

City of Haltom City, Texas
Comprehensive Annual Financial Report
For Fiscal Year Ended September 30, 2018



CITY OF HALTOM CITY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2018

Prepared By:
City of Haltom City, Texas
Finance Department

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INTRODUCTORY SECTION

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CITY OF HALTOM CITY

February 25, 2019

Honorable Mayor and City Council Members:

The comprehensive annual financial report of the City of Haltom City for the fiscal year ended September 30, 2018 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, 2018. 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 42,740. 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 2018. 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 2018 proved to be a positive year for retail activity and growth for the City of Haltom City. On a brighter note, sales taxes increased over the previous year. The development of the Belknap corridor continues, with the cleanup and removal of several structures no longer acceptable for use and new construction planned. The economy is beginning to show signs of transcending from recovery mode to expansion mode and fiscal year 2019 retail activity is expected to increase by 5% as the national and local economies continue to recover from the recession.

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 22,736 and the unemployment rate for September 2018 was 3.0%, which compares favorably to the September 2018 State of Texas rate of 3.7% and the national rate of 3.7%. 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

In February of each year, the City Council meet and set 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.

The City Council called a bond election in November 2010 for the electorate to consider \$39,078,000 in capital improvements. Of the total \$21,208,000 authorized by the voters, \$2,323,000 remains unissued. The authorized but unissued bonds are for streets and parks improvements. In May 2018, the voter passed a \$5.5 general bond election for building a new fire station. All authorized but unissued bonds are scheduled to be issued in FY2019.

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, 2017. 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-first consecutive year (fiscal years ended 1987-2017) 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, 2017. 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,

