | |
| Land | 18,846,739 | 6,125,273 | 24,972,012 |
| Building and improvements | 19,092,974 | 10,585,874 | 29,678,848 |
| Improvements other than Buildings | 90,676,289 | - | 90,676,289 |
| Water and sewer system | - | 68,778,708 | 68,778,708 |
| Machinery and equipment | 14,939,410 | 5,811,234 | 20,750,644 |
| Construction-in-progress | 3,080,039 | 4,405,848 | 7,485,887 |
| Less: accumulated depreciation | (63,696,388) | (35,677,732) | (99,374,120) |
| Total assets | <u>126,118,125</u> | <u>86,133,159</u> | <u>212,251,284</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred loss on bond refunding | 146,517 | 24,059 | 170,576 |
| Deferred outflow related to pensions | 6,925,622 | 927,897 | 7,853,519 |
| Deferred outflow related to retiree health plan | | | |
| OPEB | 292,744 | 39,228 | 331,972 |
| Deferred outflow related to SDBF OPEB | <u>74,014</u> | <u>9,916</u> | <u>83,930</u> |
| Total deferred outflows of resources | <u>7,438,897</u> | <u>1,001,100</u> | <u>8,439,997</u> |

| Component Units | |
|----------------------|------------------------|
| Economic Development | Crime Control District |
| \$ 1,767,819 | \$ 1,639,414 |
| - | - |
| - | - |
| - | 323,127 |
| 8,319 | 7,697 |
| - | 1,716 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| <u>1,776,138</u> | <u>1,971,954</u> |

| | |
|----------|---------------|
| - | - |
| - | 56,957 |
| - | 2,405 |
| - | 609 |
| <u>-</u> | <u>59,971</u> |

CITY OF HALTOM CITY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

| | Primary Government | | |
|--|-------------------------|----------------------|--------------------------|
| | Governmental Activities | | Business-type Activities |
| | | | Total |
| LIABILITIES | | | |
| Accounts payable | \$ 1,050,173 | \$ 1,286,030 | \$ 2,336,203 |
| Accrued liabilities | 1,298,753 | 402,088 | 1,700,841 |
| Accrued interest payable | 227,263 | 86,641 | 313,904 |
| Customer deposits | - | 1,511,928 | 1,511,928 |
| Noncurrent liabilities: | | | |
| Due within one year | | | |
| Long-term debt | 5,747,334 | 1,780,136 | 7,527,470 |
| Total OPEB liability - SDBF | 7,309 | 979 | 8,288 |
| Due in more than one year | | | |
| Long-term debt | 34,977,774 | 15,428,046 | 50,405,820 |
| Net pension liability | 22,953,448 | 3,075,317 | 26,028,765 |
| Net OPEB liability - retiree health plan | 2,512,760 | 336,661 | 2,849,421 |
| Total OPEB liability - SDBF | <u>773,524</u> | <u>103,633</u> | <u>877,157</u> |
| Total liabilities | <u>69,548,338</u> | <u>24,011,459</u> | <u>93,559,797</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflow related to pensions | 696,027 | 93,254 | 789,281 |
| Deferred inflow related to retiree health plan | | | |
| OPEB | 929,046 | 124,478 | 1,053,524 |
| Deferred inflow related to SDBF OPEB | <u>43,462</u> | <u>5,823</u> | <u>49,285</u> |
| Total deferred inflows of resources | <u>1,668,535</u> | <u>223,555</u> | <u>1,892,090</u> |
| NET POSITION | | | |
| Net investment in capital assets | 53,560,693 | 43,145,765 | 96,706,458 |
| Restricted for: | | | |
| Capital projects | 15,803,811 | - | 15,803,811 |
| Donor restrictions for libraries, parks and law enforcement | 785,719 | - | 785,719 |
| Debt service | 523,044 | - | 523,044 |
| Promotion of tourism and business | 126,963 | - | 126,963 |
| Economic development | - | - | - |
| Public safety | 722,364 | - | 722,364 |
| Unrestricted | <u>(9,182,445)</u> | <u>19,753,480</u> | <u>10,571,035</u> |
| Total net position | <u>\$ 62,340,149</u> | <u>\$ 62,899,245</u> | <u>\$ 125,239,394</u> |

| Component Units | | |
|----------------------|---------------------|----------|
| Economic Development | Crime Control | District |
| \$ 12,238 | \$ 30,172 | |
| 165,609 | 9,370 | |
| - | - | |
| - | - | |
| | | |
| - | 4,252 | |
| - | 601 | |
| | | |
| - | 17,009 | |
| - | 188,766 | |
| - | 20,665 | |
| - | 5,820 | |
| <u>177,847</u> | <u>276,655</u> | |
| | | |
| - | 5,724 | |
| - | 7,639 | |
| - | 359 | |
| <u>-</u> | <u>13,722</u> | |
| | | |
| - | - | |
| - | - | |
| - | - | |
| - | - | |
| 1,598,291 | - | |
| - | - | |
| - | 1,741,548 | |
| <u>\$ 1,598,291</u> | <u>\$ 1,741,548</u> | |

CITY OF HALTOM CITY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| Functions/Programs | Program Revenues | | | |
|--------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 7,170,945 | \$ 2,469,464 | \$ 7,320 | \$ - |
| Public safety | 17,907,680 | 1,694,051 | 213,058 | 24,356 |
| Streets | 3,217,049 | - | - | - |
| Culture and recreation | 3,732,618 | 181,004 | 38,490 | - |
| Interest and fiscal charges | 1,174,401 | - | - | - |
| Total governmental activities | <u>33,202,693</u> | <u>4,344,519</u> | <u>258,868</u> | <u>24,356</u> |
| Business-type activities: | | | | |
| Water and sewer services | 18,761,789 | 23,080,974 | - | - |
| Drainage services | <u>1,567,980</u> | <u>1,708,362</u> | <u>-</u> | <u>-</u> |
| Total business-type activities | <u>20,329,769</u> | <u>24,789,336</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>53,532,462</u> | <u>29,133,855</u> | <u>258,868</u> | <u>24,356</u> |
| Component units | | | | |
| Economic Development | 618,337 | - | 980,000 | - |
| Crime Control District | <u>1,249,640</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total component units | <u>\$ 1,867,977</u> | <u>\$ -</u> | <u>\$ 980,000</u> | <u>\$ -</u> |
| General revenues: | | | | |
| Property taxes, penalty and interest | | | | |
| Sales taxes | | | | |
| Franchise taxes | | | | |
| Occupancy taxes | | | | |
| Oil and gas leases | | | | |
| Mixed beverage and bingo taxes | | | | |
| Interest | | | | |
| Miscellaneous | | | | |
| Gain on sale of capital assets | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position - beginning of year | | | | |
| Net position - end of year | | | | |

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | | | | |
|-------------------------|--------------------------|-----------------------|----------------------|------------------------|------------------------|
| Governmental Activities | Business-type Activities | Total | Economic Development | Crime Control District | |
| \$(4,694,161) | \$ - | \$(4,694,161) | \$ - | \$ - | \$ - |
| (15,976,215) | - | (15,976,215) | - | - | - |
| (3,217,049) | - | (3,217,049) | - | - | - |
| (3,513,124) | - | (3,513,124) | - | - | - |
| (1,174,401) | - | (1,174,401) | - | - | - |
| <u>(28,574,950)</u> | <u>-</u> | <u>(28,574,950)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| | 4,319,185 | 4,319,185 | - | - | - |
| | <u>140,382</u> | <u>140,382</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>4,459,567</u> | <u>4,459,567</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(28,574,950)</u> | <u>4,459,567</u> | <u>(24,115,383)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| | - | - | 361,663 | - | - |
| | - | - | - | - | (1,249,640) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 361,663</u> | <u>\$ -</u> | <u>\$ (1,249,640)</u> |
| | | | | | |
| \$ 14,458,831 | \$ - | \$ 14,458,831 | \$ - | \$ - | \$ - |
| 13,527,349 | - | 13,527,349 | - | - | 1,865,818 |
| 3,934,104 | - | 3,934,104 | - | - | - |
| 45,781 | - | 45,781 | - | - | - |
| 122,757 | - | 122,757 | - | - | - |
| 27,082 | - | 27,082 | - | - | - |
| 901,211 | 520,982 | 1,422,193 | 37,331 | 33,244 | |
| 80,533 | - | 80,533 | - | - | - |
| 108,378 | - | 108,378 | 215,995 | - | - |
| 580,000 | (580,000) | - | - | - | - |
| <u>33,786,026</u> | <u>(59,018)</u> | <u>33,727,008</u> | <u>253,326</u> | <u>1,899,062</u> | |
| | | | | | |
| <u>5,211,076</u> | <u>4,400,549</u> | <u>9,611,625</u> | <u>614,989</u> | <u>649,422</u> | |
| | | | | | |
| <u>57,129,073</u> | <u>58,498,696</u> | <u>115,627,769</u> | <u>983,302</u> | <u>1,092,126</u> | |
| | | | | | |
| <u>\$ 62,340,149</u> | <u>\$ 62,899,245</u> | <u>\$ 125,239,394</u> | <u>\$ 1,598,291</u> | <u>\$ 1,741,548</u> | |

CITY OF HALTOM CITY, TEXAS

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2019

| | General | Debt Service | Street Reconstruction Capital Projects |
|--|----------------------|-------------------|---|
| ASSETS | | | |
| Cash and investments | \$ 12,961,452 | \$ 522,068 | \$ 14,003,073 |
| Receivables (net of allowance) | | | |
| Taxes | 316,104 | 212,381 | - |
| Intergovernmental | 1,881,197 | - | 503,831 |
| Accrued interest | 61,353 | 2,460 | 65,766 |
| Other | 937,050 | - | - |
| Prepays | 10,500 | - | - |
| Inventory | 158,376 | - | - |
| Total assets | <u>16,326,032</u> | <u>736,909</u> | <u>14,572,670</u> |
| LIABILITIES | | | |
| Accounts payable | 918,419 | - | 10,422 |
| Accrued liabilities | 1,038,246 | - | 7,449 |
| Accrued interest payable | - | 24,017 | 13,398 |
| Total liabilities | <u>1,956,665</u> | <u>24,017</u> | <u>31,269</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 274,204 | 190,841 | - |
| Unavailable revenue - court fines | 644,835 | - | - |
| Unavailable revenue - street assessments | 27,679 | - | - |
| Total deferred inflows of resources | <u>946,718</u> | <u>190,841</u> | <u>-</u> |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Inventory | 158,376 | - | - |
| Prepays | 10,500 | - | - |
| Restricted for: | | | |
| Construction of capital assets | - | - | 14,541,401 |
| Promotion of tourism | - | - | - |
| Grantors, trustees and donors | - | - | - |
| Public safety | - | - | - |
| Debt service | - | 522,051 | - |
| Assigned for: | | | |
| Subsequent year's budget | 833,338 | - | - |
| Unassigned | <u>12,420,435</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>13,422,649</u> | <u>522,051</u> | <u>14,541,401</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 16,326,032</u> | <u>\$ 736,909</u> | <u>\$ 14,572,670</u> |

| Capital Improvement | Other Governmental | Total Governmental Funds |
|---------------------|---------------------|--------------------------|
| \$ 8,828,897 | \$ 2,610,884 | \$ 38,926,374 |
| - | - | 528,485 |
| - | 34,756 | 2,419,784 |
| 41,311 | 12,156 | 183,046 |
| - | 15,447 | 952,497 |
| - | - | 10,500 |
| - | - | 158,376 |
| <u>8,870,208</u> | <u>2,673,243</u> | <u>43,179,062</u> |
| 64,764 | 56,568 | 1,050,173 |
| 18,957 | 234,101 | 1,298,753 |
| - | - | 37,415 |
| <u>83,721</u> | <u>290,669</u> | <u>2,386,341</u> |
| - | - | 465,045 |
| - | - | 644,835 |
| - | - | 27,679 |
| - | - | 1,137,559 |
| - | - | 158,376 |
| - | - | 10,500 |
| 8,786,487 | 781,997 | 24,109,885 |
| - | 126,963 | 126,963 |
| - | 785,719 | 785,719 |
| - | 722,364 | 722,364 |
| - | - | 522,051 |
| - | - | 833,338 |
| - | (34,469) | 12,385,966 |
| <u>8,786,487</u> | <u>2,382,574</u> | <u>39,655,162</u> |
| \$ <u>8,870,208</u> | \$ <u>2,673,243</u> | \$ <u>43,179,062</u> |

CITY OF HALTOM CITY, TEXAS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION**

AS OF SEPTEMBER 30, 2019

Amounts reported for governmental activities in the Statement of Net Position is different because:

| | |
|--|-----------------------------------|
| Total Governmental Fund Balances | \$ 39,655,162 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 82,939,063 |
| Deferred outflows of resources are not reported in the governmental funds. | |
| Deferred charges on debt refundings | \$ 146,517 |
| Deferred outflow related to pensions | 6,925,622 |
| Deferred outflow related to retiree health plan OPEB | 292,744 |
| Deferred outflow related to SDBF OPEB | <u>74,014</u> 7,438,897 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are unearned in the funds. | 1,137,559 |
| Long-term liabilities, including bonds payable, compensated absences, OPEB liabilities and capital leases are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Bonds payable | (35,370,000) |
| Tax notes payable | (225,000) |
| Premium on bond issuance | (1,104,935) |
| Accrued interest payable | (189,848) |
| Net pension obligation | (22,953,448) |
| Net OPEB liability - retiree health plan | (2,512,760) |
| Total OPEB liability - SDBF OPEB | (780,833) |
| Compensated absences | (2,894,147) |
| Capital leases | <u>(1,131,026)</u> (67,161,997) |
| Deferred inflows of resources are not reported in the governmental funds. | |
| Deferred inflows related to pensions | (696,027) |
| Deferred inflows related to retiree health plan OPEB | (929,046) |
| Deferred inflows related to SDBF OPEB | <u>(43,462)</u> (1,668,535) |
| Net position of government activities | <u>\$ 62,340,149</u> |

CITY OF HALTOM CITY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | General | Debt Service |
|--|----------------------|-------------------|
| REVENUES | | |
| Taxes | \$ 24,118,309 | \$ 5,131,600 |
| Licenses and permits | 1,095,526 | - |
| Intergovernmental | 190,269 | - |
| Fines and fees | 1,088,715 | - |
| Charges for services | 1,285,757 | - |
| Oil and gas lease | 122,757 | - |
| Contributions | 3,084 | - |
| Special assessments | - | - |
| Interest | 348,586 | 14,078 |
| Miscellaneous | 289,158 | - |
| Total revenues | <u>28,542,161</u> | <u>5,145,678</u> |
| EXPENDITURES | | |
| Current: | | |
| General government | 7,191,445 | - |
| Public safety | 17,598,708 | - |
| Streets | 1,099,358 | - |
| Cultural and recreation | 2,978,124 | - |
| Debt service: | | |
| Principal | - | 4,800,000 |
| Interest and other | - | 1,000,930 |
| Bond issuance costs | - | 4,400 |
| Capital outlay | - | - |
| Total expenditures | <u>28,867,635</u> | <u>5,805,330</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(325,474)</u> | <u>(659,652)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Issuance of debt | - | - |
| Premium on issuance of debt | - | - |
| Sale of capital assets | 108,378 | - |
| Transfers in | 1,568,200 | 830,488 |
| Transfers out | <u>(1,330,488)</u> | <u>-</u> |
| Total other financing sources and uses | <u>346,090</u> | <u>830,488</u> |
| NET CHANGE IN FUND BALANCES | <u>20,616</u> | <u>170,836</u> |
| FUND BALANCES, BEGINNING | <u>13,402,033</u> | <u>351,215</u> |
| FUND BALANCES, ENDING | <u>\$ 13,422,649</u> | <u>\$ 522,051</u> |

| Street Reconstruction Capital Projects | Capital Improvement | Other Governmental | Total Governmental Funds |
|---|------------------------|-----------------------|--------------------------------|
| \$ 2,895,291 | \$ - | \$ 46,401 | \$ 32,191,601 |
| - | - | - | 1,095,526 |
| - | - | 25,050 | 215,319 |
| - | - | 203,977 | 1,292,692 |
| - | - | 100,287 | 1,386,044 |
| - | - | - | 122,757 |
| - | - | 65,103 | 68,187 |
| - | - | 2,033 | 2,033 |
| 322,687 | 147,866 | 67,961 | 901,178 |
| - | - | 61,217 | 350,375 |
| <u>3,217,978</u> | <u>147,866</u> | <u>572,029</u> | <u>37,625,712</u> |
| 4,799 | - | 54,551 | 7,250,795 |
| - | - | 302,115 | 17,900,823 |
| 1,000,448 | - | - | 2,099,806 |
| - | 49,344 | 99,286 | 3,126,754 |
| - | - | 255,743 | 5,055,743 |
| - | - | 53,406 | 1,054,336 |
| 28,934 | 134,731 | - | 168,065 |
| 266,830 | <u>280,722</u> | <u>1,355,463</u> | <u>1,903,015</u> |
| <u>1,301,011</u> | <u>464,797</u> | <u>2,120,564</u> | <u>38,559,337</u> |
| 1,916,967 | (316,931) | (1,548,535) | (933,625) |
| 1,318,826 | 6,141,174 | 600,329 | 8,060,329 |
| 93,107 | 433,558 | - | 526,665 |
| - | - | - | 108,378 |
| - | - | 500,000 | 2,898,688 |
| (900,000) | - | (88,200) | (2,318,688) |
| <u>511,933</u> | <u>6,574,732</u> | <u>1,012,129</u> | <u>9,275,372</u> |
| 2,428,900 | 6,257,801 | (536,406) | 8,341,747 |
| <u>12,112,501</u> | <u>2,528,686</u> | <u>2,918,980</u> | <u>31,313,415</u> |
| \$ 14,541,401 | \$ 8,786,487 | \$ 2,382,574 | \$ 39,655,162 |

CITY OF HALTOM CITY, TEXAS

**RECONCILIATION OF THE CHANGES IN GOVERNMENTAL FUND BALANCES
TO THE CHANGE IN NET POSITION OF GOVERNMENT ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds: \$ 8,341,747

Amounts reported for governmental activities in the Statement of Activities are

Capital assets used in governmental activities are not reported in the funds. 3,697,362

Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds. (3,354,657)

Changes in revenues in the statement of activities that does not provide current financial resources. 97,536

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

| | |
|---|--------------|
| Bonds, tax notes and capital leases payable | (3,531,251) |
| Premium on bond issuance | 127,015 |
| Accrued interest payable | (51,509) |
| Net pension obligation | (802,421) |
| Net OPEB liability - retiree health plan | (196,225) |
| Total OPEB liability - SDBF OPEB | (50,572) |
| Compensated absences | 961,557 |

Loss on bond refundings are recorded as expenditures in the fund financial statements but are capitalized and amortized in the government-wide financial statements. (27,506)

Change in net position of governmental activities \$ 5,211,076

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|----------------------|----------------------|----------------------|----------------------------------|
| REVENUES: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 9,085,555 | \$ 9,085,555 | \$ 9,474,234 | \$ 388,679 |
| City sales taxes | 10,118,212 | 10,118,212 | 10,632,058 | 513,846 |
| Bingo tax | - | - | 6,255 | 6,255 |
| Mixed beverage tax | 10,000 | 10,000 | 20,827 | 10,827 |
| Franchise taxes | 4,112,000 | 4,112,000 | 3,984,935 | (127,065) |
| | <u>23,325,767</u> | <u>23,325,767</u> | <u>24,118,309</u> | <u>792,542</u> |
| Licenses and permits: | | | | |
| Electric | 26,000 | 26,000 | 57,480 | 31,480 |
| Plumbing A/C | 81,200 | 81,200 | 76,755 | (4,445) |
| Building/mobile home | 520,000 | 520,000 | 660,484 | 140,484 |
| Street/general contractor | 45,200 | 45,200 | 75,220 | 30,020 |
| Certificates of occupancy | 13,000 | 13,000 | 22,000 | 9,000 |
| Oil and gas | 200,000 | 200,000 | 148,000 | (52,000) |
| Garage sales permits | 21,000 | 21,000 | 14,602 | (6,398) |
| Special events permits | 8,000 | 8,000 | 6,544 | (1,456) |
| Alarm permits | 30,000 | 30,000 | 34,441 | 4,441 |
| | <u>944,400</u> | <u>944,400</u> | <u>1,095,526</u> | <u>151,126</u> |
| Intergovernmental: | | | | |
| State surtax on fines | 40,000 | 40,000 | 34,137 | (5,863) |
| Grants from other governments | 150,859 | 150,859 | 156,132 | 5,273 |
| | <u>190,859</u> | <u>190,859</u> | <u>190,269</u> | <u>(590)</u> |
| Fines and fees: | | | | |
| Municipal court | 1,144,900 | 1,144,900 | 919,463 | (225,437) |
| Library | - | - | 5,776 | 5,776 |
| Warrants | 130,000 | 130,000 | 123,301 | (6,699) |
| Public hearing | 8,000 | 8,000 | 24,150 | 16,150 |
| False alarms | - | - | 16,025 | 16,025 |
| | <u>1,282,900</u> | <u>1,282,900</u> | <u>1,088,715</u> | <u>(194,185)</u> |
| Charges for services: | | | | |
| Record duplication | 6,000 | 6,000 | 8,105 | 2,105 |
| Grass cutting | 30,000 | 30,000 | 19,176 | (10,824) |
| Recreational activities/concession | 145,000 | 145,000 | 115,859 | (29,141) |
| Kennel fees/vaccination | 12,000 | 12,000 | 10,353 | (1,647) |
| Admin/building/fleet services fees | 1,343,260 | 1,343,260 | 1,111,600 | (231,660) |
| Developer test/fire inspection | 38,000 | 38,000 | 15,840 | (22,160) |
| Nuisance abatement fees | - | - | 4,824 | 4,824 |
| | <u>1,574,260</u> | <u>1,574,260</u> | <u>1,285,757</u> | <u>(288,503)</u> |
| Oil and gas lease | 80,000 | 80,000 | 122,757 | 42,757 |
| Contributions | - | 3,084 | 3,084 | 3,084 |
| Interest | 143,000 | 143,000 | 348,586 | 205,586 |
| Miscellaneous | 353,194 | 353,194 | 289,158 | (64,036) |
| Total revenues | <u>\$ 27,894,380</u> | <u>\$ 27,897,464</u> | <u>\$ 28,542,161</u> | <u>\$ 647,781</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF HALTOM CITY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|----------------------|----------------------|----------------------|----------------------------------|
| EXPENDITURES: | | | | |
| General government: | | | | |
| Administrative | \$ 670,676 | \$ 670,676 | \$ 656,711 | \$ 13,965 |
| City secretary | 220,516 | 220,516 | 251,066 | (30,550) |
| Human resources | 609,803 | 609,803 | 514,215 | 95,588 |
| Planning | 632,577 | 632,577 | 612,271 | 20,306 |
| City council | 21,300 | 21,300 | 24,062 | (2,762) |
| Finance | 629,676 | 629,676 | 672,528 | (42,852) |
| Fleet services | 577,964 | 577,964 | 771,189 | (193,225) |
| Building maintenance | 925,567 | 925,567 | 674,064 | 251,503 |
| Nondepartmental | <u>3,102,534</u> | <u>3,102,534</u> | <u>3,015,339</u> | <u>87,195</u> |
| Total general government | <u>7,390,613</u> | <u>7,390,613</u> | <u>7,191,445</u> | <u>199,168</u> |
| Public safety: | | | | |
| Police | 10,230,837 | 10,230,837 | 9,788,256 | 442,581 |
| Fire | 7,499,842 | 7,499,842 | 7,246,416 | 253,426 |
| Municipal court | <u>586,291</u> | <u>586,291</u> | <u>564,036</u> | <u>22,255</u> |
| Total public safety | <u>18,316,970</u> | <u>18,316,970</u> | <u>17,598,708</u> | <u>718,262</u> |
| Streets | <u>1,214,235</u> | <u>1,214,235</u> | <u>1,099,358</u> | <u>114,877</u> |
| Culture and Recreation: | | | | |
| Library | 1,203,098 | 1,203,098 | 1,132,780 | 70,318 |
| Parks and recreation | <u>2,120,288</u> | <u>2,120,288</u> | <u>1,845,344</u> | <u>274,944</u> |
| Total culture and recreation | <u>3,323,386</u> | <u>3,323,386</u> | <u>2,978,124</u> | <u>345,262</u> |
| Total expenditures | <u>30,245,204</u> | <u>30,245,204</u> | <u>28,867,635</u> | <u>1,377,569</u> |
| Revenues under expenditures | <u>(2,350,824)</u> | <u>(2,347,740)</u> | <u>(325,474)</u> | <u>2,022,266</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 2,268,200 | 2,268,200 | 1,568,200 | 700,000 |
| Transfers out | (2,310,488) | (2,310,488) | (1,330,488) | 980,000 |
| Sale of capital assets | <u>5,000</u> | <u>5,000</u> | <u>108,378</u> | <u>103,378</u> |
| Total other financial sources (uses) | <u>(37,288)</u> | <u>(37,288)</u> | <u>346,090</u> | <u>383,378</u> |
| Net change in fund balance | <u>(2,388,112)</u> | <u>(2,385,028)</u> | <u>20,616</u> | <u>2,405,644</u> |
| Fund balance - beginning of year | <u>13,402,033</u> | <u>13,402,033</u> | <u>13,402,033</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 11,013,921</u> | <u>\$ 11,017,005</u> | <u>\$ 13,422,649</u> | <u>\$ 2,405,644</u> |