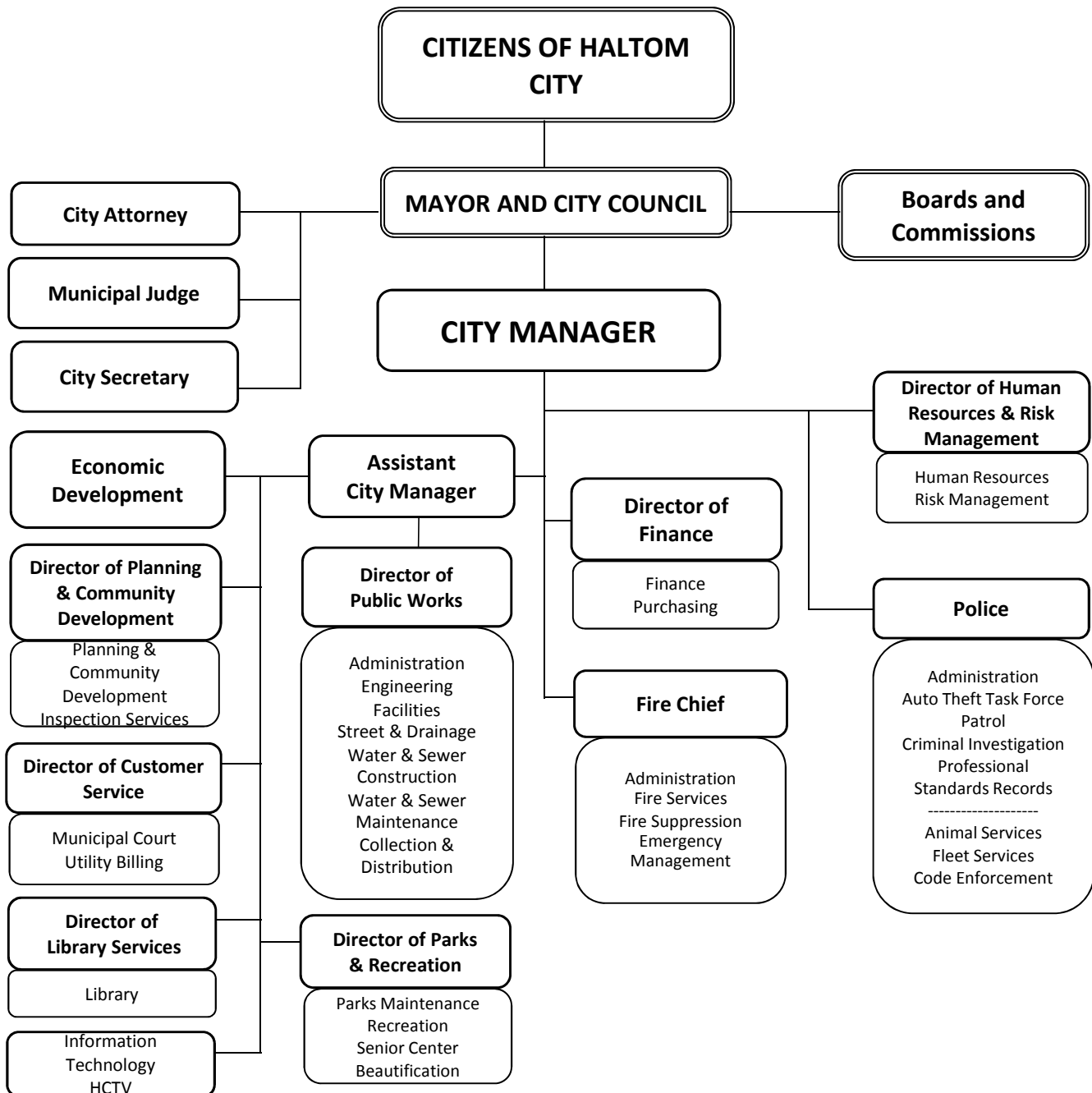


Jennifer O. Fung, CPA
Director of Finance



Jon Stevenson
Assistant Director of Finance/Controller

CITY OF HALTOM CITY ORGANIZATION CHART FISCAL YEAR 2018



CITY OF HALTOM CITY
PRINCIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

GOVERNING BODY

Mayor	David Averitt
Council Member Place 1	Jeannine Nunn
Council Member Place 2	Walter Grow
Council Member Place 3	Lin Thompson
Council Member Place 4	Brent Weast
Council Member Place 5	Bob Watkins
Council Member Place 6	Ricky Brown
Council Member Place 7	An Truong

ADMINISTRATION

City Manager	Keith Lane
Assistant City Manager	Rex Phelps
City Secretary	Art Camacho
Director of Customer Service	Sidonna Foust
Director of Finance	Jennifer Fung
Fire Chief	Perry Bynum
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, 2017

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

FINANCIAL SECTION

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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, 2018, 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's 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 include 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.

OFFICE LOCATIONS

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

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.

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, 2018, 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.

Change in Accounting Principle

As discussed in Note I to the financial statements, in 2018 the City adopted new accounting guidance, Governmental Accounting Standards (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

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 February 25, 2019, 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 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 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
February 25, 2019

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**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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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, 2018. 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, 2018 by \$115.6 million (net position). Of this amount, about \$6.7 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 \$11 million for the year ended September 30, 2018. Out of this, \$3.8 million is from governmental activities and \$7.2 million from business activities.
- On a government-wide basis, the City's total assets increased by \$17.7 million or 10% and total liabilities decreased by \$3 million or 4%.
- As of September 30, 2018, the City's governmental funds reported combined ending fund balances of \$31.3 million, an increase of \$6.8 million in comparison with prior year. Approximately, \$13 million, or 42%, 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, 2018

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.

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 \$107 million as of September 30, 2018.

By far the largest portion of the City's net position, \$91 million or 79% 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 15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$7 million, or 6%) 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, 2018

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 \$7 million. The net position for governmental activities and business-type activities are summarized as follows:

	Governmental Activities		Business Type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Assets						
Current and other assets	\$34,548,165	\$29,022,191	\$21,519,136	\$15,493,459	\$56,067,301	\$44,515,650
Capital assets	82,566,234	83,403,944	61,682,570	54,686,300	144,248,804	138,090,244
Total Assets	<u>117,114,399</u>	<u>112,426,135</u>	<u>83,201,706</u>	<u>70,179,759</u>	<u>200,316,105</u>	<u>182,605,894</u>
Deferred Outflows of Resources	<u>2,466,662</u>	<u>5,444,939</u>	<u>342,104</u>	<u>844,168</u>	<u>2,808,766</u>	<u>6,289,107</u>
Liabilities						
Current liabilities	2,333,065	3,259,952	2,760,823	2,442,651	5,093,888	5,702,603
Noncurrent liabilities	57,287,490	58,430,483	21,908,600	17,131,500	79,196,090	75,561,983
Total Liabilities	<u>59,620,555</u>	<u>61,690,435</u>	<u>24,669,423</u>	<u>19,574,151</u>	<u>84,289,978</u>	<u>81,264,586</u>
Deferred Inflows of Resources	<u>2,831,433</u>	<u>556,793</u>	<u>375,691</u>	<u>84,901</u>	<u>3,207,124</u>	<u>641,694</u>
Net Position						
Net investment in capital assets	48,343,655	48,573,824	42,648,361	41,019,999	90,992,016	89,593,823
Restricted	17,962,649	14,332,634	0	0	17,962,649	14,332,634
Unrestricted	(9,177,231)	(7,282,612)	15,850,335	10,344,876	6,673,104	3,062,264
Total Net Position	<u>\$57,129,073</u>	<u>\$55,623,846</u>	<u>\$58,498,696</u>	<u>\$51,364,875</u>	<u>\$115,627,769</u>	<u>\$106,988,721</u>