CITY OF HALTOM CITY, TEXAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2019

| | Water and Sewer Fund | Drainage Fund | Total |
|---|-------------------------|---------------------|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 20,272,352 | \$ 2,727,222 | \$ 22,999,574 |
| Receivables: | | | |
| Accounts receivable, net | 2,730,868 | 179,155 | 2,910,023 |
| Accrued interest | 95,454 | 12,757 | 108,211 |
| Inventory | <u>86,146</u> | - | <u>86,146</u> |
| Total current assets | <u>23,184,820</u> | <u>2,919,134</u> | <u>26,103,954</u> |
| Noncurrent assets: | | | |
| Land | 522,999 | 5,602,274 | 6,125,273 |
| Buildings and improvements | 5,023,351 | 5,562,523 | 10,585,874 |
| Water and sewer system | 62,696,644 | 6,082,064 | 68,778,708 |
| Machinery and equipment | 4,722,361 | 1,088,873 | 5,811,234 |
| Construction-in-progress | 3,204,453 | 1,201,395 | 4,405,848 |
| Accumulated depreciation | <u>(31,878,776)</u> | <u>(3,798,956)</u> | <u>(35,677,732)</u> |
| Total assets | <u>67,475,852</u> | <u>18,657,307</u> | <u>86,133,159</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred loss on bond refunding | 24,059 | - | 24,059 |
| Deferred outflow related to pensions | 831,390 | 96,507 | 927,897 |
| Deferred outflow related to retiree health plan | 35,146 | 4,082 | 39,228 |
| Deferred outflow related to SDBF OPEB | <u>8,886</u> | <u>1,030</u> | <u>9,916</u> |
| Total deferred outflows of resources | <u>899,481</u> | <u>101,619</u> | <u>1,001,100</u> |

CITY OF HALTOM CITY, TEXAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2019

| | Water and Sewer Fund | Drainage Fund | Total |
|---|-------------------------|----------------------|----------------------|
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 1,204,258 | \$ 81,772 | \$ 1,286,030 |
| Accrued liabilities | 271,489 | 130,599 | 402,088 |
| Accrued interest payable | 79,559 | 7,082 | 86,641 |
| Customer deposits | 1,511,928 | - | 1,511,928 |
| Due within one year | | | |
| Compensated absences | 56,335 | 3,801 | 60,136 |
| Total OPEB liability - SDBF | 877 | 102 | 979 |
| Revenue bonds payable | <u>1,475,000</u> | <u>245,000</u> | <u>1,720,000</u> |
| Total current liabilities | <u>4,599,446</u> | <u>468,356</u> | <u>5,067,802</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 225,341 | 15,206 | 240,547 |
| Net pension liability | 2,755,463 | 319,854 | 3,075,317 |
| Net OPEB liability - retiree health plan | 301,646 | 35,015 | 336,661 |
| Total OPEB liability - SDBF | 92,856 | 10,777 | 103,633 |
| Revenue bonds payable | <u>13,847,499</u> | <u>1,340,000</u> | <u>15,187,499</u> |
| Total noncurrent liabilities | <u>17,222,805</u> | <u>1,720,852</u> | <u>18,943,657</u> |
| Total liabilities | <u>21,822,251</u> | <u>2,189,208</u> | <u>24,011,459</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflow related to pensions | 83,556 | 9,698 | 93,254 |
| Deferred inflow related to retiree health plan OPEB | 111,530 | 12,948 | 124,478 |
| Deferred inflow related to SDBF OPEB | 5,217 | 606 | 5,823 |
| Total deferred inflows of resources | <u>200,303</u> | <u>23,252</u> | <u>223,555</u> |
| NET POSITION | | | |
| Net investment in capital assets | 28,992,592 | 14,153,173 | 43,145,765 |
| Unrestricted | <u>17,360,187</u> | <u>2,393,293</u> | <u>19,753,480</u> |
| Total net position | <u>\$ 46,352,779</u> | <u>\$ 16,546,466</u> | <u>\$ 62,899,245</u> |

CITY OF HALTOM CITY, TEXAS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Water and Sewer Fund | Drainage Fund | Total |
|--|-------------------------|----------------------|----------------------|
| OPERATING REVENUES | | | |
| Water and sewer sales | \$ 22,729,392 | \$ - | \$ 22,729,392 |
| Drainage fee revenue | - | 1,708,362 | 1,708,362 |
| Service fees | 304,751 | - | 304,751 |
| Administrative fees | 35,200 | - | 35,200 |
| Other | <u>11,631</u> | <u>-</u> | <u>11,631</u> |
| Total operating revenues | <u>23,080,974</u> | <u>1,708,362</u> | <u>24,789,336</u> |
| OPERATING EXPENSES | | | |
| General and administrative | 2,350,922 | 167,691 | 2,518,613 |
| Construction | 505,255 | 363,619 | 868,874 |
| Water and sewer maintenance | 1,143,953 | - | 1,143,953 |
| Collection and distribution | 8,585,541 | - | 8,585,541 |
| Drainage maintenance | - | 525,901 | 525,901 |
| Depreciation | 1,866,082 | 272,790 | 2,138,872 |
| Nondepartmental | 2,466,764 | 61,844 | 2,528,608 |
| Franchise fees | <u>1,400,000</u> | <u>132,000</u> | <u>1,532,000</u> |
| Total operating expenses | <u>18,318,517</u> | <u>1,523,845</u> | <u>19,842,362</u> |
| Operating income | <u>4,762,457</u> | <u>184,517</u> | <u>4,946,974</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest | 456,102 | 64,880 | 520,982 |
| Interest expense and bond issuance costs | <u>(443,272)</u> | <u>(44,135)</u> | <u>(487,407)</u> |
| Total non-operating expenses | <u>12,830</u> | <u>20,745</u> | <u>33,575</u> |
| Income before transfers | 4,775,287 | 205,262 | 4,980,549 |
| TRANSFERS IN (OUT) | | | |
| Transfers out | <u>(460,000)</u> | <u>(120,000)</u> | <u>(580,000)</u> |
| CHANGE IN NET POSITION | <u>4,315,287</u> | <u>85,262</u> | <u>4,400,549</u> |
| NET POSITION, BEGINNING | <u>42,037,492</u> | <u>16,461,204</u> | <u>58,498,696</u> |
| NET POSITION, ENDING | <u>\$ 46,352,779</u> | <u>\$ 16,546,466</u> | <u>\$ 62,899,245</u> |

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Water and Sewer Fund | Drainage Fund | Total |
|---|-------------------------|-------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts from customers and users | \$ 23,500,534 | \$ 1,752,471 | \$ 25,253,005 |
| Payments to suppliers | (14,094,681) | (927,979) | (15,022,660) |
| Payments to employees | (2,150,805) | (210,983) | (2,361,788) |
| Net cash provided by operating activities | <u>7,255,048</u> | <u>613,509</u> | <u>7,868,557</u> |
| Cash flows from noncapital financing activities | | | |
| Transfer to governmental funds | (460,000) | (120,000) | (580,000) |
| Net cash provided (used) by noncapital financing activities | <u>(460,000)</u> | <u>(120,000)</u> | <u>(580,000)</u> |
| Cash flow from capital and related financing activities | | | |
| Debt principal payments | (1,881,258) | (240,000) | (2,121,258) |
| Interest payments | (492,351) | (45,160) | (537,511) |
| Purchases of property and equipment | (481,383) | (4,124) | (485,507) |
| Net cash used by capital and related financing activities | <u>(2,854,992)</u> | <u>(289,284)</u> | <u>(3,144,276)</u> |
| Cash flows from investing activities | | | |
| Interest on investments | 414,852 | 60,507 | 475,359 |
| Net cash provided (used) by investing activities | <u>414,852</u> | <u>60,507</u> | <u>475,359</u> |
| Net increase (decrease) in cash and cash equivalents | 4,354,908 | 264,732 | 4,619,640 |
| Cash and investments - beginning of year | <u>15,917,444</u> | <u>2,462,490</u> | <u>18,379,934</u> |
| Cash and investment - end of year | <u>20,272,352</u> | <u>2,727,222</u> | <u>22,999,574</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | 4,762,457 | 184,517 | 4,946,974 |
| Adjustment to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 1,866,082 | 272,790 | 2,138,872 |
| Change in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | 44,853 | 44,109 | 88,962 |
| Decrease in inventory and prepaid | (8,517) | - | (8,517) |
| Increase in other postemployment assets | (10,968) | (2,251) | (13,219) |
| (Increase) decrease in deferred outflows of resources | (578,008) | (67,769) | (645,777) |
| Increase (decrease) in accounts payable and accrued expenses | 87,566 | 73,898 | 161,464 |
| Increase (decrease) in compensated absences | 56,656 | 18,223 | 74,879 |
| Increase (decrease) in deferred inflows of resources | (136,169) | (28,401) | (164,570) |
| Increase (decrease) in customer deposits | 374,707 | - | 374,707 |
| Increase in pension obligation | 962,189 | 107,858 | 1,070,047 |
| Increase in other postemployment obligation | <u>(165,800)</u> | <u>10,535</u> | <u>(155,265)</u> |
| Net cash provided by operating activities | <u>7,255,048</u> | <u>613,509</u> | <u>7,868,557</u> |
| Schedule of non-cash capital and financing activities: | | | |
| Decrease in fair value of investments | (4,339) | (578) | (4,917) |

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City adopted a Home Rule Charter on October 10, 1955 and operates under a Council/Manager form of government. The City Council consists of eight members: a mayor, and seven council members elected by the City's residents. All powers of the City are vested in an elected council that enacts local legislation, adopts budgets, determines policies, and appoints the City Manager. The City Manager is responsible for executing the laws and administering the government of the City.

The financial statements of the City of Haltom City, Texas (the "City") are presented in accordance with accounting principles generally accepted in the United States of America applicable to state and local governmental units as set forth by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies.

Financial Reporting Entity

The City's basis financial statements include the separate governmental entities that are controlled by or are dependent on the City. The determination to include separate governmental entities is based on the criteria of GASB Statement No. 61 and defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either (a) the primary government must be able to impose its will, or (b) the primary government may potentially benefit financially or be financially responsible for the component unit.

Blended component units are part of the City's operations and therefore data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize it is legally separate from the City.

Based on these criteria, the financial information of the following entities is discretely presented as single columns in the government-wide financial statements. Separate financial statements for the Economic Development Corporation and the Crime Control District are not prepared.

Haltom City Economic Development Corporation (the "Corporation") was incorporated on September 11, 1995 under the Development Corporation Act of 1979. The Corporation is used to account for the accumulation and use of a half-cent sales tax proceeds and is legally separate from the City. The Corporation operates under a seven-member Board of Directors appointed by the City Council. The majority of the Board consists of non-council members. The Corporation was created to stimulate economic development activities within the City. The City is able to impose its will on the Corporation. The Corporation does not provide services entirely, or almost entirely, to the primary government or exclusively benefits the primary government. Complete financial statements for the component unit may be obtained at the City's office; 5024 Broadway Avenue, Haltom City, Texas.

Haltom City Crime Control and Prevention District (the "District") was officially created on November 13, 1995 with the provision of Chapter 323, as amended, Texas Tax Code and the Act. The District is used to account for the accumulation and use of half-cent sales tax proceeds designed for crime reduction and is legally separate from the City. The District operates under a seven-member Board of Directors appointed by the City Council. The Board consists of non-council members. The City is able to impose its will on the District. The District does not provide services entirely, or almost entirely, to the primary government or exclusively benefit the primary government. Complete financial statements for the component unit may be obtained at the City's office; 5024 Broadway Avenue, Haltom City, Texas.

Resource flows (except those that affect the statement of net position only, such as loans and repayments) between the primary government and the discretely presented component units are reported as external transactions – that is, as revenues and expenses.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which primarily rely on fees and charges for support. Fiduciary activities are not reported in the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statement for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Elimination of these shares would distort the direct costs and program revenues reported for the various functions concerned.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are represented as general revenues.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major fund rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue such as property taxes, sale tax, franchise tax, and charges for service to be available if they are collected within 60 days of the end of the current fiscal period. Permits and municipal court fines and fees are not susceptible to accrual because generally they are not measureable until received in cash. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measureable.

The following is a brief description of the major funds used by the City:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of financial resources. The City reported the following major governmental funds:

The **General Fund** is the primary operating fund of the City. It is used to account for all financial resources except those required to be account for in another fund.

The **Debt Service Fund** is used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs from taxes levied by the City.

The **Street Reconstruction Fund** is a capital project fund used to account for projects financed with resources from governmental funds and tax-supported debt. Proceeds are used for construction, renovation, and major improvement to various City facilities, and other large non-recurring projects.

The **Capital Improvement Fund** is a capital project fund used to account for projects financed with resources from governmental funds and tax-supported debt. Proceeds are used for construction, renovation, and major improvement to various City facilities, and other large non-recurring projects.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City has presented the following proprietary funds.

The **Water and Sewer Fund** is used to account for the City's water and sewer operations that are financed and operated in a manner similar to private business enterprise – where the intent is that costs (expenses including depreciation) of providing services are financed or recovered through user charges.

The **Drainage Fund** is used to account for the City's storm water management program.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

There were no non-major proprietary funds for the fiscal year ended September 30, 2019.

Cash, Cash Equivalents, and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. Interest income relating to consolidated investments is allocated to the individual funds monthly based on the funds' prorated share of the investment principal, which was allocated to the funds based on the funds' prorated cash balance at the date the investment was purchased.

For purposes of reporting cash flows, Enterprise Funds consider cash and all highly liquid investments with maturity of three months or less to be cash equivalents.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the City are reported at fair value, except for the position in investment pools.

Excess cash may be invested in certificates of deposit, United States treasury bills, notes, and bonds, government agencies, repurchase agreements, Texas local government investment pools, and local government general obligation or revenue bonds. Maturities on all investments are consistent with the City's cash flow requirements.

Inventories and Prepaid Items

Inventories consist of expendable supplies and automotive parts held for consumption. Inventories are valued at cost, which approximates market, using the first-in/first-out method. Inventories are recognized as expenditures as they are consumed.

Payments made to vendors for services that will benefit periods subsequent to September 30, 2018 are recorded as prepaid items.

Interfund Receivables/Payables and Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from funds" (i.e., the non-current portion of interfund loans). All other outstanding balances are reported as either "due to/from other funds" or "advances to/from other funds."

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financials statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. All purchased capital assets are valued at historical records are available and at an estimated historical cost where not historical records exist. Donated capital assets are recorded at acquisition value, which is the price to acquire an asset with equivalent service potential at the acquisition date. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Intangible assets with definite lives are recorded at cost and amortized over the useful lives. Intangible assets with indefinite lives are recorded at cost and no amortization is taken. Intangible assets of the City consist of right of ways and easements.

Depreciation is recorded for each major class of depreciable property utilizing the straight-line method over the following estimated useful lives of the assets:

| | |
|----------------------------------|-------------|
| Buildings | 50 years |
| Waterworks and sewer system | 10-50 years |
| Improvements other than building | 10-30 years |
| Machinery and equipment | 3-10 years |

Capitalization of Interest

The City capitalizes interest costs for business-type activities only from the date of the borrowing until projects acquired with those funds are ready for their intended use. The total interest incurred for the year ended September 30, 2019, in the enterprise funds was \$477,121. Of these amounts, \$15,548, in interest costs were capitalized as capital assets as part of the cost of constructing various projects.

Accrued Vacation/Compensated Absences

Accrual of Vacation Leave: The following table outlines the accrual rates, maximum accrual rates and maximum payout rates for various years of service. Appointed employees are not restricted by the maximum hour accumulation of vacation provision, but the maximum hours paid at termination after the effective date of this policy will be governed as set forth below.

| Non-sworn Employee Months of Service | Monthly Accrual of Hours | Annual Equivalent Hours | Maximum Hour Accumulation | Maximum Hours Paid at Termination |
|--|-----------------------------|----------------------------|------------------------------|--------------------------------------|
| Initial employment through completion of year four | 6.67 | 80 | 160 | 120 |
| Year five through completion of year nine | 10 | 120 | 240 | 180 |
| Beginning of year ten | 13.33 | 160 | 320 | 240 |
| Sworn Civil Service Working Regular Shifts Months of Service | Monthly Accrual of Hours | Annual Equivalent Hours | Maximum Hour Accumulation | Maximum Hours Paid at Termination |
| Initial employment through completion of year nine | 10 | 120 | 240 | 180 |
| Beginning of year ten | 13.33 | 160 | 320 | 240 |
| Sworn Civil Service Working 24-Hour Shifts Months of Service | Monthly Accrual of Hours | Annual Equivalent Hours | Maximum Hour Accumulation | Maximum Hours Paid at Termination |
| Initial employment through completion of year nine | 14 | 168 | 336 | 252 |
| Beginning of year ten | 20 | 240 | 480 | 360 |

Termination: Upon termination, an employee who has completed the probationary period will be paid his/her unused accrued vacation leave up to 1.5 times the annual accrual. Appointed employees with accruals above 1.5 times the annual accrual as of April 1, 2011, will have the excess hours (those hours above 1.5 the employee's annual accrual) transferred to a separate account (for accounting purposes). The excess hours transferred will not be allowed to increase at any time. The excess hours transferred may be used by an employee if all other accrued vacation leave is exhausted. Upon termination, appointed employees will be paid in accordance with the non-sworn employees chart, above, based upon length of service. Upon termination, the appointed employee will also be paid for any remaining excess vacation hours that were transferred to the separate account for accounting purposes.

Maximum Accumulation: Vacation leave hours will not accrue beyond the maximum limits outlined in this policy. Once at the maximum, an employee will not accrue vacation leave until the leave balance is reduced below the maximum accrual. After the employee's leave balance is below the maximum, the employee will resume accruals, but there will be no retroactive accruals.

Sick Leave Accumulation: A regular full-time employee accrues eight (8) hours of sick leave each month for an annual accrual of 96 hours. An employee who enters employment before the 16th or terminates employment after the 15th of any month shall accrue eight (8) hours of sick leave for that month.

Annual Sick Leave Payout: In November of each year, an eligible employee will be paid for all accrued sick leave in excess of 240 hours. In order to be eligible for the payout, an employee must be employed by the City on the day the payout is distributed. The payout will be made at the hourly rate in effect on the last day of the pay period prior to the checks being issued. Firefighters working 24-hour shifts will be paid the pay plan step rate associated with an employee working 2080 hours per year.

Vested compensated absences (unpaid to employees terminated before year-end) that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated benefits within proprietary funds, and for governmental activities at the government-wide level, are recorded as an expense and liability of those funds as the benefits accrue to employees.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single-employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Retiree Health Care Plan. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's total OPEB liability is obtained from a report prepared by a consulting actuary, Gabriel Roeder Smith & Company.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Unavailable revenues related to property taxes, court fines, and street assessments.
- The difference in expected and actual pension and OPEB experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in the spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision, or by enabling legislation;
- Committed fund balances – amounts constrained to specific purposes by a government itself, using its highest level of decision – making authority (ordinance); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – this classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Charter gives the City Council the authority to constrain amounts to be used for a specific purpose or to delegate this responsibility to the City Manager.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentive). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt services, or for other purposes).

The City maintains an unallocated fund balance to be used for unanticipated emergencies of at least 20% of the expenditure budgets of the major operation fund (General, Water & Sewer, and Drainage Utility Funds).

When fund balance resources are available for a specific purpose more than one classification, it is the City's policy to use the most restrictive funds first in the following order; restricted, committed, assigned, and unassigned as they are needed.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitation imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for all funds.

The City Manager submits to the City Council, not less than 45 days prior to the beginning of each fiscal year, a proposed budget for most City funds. At the meeting of the City Council at which the budget is submitted, the City Council establishes the time and place of the public hearing on the budget and publishes a notice of the budget hearing. Upon adoption, the budget is filed with the City Secretary for public inspection.

During the fiscal year, the City Manager authorized to transfers budgeted amount between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budget amendments were made during the year and appropriately approved by the City Council. Unused appropriations lapse at year-end.

III. BANK DEPOSITS AND INVESTMENTS

Bank Deposits

The City's funds (exclusive of the Postemployment Benefits Trust) are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with its agent bank, approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. The City's deposits were fully insured or collateralized as required by States statutes as of September 30, 2019. The collateral is held in the City's name by the Federal Reserve Bank of Dallas, an agent of the City's financial institution.

Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes and the City's investment policy authorized the City to invest in the following investments as summarized in the following table as of September 30, 2019:

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|----------------------------------|------------------|---------------------------------|----------------------------------|
| U.S. Treasury obligations | 3 years | 100% | None |
| U.S. Agency obligations | 3 years | 75% | None |
| State of Texas securities | 3 years | 75% | None |
| Certificates of deposit | 3 years | 50% | None |
| Repurchase agreements | 3 years | 50% | None |
| No-load money market mutual fund | 3 years | 50% | None |
| Public funds investment pool | N/A | 70% | None |

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2019 are classified in the accompanying financial statement as follows:

| | |
|--------------------------|----------------------|
| Governmental activities | \$ 38,926,374 |
| Business-type activities | <u>22,999,574</u> |
| Total primary government | <u>61,925,948</u> |
| Economic development | 1,767,819 |
| Crime Control District | <u>1,639,414</u> |
| Total component units | <u>3,407,233</u> |
| Total | <u>\$ 65,333,181</u> |

Cash and investments as of September 30, 2019 consist of the following:

| | |
|---------------|----------------------|
| Cash deposits | \$ 6,775,587 |
| Investments | <u>58,557,594</u> |
| Total | <u>\$ 65,333,181</u> |

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. One of the ways that the City managers its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 30 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. City policy limits the weighted average maturity of its portfolio to a period less than 720 days. Presented below is the weighted average maturity in days of the types of investment the City held at September 30, 2019.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assigned of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

As of September 30, 2019, the City had the following investments:

| Investment Type | Amount | Maturity (Days) | Weighted Average | Minimum Legal Rating | Rating |
|-------------------------|----------------------|-----------------|------------------|----------------------|--------|
| TexPool | \$ 128,464 | 38 | AAA | AAAm | |
| Texas CLASS | 12,067,352 | 3 | AAA | AAAm | |
| Texas Term | 446,305 | 34 | AAA | AAAf | |
| Certificate of deposits | 8,461,861 | 77 | N/A | N/A | |
| FHLB | 9,999,948 | 97 | AA | AA+ | |
| FFCB | 2,996,276 | 38 | AA | AA+ | |
| FHLMC | 13,995,799 | 125 | AA | AA+ | |
| FNMA | 2,497,924 | 3 | AA | AA+ | |
| Municipal bonds | <u>7,963,665</u> | 1 | AA | AA-/AA3 or higher | |
| Total | <u>\$ 58,557,594</u> | | | | |

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2019:

- \$3,996,332 valued using a documented trade history in exact security (Level 1 inputs).
- \$10,006,155 valued using a documented trade history in exact security (Level 2 inputs).
- \$22,174,437 are valued using an option-adjusted discounted cash flow model (Level 2 inputs).
- \$9,724,314 are valued using a present value of expected future cash flow model (Level 2 inputs).

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2019, other than external investment pools and securities guaranteed by the U.S. Government, the City did not have 5% or more of its investment with one issuer. The City's investment policy allows up to 100% to be invested in U.S. Treasury Bills/Notes/Bonds, and U.S. Agencies and Instrumentalities.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to receive its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter party to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2019, the City deposits with financial institutions in excess of federal depository insurance limits are fully collateralized.

Investment in State Investment Pools

The City is a voluntary participant in various investment pools. These pools included the following: TexPool, Texas Term, and Texas CLASS.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. TexPool has a redemption period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets general banking moratorium or national state of emergency that affects the pool's liquidity.

Texas Term is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. A seven-member advisory board governs the Pool. As required by the Public Funds Investment Act, the Advisory Board is composed of participants in the Pool and other persons who do not have a business relationship with the Pool. Under agreement with the Texas Term Advisory Board, PFM Asset Management LLC provides administrative and investment services to the pool. The Pool purchases only investments of the type in which Texas local governments are permitted to invest their own funds. The fair value of the position in Texas Term is the same as the value of Texas Term shares. Texas Term has a redemption period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets general banking moratorium or national state of emergency that affects the pool's liquidity.

The Texas CLASS investment pool was organized in March 1996 in accordance with the Texas Public Funds Investment Act and Texas Government Code. MBIA Municipal Investors Service Corp. serves as investment adviser and administrator to the Pool. All investments are made in securities that are allowed by the Texas Public Funds Investment Act and are overseen by a Texas CLASS participant board of directors. The board is made up of seven trustees and seven advisory positions, which meet twice a year with one participant meeting, held annually. The board has the power to administer the affairs of the Pool and to enter into controls and agreements on behalf of the Pool. Texas CLASS also has a fair value position that is the same as the value of its shares. Texas CLASS has a redemption period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets general banking moratorium or national state of emergency that affects the pool's liquidity.

IV. RECEIVABLES

Accounts receivable and the related allowance for doubtful accounts for the governmental funds and the enterprise funds at September 30, 2019 are as follows:

| Fund | Accounts Receivable | Allowance for Doubtful Accounts | | Accounts Receivable, Net |
|--------------|----------------------|---------------------------------|---------------------------------|--------------------------|
| | | Doubtful Accounts | Allowance for Doubtful Accounts | |
| Governmental | \$ 7,522,036 | \$(3,438,224) | \$ 4,083,812 | |
| Enterprise | <u>3,185,391</u> | <u>(167,157)</u> | <u>3,018,234</u> | |
| Total | <u>\$ 10,707,427</u> | <u>\$(3,605,381)</u> | <u>\$ 7,102,046</u> | |

V. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 and are levied for appropriation for the fiscal year beginning on October 1. Property taxes are accrued based on the period for which they are levied and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year-end are recorded as deferred revenues and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenues and recognized as revenue in the period to which they apply. Current taxes are due on October 1 and become delinquent if unpaid on February 1. Taxes unpaid as of February 1 are subject to penalty and interest as provided by City ordinance and the Texas Property Tax Code. The City's charter provide that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds. Article XI, Section 5 of the State of Texas Constitution limits property taxes for cities, including those applicable to debt service, to \$2.50 per \$100 of assessed valuation. The City's 2019 tax rate was \$0.653000 per \$100 of assessed valuation.

VI. CAPITAL ASSETS

The following is a summary of changes in the governmental activities capital assets during the fiscal year ended September 30, 2019:

| | 9/30/2018 | Additions | Deletions | 9/30/2019 |
|---|----------------------|---------------------|-------------------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 18,846,739 | \$ - | \$ - | \$ 18,846,739 |
| Construction in progress | <u>2,348,023</u> | <u>732,016</u> | <u>-</u> | <u>3,080,039</u> |
| Total capital assets not being depreciated | <u>21,194,762</u> | <u>732,016</u> | <u>-</u> | <u>21,926,778</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 18,179,525 | 913,449 | - | 19,092,974 |
| Improvements other than building | 90,435,027 | 241,262 | - | 90,676,289 |
| Machinery and equipment | <u>13,818,488</u> | <u>1,840,759</u> | <u>(719,837)</u> | <u>14,939,410</u> |
| Total capital assets being depreciated | <u>122,433,040</u> | <u>2,995,470</u> | <u>(719,837)</u> | <u>124,708,673</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (8,667,519) | (710,208) | - | (9,377,727) |
| Improvements other than building | (42,216,369) | (2,382,888) | - | (44,599,257) |
| Machinery and equipment | <u>(10,177,680)</u> | <u>(261,561)</u> | <u>719,837</u> | <u>(9,719,404)</u> |
| Total accumulated depreciation | <u>(61,061,568)</u> | <u>(3,354,657)</u> | <u>719,837</u> | <u>(63,696,388)</u> |
| Total capital assets being depreciated, net | <u>61,371,472</u> | <u>(359,187)</u> | <u>-</u> | <u>61,012,285</u> |
| Governmental capital assets, net | <u>\$ 82,566,234</u> | <u>\$ 372,829</u> | <u>\$ -</u> | <u>\$ 82,939,063</u> |

Depreciation was charged to functions as follows:

| | |
|--------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 108,173 |
| Public safety | 331,291 |
| Highway and streets | 2,286,315 |
| Culture and recreation | <u>628,878</u> |
| Total | <u>\$ 3,354,657</u> |

The following is a summary of the changes in business-type activities capital assets during the fiscal year ended September 30, 2019:

| | 9/30/2018 | Additions | Transfers/ Deletions | 9/30/2019 |
|---|----------------------|------------------------|-------------------------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 6,125,273 | \$ - | \$ - | \$ 6,125,273 |
| Construction in progress | <u>4,248,091</u> | <u>157,756</u> | <u>-</u> | <u>4,405,847</u> |
| Total capital assets not being depreciated | <u>10,373,364</u> | <u>157,756</u> | <u>-</u> | <u>10,531,120</u> |
| Capital assets, being depreciated: | | | | |
| Building and improvements | 10,585,874 | 24,291 | - | 10,610,165 |
| Machinery and equipment | 6,152,648 | 61,193 | (402,607) | 5,811,234 |
| Water works and sewer system | <u>68,509,151</u> | <u>245,267</u> | <u>-</u> | <u>68,754,418</u> |
| Total capital assets being depreciated | <u>85,247,673</u> | <u>330,751</u> | <u>(402,607)</u> | <u>85,175,817</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (3,529,166) | (1,414,161) | - | (4,943,327) |
| Machinery and equipment | (5,732,183) | 94,220 | 402,607 | (5,235,356) |
| Water works and sewer system | <u>(24,680,118)</u> | <u>(818,931)</u> | <u>-</u> | <u>(25,499,049)</u> |
| Total accumulated depreciation | <u>(33,941,467)</u> | <u>(2,138,872)</u> | <u>402,607</u> | <u>(35,677,732)</u> |
| Total capital assets being depreciated, net | <u>51,306,206</u> | <u>(1,808,121)</u> | <u>-</u> | <u>49,498,085</u> |
| Total business-type capital assets, net | <u>\$ 61,679,570</u> | <u>\$ (1,650,365)</u> | <u>\$ -</u> | <u>\$ 60,029,205</u> |

Interest incurred in 2019 during the construction phase of proprietary fund assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capitalized interest of \$14,152 and \$1,396 has been recorded for the water sewer and drainage funds, respectively.

VII. INTERFUND TRANSACTIONS

In 2019, the General Fund charged the Water and Sewer Proprietary Fund and the Drainage Utility Proprietary Fund a franchise fee equal to 8.5% of gross revenues based upon budgeted amounts. The franchise fee is recorded as tax revenue by the General Fund and an operating expense by both the Water and Sewer Fund and Drainage Utility Fund. The amount of the franchise fees charged in 2018 are as follows:

| Fund | Franchise Fees |
|-----------------------------------|---------------------|
| Water and Sewer Proprietary Fund | \$ 1,400,000 |
| Drainage Utility Proprietary Fund | <u>132,000</u> |
| Total | <u>\$ 1,532,000</u> |

The General Fund charges various funds an administrative fee for certain general and administrative services. Administrative charges are recorded as service revenue by the General Fund and operating expenses by the paying funds. The 2019 administrative fees were as follows:

| Fund | Administrative Charges |
|---|------------------------|
| Water and Sewer Fund | \$ 780,000 |
| Drainage Utility Fund | <u>160,000</u> |
| Total | <u>\$ 940,000</u> |
| <u>Discretely Presented Component Units</u> | |
| Crime Control Prevention District | \$ 39,600 |
| Total | <u>\$ 39,600</u> |

Interfund transfers during the year ended September 30, 2019 were as follows:

| Transfer from: | Transfer to: | Amount |
|-----------------------------|-----------------------------|--------------|
| General Fund | Debt Service | \$ 830,488 |
| General Fund | Nonmajor Governmental Funds | 500,000 |
| Nonmajor Governmental Funds | General Fund | 88,200 |
| Streets Reconstruction | General Fund | 900,000 |
| Water and Sewer | General Fund | 460,000 |
| Drainage | General Fund | 120,000 |
| Total | | \$ 2,898,688 |

Transfers are primarily used to move funds from:

- The Water and Sewer and Drainage Utility Fund to the General Fund for a payment in lieu of taxes.
- The Juvenile Case Fund to the General Fund to reimburse for a case manager that is paid out of the General Fund.
- The Court Security Fund to the General Fund to cover part of the salary and benefits for the Marshals.
- The Court Technology Fund to the General Fund to pay for a portion of the interest and principal payments related to a certificate of obligation.
- The General Fund to the Capital Replacement Fund for future purchase of vehicles and equipment.

Interfund receivables, payables, and transfers are reported in the governmental activities and business-type activities fund financial statements. In the entity-wide statements, interfund receivables, payables, and transfers are eliminated within the governmental and business-type activities columns, as appropriate.

VIII. LONG-TERM LIABILITIES

Changes in Outstanding Debt

During the year ending September 30, 2019, the following changes in liabilities occurred:

| | 9/30/2018 | Increases | Reductions | 9/30/2019 | Due Within One Year |
|------------------------------------|---------------|---------------|--------------|---------------|---------------------|
| Governmental Activities: | | | | | |
| Certificates of obligation | \$ 5,660,000 | \$ - | \$ 640,000 | \$ 5,020,000 | \$ 625,000 |
| Tax notes | 455,000 | - | 230,000 | 225,000 | 225,000 |
| General obligation bonds | 26,820,000 | 7,460,000 | 3,930,000 | 30,350,000 | 3,985,000 |
| Premium on bond issuances | 705,285 | 526,665 | 127,015 | 1,104,935 | - |
| Capital leases | 756,316 | 600,329 | 225,619 | 1,131,026 | 333,505 |
| Compensated absence obligations | 3,855,704 | 1,879,428 | 2,840,985 | 2,894,147 | 578,829 |
| | \$ 38,252,305 | \$ 10,466,422 | \$ 7,993,619 | \$ 40,725,108 | \$ 5,747,334 |
| Business-Type Activities: | | | | | |
| General obligation refunding bonds | \$ 4,910,000 | \$ - | \$ 1,340,000 | \$ 3,570,000 | \$ 760,000 |
| Certificates of obligation | 13,630,000 | - | 760,000 | 12,870,000 | 960,000 |
| Premium on bond issuances | 528,554 | - | 61,055 | 467,499 | - |
| Compensated absences | 225,804 | 219,177 | 144,298 | 300,683 | 60,136 |
| | \$ 19,294,358 | \$ 219,177 | \$ 2,305,353 | \$ 17,208,182 | \$ 1,780,136 |
| Crime Control District: | | | | | |
| Compensated absences | \$ 4,937 | \$ 16,554 | \$ 230 | \$ 21,261 | \$ 4,252 |
| Total crime control district | \$ 4,937 | \$ 16,554 | \$ 230 | \$ 21,261 | \$ 4,252 |

The ordinances authorizing the issuance of the Combination Tax and Limited Pledge Revenue Certificates of Obligation, and the General Obligation Refunding Bonds require that the City's ad valorem tax revenues be enough to generate net revenues sufficient to provide for the payment of the debt service requirements of the bonds issued. The City is in compliance with all requirements of the ordinances for the year ended September 30, 2019.

The liability for compensated absences is fully liquidated by the fund in which the employee was employed upon retirement.

The City's direct borrowings (capital leases) related to governmental activities are secured with equipment as collateral. The City's revenue bonds are collateralized by the revenue of the combined utility system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used, first, to pay operating and maintenance expenses of the system and, second, to establish and maintain the revenue bond funds.

Should the City default on its outstanding bonds, any registered owner of the bonds is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the City.

Long-term debt of the City consists of refunding bonds, certificates of obligation, contractual obligations, tax notes, and obligations under compensated absence agreements. At September 30, 2019, total outstanding bonds and tax notes consisted of the following:

| | Governmental Activities | Due Within One Year | Business-Type Activities | Due Within One Year |
|--|----------------------------|------------------------|-----------------------------|------------------------|
| \$2,000,000 Series 2006 General Obligation Bonds, dated September 25, 2006; due in annual installments of \$50,000 to \$140,000; through February 1, 2025; interest at 4.00% | \$ 725,000 | \$ 100,000 | \$ - | \$ - |
| \$5,450,000 Series 2006 Certificates of Obligation, dated September 25, 2006; due in annual installments of \$180,000 to \$490,000; through February 1, 2026; interest at 4.00% | 450,000 | 55,000 | 1,620,000 | 200,000 |
| \$1,850,000 Series 2006 General Obligation Refunding Bonds, dated November 1, 2006; due in annual installments of \$15,000 to \$210,000; through February 1, 2020; interest at 3.84% | 210,000 | 210,000 | - | - |
| \$6,500,000 Series 2007 Certificates of Obligation, dated October 18, 2007; due in annual installments of \$250,000 to \$635,000; through February 1, 2027; interest at 3.90% | 2,085,000 | 225,000 | 425,000 | 45,000 |
| \$3,795,000 Series 2010 Certificates of Obligation, dated September 2, 2010; due in annual installments of \$175,00 to \$725,000; through February 1, 2030; interest at 2.00% to 4.00% issued at a premium of \$87,364 | - | - | 2,370,000 | 175,000 |

| | Governmental Activities | Due Within One Year | Business-Type Activities | Due Within One Year |
|---|----------------------------|------------------------|-----------------------------|------------------------|
| \$5,385,000 Series 2010 General Obligation Refunding Bonds, dated October 7, 2010; due in annual installments of \$30,000 to \$280,000; through February 1, 2022, interest at 2.00% to 4.00% issued at a premium of \$96,607 | 755,000 | 290,000 | 370,000 | 185,000 |
| \$2,345,000, Series 2011 Combination Tax and Limited Pledge Revenue Certificates of Obligation, dated August 22, 2011; due in annual installments of \$125,000 to \$235,000; through February 1, 2026; interest at 2.00% to 3.50%, issued at a premium of \$29,831 | 875,000 | 125,000 | - | - |
| \$7,655,000, Series 2011 General Obligation Bonds, dated April 11, 2011; due in annual installments of \$75,000 to \$685,000; through February 1, 2032; interest at 3.75% at 4.35%, issued at a premium of \$32,247 | 6,565,000 | 190,000 | - | - |
| \$4,380,000, Series 2012 Combination Tax and Limited Pledge Revenue Certificates of Obligation, dated August 15, 2012; due in annual installments of \$150,000 to \$340,000; through February 1, 2032; interest at 2.00% to 3.00%, issued at a premium of \$113,275 | 135,000 | 45,000 | 2,120,000 | 140,000 |
| \$3,615,000 Series 2012 General Obligation Refunding Bonds, dated February 1, 2012; due in annual installments of \$40,000 to \$285,000; through February 1, 2028, interest at 2.00% to 3.00%, issued at a premium of \$264,753 | 1,635,000 | 160,000 | 350,000 | 115,000 |
| \$2,995,000 Series 2013 General Obligation Bonds, dated April 11, 2013; due in annual installments of \$100,000 to \$220,000; through February 1, 2033, interest at 3.00% to 3.50%, issued at a premium of \$79,715 | 2,395,000 | 105,000 | - | - |
| \$2,300,000 Series 2013 Combination Tax and Limited Pledge Revenue Certificates of Obligation, dated April 1, 2013; due in annual installments of \$100,000 to \$175,000; through February 1, 2033, interest at 3.00% to 3.50%, issued at a premium of \$108,245 | 1,475,000 | 175,000 | - | - |

| | Governmental Activities | Due Within One Year | Business-Type Activities | Due Within One Year |
|---|----------------------------|------------------------|-----------------------------|------------------------|
| \$2,035,000 Series 2013 Tax Notes, dated August 15, 2013; due in annual installments of \$225,000 to \$355,000; through February 1, 2020, interest at 2.50%, issued at a premium of \$69,494 | 225,000 | 225,000 | - | - |
| \$4,955,000 Series 2013 General Obligation Refunding Bonds, dated December 19, 2013; due in annual installments of \$420,000 to \$495,000; through February 1, 2025, interest at 2.29%, issued at par value | 2,800,000 | 430,000 | - | - |
| \$3,900,000 Series 2014 General Obligation Refunding Bonds, dated May 14, 2014; due in annual installments of \$50,000 to \$455,000; through February 1, 2029, interest at 2.16%, issued at par value | 525,000 | 55,000 | 2,075,000 | 390,000 |
| \$1,575,000 Series 2014 General Obligation Bonds, dated September 25, 2014; due in annual installments of \$105,000; through September 30, 2029, interest at 2.39%, issued at par value | 1,050,000 | 105,000 | - | - |
| \$7,970,000 Series 2017 General Obligation and Refunding Bonds, dated January 9, 2017; due in annual installments of \$530,000 to \$965,000; through August 1, 2028; interest at 3.00% to 4.00% | 5,235,000 | 550,000 | 775,000 | 70,000 |
| \$2,860,000 Series 2018 General Obligation due 2/1/2023 | 995,000 | 240,000 | - | - |
| \$6,720,000 Series 2018 Non BQ, Water Meter CO's due 2/1/2032 | - | - | 6,335,000 | 400,000 |
| \$7,460,000 Series 2019 General Obligation Bond, due 2/1/2034 | 7,460,000 | 1,550,000 | - | - |
| Premium on issuance of debt | 1,104,935 | - | 454,994 | - |
| Total bonds and notes outstanding | \$ 36,699,935 | \$ 4,835,000 | \$ 16,894,994 | \$ 1,720,000 |

Repayment of Long-Term Obligations

Retirement of the notes, bonds, certificates of obligation, and contractual obligations used in governmental activities is provided from taxes allocated for debt service together with interest earned within the debt service fund. Revenue bonds are retired from net revenues of the enterprise fund and certain certificates of obligation and tax notes are retired through sales taxes. The retirement of compensated absences are provided by financial resources of the general and proprietary funds.

Annual debt service requirements to amortize all obligations outstanding, except employee benefits, as of September 30, 2019, follow:

| Governmental Activities | | | | | | | |
|-------------------------|------------------------------------|--------------------------|---------------------------|------------|--------------|---------------|--|
| Due Fiscal Year Ending | General Obligation Refunding Bonds | General Obligation Bonds | Certificate of Obligation | Tax Notes | Interest | Total | |
| 2020 | \$ 1,695,000 | \$ 2,290,000 | \$ 625,000 | \$ 225,000 | \$ 1,352,254 | \$ 6,187,254 | |
| 2021 | 1,885,000 | 2,730,000 | 565,000 | - | 1,004,129 | 6,184,129 | |
| 2022 | 1,440,000 | 1,280,000 | 575,000 | - | 846,383 | 4,141,383 | |
| 2023 | 1,255,000 | 1,325,000 | 545,000 | - | 741,816 | 3,866,816 | |
| 2024 | 1,265,000 | 1,150,000 | 555,000 | - | 724,659 | 3,694,659 | |
| 2025-2029 | 3,620,000 | 5,845,000 | 1,755,000 | - | 1,796,446 | 13,016,446 | |
| 2030-2034 | - | 4,570,000 | 400,000 | - | 454,016 | 5,424,016 | |
| Total | \$ 11,160,000 | \$ 19,190,000 | \$ 5,020,000 | \$ 225,000 | \$ 6,919,703 | \$ 42,514,703 | |

| Business-Type Activities | | | | | |
|--------------------------|------------------------------------|---------------------------|--------------|---------------|--|
| Due Fiscal Year Ending | General Obligation Refunding Bonds | Certificate of Obligation | Interest | Total | |
| 2020 | \$ 765,000 | \$ 960,000 | \$ 506,568 | \$ 2,231,568 | |
| 2021 | 755,000 | 995,000 | 453,012 | 2,203,012 | |
| 2022 | 575,000 | 1,030,000 | 400,554 | 2,005,554 | |
| 2023 | 465,000 | 1,065,000 | 352,684 | 1,882,684 | |
| 2024 | 455,000 | 1,105,000 | 305,780 | 1,865,780 | |
| 2025-2029 | 555,000 | 5,190,000 | 848,144 | 6,593,144 | |
| 2030-2032 | - | 2,525,000 | 108,190 | 2,633,190 | |
| Total | \$ 3,570,000 | \$ 12,870,000 | \$ 2,974,932 | \$ 19,414,932 | |

Component Units

There are no debt service requirements for debt obligations for the Economic Development and Crime Control District funds.

Defeased Bonds Outstanding

In years past, the City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity. The City has no outstanding defeased debt as of September 30, 2019.

Reserve Requirement

Water and Sewer System Revenues bond ordinances establish a Reserve Fund that must be maintained by the City. The total amount to be accumulated in the Reserve Fund is the average principal and interest on said bonds or equal parity bonds. The City issued surety bond insurance policies for the substitution of the reserve requirement as set forth in the bond ordinances. These bonds were paid off during 2014.

As of September 30, 2019, the City had no general obligation bonds which were authorized and unissued.

Obligations Under Capital Leases

In the current year, the City entered into lease agreements as lessee for financing the acquisition of various vehicles valued at \$600,329. The vehicles have lease terms from 4 to 5 years each with an interest rate of 2.33%. The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2019 are as follows:

| | Governmental Activities |
|--------------------------------|----------------------------|
| Equipment | \$ 1,414,162 |
| Less: accumulated depreciation | <u>(225,151)</u> |

| | |
|-------|---------------------|
| Total | <u>\$ 1,189,011</u> |
|-------|---------------------|

Future minimum lease payments for capital leases obligations are as follows:

| Fiscal Year Ending | Governmental Activities |
|---|----------------------------|
| 2020 | \$ 400,423 |
| 2021 | 400,423 |
| 2022 | 356,336 |
| 2023 | 223,148 |
| 2024 | 112,714 |
| Amount representing interest | <u>(362,018)</u> |
| Present value of future minimum capital lease payments | <u>\$ 1,131,026</u> |

IX. DEFINED BENEFIT PENSION PLAN

Plan Descriptions. The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas.

TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided. TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

| | |
|-----------------------------------|---|
| Employee deposit rate | 7% |
| Matching ratio (City to employee) | 2 to 1 |
| Years required for vesting | 5 |
| Service retirement eligibility | 20 years to any age, 5 years at age 60 and above |
| Updated service credit | 100% Repeating transfers |
| Annuity increases (to retirees) | 70% of CPI Repeating |

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 205 |
| Inactive employees entitled to but not yet receiving benefits | 174 |
| Active employees | <u>254</u> |
| Total | <u><u>633</u></u> |

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year, respectively. The contribution rates for the City were 19.02% and 19.16% in calendar years 2019 and 2018, respectively. The City's total contributions to TMRS for the year ended September 30, 2019, were \$3,550,765, and \$300,000 more than the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.5% per year |
| Overall payroll growth | 3.50% to 10.50%, including inflation |
| Investment Rate of Return | 6.75%, net of pension plan investment expense, including inflation |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|-------------------|---|
| Domestic Equity | 17.5% | 4.30% |
| International Equity | 17.5% | 6.10% |
| Core Fixed Income | 10.0% | 1.00% |
| Non-Core Fixed Income | 20.0% | 3.39% |
| Real Return | 10.0% | 3.78% |
| Real Estate | 10.0% | 4.44% |
| Absolute Return | 10.0% | 3.56% |
| Private Equity | 5.0% | 7.75% |
| Total | 100.0% | |

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at 12/31/2017 | \$ 118,065,607 | \$ 100,688,924 | \$ 17,376,683 |
| Changes for the year: | | | |
| Service cost | 2,931,913 | - | 2,931,913 |
| Interest | 7,899,680 | - | 7,899,680 |
| Difference between expected and actual experience | (730,857) | - | (730,857) |
| Contributions - employer | - | 3,169,004 | (3,169,004) |
| Contributions - employee | - | 1,168,758 | (1,168,758) |
| Net investment income | - | (3,016,539) | 3,016,539 |
| Benefit payments, including refunds of employee contributions | (4,998,533) | (4,998,533) | - |
| Administrative expense | - | (58,291) | 58,291 |
| Other changes | - | (3,044) | 3,044 |
| Net changes | <u>5,102,203</u> | <u>(3,738,645)</u> | <u>8,840,848</u> |
| Balance at 12/31/2018 | <u>\$ 123,167,810</u> | <u>\$ 96,950,279</u> | <u>\$ 26,217,531</u> |

The net pension liability for governmental activities is primarily liquidated by the General Fund.

The following presents the net pension liability of the City and the discretely presented component unit, calculated using the discount rate of 6.75%, as well as what the City's and discretely presented component unit's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease in Discount Rate (5.75%) | 1% Increase in Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|--|---|---|---|
| City's net pension liability | \$ 44,007,756 | \$ 26,028,765 | \$ 11,341,512 |
| Component unit's net pension liability | 319,154 | 188,766 | 82,251 |
| Total | <u>\$ 44,326,910</u> | <u>\$ 26,217,531</u> | <u>\$ 11,423,763</u> |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrss.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$4,484,758. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 71,285 | \$ 745,572 |
| Changes in actuarial assumptions | - | 43,709 |
| Difference between projected and actual investment earnings | 5,175,253 | - |
| Contributions subsequent to the measurement date | 2,606,981 | - |
| Total | <u>\$ 7,853,519</u> | <u>\$ 789,281</u> |

For the year ended September 30, 2019, the discretely presented component unit recognized pension expense of \$32,524. At September 30, 2019, the discretely presented component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 517 | \$ 5,407 |
| Changes in actuarial assumptions | - | 317 |
| Difference between projected and actual investment earnings | 37,532 | - |
| Contributions subsequent to the measurement date | <u>18,908</u> | - |
| Total | <u>\$ 56,957</u> | <u>\$ 5,724</u> |

For the City and component unit, \$2,606,981 and \$18,908, respectively, are reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

| Year Ended September 30, | City | Component Unit |
|-----------------------------|---------------------|-------------------|
| 2020 | \$ 1,550,216 | \$ 11,243 |
| 2021 | 479,243 | 3,476 |
| 2022 | 503,852 | 3,654 |
| 2023 | <u>1,923,946</u> | <u>13,952</u> |
| Total | <u>\$ 4,457,257</u> | <u>\$ 32,325</u> |

X. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

TMRS Supplemental Death Benefits Fund

Plan Description. The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits Provided. Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post-employment benefit and is a fixed amount of \$7,500.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 132 |
| Inactive employees entitled to but not yet receiving benefits | 34 |
| Active employees | <u>254</u> |
| Total | <u>420</u> |

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.18% for 2019 and 0.18% for 2018, of which 0.02% and 0.02%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's retiree-only portion of contributions to the SDBF for the years ended September 30, 2019 and 2018 were \$8,616 and \$7,817, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The City's total OPEB liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-------------------------------------|------------------------------------|
| Measurement year ended December 31, | 2018 |
| Inflation rate | 2.50% per annum |
| Actuarial cost method | Entry Age Normal Method |
| Discount rate | 3.71 |
| Projected salary increases | 3.50% to 10.5% including inflation |

Administrative expenses for the SDBF are paid through the TMRS pension trust fund and are wholly accounted for under provisions of GASB Statement No. 68.