CITY OF HALTOM CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the year ended September 30, 2018

Analysis of the City's operations

The City of Haltom City's net position increased by \$8.6 million from \$107 million to \$115.6 million during the current fiscal year. Out of which an increase of \$1.5 million in governmental activities and an increase of \$7.1 million in business-type activities. Details are listed as follows:

	Governmental Activities		Business Type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenues:						
Program revenues:						
Charges for services	\$3,981,201	\$5,222,221	\$25,203,891	\$22,452,473	\$29,185,092	\$27,674,694
Operating grants and contributions	442,109	359,563	-	-	442,109	359,563
Capital grants and contributions	459,410	17,186	-	-	459,410	17,186
General revenues:						
Property taxes	13,688,707	12,706,964	-	-	13,688,707	12,706,964
Other taxes	17,348,690	16,159,029	-	-	17,348,690	16,159,029
Interest and investment earnings	239,572	244,718	147,322	123,843	386,894	368,561
Other revenues	456,722	1,085,663	-	-	456,722	1,085,663
Total revenues	36,616,411	35,795,344	25,351,213	22,576,316	61,967,624	58,371,660
Expenses:						
General government	6,320,374	6,583,493	-	-	6,320,374	6,583,493
Public safety	18,389,178	18,763,690	-	-	18,389,178	18,763,690
Streets	3,801,982	3,062,161	-	-	3,801,982	3,062,161
Culture and recreation	3,819,112	3,209,288	-	-	3,819,112	3,209,288
Interest and fiscal charges	1,049,253	1,250,237	-	-	1,049,253	1,250,237
Water and sewer	-	-	16,372,945	16,670,152	16,372,945	16,670,152
Drainage	-	-	1,218,164	1,309,625	1,218,164	1,309,625
Total expenses	33,379,899	32,868,869	17,591,109	17,979,777	50,971,008	50,848,646
Increase in net position before transfers	3,236,512	2,926,475	7,760,104	4,596,539	10,996,616	7,523,014
Transfers	580,000	580,000	(580,000)	(580,000)	-	-
Change in net position	3,816,512	3,506,475	7,180,104	4,016,539	10,996,616	7,523,014
Net position - Beginning	55,623,846	52,117,371	51,364,875	47,348,336	106,988,721	99,465,707
Prior period adjustment	(2,311,285)	-	(46,283)	-	(2,357,568)	-
Net position - Ending	\$57,129,073	\$55,623,846	\$58,498,696	\$51,364,875	\$115,627,769	\$106,988,721

Governmental activities

Net position of the City's governmental activities increased by \$1.5 million or 3%, from \$55.6 million to \$57.1 million at the end of the year. Revenues increase by about \$0.8 million (2%) and expenses increased by about \$0.5 million (1%).

CITY OF HALTOM CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2018

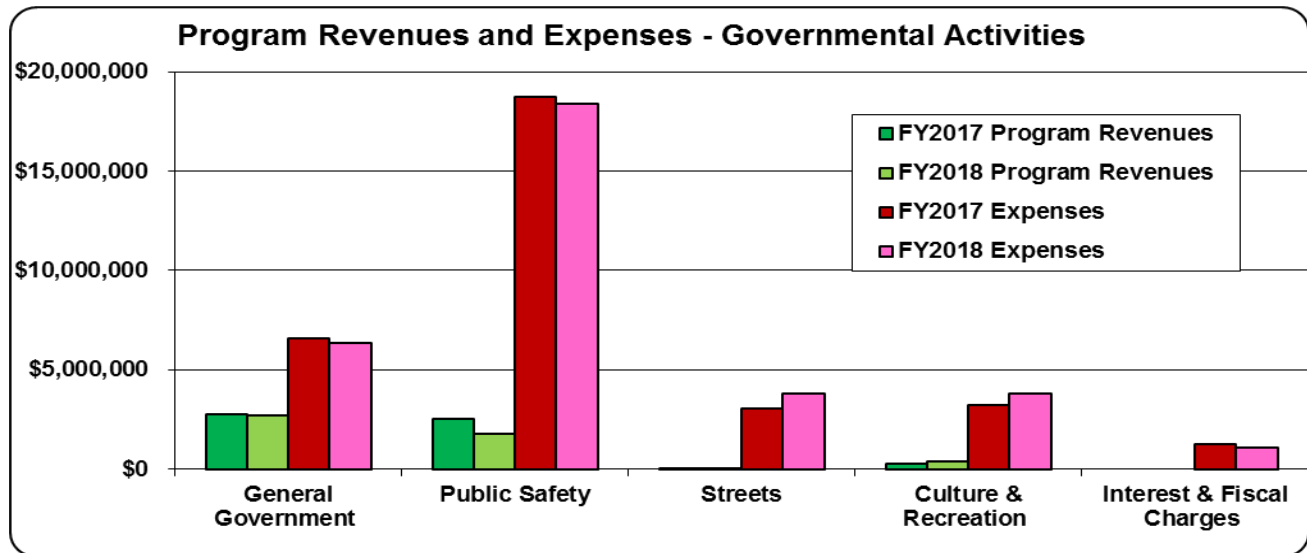
Key changes of revenues and expenses are as follows:

Revenues

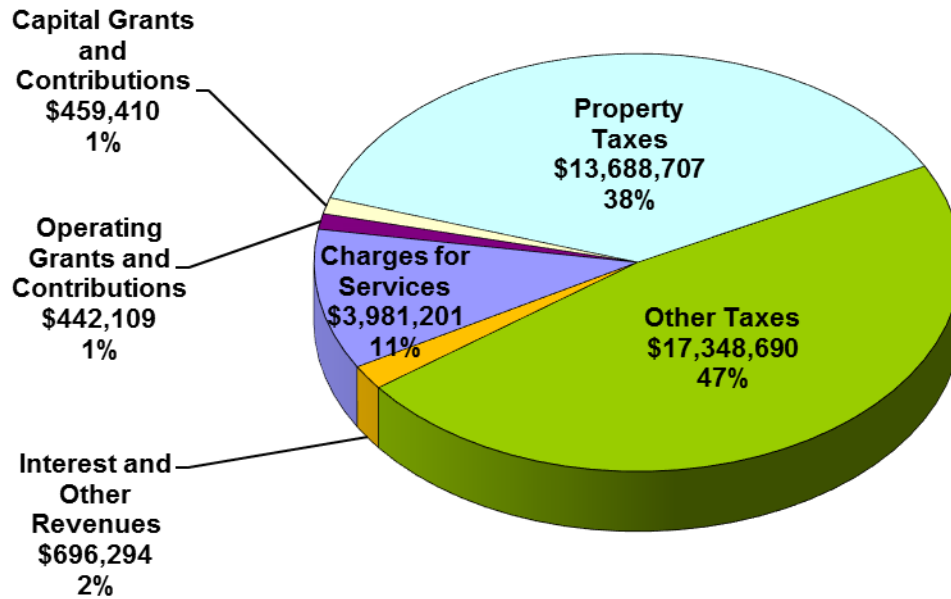
- Program revenues: Charges for Service were \$1.2 million (24%) lower due to no administrative fees from Economic Development Corporation and lower Fleet Services Fees. Operating grants and capital grants were \$82,546 higher due to the more funding for School Resources Officers and Auto Theft Task force. Capital Grants and Contributions were \$442,224 higher due to Assistance to Firefighters Grant for training equipment and Justice Assistance Grant for safety equipment.
- Property taxes increased by \$981,743 due to increase in the certified taxable value despite of a lower tax rate.
- Other taxes increased by \$1,189,981 mainly due to increases in sales tax collection.
- Other revenues were \$628,941 lower since there were no transfers of administrative fees and debt service payments from Economic Development Corporation.

Expenses

- Total expenses for the governmental funds increased by \$511,030 or 1%.
- General government expenses decreased by \$263,119 (4%) due to staff turnover and vacancies.
- Public Safety expenses decreased by \$374,512 (2%) due to staff turnover and vacancies.
- Streets expenses were \$739,821 (24%) higher due to higher street maintenance and construction.
- Cultural and recreation expenses were \$609,824 (19%) higher mainly due to construction of park facilities.
- Interest and fiscal charges are lower by \$200,984 (16%) due to lower scheduled debt service.