Salary increases were based on a service-related table.

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.31% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

Discount Rate Sensitivity Analysis. The following presents the Total OPEB Liability of the City and discretely presented component unit, calculated using the discount rate of 3.71%, as well as what the City's and discretely presented component unit's total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease in Discount Rate (2.71%) | Discount Rate (3.71%) | 1% Increase in Discount Rate (4.71%) |
|---------------------------------------|---|-----------------------|---|
| City's total OPEB liability | \$ 1,043,854 | \$ 885,445 | \$ 761,418 |
| Component unit's total OPEB liability | 7,570 | 6,421 | 5,522 |
| Total | \$ 1,051,424 | \$ 891,866 | \$ 766,940 |

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance at 12/31/2017 | \$ 859,656 |
| Changes for the year: | |
| Service cost | 31,723 |
| Interest | 28,842 |
| Differences between expected and actual experience | 39,218 |
| Changes of assumptions | (59,226) |
| Benefit payments | (8,347) |
| Net changes | <u>32,210</u> |
| Balance at 12/31/2018 | <u><u>891,866</u></u> |

The total OPEB liability for governmental activities is primarily liquidated by the General Fund.

Changes in actuarial assumptions and other inputs reflect a change in the discount rate from 3.31% to 3.71%.

OPEB Expense and Deferred Outflows of Resources Related to OPEB. For the year ended September 30, 2019, the city recognized OPEB expense of \$67,719. At September 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 32,635 | \$ - |
| Changes in actuarial assumptions | 45,160 | 49,285 |
| Contributions subsequent to the measurement date | <u>6,135</u> | <u>-</u> |
| Totals | <u><u>\$ 83,930</u></u> | <u><u>\$ 49,285</u></u> |

For the year ended September 30, 2019, the component unit recognized OPEB expense of \$491. At September 30, 2019, the component unit reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 237 | \$ - |
| Changes in actuarial assumptions | 328 | 359 |
| Contributions subsequent to the measurement date | <u>44</u> | <u>-</u> |
| Totals | <u><u>\$ 609</u></u> | <u><u>\$ 359</u></u> |

For the City and component unit, \$28,510 and \$206, respectively, were reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Year Ended September 30 | City | Component Unit |
|------------------------------------|-------------------------|----------------------|
| 2020 | \$ 7,590 | \$ 55 |
| 2021 | 7,590 | 55 |
| 2022 | 7,590 | 55 |
| 2023 | 7,590 | 55 |
| 2024 | (1,268) | (9) |
| Thereafter | <u>(582)</u> | <u>(5)</u> |
| Total | <u><u>\$ 28,510</u></u> | <u><u>\$ 206</u></u> |

XI. OTHER POSTEMPLOYMENT BENEFITS

Post-retirement Health Care Benefits

Plan Description.

Full-time employees of the City who retire from the Texas Municipal Retirement System (TMRS) are eligible to participate in the retiree health care plan. The requirement as defined by TMRS is any age with 20 years of service or 5 years of service for age 60 and above. Under State law, the City must offer health insurance to full-time employees that retire through our pension system, the Texas Municipal Retirement System. This affords the option to continue insurance, but the retiree must pay the full premiums for coverage unless eligible for additional coverage as outlined below.

The City established by ordinance the healthcare plan that covers retired employees of the City. The City established an irrevocable trust and contracted with an administrator, Public Agencies Retirement Services (PARS), as well as a custodial bank, to manage the plan's assets. Because plan assets are pooled by PARS with those of other plans for investment, the City's plan assets meet the criteria of an agent multiple-employer plan under GASB Statement No. 75.

Benefits Provided.

A retiree who worked as a full-time employee for a minimum of twenty (20) years may receive up to \$200 per month as reimbursement for retiree health care. The retiree can remain on the City's health plan and receive up to \$200 per month or purchase insurance elsewhere and provide proof of coverage and cost in order to receive up to \$200 per month for the cost of health care coverage.

If the actual monthly cost is less than \$200 per month, then the payment is capped at the total monthly cost. The maximum contribution by the City with twenty years of full-time service is \$200 per month.

For the fiscal year ended September 30, 2019, the City's contributions to the plan were \$380,229, which exceeded benefit payments of \$180,229

The number of employees currently covered by the benefit terms is as follows:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 49 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | <u>253</u> |
| Total | <u><u>302</u></u> |

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

| | |
|------------------------------|--|
| Actuarial Valuation Date | 12/31/2018 |
| Actuarial Cost Method | Individual Entry Age Normal Cost Method |
| Discount Rate | 6.49% as of December 31, 2018 |
| Inflation Rate | 2.50% |
| Salary Increases | 3.50% to 10.50%, including inflation |
| Demographic Assumptions | Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS) |
| Mortality | For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. |
| Participation Rates | 85% for retirees with over 20 years of City service at retirement; 5% for retirees with less than 20 years of City service at retirement; and 60% of non-Medicare retirees are assumed to remain on the City's health plan. |
| Health care cost trend rates | Initial rates of 7.20%, declining to ultimate rate of 4.25% after 15 years. The City's \$200/month explicit subsidy is not expected to increase in future years. |
| Note: | The Single Discount Rate changed from 6.82% as of December 31, 2017 to 6.49% as of December 31, 2018. The change in the discount rate was primarily due to changing the long-term expected rate of return from 6.85% to 6.50%. In addition, the participation rate for future non-medicare retirees on the City's health plan was lowered from 75% to 60% and the health care trend rates were updated to reflect the plan's anticipated experience. |

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

There is no separately issued audited benefit plan report available for the City's OPEB plan.

Discount Rate

A Single Discount Rate of 3.31% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date as well as the long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits). The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2017.

The asset portfolio of the OPEB trust can support a 6.85% long term rate of return. The City's funding policy is to contribute \$200,000 every other fiscal year.

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|---|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance at 12/31/2017 | \$ 6,183,129 | \$ 2,601,580 | \$ 3,581,549 |
| Changes for the year: | | | |
| Service cost | 187,980 | - | 187,980 |
| Interest | 421,954 | - | 421,954 |
| Difference between expected and actual experience | (952,921) | - | (952,921) |
| Changes of assumptions | (240,446) | - | (240,446) |
| Contributions - employer | - | 380,229 | (380,229) |
| Contributions - employee | - | - | - |
| Net investment income | - | (125,895) | 125,895 |
| Benefit payments | (180,229) | (180,229) | - |
| Administrative expense | - | (7,893) | 7,893 |
| Other | <u>-</u> | <u>(118,411)</u> | <u>118,411</u> |
| Net changes | <u>(763,662)</u> | <u>(52,199)</u> | <u>(711,463)</u> |
| Balance at 12/31/2018 | <u>\$ 5,419,467</u> | <u>\$ 2,549,381</u> | <u>\$ 2,870,086</u> |

The total OPEB liability for governmental activities is primarily liquidated by the General Fund.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.49%) in measuring the Net OPEB Liability.

| | 1% Decrease in Discount Rate (5.49%) | Discount Rate (6.49%) | 1% Increase in Discount Rate (7.49%) |
|--|---|-----------------------|---|
| City's total OPEB Liability | \$ 3,497,310 | \$ 2,849,421 | \$ 2,289,837 |
| Component unit's total OPEB Liability | <u>25,363</u> | <u>20,665</u> | <u>16,606</u> |
| Total | <u>\$ 3,522,673</u> | <u>\$ 2,870,086</u> | <u>\$ 2,306,443</u> |

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the net OPEB liability.

| | 1% Decrease | Current Healthcare Cost Trend Rate Assumption | 1% Increase |
|---------------------------------------|--------------|---|--------------|
| City's total OPEB Liability | \$ 2,481,252 | \$ 2,849,421 | \$ 3,286,388 |
| Component unit's total OPEB Liability | 17,995 | 20,665 | 23,834 |
| Total | \$ 2,499,247 | \$ 2,870,086 | \$ 3,310,222 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs

At September 30, 2019, the City reported a liability of \$2,870,086 for its net OPEB Liability. The net OPEB Liability was determined by an actuarial valuation as of December 31, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2018. For the year ended September 30, 2018, the City recognized OPEB expense of \$449,310. There were no changes of benefit terms that affected measurement of the net OPEB liability during the measurement period.

Changes in assumptions and other inputs reflect a change in the blended discount rate from 6.79% to 6.82%.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Difference between expected and actual experience, liability | \$ 31,461 | \$ 828,999 |
| Changes in assumptions | | 224,525 |
| Difference between expected and actual experience, assets | 176,814 | - |
| Contributions subsequent to the measurement date | 123,697 | - |
| Totals | \$ 331,972 | \$ 1,053,524 |

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Difference between expected and actual experience, liability | \$ 228 | \$ 6,012 |
| Changes in assumptions | - | 1,627 |
| Difference between expected and actual experience, assets | 1,282 | - |
| Contributions subsequent to the measurement date | 895 | - |
| Totals | \$ 2,405 | \$ 7,639 |

The City and discretely presented component unit reported \$123,697 and \$895 respectively, as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the City paid with own assets and will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2020. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Year Ended September 30, | City | Component Unit |
|-------------------------------------|----------------------------|--------------------------|
| 2020 | \$(105,430) | \$(765) |
| 2021 | (105,430) | (765) |
| 2022 | (105,430) | (765) |
| 2023 | (83,190) | (603) |
| 2024 | (144,073) | (1,045) |
| Thereafter | <u>(301,696)</u> | <u>(2,186)</u> |
| Total | <u><u>\$(845,249)</u></u> | <u><u>\$(6,129)</u></u> |

XII. RISK MANAGEMENT

The City is self-insured for workers compensation and general liability claims. Actual claims are billed directly to the fund that incurred the claim. An excess coverage insurance policy through Texas Municipal League Intergovernmental Risk Pool cover claims in excess of \$25,000 for general, auto, law enforcement, and error/omissions liability, \$1,000 for property claim damage, \$10,000 for auto damage and \$100,000 for workers compensation. As of September 30, 2019, the Risk Pool was self-sustaining, based on premiums charges, so that total contributions plus compounded earnings on these contributions will be sufficient to satisfy claims and liabilities and other expenses. Premiums are assessed based on the rates set by the Texas State Board of Insurance and may be adjusted, on an annual basis, by the Risk Pool's Board of Trustees for each participating political subdivision's experience. The City is not liable for payments beyond the annual contributions. There were no significant reductions in insurance coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts and other economic and social factors. The liabilities are due within one year of the date of the statement of net position. Changes in the claims liability for fiscal year 2019 and 2018 are listed as follows:

| | 2019 | 2018 |
|--|--------------------------|--------------------------|
| Claims payable, beginning of year | \$ 578,717 | \$ 461,713 |
| Current year claims and changes in estimates | 285,064 | 193,731 |
| Payments on claims | <u>136,596</u> | <u>76,727</u> |
| Claims payable, end of year | <u><u>\$ 727,185</u></u> | <u><u>\$ 578,717</u></u> |

XIII. COMMITMENTS AND CONTINGENT LIABILITIES

In 2010, the City entered into a twenty-year contract for the purchase of water. Under the terms of the contract, the City is obligated to make a minimum annual payment, subject to adjustment under certain conditions as provided in the contract, of approximately \$50,000. Payments under this contract were approximately \$4,222,101 in 2019 and are included as operating expenses of the Water and Sewer Fund.

In 2018, the City entered into a twenty-year contract for the treatment and transportation of sanitary sewage. Payments under this contract are on a per connection basis and were approximately \$3,893,996 in 2019 and are also included as operating expenses of the Water and Sewer Fund.

At September 30, 2019, the City was committed to several long-term construction contracts. The governmental funds were contractually committed to approximately \$4,681,000; the business-type funds were committed to \$4,023,000.

The City is a defendant in several legal actions involving various claims incident to the conduct of the City's operations. Management does not expect the City to suffer any material liability by reason of such actions.

The City has participated in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

XIV. RELATED PARTY TRANSACTIONS

The following schedule presents significant transactions between the primary government and the Corporation and the District during the year ended September 30, 2019:

| Purpose | Amount |
|---|---------------------|
| City provided funding to EDC for operations | \$ 980,000 |
| Administration fees paid by EDC to primary government | <u>39,600</u> |
| Total | <u>\$ 1,019,600</u> |

XV. PROPERTY TAX ABATEMENTS

Tax abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. In 1990, the City Council adopted a resolution setting guidelines and criteria for granting abatements in the reinvestment zones which specifically notes incentives are limited to companies which create new wealth and do not adversely affect existing businesses operating within the City. The abatement agreements authorize the appraisal district to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement.

XVI. 380 AGREEMENTS

At times when alternate incentives may be preferable to a tax abatement, the City Council has the authority under Chapter 380 of the Texas Local Government Code to create a custom incentive in order to accomplish specific economic development goals. These incentives are considered on a case-by-case basis and may be considered based on: a certain number of net new jobs with wages above the City's median household; the relocation of a company promoting growth of targeted industry clusters such as high-tech companies; aviation/aerospace industry, or supply chain clusters supporting the City's existing primary employers; incentives for businesses causing infill redevelopment or other desirable development objectives; and/or any other activity which the City Council determines meets a specific public purpose for economic development.

- Lasiter and Lasiter Plumbing – The Company can purchase plumbing supplies through a Texas Direct Payment Permit which generates local sales tax revenue for the City that would otherwise not be available to the City. The original agreement was dated March 2007. The agreement was extended in 2017 for another ten-year period. This agreement will expire on March 31, 2027. The tax rebate amount for the current fiscal year was \$15,994.

- Hillshire Brands Company – In April 2016, the City Council approved a Chapter 380 agreement with the company requesting the City to provide financial assistance to expand the footprint of the building by approximately 5,700 square feet and provide significant updates to the freezing storage and product transfer equipment within the facility and to increase production in the facility. The proposed capital improvements to the facility are anticipated to cost approximately \$24 million and will be constructed in four phases over three fiscal years beginning in 2016 and ending in 2018. Completion of the improvements shall be completed not later than December 31, 2018 and this agreement shall terminate on December 31, 2019. The agreement provides a 100% rebate on the increased tax of the improvements for three years. The City has not received any tax rebate request for this agreement.
- CC 820 Beach Grand LLC – In July 2018, the City Council approved a Chapter 380 agreement with the Company to construct upscale apartment complex on a 15-acre tract located with the City. The City provides incentive to promote a higher quality of development that benefits the citizens. The agreement provides a \$290,000 grant for reimbursement for water improvements made by the company. There were no payments related to this agreement in the current fiscal year.

XVII. SUBSEQUENT EVENTS

During fiscal year 2019, the City outsourced its utility billing and collections processes to a third-party vendor. In November 2019, the City was notified that the third-party vendor was going out of business and would no longer be able to fulfill its contractual obligations. Because of this, the City took back over the utility billing and collections early of fiscal year 2020.

THIS PAGE LEFT BLANK INTENTIONALLY

**REQUIRED SUPPLEMENTARY
INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

SEPTEMBER 30, 2019

| Measurement Period Ended December 31, | 2014 | 2015 |
|--|-----------------------|-----------------------|
| A. Total pension liability | | |
| Service Cost | \$ 2,504,359 | \$ 2,783,635 |
| Interest (on the Total Pension Liability) | 6,753,452 | 7,077,941 |
| Difference between expected and actual experience | (692,358) | (374,424) |
| Change of assumptions | - - | (364,224) |
| Benefit payments, including refunds of employee contributions | (3,761,568) | (4,377,490) |
| Net change in total pension liability | 4,803,885 | 4,745,438 |
| Total pension liability - beginning | <u>97,106,486</u> | <u>101,910,371</u> |
| Total pension liability - ending (a) | <u>\$ 101,910,371</u> | <u>\$ 106,655,809</u> |
| B. Plan fiduciary net position | | |
| Contributions - employer | \$ 3,163,767 | \$ 3,141,239 |
| Contributions - employee | 1,103,456 | 1,141,181 |
| Net investment income | 4,490,233 | 123,113 |
| Benefit payments, including refunds of employee contributions | (3,761,568) | (4,377,490) |
| Administrative expenses | (46,878) | (74,987) |
| Other | (3,854) | (3,703) |
| Net change in plan fiduciary net position | 4,945,156 | (50,647) |
| Plan fiduciary net position - beginning | <u>78,488,480</u> | <u>83,433,636</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 83,433,636</u> | <u>\$ 83,382,989</u> |
| C. Net pension liability - ending (a) - (b) | <u>\$ 18,476,735</u> | <u>\$ 23,272,820</u> |
| D. Plan fiduciary net position as a percentage of total pension liability | 81.87% | 78.18% |
| E. Covered payroll | \$ 15,763,659 | \$ 16,250,057 |
| F. Net pension liability as a percentage of covered payroll | 117.21% | 143.22% |

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

| | 2016 | 2017 | 2018 |
|--------------------|--------------------|-----------------------|-----------------------|
| \$ | 2,898,328 | \$ 2,939,312 | \$ 2,931,913 |
| 7,140,222 | | 7,529,054 | 7,899,680 |
| 216,371 | (216,371) | (283,623) | (730,857) |
| - | - | - | - |
| (| (4,647,814) | (4,382,052) | (4,998,533) |
| 5,607,107 | | 5,802,691 | 5,102,203 |
| <u>106,655,809</u> | <u>112,262,916</u> | <u>118,065,607</u> | |
| \$ | <u>112,262,916</u> | \$ <u>118,065,607</u> | \$ <u>123,167,810</u> |
| \$ | 3,089,790 | \$ 3,141,962 | \$ 3,169,004 |
| 1,155,370 | | 1,172,915 | 1,168,758 |
| 5,635,642 | | 12,274,019 | (3,016,539) |
| (| (4,647,814) | (4,382,052) | (4,998,533) |
| (| (63,642) | (63,602) | (58,291) |
| (| (3,429) | (3,222) | (3,044) |
| 5,165,917 | | 12,140,020 | (3,738,645) |
| <u>83,382,989</u> | <u>88,548,906</u> | <u>100,688,924</u> | |
| \$ | <u>88,548,906</u> | \$ <u>100,688,926</u> | \$ <u>96,950,279</u> |
| \$ | <u>23,714,010</u> | \$ <u>17,376,681</u> | \$ <u>26,217,531</u> |
| | 78.88% | 85.28% | 78.71% |
| \$ | 16,505,286 | \$ 16,748,218 | \$ 16,696,543 |
| | 143.68% | 103.75% | 157.02% |

CITY OF HALTOM CITY, TEXAS

CONTRIBUTIONS - TMRS PENSION PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| Fiscal Year Ended September 30, | 2014 | 2015 |
|--|------------------|------------------|
| Actuarial determined contribution | \$ 3,021,224 | \$ 3,112,202 |
| Contributions in relation to the actuarially determined contribution | <u>3,021,224</u> | <u>3,112,202</u> |
| Contribution deficiency (excess) | - | - |
| Covered employee payroll | 15,763,659 | 15,955,040 |
| Contributions as a percentage of covered payroll | 19.17% | 19.51% |

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 23 years |
| Asset Valuation Method | 10 Year smoothed market; 15% soft corridor |
| Inflation | 2.50% |
| Salary Increases | 3.50% to 10.5% including inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014. |
| Mortality | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis of with BB. |

Other Information There were no benefit changes during the year.

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

| 2016 | 2017 | 2018 | 2019 |
|------------------|------------------|------------------|------------------|
| \$ 3,164,882 | \$ 3,094,631 | \$ 3,135,576 | \$ 3,250,765 |
| <u>3,164,882</u> | <u>3,094,631</u> | <u>3,135,576</u> | <u>3,550,765</u> |
| - | - | - | (300,000) |
| 16,754,656 | 16,562,414 | 16,593,082 | 17,232,434 |
| 18.89% | 18.68% | 18.90% | 18.86% |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| Measurement Period Ended December 31, | 2017 | 2018 |
|--|----------------------|----------------------|
| A. Total OPEB liability | | |
| Service Cost | \$ 28,472 | \$ 31,723 |
| Interest (on the Total OPEB Liability) | 28,465 | 28,842 |
| Differences between expected and actual experience | - | 39,218 |
| Changes of assumptions | 67,252 | (59,226) |
| Benefit payments, including refunds of employee contributions | (6,700) | (8,347) |
| Net change in Total OPEB liability | 117,489 | 32,210 |
| Total OPEB liability - beginning | <u>742,167</u> | <u>859,656</u> |
| Total OPEB liability - ending (a) | <u>859,656</u> | <u>891,866</u> |
| B. Covered employee payroll | \$ 16,748,218 | \$ 16,696,543 |
| C. Total OPEB liability as a percentage of covered - employee payroll | 5.13% | 5.34% |

Notes to Schedule:

- No assets are accumulated in a trust for the SDBF plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- Included in the changes of assumptions was an increase the discount rate from 3.31% to 3.71%.

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH CARE BENEFIT PLAN**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| Measurement Period Ended December 31, | 2017 | 2018 |
|---|---------------------|---------------------|
| A. Total OPEB liability | | |
| Service Cost | \$ 193,035 | \$ 187,980 |
| Interest (on the Total OPEB Liability) | 394,886 | 421,954 |
| Difference between expected and actual experience | 41,617 | (952,921) |
| Change of assumptions | (20,299) | (240,446) |
| Benefit payments, including refunds of employee contributions | (290,575) | (180,229) |
| Net change in total OPEB liability | 318,664 | (763,662) |
| Total OPEB liability - beginning | <u>5,864,465</u> | <u>6,183,129</u> |
| Total OPEB liability - ending (a) | <u>\$ 6,183,129</u> | <u>\$ 5,419,467</u> |
| B. Plan fiduciary net position | | |
| Contributions - employer | \$ 490,575 | \$ 380,229 |
| Net investment income | 265,412 | (125,895) |
| Benefit payments | (290,575) | (180,229) |
| Administrative expenses | (6,545) | (7,893) |
| Other | - | (118,409) |
| Net change in plan fiduciary net position | 458,867 | (52,197) |
| Plan fiduciary net position - beginning | <u>2,142,711</u> | <u>2,601,578</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 2,601,578</u> | <u>\$ 2,549,381</u> |
| C. Net OPEB liability - ending (a) - (b) | <u>\$ 3,581,551</u> | <u>\$ 2,870,086</u> |
| D. Plan fiduciary net position as a percentage of total OPEB liability | 42.08% | 47.04% |
| E. Covered payroll | \$ 17,256,507 | \$ 17,399,981 |
| F. Net OPEB liability as a percentage of covered payroll | 20.75% | 16.49% |