Revenues by Source - Governmental Activities



Business-type activities

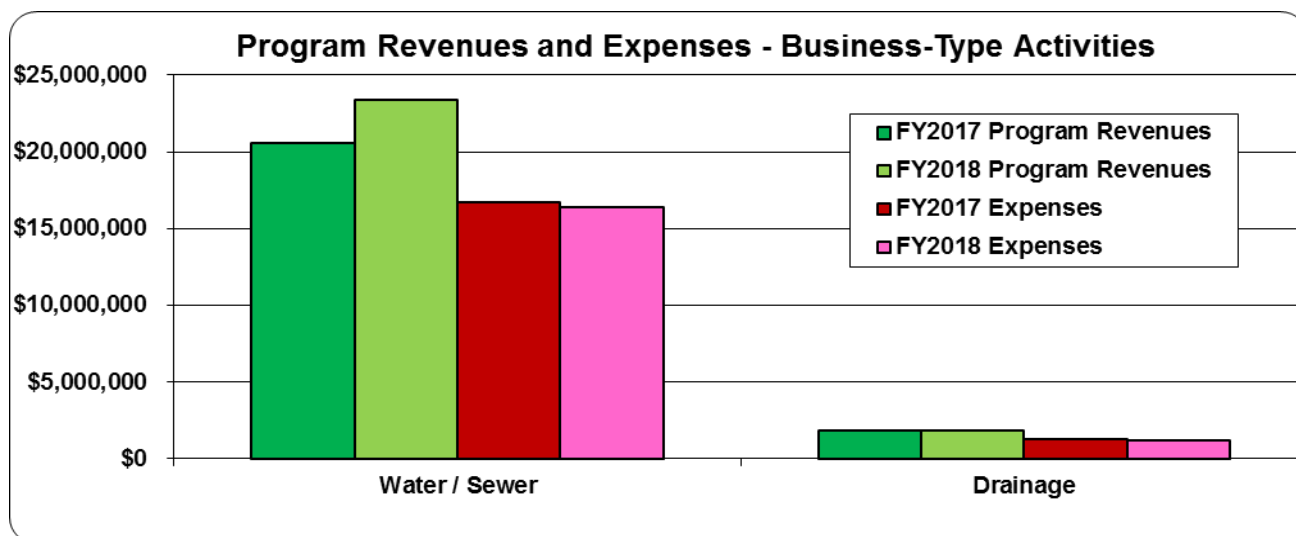
The net position of business-type activities at end of Fiscal Year 2018 was at \$58.5 million compared to \$51.4 million for prior year. This was an increase in net position of \$7.1 million, or 14% over the prior fiscal year. The City generally can only use the net position to finance the continuing operations of the business-type activities. Total revenues for business-type activities increased by about \$2.8 million (12%) from \$22.6 million to \$25.4 million. The increase was mainly due to increase in Water and Sewer Rates. Total expenses for FY2018 decreased by \$0.4 million (2%) when compared to FY2017. The decrease was mainly due to lower water and sewer and drainage maintenance activities as the City faced significant staff turnover and vacancies in the Public Works Department.

Water and Sewer Fund

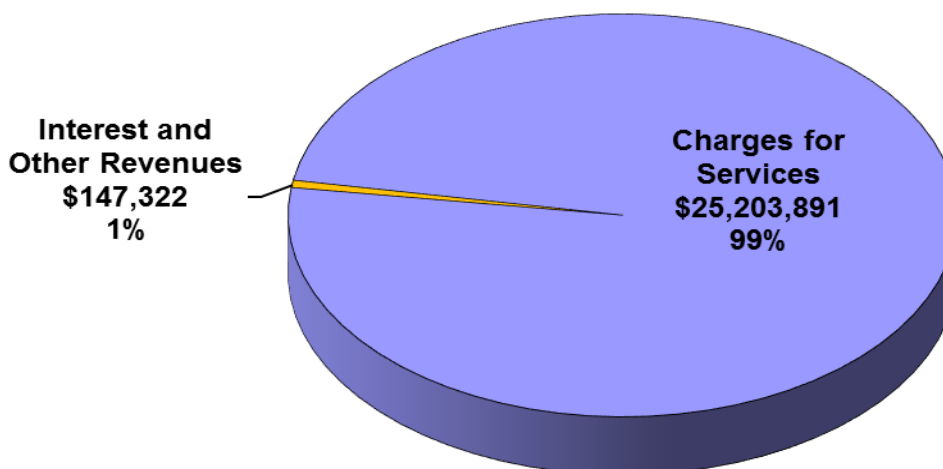
- The Water and Sewer Fund program revenues increased by \$2.8 million (13.5%) mainly due to the increase in water and sewer rates.
- Expenses for Water and Sewer Fund decreased by about \$0.3 million (1.8%). This reduction is due to lower water and sewer maintenance activities and savings in staff turnover and vacancies.

Drainage Fund

- Program revenues were almost the same as prior year with a decrease of \$30,910 (1.6%) due to minor changes of number of customers.
- Drainage expenses decreased by \$87,655 (7%) mainly due to lower drainage maintenance activities and savings in staff turnovers and vacancies.



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 reported combined ending fund balances of about \$31.3 million, an increase of \$6.8 million (28%) in comparing to the prior year. About \$13.2 million (42%) of this fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance of \$18.1 million (58%), is not available for general spending.

CITY OF HALTOM CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2018

The General Fund fund balance increased by about \$3.2 million (31%) this fiscal year. For FY2018, total General Fund revenues increased by \$1.7 million (7.7%). Major revenue increases were from taxes and Licenses and Permits. Total tax revenues increased by \$1.7 million (7.7%) mainly contributed by sales tax and property taxes. Sales Tax increased by of \$0.96 million (10%). This was due to higher sales activities and good local economy. Property tax also increased by \$0.8 million (9.5%) due to increase in assessed property value. Licenses and Permits increased by \$349,135 (55%) primarily due to increase in Building Permits with new developments near State Highway 820. Major reduction in revenues included Charges for Service and Fines and Fees. Charges for Service reduced by \$403,225 (20%). The City no longer charge administrative fee to Economic Development Corporation and the Fleet Service Fees were much lower for FY2018. Fines and Fees reduced by \$181,507 (14%) due to fewer citations issued.