- This schedule is required to have 10 years of information, but the information prior to 2017 is not
- The City has assets set aside that meet the criteria of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The balance of these assets as of the plan measurement date were \$2,549,381.
- Included in the changes of assumptions was an increase of the blended discount rate from 6.82% to 6.49%.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|--------------------|------------------|-------------------|----------------------------------|
| REVENUES: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 4,870,727 | \$ 4,870,727 | \$ 5,084,927 | \$ 214,200 |
| Penalty and interest | 40,000 | 40,000 | 46,673 | 6,673 |
| Interest | 8,000 | 8,000 | 14,078 | 6,078 |
| Total revenues | <u>4,918,727</u> | <u>4,918,727</u> | <u>5,145,678</u> | <u>226,951</u> |
| EXPENDITURES: | | | | |
| Principal retirement | 4,800,000 | 4,800,000 | 4,800,000 | - |
| Interest and other | 1,201,011 | 1,201,011 | 1,000,930 | 200,081 |
| Bond issuance costs | 5,000 | 5,000 | 4,400 | 600 |
| Total expenditures | <u>6,006,011</u> | <u>6,006,011</u> | <u>5,805,330</u> | <u>200,681</u> |
| Revenues under expenditures | (1,087,284) | (1,087,284) | (659,652) | 427,632 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | <u>830,488</u> | <u>830,488</u> | <u>830,488</u> | <u>-</u> |
| Total other financing sources | <u>830,488</u> | <u>830,488</u> | <u>830,488</u> | <u>-</u> |
| Revenues and other financial sources over (under) expenditures | (256,796) | (256,796) | 170,836 | 427,632 |
| Fund balance - beginning of year | <u>351,215</u> | <u>351,215</u> | <u>351,215</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 94,419</u> | <u>\$ 94,419</u> | <u>\$ 522,051</u> | <u>\$ 427,632</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET RECONSTRUCTION - CAPITAL PROJECTS FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---------------------|---------------------|----------------------|----------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 2,760,891 | \$ 2,760,891 | \$ 2,895,291 | \$ 134,400 |
| Interest | <u>80,000</u> | <u>80,000</u> | <u>322,687</u> | <u>242,687</u> |
| Total revenues | <u>2,840,891</u> | <u>2,840,891</u> | <u>3,217,978</u> | <u>377,087</u> |
| EXPENDITURES: | | | | |
| General government | 5,000 | 5,000 | 4,799 | 201 |
| Streets | 4,241,500 | 4,241,500 | 1,000,448 | 3,241,052 |
| Bond issuance costs | 50,000 | 50,000 | 28,934 | 21,066 |
| Capital outlay | <u>2,887,000</u> | <u>2,887,000</u> | <u>266,830</u> | <u>2,620,170</u> |
| Total expenditures | <u>7,183,500</u> | <u>7,183,500</u> | <u>1,301,011</u> | <u>5,882,489</u> |
| Revenue under expenditures | (4,342,609) | (4,342,609) | 1,916,967 | 6,259,576 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Bond proceeds | 1,383,000 | 1,383,000 | 1,318,826 | (64,174) |
| Premium on issuance | - | - | 93,107 | 93,107 |
| Transfers out | (900,000) | (900,000) | (900,000) | - |
| Total other financing sources | <u>483,000</u> | <u>483,000</u> | <u>511,933</u> | <u>28,933</u> |
| Revenues over (under) expenditures and other financing sources | (3,859,609) | (3,859,609) | 2,428,900 | 6,288,509 |
| Fund balance - beginning of year | <u>12,112,501</u> | <u>12,112,501</u> | <u>12,112,501</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 8,252,892</u> | <u>\$ 8,252,892</u> | <u>\$ 14,541,401</u> | <u>\$ 6,288,509</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|--------------------|-------------------|---------------------|----------------------------------|
| REVENUES: | | | | |
| Interest | \$ 12,000 | \$ 12,000 | \$ 147,866 | \$ 135,866 |
| Total revenues | <u>12,000</u> | <u>12,000</u> | <u>147,866</u> | <u>135,866</u> |
| EXPENDITURES: | | | | |
| Parks & Recreation | - | - | 49,344 | (49,344) |
| Bond issuance costs | 75,000 | 75,000 | 134,731 | (59,731) |
| Capital outlay | <u>8,260,000</u> | <u>8,260,000</u> | <u>280,722</u> | <u>7,979,278</u> |
| Total expenditures | <u>8,335,000</u> | <u>8,335,000</u> | <u>464,797</u> | <u>7,919,547</u> |
| Revenue under expenditures | (8,323,000) | (8,323,000) | (316,931) | 8,006,069 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of debt | 6,400,000 | 6,400,000 | 6,141,174 | (258,826) |
| Premium on issuance of debt | - | - | 433,558 | 433,558 |
| Total other financing sources (uses) | <u>6,400,000</u> | <u>6,400,000</u> | <u>6,574,732</u> | <u>174,732</u> |
| Revenues under (over) expenditures and other financing sources | (1,923,000) | (1,923,000) | 6,257,801 | 8,180,801 |
| Fund balance - beginning of year | <u>2,528,686</u> | <u>2,528,686</u> | <u>2,528,686</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 605,686</u> | <u>\$ 605,686</u> | <u>\$ 8,786,487</u> | <u>\$ 8,180,801</u> |

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

| Special Revenue Funds | | | | | |
|--|----------------------|---------------------|---------------------|-----------------|--|
| | Police Forfeiture | Police Donations | Red Light Camera | Police CART | |
| ASSETS | | | | | |
| Cash and investments | \$ 71,928 | \$ 59,894 | \$ 602,200 | \$ 6,500 | |
| Intergovernmental receivables | - | - | - | - | |
| Accrued interest | 338 | 283 | 2,832 | 32 | |
| Other receivables | - | 154 | 13,571 | - | |
| Total assets | <u>\$ 72,266</u> | <u>\$ 60,331</u> | <u>\$ 618,603</u> | <u>\$ 6,532</u> | |
| LIABILITIES | | | | | |
| Accounts payable | 813 | - | 6,627 | - | |
| Accrued liabilities | 4,002 | - | 190,598 | - | |
| Total liabilities | <u>4,815</u> | <u>-</u> | <u>197,225</u> | <u>-</u> | |
| FUND BALANCES | | | | | |
| Restricted: | | | | | |
| Public safety | 67,451 | - | 421,378 | - | |
| Purpose of grantors, donators and trustees | - | 60,331 | - | 6,532 | |
| Promotion of tourism and business | - | - | - | - | |
| Purchase of capital assets | - | - | - | - | |
| Unassigned | - | - | - | - | |
| Total fund balances | <u>67,451</u> | <u>60,331</u> | <u>421,378</u> | <u>6,532</u> | |
| Total liabilities and fund balances | <u>\$ 72,266</u> | <u>\$ 60,331</u> | <u>\$ 618,603</u> | <u>\$ 6,532</u> | |

Special Revenue Funds

| Park Donation | Park Dedication | Library Donation | Hotel/Motel Tax | Grants Fund | Fire Department Donations |
|------------------|--------------------|---------------------|--------------------|-------------------|---------------------------------|
| \$ 74,836 | \$ 160,764 | \$ 243,341 | \$ 130,052 | \$ 127,368 | \$ 1,548 |
| - | - | - | - | 34,756 | - |
| 351 | 757 | 1,144 | 614 | 466 | 7 |
| 94 | - | 579 | - | - | 133 |
| <u>\$ 75,281</u> | <u>\$ 161,521</u> | <u>\$ 245,064</u> | <u>\$ 130,666</u> | <u>\$ 162,590</u> | <u>\$ 1,688</u> |
| 668 | - | 716 | 1,072 | 698 | - |
| - | - | - | 2,631 | 870 | - |
| <u>668</u> | <u>-</u> | <u>716</u> | <u>3,703</u> | <u>1,568</u> | <u>-</u> |
| 74,613 | 161,521 | 244,348 | - | 161,022 | 1,688 |
| - | - | - | 126,963 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>74,613</u> | <u>161,521</u> | <u>244,348</u> | <u>126,963</u> | <u>161,022</u> | <u>1,688</u> |
| <u>\$ 75,281</u> | <u>\$ 161,521</u> | <u>\$ 245,064</u> | <u>\$ 130,666</u> | <u>\$ 162,590</u> | <u>\$ 1,688</u> |

CITY OF HALTOM CITY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

| Special Revenue Funds | | | | | |
|--|---------------------|-------------------|-------------------|-------------------|--|
| | Court Technology | Court Security | Juvenile Case | Animal Shelter | |
| ASSETS | | | | | |
| Cash and investments | \$ 37,489 | \$ 78,972 | \$ 115,976 | \$ 74,398 | |
| Intergovernmental receivables | - | - | - | - | |
| Accrued interest | 178 | 373 | 547 | 350 | |
| Other receivables | - | - | - | 916 | |
| Total assets | <u>\$ 37,667</u> | <u>\$ 79,345</u> | <u>\$ 116,523</u> | <u>\$ 75,664</u> | |
| LIABILITIES | | | | | |
| Accounts payable | - | - | - | - | |
| Accrued liabilities | - | - | - | - | |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| FUND BALANCES | | | | | |
| Restricted: | | | | | |
| Public safety | 37,667 | 79,345 | 116,523 | - | |
| Purpose of grantors, donators and trustees | - | - | - | 75,664 | |
| Promotion of tourism and business | - | - | - | - | |
| Purchase of capital assets | - | - | - | - | |
| Unassigned | - | - | - | - | |
| Total fund balances | <u>37,667</u> | <u>79,345</u> | <u>116,523</u> | <u>75,664</u> | |
| Total liabilities and fund balances | <u>\$ 37,667</u> | <u>\$ 79,345</u> | <u>\$ 116,523</u> | <u>\$ 75,664</u> | |

| Special Revenue Funds | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|-----------------------|-----------------|------------------------|---------------------|---------------------|-----------------------------------|
| Safe Pathways Shelter | TIF Fund No.1 | Street Assessments | Capital Replacement | | |
| \$ 65,210 | \$ 1,524 | \$ 23,946 | \$ 734,938 | \$ 2,610,884 | |
| - | - | - | - | 34,756 | |
| 307 | 7 | 112 | 3,458 | 12,156 | |
| - | - | - | - | 15,447 | |
| <u>\$ 65,517</u> | <u>\$ 1,531</u> | <u>\$ 24,058</u> | <u>\$ 738,396</u> | <u>\$ 2,673,243</u> | |
| | | | | | |
| - | - | - | 45,974 | 56,568 | |
| - | 36,000 | - | - | 234,101 | |
| - | 36,000 | - | 45,974 | 290,669 | |
| | | | | | |
| - | - | - | - | 722,364 | |
| - | - | - | - | 785,719 | |
| - | - | - | - | 126,963 | |
| 65,517 | - | 24,058 | 692,422 | 781,997 | |
| - | (34,469) | - | - | (34,469) | |
| <u>65,517</u> | <u>(34,469)</u> | <u>24,058</u> | <u>692,422</u> | <u>2,382,574</u> | |
| | | | | | |
| <u>\$ 65,517</u> | <u>\$ 1,531</u> | <u>\$ 24,058</u> | <u>\$ 738,396</u> | <u>\$ 2,673,243</u> | |

CITY OF HALTOM CITY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Special Revenue Funds | | | |
|---|------------------------------|-----------------------------|-----------------------------|------------------------|
| | Police Forfeiture | Police Donations | Red Light Camera | Police CART |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Fines and fees | - | - | 203,977 | - |
| Charges for services | 9,111 | - | - | - |
| Donations | - | 7,973 | - | - |
| Special assessments | - | - | - | - |
| Interest | 1,827 | 1,734 | 14,722 | 171 |
| Miscellaneous | - | 16,571 | - | - |
| Total revenues | <u>10,938</u> | <u>26,278</u> | <u>218,699</u> | <u>171</u> |
| EXPENDITURES | | | | |
| General government | - | - | 1,293 | - |
| Public safety | | | | |
| Police | 15,936 | 32,295 | 121,074 | - |
| Fire | - | - | - | - |
| Municipal court | - | - | - | - |
| Library | - | - | - | - |
| Animal control | - | - | - | - |
| Parks & recreation | - | - | - | - |
| Capital outlay | - | - | 37,308 | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>15,936</u> | <u>32,295</u> | <u>159,675</u> | <u>-</u> |
| EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES | <u>(4,998)</u> | <u>(6,017)</u> | <u>59,024</u> | <u>171</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Issuance of debt | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>(4,998)</u> | <u>(6,017)</u> | <u>59,024</u> | <u>171</u> |
| FUND BALANCES, BEGINNING | <u>72,449</u> | <u>66,348</u> | <u>362,354</u> | <u>6,361</u> |
| FUND BALANCES, ENDING | <u>\$ 67,451</u> | <u>\$ 60,331</u> | <u>\$ 421,378</u> | <u>\$ 6,532</u> |

Special Revenue Funds

| <u>Park Donation</u> | <u>Park Dedication</u> | <u>Library Donation</u> | <u>Hotel/Motel Tax</u> | <u>Grants Fund</u> | <u>Fire Department Donations</u> |
|--------------------------|----------------------------|-----------------------------|----------------------------|------------------------|--|
| \$ - | \$ - | \$ - | \$ 45,781 | \$ - | \$ - |
| - | - | - | - | 25,050 | - |
| - | - | - | - | - | - |
| 39,626 | - | 19,743 | - | - | - |
| 17,701 | 250 | 20,691 | - | - | 6,122 |
| - | - | - | - | - | - |
| 1,717 | 4,484 | 5,964 | 3,175 | 2,399 | 33 |
| - | - | 40 | - | - | - |
| <u>59,044</u> | <u>4,734</u> | <u>46,438</u> | <u>48,956</u> | <u>27,449</u> | <u>6,155</u> |
| - - - | - - - | - - - | 41,258 | - - - | - - - |
| - - - | - - - | - - - | - - - | 20,527 | - - - |
| - - - | - - - | - - - | - - - | 73,586 | 6,319 |
| - - - | - - - | - - - | - - - | - - - | - - - |
| - - - | - - - | 31,637 | - - - | - - - | - - - |
| - - - | - - - | - - - | - - - | - - - | - - - |
| 41,108 | 25,813 | - - - | - - - | - - - | - - - |
| - - - | - - - | - - - | - - - | - - - | - - - |
| - - - | - - - | - - - | - - - | - - - | - - - |
| <u>41,108</u> | <u>25,813</u> | <u>31,637</u> | <u>41,258</u> | <u>94,113</u> | <u>6,319</u> |
| 17,936 | (21,079) | 14,801 | 7,698 | (66,664) | (164) |
| - - - | - - - | - - - | - - - | - - - | - - - |
| - - - | - - - | - - - | - - - | - - - | - - - |
| - - - | - - - | - - - | - - - | - - - | - - - |
| <u>17,936</u> | <u>(21,079)</u> | <u>14,801</u> | <u>7,698</u> | <u>(66,664)</u> | <u>(164)</u> |
| 56,677 | 182,600 | 229,547 | 119,265 | 227,686 | 1,852 |
| \$ <u>74,613</u> | \$ <u>161,521</u> | \$ <u>244,348</u> | \$ <u>126,963</u> | \$ <u>161,022</u> | \$ <u>1,688</u> |

CITY OF HALTOM CITY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Special Revenue Funds | | | |
|---|------------------------------|---------------------------|--------------------------|---------------------------|
| | Court Technology | Court Security | Juvenile Case | Animal Shelter |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Fines and fees | - | - | - | - |
| Charges for services | - | - | 31,807 | - |
| Donations | - | - | - | 12,366 |
| Special assessments | - | - | - | - |
| Interest | 1,099 | 2,188 | 3,151 | 1,728 |
| Miscellaneous | <u>25,491</u> | <u>19,115</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>26,590</u> | <u>21,303</u> | <u>34,958</u> | <u>14,094</u> |
| EXPENDITURES | | | | |
| General government | - | - | - | - |
| Public safety | | | | |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Municipal court | 32,373 | - | 5 | - |
| Library | - | - | - | - |
| Animal Control | - | - | - | 728 |
| Parks & recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>32,373</u> | <u>-</u> | <u>5</u> | <u>728</u> |
| EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES | <u>(5,783)</u> | <u>21,303</u> | <u>34,953</u> | <u>13,366</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (7,200) | (33,000) | (48,000) | - |
| Issuance of debt | - | - | - | - |
| Total other financing sources (uses) | <u>(7,200)</u> | <u>(33,000)</u> | <u>(48,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>(12,983)</u> | <u>(11,697)</u> | <u>(13,047)</u> | <u>13,366</u> |
| FUND BALANCES, BEGINNING | <u>50,650</u> | <u>91,042</u> | <u>129,570</u> | <u>62,298</u> |
| FUND BALANCES, ENDING | <u>\$ 37,667</u> | <u>\$ 79,345</u> | <u>\$ 116,523</u> | <u>\$ 75,664</u> |

| Special Revenue Funds | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|-----------------------------|---------------------|------------------------|------------------------|---------------------|--|
| Safe Pathways Shelter | TIF Fund No.1 | Street Assessments | Capital Replacement | | |
| \$ - | \$ 620 | \$ - | \$ - | \$ 46,401 | |
| - | - | - | - | 25,050 | |
| - | - | - | - | 203,977 | |
| - | - | - | - | 100,287 | |
| - | - | - | - | 65,103 | |
| - | - | 2,033 | - | 2,033 | |
| 1,644 | 14 | 579 | 21,332 | 67,961 | |
| - | - | - | - | 61,217 | |
| <u>1,644</u> | <u>634</u> | <u>2,612</u> | <u>21,332</u> | <u>572,029</u> | |
| | | | | | |
| - | 12,000 | - | - | 54,551 | |
| - | - | - | - | 189,832 | |
| - | - | - | - | 79,905 | |
| - | - | - | - | 32,378 | |
| - | - | - | - | 31,637 | |
| - | - | - | - | 728 | |
| - | - | - | - | 66,921 | |
| - | - | 1,318,155 | - | 1,355,463 | |
| - | - | - | 255,743 | 255,743 | |
| - | - | - | 53,406 | 53,406 | |
| <u>-</u> | <u>12,000</u> | <u>-</u> | <u>1,627,304</u> | <u>2,120,564</u> | |
| | | | | | |
| <u>1,644</u> | <u>(11,366)</u> | <u>2,612</u> | <u>(1,605,972)</u> | <u>(1,548,535)</u> | |
| | | | | | |
| - | - | - | 500,000 | 500,000 | |
| - | - | - | - | (88,200) | |
| - | - | - | 600,329 | 600,329 | |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>1,100,329</u> | <u>1,012,129</u> | |
| | | | | | |
| 1,644 | (11,366) | 2,612 | (505,643) | (536,406) | |
| <u>63,873</u> | <u>(23,103)</u> | <u>21,446</u> | <u>1,198,065</u> | <u>2,918,980</u> | |
| \$ <u>65,517</u> | \$ <u>(34,469)</u> | \$ <u>24,058</u> | \$ <u>692,422</u> | \$ <u>2,382,574</u> | |

NONMAJOR FUND DESCRIPTIONS **SPECIAL REVENUE FUNDS**

Police Forfeiture Fund - To account for proceeds from sales of assets seized in drug arrests. Revenues are used solely for Police Department expenditures.

Police Donations Fund - To account for contributions designated for Police Department.

Red Light Camera Fund - To account for fines resulting from the red-light camera program and related expenditures for traffic safety.

Police CART Fund - To account for funds used for a multi-jurisdictional effort to properly allocate resources to missing/endangered children cases.

Park Donation Fund - To account for contributions used to improve and beautify park facilities.

Park Dedication Fund - To account for developer contributions for acquiring and developing parkland.

Library Donation Fund - To account for contributions used to improve library services.

Hotel / Motel Tax Fund - To account for the receipt and allocation of the City's hotel-motel occupancy tax. Revenues are used primarily for advertising and promotion of the City.

Grants Fund - To account for federal, state, and local grants received and related expenditures.

Fire Department Donations Fund - To account for contributions designated for Fire Department.

Court Technology Fund - To account for technology fees and expenditures for Municipal Court.

Court Security Fund - To account for security fees and related expenditures for Municipal Court.

Juvenile Case Management Fund - To account for court fees and expenditures for juvenile case management program.

Animal Shelter Fund - To account for contributions received and expenditures for animal shelter.

Safe Pathways Program Fund - To account developer contributions for the construction of new sidewalks.

TIF No. 1 Fund - To account for Tax Incremental District No. 1 revenues and expenditures.

CAPITAL PROJECT FUNDS

Street Assessments - To account for various street improvements financed by adjacent landowners.

Capital Replacement Fund - To account for purchases of vehicles, machinery and equipment.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE FORFEITURE - SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|------------------|------------------|----------------------------------|
| REVENUES: | | | | |
| Interest | \$ 800 | \$ 800 | \$ 1,827 | \$ 1,027 |
| Charges for services | <u>18,000</u> | <u>18,000</u> | <u>9,111</u> | (8,889) |
| Total revenue | <u>18,800</u> | <u>18,800</u> | <u>10,938</u> | (7,862) |
| EXPENDITURES: | | | | |
| Police | <u>18,000</u> | <u>18,000</u> | <u>15,936</u> | <u>2,064</u> |
| Total expenditures | <u>18,000</u> | <u>18,000</u> | <u>15,936</u> | <u>2,064</u> |
| Revenues over (under) expenditures | 800 | 800 | (4,998) | (5,798) |
| Fund balance - beginning of year | <u>72,449</u> | <u>72,449</u> | <u>72,449</u> | - |
| Fund balance - end of year | <u>\$ 73,249</u> | <u>\$ 73,249</u> | <u>\$ 67,451</u> | \$(5,798) |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE DONATIONS - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|------------------|------------------|----------------------------------|
| REVENUES: | | | | |
| Donations | \$ 20,000 | \$ 20,000 | \$ 7,973 | \$(12,027) |
| Interest | 1,200 | 1,200 | 1,734 | 534 |
| Miscellaneous | <u>19,500</u> | <u>16,571</u> | <u>16,571</u> | - |
| Total revenues | <u>40,700</u> | <u>37,771</u> | <u>26,278</u> | (11,493) |
| EXPENDITURES: | | | | |
| Police | 47,500 | 47,500 | 32,295 | 15,205 |
| Total expenditures | <u>47,500</u> | <u>47,500</u> | <u>32,295</u> | <u>15,205</u> |
| Revenues over (under) expenditures | (6,800) | (9,729) | (6,017) | 3,712 |
| Fund balance - beginning of year | <u>66,348</u> | <u>66,348</u> | <u>66,348</u> | - |
| Fund balance - end of year | <u>\$ 59,548</u> | <u>\$ 56,619</u> | <u>\$ 60,331</u> | <u>\$ 3,712</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RED LIGHT CAMERA - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-------------------|-------------------|----------------------------------|
| REVENUES: | | | | |
| Interest | \$ 5,000 | \$ 5,000 | \$ 14,722 | \$ 9,722 |
| Fines and fees | <u>200,000</u> | <u>200,000</u> | <u>203,977</u> | <u>3,977</u> |
| Total revenues | <u>205,000</u> | <u>205,000</u> | <u>218,699</u> | <u>13,699</u> |
| EXPENDITURES: | | | | |
| General Government | 29,420 | 29,420 | 1,293 | 28,127 |
| Police | 176,500 | 176,500 | 121,074 | 55,426 |
| Capital outlay | <u>20,000</u> | <u>20,000</u> | <u>37,308</u> | <u>(17,308)</u> |
| Total expenditures | <u>225,920</u> | <u>225,920</u> | <u>159,675</u> | <u>66,245</u> |
| Revenues over (under) expenditures | (20,920) | (20,920) | 59,024 | 79,944 |
| Fund balance - beginning of year | <u>362,354</u> | <u>362,354</u> | <u>362,354</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 341,434</u> | <u>\$ 341,434</u> | <u>\$ 421,378</u> | <u>\$ 79,944</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE CART - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-----------------|--------------|----------------------------------|
| REVENUES: | | | | |
| Interest | \$ 50 | \$ 50 | \$ 171 | \$ 121 |
| Total revenues | <u>50</u> | <u>50</u> | <u>171</u> | <u>121</u> |
| EXPENDITURES: | | | | |
| Police | 5,000 | 5,000 | - | 5,000 |
| Total expenditures | <u>5,000</u> | <u>5,000</u> | <u>-</u> | <u>-</u> |
| Revenues under (over) expenditures | (4,950) | (4,950) | 171 | 5,121 |
| Fund balance - beginning of year | <u>6,361</u> | <u>6,361</u> | <u>6,361</u> | <u>-</u> |
| Fund balance - end of year | \$ 1,411 | \$ 1,411 | \$ 6,532 | \$ 5,121 |