General Fund expenditures were \$1.6 (6.4%) higher compared to prior year. There was salary increase in FY2018. For sworn employees, there was a 2% market adjustment and the scheduled step increase. As for non-sworn (general) employees, there was a 2% increase. Even with the salary increase, Fleet Service and Library expenditures were lower due to staff turnovers and/or department reorganizations. Parks and Recreation Department expenditures increased significantly due to transfers of five (5) employees from Economic Development Corporation to General Government. Most department expenditures increase due to increase in salary and cost of providing services.

The Debt Service Fund has a fund balance of \$351,215 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 FY2018 debt requirement was about 20% of the General Fund expenditures.

The fund balance of Street Reconstruction Capital Project Fund ended the year at about \$12 million. The fund balance is restricted for street capital projects. This fund balance was \$2.3 million (23%) more than the prior year due to the issuance of \$1 million bonds in August 2018 and timing of expenditures of construction projects. Total expenditures for FY2018 amounted to \$781,267.

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 increase by about \$3.2 million (31%) for FY2018. This increase was due to actual revenues and transfers were higher than the actual expenditures and transfers out for the year and a prior period adjustment.

When comparing to the budget, actual total revenues was \$2.1 million higher than the budget due to increase in almost every revenue category except Fines and Fees. 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 higher than budget due to higher oil prices and activities. Income from Fines and Fees were lower due to fewer citations issued.

The actual total expenditures were lower than the budget by \$0.5 million. Most departments spend less than the budget. Expenditures for Administration and Fleet Department were over budget due to salary increase. City Secretary Department was over budget due to election cost. City Council Department was overspent due to City Council's participation in special events.

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

For the year ended September 30, 2018

IV. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At September 30, 2018, the City had \$144 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 increase of \$6 million (4.5%) over last year. Details of capital assets are listed below.

	Governmental Activities		Business Type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Land	\$18,846,739	\$18,506,376	\$6,125,273	\$6,125,273	\$24,972,012	\$24,631,649
Buildings	18,179,525	18,179,525	10,585,874	10,585,874	28,765,399	28,765,399
Water & sewer system	-	-	68,509,151	51,903,411	68,509,151	51,903,411
Improvements other than buildings	90,435,027	66,640,516	-	-	90,435,027	66,640,516
Machinery and equipment	13,818,488	12,703,953	6,152,648	5,911,519	19,971,136	18,615,472
Construction in progress	2,348,023	25,110,879	4,248,091	12,273,721	6,596,114	37,384,600
Accumulated depreciation	(61,061,568)	(57,737,305)	(33,938,467)	(32,113,498)	(95,000,035)	(89,850,803)
Total	\$82,566,234	\$83,403,944	\$61,682,570	\$54,686,300	\$144,248,804	\$138,090,244

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 about 13,000 water meters.

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 \$78.8 million. Of this amount, \$57.3 million was from governmental activities and \$21.5 million were business-type activities.

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

For the year ended September 30, 2018

The City had total bonded debt outstanding of \$48.7 million. Of this amount, \$35 million was comprised of debt backed by the full faith and credit of the City and \$13.7 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 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Certificates of obligations	\$5,660,000	\$6,605,000	13,630,000	7,330,000	\$19,290,000	\$13,935,000
General obligation bonds	26,820,000	26,790,000	-	-	26,820,000	26,790,000
General obligation refunding bonds	-	-	\$4,910,000	\$6,200,000	4,910,000	6,200,000
Tax notes	455,000	845,000	-	-	455,000	845,000
Premium on bond issuance	705,285	791,648	159,675	180,933	864,960	972,581
Total Bonded Debts	33,640,285	35,031,648	18,699,675	13,710,933	52,339,960	48,742,581
Compensated absence obligations	3,855,704	3,117,891	225,804	341,903	4,081,508	3,459,794
Capital Lease	756,316	-	-	-	756,316	-
Net pension obligations	18,280,836	19,952,966	2,515,038	3,042,508	20,795,874	22,995,474
Net post-employment obligations	754,349	215,106	99,204	36,156	853,553	251,262
Total Long-Term Liabilities	<u>\$57,287,490</u>	<u>\$58,317,611</u>	<u>\$21,539,721</u>	<u>\$17,131,500</u>	<u>\$78,827,211</u>	<u>\$75,449,111</u>

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 2018 budget especially tax rates, and fees that will be charged for the business-type activities.

Highlights of the 2019 budget include:

- Balanced budget
- Reduce property tax rate from \$0.66818 to \$0.653
- Increase in water by 4.5% and sewer rate by 13.5% to cover cost increase
- Salary increase for full time employees
- Total City budget over \$92.4 million

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.

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BASIC FINANCIAL STATEMENTS

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CITY OF HALTOM CITY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development	Crime Control District
ASSETS					
Cash and investments	\$ 30,049,114	\$ 18,379,934	\$ 48,429,048	\$ 1,024,267	\$ 981,351
Receivables, net:					
Taxes	664,967	-	664,967	-	-
Accounts receivable	-	2,998,985	2,998,985	-	-
Intergovernmental	2,718,881	-	2,718,881	-	325,872
Accrued Interest	101,620	62,588	164,208	4,316	3,341
Other	750,656	-	750,656	-	1,716
Inventory	194,822	77,629	272,451	-	-
Prepays	68,105	-	68,105	-	-
Capital assets					
Land	18,846,739	6,125,273	24,972,012	-	-
Building and improvements	18,179,525	10,585,874	28,765,399	-	-
Improvements other than Buildings	90,435,027	-	90,435,027	-	-
Water and sewer system	-	68,509,151	68,509,151	-	-
Machinery and equipment	13,818,488	6,152,648	19,971,136	-	-
Construction-in-progress	2,348,023	4,248,091	6,596,114	-	-
Less: accumulated depreciation	(61,061,568)	(33,938,467)	(95,000,035)	-	-
Total assets	117,114,399	83,201,706	200,316,105	1,028,583	1,312,280
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	174,022	34,345	208,367	-	-
Deferred outflow related to pensions	2,067,021	271,834	2,338,855	-	16,725
Deferred outflow related to retiree health plan	170,979	28,739	199,718	-	2,198
Deferred outflow related to SDBF	54,640	7,186	61,826	-	441
Total deferred outflows of resources	2,466,662	342,104	2,808,766	-	19,364
LIABILITIES					
Accounts payable	601,932	1,188,856	1,790,788	29,822	35,485
Accrued liabilities	1,559,451	337,798	1,897,249	15,459	7,292
Accrued interest payable	171,682	96,948	268,630	-	-
Customer deposits	-	1,137,221	1,137,221	-	-
Noncurrent liabilities:					
Due within one year					
Long-term debt	5,910,647	2,166,419	8,077,066	-	987
Total OPEB liability - SDBF	5,879	773	6,652	-	48
Due in more than one year					
Long-term debt	32,341,658	17,127,939	49,469,597	-	3,950
Net pension liability	15,248,037	2,005,270	17,253,307	-	123,374
Net OPEB liability - retiree health plan	3,032,799	509,768	3,542,567	-	38,984
Total OPEB liability - SDBF	748,470	98,431	846,901	-	6,055
Total liabilities	59,620,555	24,669,423	84,289,978	45,281	216,175
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow related to pensions	2,740,416	360,392	3,100,808	-	22,173
Deferred inflow related to retiree health plan	91,017	15,299	106,316	-	1,170
Total deferred inflows of resources	2,831,433	375,691	3,207,124	-	23,343
NET POSITION					
Net investment in capital assets	51,907,911	42,648,361	94,556,272	-	-
Restricted for:					
Capital projects	12,298,815	-	12,298,815	-	-
Donor restrictions for libraries, parks and law enforcement	833,369	-	833,369	-	-
Debt service	440,879	-	440,879	-	-
Promotion of tourism and business	119,265	-	119,265	-	-
Economic development	-	-	-	983,302	-
Public safety	706,065	-	706,065	-	-
Unrestricted	(9,177,231)	15,850,335	6,673,104	-	1,092,126
Total net position	\$ 57,129,073	\$ 58,498,696	\$ 115,627,769	\$ 983,302	\$ 1,092,126

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

CITY OF HALTOM CITY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,320,374	\$ 2,631,068	\$ 62,528	\$ -
Public safety	18,389,178	1,075,387	253,229	459,410
Streets	3,801,982	43,304	-	-
Culture and recreation	3,819,112	231,442	126,352	-
Interest and fiscal charges	1,049,253	-	-	-
Total governmental activities	<u>33,379,899</u>	<u>3,981,201</u>	<u>442,109</u>	<u>459,410</u>
Business-type activities:				
Water and sewer services	16,372,945	23,373,412	-	-
Drainage services	1,218,164	1,830,479	-	-
Total business-type activities	<u>17,591,109</u>	<u>25,203,891</u>	<u>-</u>	<u>-</u>
Total primary government	<u>50,971,008</u>	<u>29,185,092</u>	<u>442,109</u>	<u>459,410</u>
Component units				
Economic Development	491,933	-	450,000	634,307
Crime Control District	1,027,823	-	-	-
Total component units	<u>\$ 1,519,756</u>	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ 634,307</u>