CITY OF HALTOM CITY, TEXAS

**SHCEUDLE OF REVENUES, EXPNEDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARK DONATIONS - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|------------------|------------------|----------------------------------|
| REVENUES: | | | | |
| Donations | \$ 16,300 | \$ 16,300 | \$ 17,701 | \$ 1,401 |
| Charges for services | 40,000 | 40,000 | 39,626 | (374) |
| Interest | 600 | 600 | 1,717 | 1,117 |
| Total revenues | <u>56,900</u> | <u>56,900</u> | <u>59,044</u> | <u>2,144</u> |
| EXPENDITURES: | | | | |
| Parks and recreation | <u>68,500</u> | <u>68,500</u> | <u>41,108</u> | <u>27,392</u> |
| Total expenditures | <u>68,500</u> | <u>68,500</u> | <u>41,108</u> | <u>27,392</u> |
| Revenues over (under) expenditures | (11,600) | (11,600) | 17,936 | 29,536 |
| Fund balance - beginning of year | <u>56,677</u> | <u>56,677</u> | <u>56,677</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 45,077</u> | <u>\$ 45,077</u> | <u>\$ 74,613</u> | <u>\$ 29,536</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARK DEDICATION - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|------------------|-------------------|----------------------------------|
| REVENUES: | | | | |
| Interest | \$ 1,200 | \$ 1,200 | \$ 4,484 | \$ 3,284 |
| Donations | - | - | 250 | 250 |
| Total revenues | <u>1,200</u> | <u>1,200</u> | <u>4,734</u> | <u>3,534</u> |
| EXPENDITURES: | | | | |
| Parks and recreation | <u>128,576</u> | <u>128,576</u> | <u>25,813</u> | <u>102,763</u> |
| Total expenditures | <u>128,576</u> | <u>128,576</u> | <u>25,813</u> | <u>102,763</u> |
| Revenues over (under) expenditures | (127,376) | (127,376) | (21,079) | 106,297 |
| Fund balance - beginning of year | <u>182,600</u> | <u>182,600</u> | <u>182,600</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 55,224</u> | <u>\$ 55,224</u> | <u>\$ 161,521</u> | <u>\$ 106,297</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LIBRARY DONATIONS - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-------------------|-------------------|----------------------------------|
| REVENUES: | | | | |
| Charges for Services | \$ 24,200 | \$ 24,200 | \$ 19,743 | \$(4,457) |
| Donations | 26,500 | 26,500 | 20,691 | (5,809) |
| Interest | 2,000 | 2,000 | 5,964 | 3,964 |
| Miscellaneous | - | - | 40 | 40 |
| Total revenues | <u>52,700</u> | <u>52,700</u> | <u>46,438</u> | (6,262) |
| EXPENDITURES: | | | | |
| Library | 29,600 | 29,600 | 31,637 | (2,037) |
| Total expenditures | <u>29,600</u> | <u>29,600</u> | <u>31,637</u> | (2,037) |
| Revenues over (under) expenditures | 23,100 | 23,100 | 14,801 | (8,299) |
| Fund balance - beginning of year | <u>229,547</u> | <u>229,547</u> | <u>229,547</u> | - |
| Fund balance - end of year | <u>\$ 252,647</u> | <u>\$ 252,647</u> | <u>\$ 244,348</u> | \$(8,299) |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL/MOTEL TAX - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-------------------|-------------------|----------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 44,000 | \$ 44,000 | \$ 45,781 | \$ 1,781 |
| Interest | <u>1,200</u> | <u>1,200</u> | <u>3,175</u> | <u>1,975</u> |
| Total revenues | <u>45,200</u> | <u>45,200</u> | <u>48,956</u> | <u>3,756</u> |
| EXPENDITURES: | | | | |
| General Government | <u>55,817</u> | <u>55,817</u> | <u>41,258</u> | <u>14,559</u> |
| Administrative | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>55,817</u> | <u>55,817</u> | <u>41,258</u> | <u>14,559</u> |
| Revenues over (under) expenditures | (10,617) | (10,617) | 7,698 | 18,315 |
| Fund balance - beginning of year | <u>119,265</u> | <u>119,265</u> | <u>119,265</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 108,648</u> | <u>\$ 108,648</u> | <u>\$ 126,963</u> | <u>\$ 18,315</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GRANTS - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-------------------|-------------------|----------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 85,000 | \$ 85,000 | \$ 25,050 | \$(59,950) |
| Interest | <u>1,000</u> | <u>1,000</u> | <u>2,399</u> | <u>1,399</u> |
| Total revenues | <u>86,000</u> | <u>86,000</u> | <u>27,449</u> | <u>(58,551)</u> |
| EXPENDITURES: | | | | |
| Police | 32,500 | 32,500 | 20,527 | 11,973 |
| Fire | <u>80,000</u> | <u>80,000</u> | <u>73,586</u> | <u>6,414</u> |
| Total expenditures | <u>112,500</u> | <u>112,500</u> | <u>94,113</u> | <u>18,387</u> |
| Revenues under (over) expenditures | (26,500) | (26,500) | (66,664) | (40,164) |
| Fund balance - beginning of year | <u>227,686</u> | <u>227,686</u> | <u>227,686</u> | - |
| Fund balance - end of year | <u>\$ 201,186</u> | <u>\$ 201,186</u> | <u>\$ 161,022</u> | <u>\$(40,164)</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE DEPARTMENT DONATIONS - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-----------------|-----------------|----------------------------------|
| REVENUES: | | | | |
| Donations | \$ 9,900 | \$ 9,900 | \$ 6,122 | \$(3,778) |
| Interest | <u>100</u> | <u>100</u> | <u>33</u> | <u>(67)</u> |
| Total revenues | <u>10,000</u> | <u>10,000</u> | <u>6,155</u> | <u>(3,845)</u> |
| EXPENDITURES: | | | | |
| Fire | <u>10,000</u> | <u>10,000</u> | <u>6,319</u> | <u>3,681</u> |
| Total expenditures | <u>10,000</u> | <u>10,000</u> | <u>6,319</u> | <u>3,681</u> |
| Revenues over (under) expenditures | - | - | (164) | (164) |
| Fund balance - beginning of year | <u>1,852</u> | <u>1,852</u> | <u>1,852</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 1,852</u> | <u>\$ 1,852</u> | <u>\$ 1,688</u> | <u>\$(164)</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECHNOLOGY - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|--------------------|------------------|------------------|----------------------------------|
| REVENUES: | | | | |
| Interest | \$ 800 | \$ 800 | \$ 1,099 | \$ 299 |
| Miscellaneous | <u>24,000</u> | <u>24,000</u> | <u>25,491</u> | <u>1,491</u> |
| Total revenues | <u>24,800</u> | <u>24,800</u> | <u>26,590</u> | <u>1,790</u> |
| EXPENDITURES: | | | | |
| Municipal court | <u>36,300</u> | <u>36,300</u> | <u>32,373</u> | <u>3,927</u> |
| Total expenditures | <u>36,300</u> | <u>36,300</u> | <u>32,373</u> | <u>3,927</u> |
| Revenues over (under) expenditures | (11,500) | (11,500) | (5,783) | 5,717 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer out | <u>(7,200)</u> | <u>(7,200)</u> | <u>(7,200)</u> | <u>-</u> |
| Total other financing sources | <u>(7,200)</u> | <u>(7,200)</u> | <u>(7,200)</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures | (18,700) | (18,700) | (12,983) | 5,717 |
| Fund balance - beginning of year | <u>50,650</u> | <u>50,650</u> | <u>50,650</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 31,950</u> | <u>\$ 31,950</u> | <u>\$ 37,667</u> | <u>\$ 5,717</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SECURITY - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|------------------|------------------|----------------------------------|
| REVENUES: | | | | |
| Interest | \$ 1,000 | \$ 1,000 | \$ 2,188 | \$ 1,188 |
| Miscellaneous | <u>20,000</u> | <u>20,000</u> | <u>19,115</u> | <u>(885)</u> |
| Total revenues | <u>21,000</u> | <u>21,000</u> | <u>21,303</u> | <u>303</u> |
| EXPENDITURES: | - | - | - | - |
| Revenues over (under) expenditures | 21,000 | 21,000 | 21,303 | 303 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (33,000) | (33,000) | (33,000) | - |
| Total other financing sources (uses) | <u>(33,000)</u> | <u>(33,000)</u> | <u>(33,000)</u> | <u>-</u> |
| Revenues over (under) expenditures and other financing sources (uses) | (12,000) | (12,000) | (11,697) | 303 |
| Fund balance - beginning of year | <u>91,042</u> | <u>91,042</u> | <u>91,042</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 79,042</u> | <u>\$ 79,042</u> | <u>\$ 79,345</u> | <u>\$ 303</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
JUVENILE CASE MANAGER - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|-------------------|-------------------|----------------------------------|
| REVENUES: | | | | |
| Charges for Services | \$ 28,000 | \$ 28,000 | \$ 31,807 | \$ 3,807 |
| Interest | <u>1,400</u> | <u>1,400</u> | <u>3,151</u> | <u>1,751</u> |
| Total revenues | <u>29,400</u> | <u>29,400</u> | <u>34,958</u> | <u>5,558</u> |
| EXPENDITURES: | | | | |
| Municipal court | <u>1,500</u> | <u>1,500</u> | <u>5</u> | <u>1,495</u> |
| Total expenditures | <u>1,500</u> | <u>1,500</u> | <u>5</u> | <u>1,495</u> |
| Revenues over (under) expenditures | 27,900 | 27,900 | 34,953 | 7,053 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(48,000)</u> | <u>(48,000)</u> | <u>(48,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(48,000)</u> | <u>(48,000)</u> | <u>(48,000)</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | (20,100) | (20,100) | (13,047) | 7,053 |
| Fund balance - beginning of year | <u>129,570</u> | <u>129,570</u> | <u>129,570</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 109,470</u> | <u>\$ 109,470</u> | <u>\$ 116,523</u> | <u>\$ 7,053</u> |

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ANIMAL SHELTER - SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|------------------|------------------|----------------------------------|
| REVENUE: | | | | |
| Interest | \$ 600 | \$ 600 | \$ 1,728 | \$ 1,128 |
| Donations | <u>5,000</u> | <u>5,000</u> | <u>12,366</u> | <u>7,366</u> |
| Total revenues | <u>5,600</u> | <u>5,600</u> | <u>14,094</u> | <u>8,494</u> |
| EXPENDITURES: | | | | |
| Animal Control | <u>5,000</u> | <u>5,000</u> | <u>728</u> | <u>4,272</u> |
| Total expenditures | <u>5,000</u> | <u>5,000</u> | <u>728</u> | <u>4,272</u> |
| Revenues over (under) expenditures | 600 | 600 | 13,366 | 12,766 |
| Fund balance - beginning of year | <u>62,298</u> | <u>62,298</u> | <u>62,298</u> | - |
| Fund balance - end of year | <u>\$ 62,898</u> | <u>\$ 62,898</u> | <u>\$ 75,664</u> | <u>\$ 12,766</u> |

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SAFE PATHWAYS PROGRAM - SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|------------------|------------------|----------------------------------|
| REVENUES: | | | | |
| Charges for Services | \$ 1,250 | \$ 1,250 | \$ - | \$(1,250) |
| Interest | <u>700</u> | <u>700</u> | <u>1,644</u> | <u>944</u> |
| Total revenues | <u>1,950</u> | <u>1,950</u> | <u>1,644</u> | <u>(306)</u> |
| EXPENDITURES: | - | - | - | - |
| Revenues over (under) expenditures | 1,950 | 1,950 | 1,644 | (306) |
| Fund balance - beginning of year | <u>63,873</u> | <u>63,873</u> | <u>63,873</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 65,823</u> | <u>\$ 65,823</u> | <u>\$ 65,517</u> | <u>\$(306)</u> |

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TIF FUND NO 1 - SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-------------------|-------------------|----------------------------------|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ 620 | \$ 620 |
| Interest | - <hr/> | - <hr/> | 14 <hr/> | 14 <hr/> |
| Total revenues | - <hr/> | - <hr/> | 634 <hr/> | 634 <hr/> |
| EXPENDITURES: | | | | |
| Streets | - <hr/> | - <hr/> | 12,000 <hr/> | (- 12,000) <hr/> |
| Total expenditures | - <hr/> | - <hr/> | 12,000 <hr/> | (- 12,000) <hr/> |
| Revenues over (under) expenditures | - <hr/> | - <hr/> | (- 11,366) <hr/> | (- 11,366) <hr/> |
| Fund balance - beginning of year | (- 23,103) <hr/> | (- 23,103) <hr/> | (- 23,103) <hr/> | - <hr/> |
| Fund balance - end of year | \$(23,103) <hr/> | \$(23,103) <hr/> | \$(34,469) <hr/> | \$(11,366) <hr/> |

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET ASSESSMENTS - CAPITAL PROJECTS FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|------------------|------------------|----------------------------------|
| REVENUES: | | | | |
| Special assessments | \$ - | \$ - | \$ 2,033 | \$ 2,033 |
| Interest | <u>150</u> | <u>150</u> | <u>579</u> | <u>429</u> |
| Total revenues | <u>150</u> | <u>150</u> | <u>2,612</u> | <u>2,462</u> |
| EXPENDITURES: | - | - | - | - |
| Revenues over (under) expenditures | 150 | 150 | 2,612 | - |
| Fund balance - beginning year | <u>21,446</u> | <u>21,446</u> | <u>21,446</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 21,596</u> | <u>\$ 21,596</u> | <u>\$ 24,058</u> | <u>\$ 2,462</u> |

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL REPLACEMENT - CAPITAL PROJECTS FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|---------------------|-------------------|-------------------|----------------------------------|
| REVENUES: | | | | |
| Interest | \$ 6,000 | \$ 6,000 | \$ 21,332 | \$ 15,332 |
| Total revenues | <u>6,000</u> | <u>6,000</u> | <u>21,332</u> | <u>15,332</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| Principal | - | 255,743 | 255,743 | - |
| Interest | - | 53,406 | 53,406 | - |
| Capital Outlay | <u>573,000</u> | <u>573,000</u> | <u>1,318,155</u> | <u>(745,155)</u> |
| Total expenditures | <u>573,000</u> | <u>882,149</u> | <u>1,627,304</u> | <u>(745,155)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 500,000 | 500,000 | 500,000 | - |
| Issuance of debt | - | - | 600,329 | 600,329 |
| Total other financing sources (uses) | <u>500,000</u> | <u>500,000</u> | <u>1,100,329</u> | <u>600,329</u> |
| Revenues over (under) expenditures and other financing sources (uses) | (67,000) | (376,149) | (505,643) | (129,494) |
| Fund balance - beginning of year | <u>1,198,065</u> | <u>1,198,065</u> | <u>1,198,065</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 1,131,065</u> | <u>\$ 821,916</u> | <u>\$ 692,422</u> | <u>\$ (129,494)</u> |

STATISTICAL SECTION

STATISTICAL SECTION

The City of Haltom City's statistical section presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information, which details the City's overall financial health and well-being.

Contents

| | <u>Page</u> |
|--|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changes over time. | 98 – 105 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, property taxes and sales taxes. | 106 – 115 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 116 – 123 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 124 – 125 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 126 – 131 |
| Other Information TMRS – Analysis of Funding | 132 – 133 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF HALTOM CITY, TEXAS

NET POSITION BY COMPONENT

**LAST TEN FISCAL YEARS
(UNAUDITED)**

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 28,400,402 | \$ 24,273,677 | \$ 30,247,459 | \$ 35,212,219 |
| Restricted | 8,620,766 | 12,215,455 | 7,310,385 | 5,680,532 |
| Unrestricted | <u>8,417,922</u> | <u>9,646,886</u> | <u>9,330,151</u> | <u>9,147,395</u> |
| Total governmental activities net position | <u>45,439,090</u> | <u>46,136,018</u> | <u>46,887,995</u> | <u>50,040,146</u> |
| Business-type activities | | | | |
| Net investment in capital assets | 26,355,264 | 30,271,696 | 32,063,719 | 32,974,632 |
| Unrestricted | <u>3,733,995</u> | <u>5,655,023</u> | <u>6,851,622</u> | <u>6,560,595</u> |
| Total business-type activities net position | <u>30,089,259</u> | <u>35,926,719</u> | <u>38,915,341</u> | <u>39,535,227</u> |
| Primary government | | | | |
| Net investment in capital assets | 54,755,666 | 54,545,373 | 62,311,178 | 68,186,851 |
| Restricted | 8,620,766 | 12,215,455 | 7,310,385 | 5,680,532 |
| Unrestricted | <u>12,151,917</u> | <u>15,301,909</u> | <u>16,181,773</u> | <u>15,707,990</u> |
| Total primary government net position | <u>\$ 75,528,349</u> | <u>\$ 82,062,737</u> | <u>\$ 85,803,336</u> | <u>\$ 89,575,373</u> |

NOTE: The Fiscal Year 2010 governmental activities have been restated excluding the Economic Development Corporation and the Crime Control District which are reported as discretely presented component units from FY 2010 forward in compliance with GASB 14.

TABLE 1

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| \$ 44,018,316 | \$ 44,644,061 | \$ 49,669,147 | \$ 48,573,824 | \$ 51,907,911 | \$ 53,560,693 |
| 7,522,651 | 11,087,769 | 8,566,493 | 14,332,634 | 14,398,393 | 17,961,901 |
| <u>3,155,882</u> | <u>(3,213,591)</u> | <u>(6,118,269)</u> | <u>(7,282,612)</u> | <u>(9,177,231)</u> | <u>(9,182,445)</u> |
| <u>54,696,849</u> | <u>52,518,239</u> | <u>52,117,371</u> | <u>55,623,846</u> | <u>57,129,073</u> | <u>62,340,149</u> |
| | | | | | |
| 39,419,139 | 40,345,975 | 40,860,841 | 41,019,999 | 42,648,361 | 43,145,765 |
| 5,530,649 | <u>5,383,611</u> | <u>6,487,495</u> | <u>10,344,876</u> | <u>15,850,355</u> | <u>19,753,480</u> |
| <u>44,949,788</u> | <u>45,729,586</u> | <u>47,348,336</u> | <u>51,364,875</u> | <u>58,498,716</u> | <u>62,899,245</u> |
| | | | | | |
| 83,437,455 | 84,990,036 | 90,529,988 | 89,593,823 | 94,566,272 | 96,706,458 |
| 7,522,651 | 11,087,769 | 8,566,493 | 14,332,634 | 14,398,393 | 17,961,901 |
| <u>8,686,531</u> | <u>2,170,020</u> | <u>369,226</u> | <u>3,062,264</u> | <u>6,673,104</u> | <u>10,571,035</u> |
| <u>\$ 99,646,637</u> | <u>\$ 98,247,825</u> | <u>\$ 99,465,707</u> | <u>\$ 106,988,721</u> | <u>\$ 115,637,769</u> | <u>\$ 125,239,394</u> |

CITY OF HALTOM CITY, TEXAS

CHANGES IN NET POSITION

**LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | |
| General government | \$ 7,009,613 | \$ 6,687,785 | \$ 5,652,640 | \$ 5,490,063 |
| Public safety | 13,002,228 | 13,683,083 | 15,586,244 | 15,223,623 |
| Streets | 3,603,741 | 3,340,203 | 3,411,917 | 4,259,384 |
| Culture and recreation | 2,615,179 | 2,683,018 | 2,891,808 | 2,867,987 |
| Interest on long-term debt | <u>1,392,919</u> | <u>1,514,512</u> | <u>1,497,506</u> | <u>1,431,521</u> |
| Total governmental activities expenses | <u>27,623,680</u> | <u>27,908,601</u> | <u>29,040,115</u> | <u>29,272,578</u> |
| Business-type activities: | | | | |
| Water and sewer services | 14,475,370 | 14,183,655 | 14,658,304 | 14,862,348 |
| Drainage services | <u>1,443,031</u> | <u>1,345,575</u> | <u>1,167,946</u> | <u>1,352,182</u> |
| Total business-type activities expenses | <u>15,918,401</u> | <u>15,529,230</u> | <u>15,826,250</u> | <u>16,214,530</u> |
| Total primary government expenses | <u>43,542,081</u> | <u>43,437,831</u> | <u>44,866,365</u> | <u>45,487,108</u> |
| Program revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 2,294,794 | 2,389,655 | 2,497,069 | 1,928,004 |
| Public safety | 2,208,635 | 1,829,713 | 2,112,240 | 2,357,634 |
| Streets | - | - | 17,449 | 5,240 |
| Culture and recreation | 131,842 | 184,669 | 234,796 | 253,282 |
| Operating grants and contributions | 546,108 | 755,027 | 729,869 | 572,559 |
| Capital grants and contributions | <u>680,369</u> | <u>1,492,611</u> | <u>2,657,688</u> | <u>4,765,451</u> |
| Total governmental activities program revenues | <u>5,861,748</u> | <u>6,651,675</u> | <u>8,249,111</u> | <u>9,882,170</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer services | 15,578,062 | 17,200,589 | 16,662,680 | 16,702,485 |
| Drainage services | 1,295,323 | 1,274,414 | 1,424,824 | 1,566,018 |
| Capital grants and contributions | <u>545,371</u> | <u>712,983</u> | <u>475,811</u> | <u>51,581</u> |
| Total business-type activities program revenues | <u>17,418,756</u> | <u>19,187,986</u> | <u>18,563,315</u> | <u>18,320,084</u> |
| Total primary Government program revenues | <u>\$ 23,280,504</u> | <u>\$ 25,839,661</u> | <u>\$ 26,812,426</u> | <u>\$ 28,202,254</u> |

NOTE: The Fiscal Year 2010 governmental activities have been restated excluding the Economic Development Corporation and the Crime Control District which are reported as discretely presented component units from FY 2010 forward in compliance with GASB 14.

TABLE 2

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 5,972,582 | \$ 4,992,708 | \$ 6,991,532 | \$ 6,583,493 | \$ 6,320,374 | \$ 7,170,945 |
| 15,929,472 | 15,702,918 | 18,140,988 | 18,763,690 | 18,389,178 | 17,907,680 |
| 4,237,146 | 3,180,893 | 2,661,889 | 3,062,161 | 3,801,982 | 3,217,049 |
| 3,140,140 | 2,894,363 | 3,101,708 | 3,209,288 | 3,819,112 | 3,732,618 |
| <u>1,570,866</u> | <u>1,297,086</u> | <u>1,228,911</u> | <u>1,250,237</u> | <u>1,049,253</u> | <u>1,174,401</u> |
| <u>30,850,206</u> | <u>28,067,968</u> | <u>32,125,028</u> | <u>32,868,869</u> | <u>33,379,899</u> | <u>33,202,693</u> |
| | | | | | |
| 15,679,502 | 15,990,278 | 17,611,699 | 16,670,152 | 16,372,945 | 18,761,789 |
| <u>1,361,742</u> | <u>1,047,947</u> | <u>1,372,063</u> | <u>1,309,625</u> | <u>1,218,164</u> | <u>1,567,980</u> |
| <u>17,041,244</u> | <u>17,038,225</u> | <u>18,983,762</u> | <u>17,979,777</u> | <u>17,591,109</u> | <u>20,329,769</u> |
| <u>47,891,450</u> | <u>45,106,193</u> | <u>51,108,790</u> | <u>50,848,646</u> | <u>50,971,008</u> | <u>53,532,462</u> |
| | | | | | |
| 2,451,322 | 2,482,422 | 2,699,926 | 2,728,039 | 2,631,068 | 2,469,464 |
| 2,053,885 | 1,827,337 | 1,840,804 | 2,272,328 | 1,075,387 | 1,694,051 |
| 22,138 | 1,305 | 41,140 | 3,992 | 43,304 | - |
| 262,606 | 251,285 | 249,830 | 217,862 | 231,442 | 181,004 |
| 1,140,514 | 717,407 | 272,414 | 359,563 | 442,109 | 258,868 |
| <u>7,279,679</u> | <u>7,025,184</u> | <u>40,443</u> | <u>17,186</u> | <u>459,410</u> | <u>24,356</u> |
| <u>13,210,144</u> | <u>12,304,940</u> | <u>5,144,557</u> | <u>5,598,970</u> | <u>4,882,720</u> | <u>4,627,743</u> |
| | | | | | |
| 16,742,577 | 17,433,066 | 19,279,830 | 20,591,084 | 23,373,412 | 23,080,974 |
| 1,699,940 | 1,644,089 | 1,627,657 | 1,861,389 | 1,830,479 | 1,708,362 |
| <u>3,835,132</u> | <u>1,224,660</u> | <u>305,962</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>22,277,649</u> | <u>20,301,815</u> | <u>21,213,449</u> | <u>22,452,473</u> | <u>25,203,891</u> | <u>24,789,336</u> |
| <u>\$ 35,487,793</u> | <u>\$ 32,606,755</u> | <u>\$ 26,358,006</u> | <u>\$ 28,051,443</u> | <u>\$ 30,086,611</u> | <u>\$ 29,417,079</u> |

CITY OF HALTOM CITY, TEXAS

CHANGES IN NET POSITION

**LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| | 2010 | 2011 | 2012 | 2013 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$(21,761,932) | \$(21,256,926) | \$(20,791,004) | \$(19,390,408) |
| Business-type activities | <u>1,500,355</u> | <u>3,658,756</u> | <u>2,737,065</u> | <u>2,105,554</u> |
| Total primary government net expense | <u><u>(20,261,577)</u></u> | <u><u>(17,598,170)</u></u> | <u><u>(18,053,939)</u></u> | <u><u>(17,284,854)</u></u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | 9,968,092 | 10,409,369 | 9,968,735 | 10,327,708 |
| Sales taxes | 5,667,885 | 6,155,614 | 6,578,414 | 6,902,685 |
| Franchise taxes | 3,771,211 | 4,015,766 | 4,057,555 | 3,977,397 |
| Occupancy taxes | 40,502 | 35,679 | 38,540 | 46,979 |
| Interest | 235,520 | 129,694 | 154,370 | 106,114 |
| Unrestricted grants and contributions | - | - | - | - |
| Oil and gas leases | - | 2,404,331 | 269,966 | 336,439 |
| Mixed beverage taxes | 10,938 | 11,127 | 10,491 | 11,908 |
| Miscellaneous | 1,798,608 | 924,962 | 661,350 | 676,880 |
| Gain on sale of capital assets | - | 13,590 | 5,545 | 4,100 |
| Transfers | <u>(788,900)</u> | <u>(2,135,151)</u> | <u>(191,494)</u> | <u>(132,101)</u> |
| Total governmental activities | <u><u>20,703,856</u></u> | <u><u>21,964,981</u></u> | <u><u>21,553,472</u></u> | <u><u>22,258,109</u></u> |
| Business-type activities: | | | | |
| Interest | 58,142 | 35,498 | 37,463 | 46,587 |
| Gain on sale of capital assets | 26,105 | 8,055 | 22,600 | - |
| Transfers | <u>788,900</u> | <u>2,135,151</u> | <u>191,494</u> | <u>132,101</u> |
| Total business-type activities | <u><u>873,147</u></u> | <u><u>2,178,704</u></u> | <u><u>251,557</u></u> | <u><u>178,688</u></u> |
| Total primary government | <u><u>21,577,003</u></u> | <u><u>24,143,685</u></u> | <u><u>21,805,029</u></u> | <u><u>22,436,797</u></u> |
| Change in Net Position | | | | |
| Governmental activities | (1,069,014) | 696,928 | 751,977 | 2,855,793 |
| Business-type activities | <u>2,373,502</u> | <u>5,837,460</u> | <u>2,988,622</u> | <u>2,284,242</u> |
| Total primary government | <u><u>\$ 1,304,488</u></u> | <u><u>\$ 6,534,388</u></u> | <u><u>\$ 3,740,599</u></u> | <u><u>\$ 5,140,035</u></u> |

NOTE: The Fiscal Year 2010 governmental activities have been restated excluding the Economic Development Corporation and the Crime Control District which are reported as discretely presented component units from FY 2010 forward in compliance with GASB 14.

TABLE 2

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>\$ (17,640,062)</u> | <u>\$ (15,763,028)</u> | <u>\$ (26,980,471)</u> | <u>\$ (27,269,899)</u> | <u>\$ (28,497,179)</u> | <u>\$ (28,574,950)</u> |
| | <u>5,236,405</u> | <u>3,263,590</u> | <u>2,229,687</u> | <u>4,472,696</u> | <u>7,612,782</u> | <u>4,459,567</u> |
| | <u>(12,403,657)</u> | <u>(12,499,438)</u> | <u>(24,750,784)</u> | <u>(22,797,203)</u> | <u>(20,884,397)</u> | <u>(24,115,383)</u> |
| | | | | | | |
| | 11,136,939 | 11,950,005 | 12,035,695 | 12,706,964 | 13,688,707 | 14,458,831 |
| | 7,103,791 | 7,622,096 | 8,437,024 | 12,025,312 | 13,254,357 | 13,527,349 |
| | 4,105,002 | 4,055,193 | 4,044,133 | 4,078,235 | 4,034,509 | 3,934,104 |
| | 44,484 | 44,681 | 47,561 | 44,308 | 46,865 | 45,781 |
| (| 122,596) | 86,035 | 157,851 | 244,718 | 239,572 | 901,211 |
| | - | 500,020 | 989,140 | 615,685 | - | - |
| | 394,326 | 127,709 | 30,131 | 57,466 | 123,212 | 122,757 |
| | 12,582 | 14,554 | 13,887 | 11,174 | 12,959 | 27,082 |
| | 721,957 | 407,255 | 124,181 | 384,156 | 270,597 | 80,533 |
| | 122,503 | - | - | 18,356 | 62,913 | 108,378 |
| (| 471,558) | 684,658 | 700,000 | 580,000 | 580,000 | 580,000 |
| | <u>23,047,430</u> | <u>25,492,206</u> | <u>26,579,603</u> | <u>30,766,374</u> | <u>32,313,691</u> | <u>33,786,026</u> |
| | | | | | | |
| (| 37,657) | 20,466 | 89,063 | 123,843 | 147,322 | 520,982 |
| | 20,118 | - | - | - | - | - |
| | 471,558 | <u>(684,658)</u> | <u>(700,000)</u> | <u>(580,000)</u> | <u>(580,000)</u> | <u>(580,000)</u> |
| | 454,019 | <u>(664,192)</u> | <u>(610,937)</u> | <u>(456,157)</u> | <u>(432,678)</u> | <u>(59,018)</u> |
| | <u>23,501,449</u> | <u>24,828,014</u> | <u>(25,968,666)</u> | <u>30,320,217</u> | <u>31,881,031</u> | <u>33,727,008</u> |
| | | | | | | |
| | 5,394,786 | 9,729,178 | (400,868) | 3,506,475 | 3,816,512 | 5,211,076 |
| | 5,690,424 | 2,599,398 | <u>1,618,750</u> | <u>4,016,539</u> | <u>7,180,104</u> | <u>4,400,549</u> |
| \$ | <u>11,085,210</u> | <u>\$ 12,328,576</u> | <u>\$ 1,217,882</u> | <u>\$ 7,523,014</u> | <u>\$ 10,996,616</u> | <u>\$ 9,611,625</u> |

CITY OF HALTOM CITY, TEXAS

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Nonspendable | \$ 74,033 | \$ 184,273 | \$ 194,579 | \$ 189,295 |
| Assigned | 2,011,760 | 4,431,454 | 4,725 | - |
| Unassigned | <u>6,586,589</u> | <u>3,730,907</u> | <u>10,571,395</u> | <u>11,195,537</u> |
| Total general fund | <u>8,672,382</u> | <u>8,346,634</u> | <u>10,770,699</u> | <u>11,384,832</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | 271,747 | - | - | - |
| Restricted | 11,353,538 | 18,190,269 | 16,277,980 | 17,272,217 |
| Assigned | 49,919 | 254,932 | - | - |
| Unassigned | (120,702) | (78,693) | (40,665) | (43,799) |
| Total all other governmental funds | <u>\$ 11,554,502</u> | <u>\$ 18,366,508</u> | <u>\$ 16,237,315</u> | <u>\$ 17,228,418</u> |

Notes:

- (1) Fiscal years 2002-2010 have been reclassified with implementation of GASB Statement 54 in fiscal year 2011.
- (2) The fiscal year 2010 governmental fund balances have been restated excluding the Economic Development Corporation and the Crime Control District which are reported as discretely presented component units from FY 2010 forward in compliance with GASB 14.

TABLE 3

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| \$ 205,828 | \$ 180,936 | \$ 170,743 | \$ 200,738 | \$ 201,427 | \$ 168,876 |
| - | - | - | - | - | 833,338 |
| <u>11,323,984</u> | <u>11,381,345</u> | <u>9,402,292</u> | <u>10,043,761</u> | <u>13,200,606</u> | <u>12,420,435</u> |
| <u>11,529,812</u> | <u>11,562,281</u> | <u>9,573,035</u> | <u>10,244,499</u> | <u>13,402,033</u> | <u>13,422,649</u> |
| | | | | | |
| - | - | - | 15,534 | 61,500 | - |
| 12,308,467 | 11,055,819 | 8,486,785 | 14,254,552 | 17,872,985 | 26,266,982 |
| (79,746) | 35,828 | 517,510 | (11,520) | (23,103) | (34,469) |
| <u>\$ 12,228,721</u> | <u>\$ 11,091,647</u> | <u>\$ 9,004,295</u> | <u>\$ 14,258,566</u> | <u>\$ 17,911,382</u> | <u>\$ 26,232,513</u> |

CITY OF HALTOM CITY, TEXAS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

| | 2010 | 2011 | 2012 | 2013 |
|--|---------------------|---------------------|------------------------|---------------------|
| Revenues | | | | |
| Taxes [See Table 5] | \$ 19,457,051 | \$ 20,210,842 | \$ 20,769,714 | \$ 21,590,984 |
| Licenses and permits | 760,288 | 818,916 | 715,066 | 332,908 |
| Intergovernmental | 1,201,262 | 1,435,785 | 912,126 | 591,897 |
| Fines and fees | 2,070,466 | 2,004,327 | 1,740,065 | 2,147,032 |
| Charges for services | 1,691,850 | 1,755,673 | 1,853,771 | 1,647,888 |
| Oil and gas leases | - | - | 269,966 | 336,439 |
| Interest income | 309,322 | 122,762 | 111,281 | 88,029 |
| Contributions | 48,847 | 119,244 | 783,942 | 646,002 |
| Special assessments | 24,214 | 3,015 | 5,283 | 4,681 |
| Miscellaneous | <u>1,835,824</u> | <u>3,404,073</u> | <u>307,373</u> | <u>438,684</u> |
| Total revenues | <u>27,399,124</u> | <u>29,874,637</u> | <u>27,468,587</u> | <u>27,824,544</u> |
| Expenditures | | | | |
| General government | 6,047,400 | 6,426,523 | 5,224,896 | 5,440,470 |
| Economic development | - | - | - | - |
| Public safety | 12,253,187 | 12,394,087 | 13,981,585 | 14,182,784 |
| Streets | 1,379,777 | 1,175,358 | 1,323,160 | 2,004,095 |
| Culture and recreation | 2,031,684 | 2,066,427 | 2,312,719 | 2,289,178 |
| Capital outlay | 2,332,880 | 2,249,497 | 4,342,467 | 5,971,871 |
| Debt service: | | | | |
| Principal | 2,625,000 | 2,615,000 | 2,650,000 | 2,865,000 |
| Interest | 1,333,986 | 1,175,876 | 1,493,869 | 1,358,658 |
| Bond issuance costs | <u>17,363</u> | <u>189,642</u> | <u>98,804</u> | <u>198,369</u> |
| Total expenditures | <u>28,021,277</u> | <u>28,292,410</u> | <u>31,427,500</u> | <u>34,310,425</u> |
| Excess of revenues over (under) expenditures | (622,153) | 1,582,227 | (3,958,913) | (6,485,881) |
| Other financial sources (uses) | | | | |
| Bonds issued | 800,000 | 13,320,000 | 3,880,000 | 7,330,000 |
| Premium on issuance of debt | - | 157,045 | 244,131 | 257,454 |
| Payment to refunded bond escrow agent | - | (3,295,045) | (2,658,367) | - |
| Proceeds from capital lease | - | - | - | - |
| Sale of capital assets | 23,290 | 13,590 | 5,545 | 4,100 |
| Transfers in | 3,103,119 | 623,467 | 3,006,932 | 1,008,777 |
| Transfers out | <u>(3,254,461)</u> | <u>(2,758,618)</u> | <u>(3,198,426)</u> | <u>(1,140,878)</u> |
| Total other financing sources (uses) | <u>671,948</u> | <u>8,060,439</u> | <u>1,279,815</u> | <u>7,459,453</u> |
| Net change in fund balance | \$ 49,795 | \$ 9,642,666 | \$ (2,679,098) | \$ 973,572 |
| Debt service as a percentage of noncapital expenditures | 15.4% | 14.6% | 15.3% | 14.9% |

NOTE: The fiscal year 2010 changes in fund balance have been restated excluding the Economic Development Corporation and the Crime Control District which are reported as discretely presented component units from FY 2012 forward in compliance with GASB 14.

TABLE 4

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------|------------------------|------------------------|---------------------|---------------------|---------------------|------|
| \$ 22,547,214 | \$ 23,345,404 | \$ 24,497,264 | \$ 29,076,841 | \$ 31,059,455 | \$ 32,191,601 | |
| 484,736 | 851,870 | 814,128 | 638,032 | 987,167 | 1,095,526 | |
| 8,285,812 | 660,422 | 205,337 | 254,000 | 758,074 | 215,319 | |
| 1,916,686 | 1,776,959 | 1,371,940 | 1,551,999 | 1,313,937 | 1,292,692 | |
| 1,758,412 | 1,782,682 | 2,054,448 | 2,121,287 | 1,759,252 | 1,386,044 | |
| 394,326 | 127,709 | 30,131 | 67,466 | 123,212 | 122,757 | |
| (84,217) | 86,098 | 157,850 | 244,678 | 239,539 | 901,178 | |
| 653,585 | 858,043 | 1,405,165 | 748,839 | 144,310 | 68,187 | |
| 2,613 | 11,592 | - | 3,183 | 6,059 | 2,033 | |
| 471,393 | 818,530 | 465,094 | 667,635 | 547,405 | 350,375 | |
| <u>36,430,560</u> | <u>30,319,309</u> | <u>31,001,357</u> | <u>35,373,960</u> | <u>36,938,410</u> | <u>37,625,712</u> | |
| 11,486,467 | 5,132,507 | 6,181,093 | 5,804,710 | 6,274,768 | 7,250,795 | |
| - | - | - | - | - | - | |
| 14,464,255 | 15,612,260 | 16,487,431 | 16,604,490 | 17,197,194 | 17,900,823 | |
| 1,710,489 | 1,076,012 | 683,434 | 1,284,857 | 1,556,644 | 2,099,806 | |
| 3,302,937 | 2,414,793 | 2,429,286 | 2,447,648 | 3,046,391 | 3,126,754 | |
| 7,419,305 | 3,433,813 | 5,187,830 | 1,595,455 | 2,098,253 | 1,903,015 | |
| 3,315,000 | 3,545,000 | 3,545,000 | 4,105,000 | 4,218,128 | 5,055,743 | |
| 1,416,333 | 1,335,855 | 1,259,241 | 1,200,021 | 1,073,999 | 1,054,336 | |
| <u>106,727</u> | <u>26,640</u> | <u>4,640</u> | <u>147,289</u> | <u>54,598</u> | <u>168,065</u> | |
| <u>43,221,513</u> | <u>32,576,880</u> | <u>35,777,955</u> | <u>33,189,470</u> | <u>35,519,975</u> | <u>38,559,337</u> | |
| (6,790,953) | (2,257,571) | (4,776,598) | 2,184,490 | 1,418,435 | (933,625) | |
| 7,330,000 | 365,000 | - | 7,115,000 | 2,860,000 | 7,460,000 | |
| - | - | - | 430,923 | - | 526,665 | |
| (5,044,709) | - | - | (4,403,034) | - | - | |
| - | - | - | - | 809,444 | 600,329 | |
| 122,503 | 27,554 | - | 18,356 | 62,913 | 108,378 | |
| 1,348,725 | 1,567,949 | 1,778,250 | 2,284,913 | 2,797,863 | 2,898,688 | |
| <u>(1,820,283)</u> | <u>(883,291)</u> | <u>(1,078,250)</u> | <u>(1,704,913)</u> | <u>(2,217,863)</u> | <u>(2,318,688)</u> | |
| <u>1,936,236</u> | <u>1,077,212</u> | <u>700,000</u> | <u>3,741,245</u> | <u>4,312,357</u> | <u>9,275,372</u> | |
| <u>\$ (4,854,717)</u> | <u>\$ (1,180,359)</u> | <u>\$ (4,076,598)</u> | <u>\$ 5,925,735</u> | <u>\$ 5,730,792</u> | <u>\$ 8,341,747</u> | |
| 13.2% | 16.7% | 15.7% | 16.8% | 16.0% | 15.8% | |

CITY OF HALTOM CITY, TEXAS**TABLE 5****GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE****LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Occupancy Tax | Bingo Tax | Mixed Beverage Tax | Total |
|------------------------|---------------------|------------------|----------------------|--------------------------|----------------------|-----------------------------------|---------------|
| 2010 | \$ 9,951,211 | \$ 5,678,875 | \$ 3,771,211 | \$ 40,502 | \$ 15,252 | \$ 10,938 | \$ 19,467,989 |
| 2011 | 9,978,510 | 6,155,614 | 4,015,766 | 35,679 | 14,146 | 11,127 | 20,210,842 |
| 2012 | 10,075,552 | 6,578,414 | 4,057,555 | 38,540 | 9,161 | 10,491 | 20,769,713 |
| 2013 | 10,650,864 | 6,902,684 | 3,977,397 | 46,979 | 1,151 | 11,908 | 21,590,983 |
| 2014 | 11,136,939 | 7,103,791 | 4,105,002 | 44,484 | 2,716 | 12,582 | 22,405,514 |
| 2015 | 11,522,289 | 7,622,096 | 4,141,784 | 44,681 | - | 14,554 | 23,345,404 |
| 2016 | 11,898,232 | 8,437,022 | 4,100,319 | 47,804 | - | 13,887 | 24,497,264 |
| 2017 | 12,867,349 | 12,025,312 | 4,128,461 | 44,545 | - | 11,174 | 29,076,841 |
| 2018 | 13,688,514 | 13,254,357 | 4,056,346 | 47,279 | - | 12,959 | 31,059,455 |
| 2019 | 14,605,834 | 13,527,349 | 3,984,935 | 46,401 | 6,255 | 20,827 | 32,191,601 |

Note: The fiscal year 2010 sales tax revenues have been restated excluding the Economic Development and the Crime Control District which are reported as discretely resented component units from FY 2010 forward in compliance with GASB 14.

CITY OF HALTOM CITY, TEXAS**TABLE 6****ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited)

| Fiscal Year | Taxable Value | | Less: Tax-Exempt Property | Net Taxable Value | Total Direct Tax Rate |
|--------------------|--------------------------|------------------------------|--|------------------------------|--|
| | Real Property | Personal Property | | | |
| 2010 | 1,611,122,728 | 307,743,241 | 408,074,443 | 1,510,791,526 | 0.59830 |
| 2011 | 1,595,023,909 | 300,353,616 | 408,873,952 | 1,486,503,573 | 0.64637 |
| 2012 | 1,557,087,625 | 302,106,814 | 399,443,255 | 1,459,751,184 | 0.65174 |
| 2013 | 1,612,456,483 | 295,394,543 | 411,254,238 | 1,496,596,788 | 0.67174 |
| 2014 | 1,641,000,800 | 302,497,948 | 407,876,393 | 1,535,622,355 | 0.69999 |
| 2015 | 1,748,908,695 | 310,614,488 | 417,359,896 | 1,642,163,287 | 0.69999 |
| 2016 | 1,659,993,768 | 314,318,393 | 406,461,354 | 1,567,850,807 | 0.69999 |
| 2017 | 1,778,726,503 | 326,663,818 | 430,621,079 | 1,674,769,242 | 0.69999 |
| 2018 | 2,126,037,240 | 349,464,064 | 509,893,316 | 1,965,607,988 | 0.66818 |
| 2019 | 2,296,595,267 | 357,883,712 | 509,227,200 | 2,145,251,779 | 0.65300 |

Source: Tarrant County Appraisal District

CITY OF HALTOM CITY, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | City Direct Rates | | | Overlapping Rates | | |
|--------------------|--|------------------------------|-----------------------------|--|---|--|
| | Operating/ General Fund | Debt Service Fund | Total (A) Direct | Birdville School District | Tarrant College District | |
| 2010 | \$ 0.397800 | \$ 0.200500 | \$ 0.598300 | \$ 1.405000 | \$ 0.137670 | |
| 2011 | 0.445871 | 0.200500 | 0.646371 | 1.425000 | 0.148970 | |
| 2012 | 0.441740 | 0.210000 | 0.651740 | 1.435000 | 0.148970 | |
| 2013 | 0.461740 | 0.210000 | 0.671740 | 1.435000 | 0.149500 | |
| 2014 | 0.479990 | 0.220000 | 0.699990 | 1.435000 | 0.149500 | |
| 2015 | 0.479990 | 0.220000 | 0.699990 | 1.435000 | 0.149500 | |
| 2016 | 0.462320 | 0.237670 | 0.699990 | 1.453900 | 0.149500 | |
| 2017 | 0.462320 | 0.237670 | 0.699990 | 1.453900 | 0.144730 | |
| 2018 | 0.455180 | 0.213000 | 0.668180 | 1.453900 | 0.140060 | |
| 2019 | 0.423000 | 0.230000 | 0.653000 | 1.453900 | 0.136070 | |

Sources: City Records and Tarrant County Appraisal District

TABLE 7

| Overlapping Rates | | |
|--|---------------------------|---|
| Tarrant County Hospital | Tarrant County | Total Direct & Overlapping |
| \$ 0.227897 | \$ 0.264000 | \$ 2.632867 |
| 0.227897 | 0.264000 | 2.670908 |
| 0.227897 | 0.264000 | 2.727607 |
| 0.227897 | 0.264000 | 2.748137 |
| 0.227897 | 0.264000 | 2.776387 |
| 0.227897 | 0.264000 | 2.776387 |
| 0.227897 | 0.264000 | 2.776387 |
| 0.227897 | 0.254000 | 2.780517 |
| 0.224429 | 0.244000 | 2.730569 |
| 0.224429 | 0.234000 | 2.701399 |

CITY OF HALTOM CITY, TEXAS

TABLE 8

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

| Taxpayer | 2019 | | | 2010 | | |
|-----------------------------|--|-------------|--|--|-------------|--|
| | Taxable Assessed Value (in thousands) | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value (in thousands) | Rank | Percentage of Total City Taxable Assessed Value |
| | | | | | | |
| CAF TNREF II HL LLC | \$ 71,825 | 1 | 2.70% | - | - | - |
| The Hillshire Brands Co. | 68,938 | 2 | 2.59% | - | - | - |
| Northern Cross Borrower LLC | 47,200 | 3 | 1.77% | - | - | - |
| HZ Amesbury Court LLC | 36,600 | 4 | 1.37% | - | - | - |
| GCAD Fairway LLC | 30,400 | 5 | 1.14% | - | - | - |
| Fossil Ridge Apartments LLC | 26,160 | 6 | 0.98% | - | - | - |
| Spring Lake City LP | 24,560 | 7 | 0.92% | - | - | - |
| Fossil Hill Apartments LP | 19,725 | 8 | 0.74% | - | - | - |
| AV Haltom Lakeview | 19,000 | 9 | 0.71% | - | - | - |
| Desert Sands LLC | 18,200 | 10 | 0.68% | - | - | - |
| M & A Crvi | - | | - | \$ 30,024 | 1 | 1.85% |
| Sara Lee Corp | - | | - | 25,603 | 2 | 1.57% |
| Somp-Beach LP | - | | - | 23,761 | 3 | 1.46% |
| Protea Amesbury Court | - | | - | 21,521 | 4 | 1.32% |
| Wisdom Center Inc | - | | - | 14,640 | 5 | 0.90% |
| Oncor Electric Delivery | - | | - | 13,024 | 6 | 0.80% |
| Ahern Rentals Inc | - | | - | 12,515 | 7 | 0.77% |
| Alliance Pjwe LP | - | | - | 10,721 | 8 | 0.66% |
| A T S Drilling Inc | - | | - | 10,700 | 9 | 0.66% |
| Hall Fossil Ridge Assoc Ltd | - | | - | 9,893 | 10 | 0.61% |
| Total | \$ 362,608 | | 13.60% | \$ 172,401 | | 10.60% |

Source: Tarrant County Appraisal District

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

**LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | Taxes Levied for the Fiscal Year | Adjustments to Levy | Adjusted Taxes Levied for Fiscal Year | Collected within the Fiscal Year of the Levy | |
|--------------------|---|----------------------------|--|---|---------------------------|
| | | | | Amount | Percentage of Levy |
| 2010 | \$ 9,633,795 | \$ 301,521 | \$ 9,935,316 | \$ 9,653,540 | 97.16% |
| 2011 | 9,566,056 | 324,662 | 9,890,718 | 9,668,350 | 97.75% |
| 2012 | 10,023,471 | (26,514) | 9,996,957 | 9,806,044 | 98.09% |
| 2013 | 10,379,878 | 110,523 | 10,490,400 | 10,276,942 | 97.97% |
| 2014 | 11,002,623 | 60,540 | 11,063,163 | 10,856,887 | 98.14% |
| 2015 | 11,615,861 | (76,711) | 11,539,150 | 11,416,197 | 98.93% |
| 2016 | 10,864,156 | 793,917 | 11,658,073 | 11,332,941 | 99.03% |
| 2017 | 12,287,526 | 415,787 | 12,703,313 | 12,514,668 | 98.51% |
| 2018 | 13,110,290 | 392,415 | 13,502,705 | 13,127,625 | 97.22% |
| 2019 | 14,415,250 | 158,809 | 14,574,059 | 14,375,036 | 98.63% |

Source: Tarrant County Tax Office

See schedule C

TABLE 9

| Collections For Previous Years | Total Collections to Date | |
|---|----------------------------------|-------------------------------|
| | Amount | Percentage of Levy |
| \$ 143,851 | 9,797,391 | 98.61% |
| 183,952 | 9,852,302 | 99.61% |
| 141,156 | 9,947,200 | 99.50% |
| 159,518 | 10,436,459 | 99.49% |
| 161,250 | 11,018,137 | 99.59% |
| 114,360 | 11,530,557 | 99.93% |
| 211,678 | 11,544,619 | 99.03% |
| 142,888 | 12,657,556 | 99.64% |
| 189,001 | 13,316,626 | 98.62% |
| - | 14,375,036 | 98.63% |

CITY OF HALTOM CITY, TEXAS**TABLE 10****SALES TAX COLLECTIONS BY FUND****LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | General | Street Reconstruction | Total Primary Government | Component Units | | Total Sales Tax Collections |
|--------------------|----------------|------------------------------|---------------------------------|-----------------------------|-------------------------------|------------------------------------|
| | | | | Economic Development | Crime Control District | |
| 2010 | \$ 4,548,228 | \$ 1,130,647 | \$ 5,678,875 | \$ 2,261,293 | \$ 1,049,588 | \$ 8,989,756 |
| 2011 | 4,927,300 | 1,228,313 | 6,155,613 | 2,456,626 | 1,162,617 | 9,774,856 |
| 2012 | 5,265,627 | 1,312,787 | 6,578,414 | 2,625,573 | 1,251,127 | 10,455,114 |
| 2013 | 5,524,775 | 1,377,910 | 6,902,684 | 2,755,820 | 1,327,971 | 10,986,476 |
| 2014 | 5,681,874 | 1,421,917 | 7,103,791 | 2,843,834 | 1,355,192 | 11,302,817 |
| 2015 | 6,095,550 | 1,526,546 | 7,622,096 | 3,053,111 | 1,465,227 | 12,140,434 |
| 2016 | 6,747,264 | 1,689,760 | 8,437,024 | 3,379,538 | 1,643,414 | 13,459,977 |
| 2017 | 9,448,656 | 2,577,863 | 12,026,519 | - | 1,662,631 | 13,689,150 |
| 2018 | 10,402,719 | 2,851,638 | 13,254,357 | - | 1,838,595 | 15,092,952 |
| 2019 | 10,632,058 | 2,895,291 | 13,527,349 | - | 1,865,818 | 15,393,167 |

Note:

The Economic Development Corporation and the Crime District are presented separately which are discretely presented component units, but part of the City's Sales Tax Rate and Collections. Starting FY2017, there will be no allocation of sales tax to Economic Development Corporation.

Source: City of Haltom City Records

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | Governmental Activities | | | | | | | |
|--------------------|--------------------------------|-------------------------|-------------------|--------------|---------------------|-------------------|------------------|-----------------------|
| | General | | Obligation | | Certificates | | | |
| | General | Obligation Bonds | Refunding | Bonds | of | Obligation | Tax Notes | Capital Leases |
| 2010 | \$ 10,875,000 | \$ 4,730,000 | \$ 16,150,000 | \$ 650,000 | \$ - | | | |
| 2011 | 15,520,000 | 7,490,000 | 16,495,000 | 475,000 | | | | |
| 2012 | 14,725,000 | 9,395,000 | 14,250,000 | 300,000 | | | | |
| 2013 | 17,115,000 | 8,946,950 | 15,360,000 | 2,185,000 | | | | |
| 2014 | 11,445,000 | 15,308,204 | 14,290,000 | 1,715,000 | | | | |
| 2015 | 12,580,000 | 11,645,000 | 13,150,000 | 1,655,000 | | | | |
| 2016 | 12,135,000 | 10,105,000 | 12,015,000 | 1,230,000 | | | | |
| 2017 | 11,680,000 | 15,901,648 | 6,605,000 | 845,000 | | | | |
| 2018 | 14,626,909 | 12,750,809 | 5,787,751 | 474,816 | 756,316 | | | |
| 2019 | 20,166,672 | 11,169,858 | 5,128,497 | 234,908 | 1,131,026 | | | |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a See Table 16 for personal income and population data.

TABLE 11

| Business-Type Activities | | | | | | Debt | Total |
|---------------------------------|-------------------|----------------------|---------------------|-------------------|----------------------------|-------------|---------------|
| General | Obligation | Water and | Certificates | Total | Percentage | Debt | |
| Refunding | Refunding | Sewer Revenue | of | Primary | of Personal | Per | |
| Bonds | Bonds | Obligation | | Government | Income ^a | | Capita |
| \$ 6,595,000 | \$ 3,705,000 | \$ 11,745,000 | \$ 54,450,000 | 6.54% | \$ 1,378 | | |
| 7,905,000 | 1,380,000 | 11,155,000 | 60,420,000 | 7.14% | 1,528 | | |
| 8,070,000 | 125,000 | 13,540,000 | 60,405,000 | 7.26% | 1,435 | | |
| 7,210,875 | - | 12,940,000 | 63,757,825 | 7.29% | 1,472 | | |
| 9,305,350 | - | 9,385,000 | 61,448,554 | 7.03% | 1,419 | | |
| 7,890,000 | - | 9,000,000 | 55,920,000 | 6.45% | 1,311 | | |
| 6,630,000 | - | 8,605,000 | 50,720,000 | 5.78% | 1,187 | | |
| 6,200,000 | - | 7,330,000 | 48,561,648 | 5.62% | 1,140 | | |
| 5,026,999 | - | 14,041,555 | 53,465,155 | 6.01% | 1,221 | | |
| 3,682,796 | - | 13,224,703 | 54,738,460 | 5.93% | 1,218 | | |

CITY OF HALTOM CITY, TEXAS

RATIO OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(Unaudited)

Governmental Activities

| Fiscal Year | General Obligation Bonds | Certificates of Obligation | Tax Notes | Less: Amount Available in Debt | | Total |
|--------------------|---------------------------------|-----------------------------------|------------------|---------------------------------------|---------------|--------------|
| | | | | Service Fund | | |
| 2010 | \$ 15,605,000 | \$ 16,150,000 | \$ 650,000 | \$ 49,919 | \$ 32,355,081 | |
| 2011 | 23,010,000 | 16,495,000 | 475,000 | 248,901 | 39,731,099 | |
| 2012 | 24,120,000 | 14,250,000 | 300,000 | 443,695 | 38,226,305 | |
| 2013 | 26,061,950 | 15,360,000 | 2,185,000 | 399,529 | 43,207,421 | |
| 2014 | 26,753,204 | 14,290,000 | 1,715,000 | 222,030 | 42,536,174 | |
| 2015 | 24,225,000 | 13,150,000 | 1,655,000 | 217,584 | 38,812,416 | |
| 2016 | 22,240,000 | 12,015,000 | 1,230,000 | 493,055 | 34,991,945 | |
| 2017 | 27,581,648 | 6,605,000 | 845,000 | 385,467 | 34,646,181 | |
| 2018 | 27,525,285 | 5,660,000 | 455,000 | 374,761 | 33,265,524 | |
| 2019 | 31,454,935 | 5,020,000 | 225,000 | 523,044 | 36,176,891 | |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^a See Table 6 for property value data.

^b See Table 16 for population data.

TABLE 12

| Business-Type Activities | | | | Percentage of | | | General | | | |
|---------------------------------|------------------|---------------------|---------------|---------------------------------|----------------------------|-------------|----------------|--|--|--|
| General | | Certificates | | General Debt to | | Debt | | | | |
| Obligation | Refunding | of | Total | Taxable Value | Per | Per | | | | |
| Bonds | | Obligation | Debt | of Property ^a | Capita ^b | | | | | |
| \$ 6,595,000 | \$ 11,745,000 | | \$ 50,695,081 | 1.99% | \$ 819 | | | | | |
| 7,905,000 | | 11,155,000 | 58,791,099 | 2.53% | | 1,005 | | | | |
| 8,070,000 | | 13,540,000 | 59,836,305 | 2.43% | | 908 | | | | |
| 7,210,875 | | 12,940,000 | 63,358,296 | 2.73% | | 998 | | | | |
| 9,305,350 | | 9,385,000 | 61,226,524 | 2.58% | | 970 | | | | |
| 7,890,000 | | 9,000,000 | 55,702,416 | 3.39% | | 1,270 | | | | |
| 6,630,000 | | 8,605,000 | 50,226,945 | 3.20% | | 1,175 | | | | |
| 6,200,000 | | 7,330,000 | 48,176,181 | 2.89% | | 1,134 | | | | |
| 4,910,000 | | 13,630,000 | 51,805,524 | 2.66% | | 1,224 | | | | |
| 3,570,000 | | 13,337,499 | 53,084,390 | 2.47% | | 1,242 | | | | |

CITY OF HALTON CITY, TEXAS

TABLE 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2019
(Unaudited)

| <u>Governmental Unit</u> | Debt Outstanding | Estimated Percentage Applicable^a | Estimated Share of Overlapping Debt |
|--|-------------------------|--|--|
| Debt repaid with property taxes | | | |
| Birdville Independent School District | \$ 387,712,669 | 21.88% | \$ 84,831,532 |
| Fort Worth Independent School District | 983,224,676 | 0.24% | 2,359,739 |
| Keller Independent School District | 610,903,260 | 0.60% | 3,665,420 |
| Tarrant County | 266,375,000 | 1.33% | 3,542,788 |
| Tarrant County Hospital District | 17,735,000 | 1.33% | 235,876 |
| Subtotal, overlapping debt | | | 94,635,355 |
| City of Haltom City (direct debt) | | | |
| Total direct and overlapping debt | | | \$ 132,466,316 |

Sources: Texas Municipal Reports published by Municipal Advisory Council of Texas

^a The percentage of overlapping debt applicable is estimated using the area of each taxing unit located within Haltom City.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(Unaudited)

| | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|
| Debt limit | \$ 40,659,817 | \$ 37,207,622 | \$ 38,637,244 | \$ 38,861,957 |
| Total net debt applicable to limit | <u>15,555,081</u> | <u>22,761,099</u> | <u>23,676,305</u> | <u>25,662,421</u> |
| Legal debt margin | \$ <u>25,104,736</u> | \$ <u>14,446,523</u> | \$ <u>14,960,939</u> | \$ <u>13,199,536</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 41.37% | 38.26% | 61.17% | 61.28% |

Note: Under state finance law, the city's outstanding general obligation debt should not exceed 2.5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

TABLE 14**Legal Debt Margin Calculation for Fiscal Year 2019**

| | |
|---|----------------------|
| Assessed value | \$ 2,145,251,779 |
| Debt limit (2.5% of assessed value) | 53,631,294 |
| Debt applicable to limit: | |
| General obligation bonds | 31,454,935 |
| Less: Amount set aside for repayment of general obligation debt | <u>(523,044)</u> |
| Total net debt applicable to limit | <u>30,931,891</u> |
| Legal debt margin | <u>\$ 22,699,403</u> |

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 39,584,432 | \$ 41,912,022 | \$ 39,196,270 | \$ 41,869,231 | \$ 49,140,200 | \$ 53,631,294 |
| <u>26,531,174</u> | <u>24,007,416</u> | <u>21,746,945</u> | <u>27,196,181</u> | <u>27,150,524</u> | <u>30,931,891</u> |
| <u>\$ 13,053,258</u> | <u>\$ 17,904,606</u> | <u>\$ 17,449,325</u> | <u>\$ 14,673,050</u> | <u>\$ 21,989,676</u> | <u>\$ 22,699,403</u> |
| 66.03% | 67.02% | 62.79% | 64.96% | 55.25% | 57.68% |

CITY OF HALTOM CITY, TEXAS**TABLE 15****PLEDGED-REVENUE COVERAGE****LAST TEN FISCAL YEARS
(Unaudited)****Water & Sewer Revenue Bonds**

| Fiscal Year | Total Revenues ^a | Less: Operating Expenses ^b | Net Available Revenue | Debt Service | | | Coverage |
|------------------------|--|--|--------------------------------------|---------------------|-----------------|---------|-----------------|
| | | | | Principal | Interest | | |
| 2010 | \$ 13,466,768 | \$ 12,458,433 | \$ 1,008,335 | \$ 760,000 | \$ 261,996 | \$ 0.99 | |
| 2011 | 17,906,949 | 12,300,554 | 5,606,395 | 325,000 | 148,756 | 11.83 | |
| 2012 | 14,343,637 | 12,820,672 | 1,522,965 | 130,000 | 27,988 | 9.64 | |
| 2013 | 16,505,018 | 12,987,017 | 3,518,001 | 125,000 | 2,094 | 27.68 | |
| 2014 | 16,845,772 | 13,782,236 | 3,063,536 | - | - | - | |
| 2015 | 16,871,764 | 14,052,528 | 2,819,236 | - | - | - | |
| 2016 | 18,773,943 | 15,828,200 | 2,945,743 | - | - | - | |
| 2017 | 20,235,926 | 14,994,043 | 5,241,883 | - | - | - | |
| 2018 | 23,042,346 | 14,187,868 | 8,854,478 | - | - | - | |
| 2019 | 23,537,076 | 16,452,441 | 7,084,635 | - | - | - | |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^a Includes operating revenues, investment interest, gain on sale of assets, and operating transfers.

^b Includes operating expenses minus depreciation and amortization.

CITY OF HALTOM CITY, TEXAS**TABLE 16****DEMOGRAPHIC AND ECONOMIC STATISTICS****LAST TEN FISCAL YEARS
(Unaudited)**

| Year | Estimated Population | Personal Income (thousands of dollars) | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|-------------|-----------------------------|---|-----------------------------------|-------------------|--------------------------|--------------------------|
| 2010 | 42,409 | \$ 940,456 | \$ 22,176 | 32.3 | 23,336 | 8.7% |
| 2011 | 42,260 | 889,869 | 21,057 | 33.4 | 23,400 | 8.1% |
| 2012 | 42,090 | 831,951 | 19,766 | 33.4 | 23,644 | 6.1% |
| 2013 | 43,310 | 874,645 | 20,195 | 33.6 | 24,085 | 5.7% |
| 2014 | 43,851 | 891,140 | 20,322 | 33.5 | 24,317 | 5.0% |
| 2015 | 42,640 | 866,530 | 20,322 | 33.5 | 24,321 | 4.2% |
| 2016 | 42,730 | 878,144 | 20,551 | 32.0 | 24,300 | 3.9% |
| 2017 | 42,740 | 867,750 | 20,303 | 32.5 | 23,627 | 3.2% |
| 2018 | 42,740 | 856,253 | 20,034 | 31.8 | 23,570 | 3.0% |
| 2019 | 42,730 | 877,973 | 20,547 | 31.8 | 23,477 | 2.9% |

Sources: Estimated population before 2015 provided by Oncor Economic Development. Estimated population for 2015 to 2018 were provided by the North Central Texas Council of Governments. Median age from Census-factfinder.census.gov. School enrollment provided by Birdville ISD. Unemployment rates from US Bureau of Labor Statistic.

CITY OF HALTOM CITY, TEXAS

TABLE 17

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

| <u>Employer</u> | 2019 | | | 2010 | | | <u>Percentage of Total City Employment</u> |
|-----------------------------------|------------------|-------------|--|------------------|-------------|--|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u> | <u>Rank</u> | | |
| Birdville ISD | 3,103 | 1 | 13.55% | 2,869 | 1 | | 13.43% |
| Tyson Foods | - | | - | - | | | - |
| (formerly Hillshire & State Fair) | 800 | 2 | 3.49% | - | | | - |
| Medtronic Midas Rex | 350 | 3 | 1.52% | 270 | 4 | | 1.26% |
| City of Haltom City | 280 | 4 | 1.22% | 302 | 3 | | 1.41% |
| GST Manufacturing | 220 | 5 | 0.96% | - | | | - |
| MICA Corporation | 200 | 6 | 0.87% | 100 | 9 | | 0.47% |
| Liberty Carton Company | 154 | 7 | 0.67% | 115 | 7 | | 0.54% |
| Unifirst | 137 | 8 | 0.59% | - | | | - |
| Falcon Steel Company | 125 | 9 | 0.54% | 121 | 6 | | 0.57% |
| Blackmon Mooring | 120 | 10 | 0.52% | - | | | - |
| Progressive Concepts, Inc | - | | - | 225 | 5 | | 1.05% |
| Revcor/Molded Products | - | | - | 110 | 8 | | 0.51% |
| Needham-Kysor Industries | - | | - | - | | | - |
| Sara Lee Corp | - | | - | 653 | 2 | | 3.06% |
| Lewis & Lambert Metal | - | | - | 100 | 10 | | 0.47% |
| Total | <u>5,489</u> | | <u>23.93%</u> | <u>4,865</u> | | | <u>22.77%</u> |

Source: City of Haltom City Records

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HALTOM CITY, TEXAS

FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

**LAST TEN FISCAL YEARS
(Unaudited)**

| <u>Function/Program</u> | 2010 | 2011 | 2012 | 2013 |
|--------------------------------|-------------|-------------|-------------|-------------|
| General government | | | | |
| Administration | 3 | 3 | 3 | 3 |
| City Secretary | 2 | 2 | 2 | 2 |
| Finance | 7 | 7 | 7 | 7 |
| Human Resources | 3 | 3 | 3 | 3 |
| Planning | 5 | 5 | 5 | 5 |
| Information Tech./HCTV | 6 | 6 | 5 | 5 |
| Code Enforcement | 3 | 3 | 3 | 3 |
| Fleet services | 6 | 5 | 5 | 6 |
| Building maintenance | 1 | 1 | 1 | 1 |
| Economic development | 5 | 2 | 5 | 7 |
| Public safety | | | | |
| Police | 97 | 95 | 95 | 79 |
| Animal control | 5 | 5 | 5 | 5 |
| Fire | 51 | 51 | 51 | 55 |
| Municipal court | 8 | 8 | 8 | 8 |
| Streets | 15.5 | 14.5 | 14.5 | 14.5 |
| Culture and recreation | | | | |
| Library | 13 | 13 | 13 | 13 |
| Parks and recreation | 15 | 13 | 13 | 13 |
| Water & Sewer | 48.5 | 46.5 | 46.5 | 46.5 |
| Drainage | 8 | 8 | 8 | 8 |
| Total | 302 | 293 | 293 | 285 |

Source: City of Haltom City Records

TABLE 18

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 3 | 3 | 3 | 3 | 3 | 3 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 7 | 7 | 6 | 6 | 6 | 6 |
| 3 | 3 | 4 | 4 | 4 | 2 |
| 6 | 7 | 6 | 7 | 7 | 7 |
| 5 | 5 | 6 | 6 | 6 | 6 |
| 3 | 3 | 5 | 5 | 5 | 5 |
| 6 | 6 | 6 | 5 | 4 | 4 |
| 1 | 1 | 2 | 2 | 2 | 2 |
| 7 | 7 | 1 | - | - | 1 |
| 79 | 79 | 82 | 82 | 82 | 83 |
| 5 | 5 | 5 | 5 | 5 | 4 |
| 55 | 55 | 54 | 54 | 55 | 56 |
| 8 | 8 | 8 | 8 | 7 | 5 |
| 11.5 | 11.5 | 11.5 | 11.5 | 11.5 | 10.0 |
| 13 | 13 | 13 | 13 | 13 | 13 |
| 13 | 13 | 18 | 19 | 19 | 24 |
| 46.5 | 46.5 | 41.5 | 41.5 | 42.5 | 38.0 |
| 8 | 8 | 7 | 7 | 7 | 6 |
| 282 | 283 | 281 | 281 | 281 | 277 |

CITY OF HALTOM CITY, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

| <u>Function/Program</u> | 2010 | 2011 | 2012 | 2013 |
|--|-------------|-------------|-------------|-------------|
| General government | | | | |
| Planning | | | | |
| Residential permits issued | 159 | 262 | 274 | 245 |
| Commercial permits issued | 155 | 155 | 255 | 199 |
| New residential homes | 10 | 17 | 9 | 6 |
| New commercial buildings | 3 | 3 | 11 | 11 |
| Public safety | | | | |
| Police | | | | |
| Number of police officers | 72 | 72 | 67 | 71 |
| Number of physical arrests | 3,199 | 2,790 | 2,100 | 2,316 |
| Number of offenses* | 21,913 | 5,765 | 4,208 | 5,001 |
| Fire | | | | |
| Number of firefighters | 49 | 49 | 49 | 49 |
| Number of fire runs | 136 | 1,347 | 1,275 | 1,526 |
| Number of EMS runs | 2,548 | 2,517 | 2,661 | 3,066 |
| Streets | | | | |
| Street resurfacing (sq. yards) | 40,188 | 3,040 | 3,701 | - |
| Asphalt used for repairs (tons) | 11,972 | 1,986 | 1,370 | 1,444 |
| Culture and recreation | | | | |
| Library | | | | |
| Number of volumes | 115,000 | 386,098 | 120,688 | 122,555 |
| Average monthly circulation | 34,500 | 32,175 | 33,162 | 29,857 |
| Parks and recreation | | | | |
| Average daily attendance | 220 | 320 | 395 | 357 |
| Water & sewer | | | | |
| Number of water connections | 13,416 | 13,436 | 13,456 | 13,473 |
| Average daily consumption (millions of gallons) | 4.80 | 5.72 | 5.18 | 4.96 |
| Number of sewer connections | 14,029 | 14,049 | 14,069 | 14,086 |
| Residential accounts billed | 10,872 | 11,101 | 10,665 | 10,850 |
| Commercial accounts billed | 1,369 | 1,209 | 1,538 | 1,497 |

*Part I offenses only.

Source: City of Haltom City Records

TABLE 19

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 279 | 313 | 405 | 409 | 437 | 667 |
| 208 | 298 | 260 | 190 | 123 | 146 |
| 5 | 4 | 11 | 16 | 10 | 19 |
| 12 | 17 | 16 | 10 | 18 | 13 |
| | | | | | |
| 72 | 76 | 76 | 76 | 83 | 78 |
| 2,182 | 2,034 | 1,863 | 1,798 | 1,950 | 1,739 |
| 1,377 | 1,503 | 1,693 | 1,712 | 1,945 | 1,909 |
| | | | | | |
| 49 | 49 | 51 | 52 | 59 | 59 |
| 1,602 | 1,545 | 1,845 | 1,307 | 1,745 | 1,865 |
| 2,917 | 2,846 | 2,906 | 3,166 | 2,902 | 2,814 |
| | | | | | |
| 56,822 | 9,455 | 14,070 | 6,725 | 5,859 | 1,192 |
| 1,155 | 3,160 | 3,358 | 2,837 | 3,775 | 1,611 |
| | | | | | |
| 137,772 | 137,772 | 134,770 | 134,942 | 125,494 | 134,308 |
| 30,000 | 17,925 | 25,791 | 24,020 | 22,409 | 22,667 |
| | | | | | |
| 321 | 332 | 301 | 361 | 320 | 295 |
| | | | | | |
| 12,898 | 13,456 | 13,456 | 12,272 | 13,101 | 13,147 |
| | | | | | |
| 4.69 | 5.18 | 4.28 | 4.32 | 4.01 | 3.95 |
| 14,086 | 14,069 | 14,069 | 12,186 | 12,716 | 12,739 |
| 10,832 | 10,909 | 10,872 | 11,023 | 11,544 | 11,128 |
| 1,490 | 1,399 | 1,350 | 1,379 | 1,565 | 1,502 |

CITY OF HALTOM CITY, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

| <u>Function/Program</u> | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public safety | | | | | | |
| Police stations | 1 | 1 | 1 | 1 | 1 | 1 |
| Police patrol units | 25 | 25 | 25 | 31 | 35 | 37 |
| Fire stations | 3 | 3 | 3 | 3 | 3 | 3 |
| Streets | | | | | | |
| Streets (miles) | 171 | 171 | 171 | 171 | 171 | 174 |
| Traffic signals | 9 | 9 | 9 | 10 | 10 | 14 |
| Streetlights | 1,707 | 1,707 | 1,707 | 1,707 | 1,707 | 1,767 |
| Culture and recreation | | | | | | |
| Parks | 9 | 10 | 10 | 10 | 12 | 10 |
| Park (acres) | 206 | 209 | 218 | 218 | 220 | 220 |
| Picnic areas | 7 | 7 | 9 | 8 | 9 | 8 |
| Playgrounds | 11 | 11 | 13 | 15 | 15 | 15 |
| Recreation center | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior center | 1 | 1 | 1 | 1 | 1 | 1 |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 |
| Water & sewer | | | | | | |
| Water mains (miles) | 305 | 305 | 305 | 305 | 305 | 306 |
| Fire hydrants | 1,662 | 1,662 | 1,662 | 1,662 | 1,662 | 1,700 |
| Sanitary sewers (miles) | 141 | 141 | 141 | 141 | 141 | 142 |
| Drainage | | | | | | |
| Storm sewers (miles) | 306 | 306 | 306 | 306 | 306 | 307 |

Source: City of Haltom City Records

TABLE 20

| 2016 | 2017 | 2018 | 2019 |
|-------------|-------------|-------------|-------------|
| 1 | 1 | 1 | 1 |
| 37 | 37 | 37 | 37 |
| 3 | 3 | 3 | 3 |
| 174 | 184 | 184 | 186 |
| 14 | 15 | 15 | 15 |
| 1,767 | 1,777 | 1,777 | 1,809 |
| 11 | 11 | 11 | 11 |
| 220 | 220 | 230 | 230 |
| 9 | 9 | 9 | 9 |
| 15 | 15 | 16 | 17 |
| 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 |
| 307 | 310 | 310 | 132 |
| 1,700 | 1,724 | 1,724 | 1,747 |
| 142 | 161 | 161 | 163 |
| 307 | 310 | 310 | 311 |

CITY OF HALTOM CITY, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | | Actuarial Value of Assets | | Actuarial Accrued Liability | | Funded Ratio | | Unfunded Actuarial Accrued Liability |
|--------------------|----|----------------------------------|----|------------------------------------|--|---------------------|----|---|
| 2010 | \$ | 30,534,403 | \$ | 54,931,191 | | 55.6% | \$ | 24,396,788 |
| 2011 | | 58,206,864 | | 79,451,564 | | 73.3% | | 21,244,700 |
| 2012 | | 62,844,569 | | 83,326,013 | | 75.4% | | 20,481,444 |
| 2013 | | 68,068,168 | | 87,107,340 | | 78.1% | | 19,309,172 |
| 2014 | | 73,988,890 | | 97,106,486 | | 76.2% | | 23,117,596 |
| 2015 | | 79,995,155 | | 101,910,371 | | 78.5% | | 21,915,216 |
| 2016 | | 85,182,923 | | 106,655,809 | | 79.9% | | 21,472,886 |
| 2017 | | 90,258,853 | | 112,262,916 | | 80.4% | | 22,004,063 |
| 2018 | | 96,605,503 | | 118,065,607 | | 81.8% | | 21,460,104 |
| 2019 | | 101,793,473 | | 123,167,810 | | 82.6% | | 21,374,337 |

Source: Texas Municipal Retirement System

TABLE 21

| Annual Covered Payroll | UAAL as a Percentage of Covered Payroll | Total TMRS Required Contribution Rate | Prior Service Portion of the TMRS Rate |
|---------------------------------------|--|--|---|
| \$ 15,163,402 | 160.9% | 17.8% | 6.8% |
| 14,875,874 | 142.8% | 20.9% | 9.9% |
| 14,691,775 | 139.4% | 19.5% | 8.2% |
| 14,340,944 | 134.6% | 19.9% | 8.2% |
| 15,003,126 | 154.1% | 20.1% | 8.0% |
| 16,063,517 | 136.4% | 18.9% | 8.6% |
| 16,503,242 | 130.1% | 18.9% | 8.2% |
| 16,874,427 | 130.4% | 19.2% | 8.4% |
| 17,256,507 | 124.4% | 19.0% | 8.3% |
| 17,399,981 | 122.8% | 19.1% | 8.4% |

COMPLIANCE SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor
Members of the City Council
City of Haltom City, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Haltom City, Texas as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Haltom City, Texas' basic financial statements and have issued our report thereon dated March 25, 2020.

Internal Control Over Financing Reporting

In planning and performing our audit of the financial statements, we considered the City of Haltom City, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Haltom City, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Haltom City, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Haltom City, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 25, 2020