General revenues:

- Property taxes, penalty and interest
- Sales taxes
- Franchise taxes
- Occupancy taxes
- Oil and gas leases
- Mixed beverage taxes
- Interest
- Miscellaneous
- Gain on sale of capital assets
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position
- Prior period adjustment
- Net position - end of year

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

Net (Expense) Revenue and Changes in Net Position

Primary Government				
Governmental Activities	Business-type Activities	Total	Economic Development	Crime Control District
\$(3,626,778)	\$ -	\$(3,626,778)	\$ -	\$ -
(16,601,152)	-	(16,601,152)	-	-
(3,758,678)	-	(3,758,678)	-	-
(3,461,318)	-	(3,461,318)	-	-
(1,049,253)	-	(1,049,253)	-	-
(28,497,179)	-	(28,497,179)	-	-
-	7,000,467	7,000,467	-	-
-	612,315	612,315	-	-
-	7,612,782	7,612,782	-	-
(28,497,179)	7,612,782	(20,884,397)	-	-
-	-	-	592,374	-
-	-	-	-	(1,027,823)
-	-	-	592,374	(1,027,823)
13,688,707	-	13,688,707	-	-
13,254,357	-	13,254,357	-	1,838,595
4,034,509	-	4,034,509	-	-
46,865	-	46,865	-	-
123,212	-	123,212	-	-
12,959	-	12,959	-	-
239,572	147,322	386,894	10,990	5,801
270,597	-	270,597	-	-
62,913	-	62,913	-	-
580,000	(580,000)	-	-	-
32,313,691	(432,678)	31,881,013	10,990	1,844,396
3,816,512	7,180,104	10,996,616	603,364	816,573
55,623,846	51,364,875	106,988,721	379,938	316,057
(2,311,285)	(46,283)	(2,357,568)	-	(40,504)
<u>\$ 57,129,073</u>	<u>\$ 58,498,696</u>	<u>\$ 115,627,769</u>	<u>\$ 983,302</u>	<u>\$ 1,092,126</u>

CITY OF HALTOM CITY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General	Debt Service	Street Reconstruction Capital Projects	Other Governmental	Total Governmental Funds
ASSETS					
Cash and investments	\$ 12,801,869	\$ 350,575	\$ 11,381,424	\$ 5,515,246	\$ 30,049,114
Receivables (net of allowance)					
Taxes	413,510	251,457	-	-	664,967
Intergovernmental	1,882,274	-	715,204	121,403	2,718,881
Accrued interest	43,674	1,202	38,779	17,965	101,620
Other	736,040	-	-	14,616	750,656
Prepays	6,605	-	-	61,500	68,105
Inventory	194,822	-	-	-	194,822
Total assets	16,078,794	603,234	12,135,407	5,730,730	34,548,165
LIABILITIES					
Accounts payable	539,976	-	13,579	48,377	601,932
Accrued liabilities	1,324,764	-	-	234,687	1,559,451
Accrued interest payable	-	24,017	9,327	-	33,344
Total liabilities	1,864,740	24,017	22,906	283,064	2,194,727
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	367,883	228,002	-	-	595,885
Unavailable revenue - court fines	414,316	-	-	-	414,316
Unavailable revenue - street assessments	29,822	-	-	-	29,822
Total deferred inflows of resources	812,021	228,002	-	-	1,040,023
FUND BALANCES					
Nonspendable:					
Inventory	194,822	-	-	-	194,822
Prepays	6,605	-	-	61,500	68,105
Restricted for:					
Construction of capital assets	-	-	12,112,501	3,750,570	15,863,071
Promotion of tourism	-	-	-	119,265	119,265
Purpose of grantors, trustees and donors	-	-	-	833,369	833,369
Public safety	-	-	-	706,065	706,065
Debt service	-	351,215	-	-	351,215
Unassigned	13,200,606	-	-	(23,103)	13,177,503
Total fund balances	13,402,033	351,215	12,112,501	5,447,666	31,313,415
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,078,794	\$ 603,234	\$ 12,135,407	\$ 5,730,730	\$ 34,548,165

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

CITY OF HALTOM CITY, TEXAS
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO THE STATEMENT OF NET POSITION

AS OF SEPTEMBER 30, 2018

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

Total Governmental Fund Balances		\$	31,313,415
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			82,566,234
Deferred outflows of resources are not reported in the governmental funds.			
Deferred charges on debt refundings	\$	174,022	
Deferred outflow related to pensions		2,067,021	
Deferred outflow related to retiree health plan OPEB		170,979	
Deferred outflow related to SDBF OPEB		<u>54,640</u>	2,466,662
Other long-term assets are not available to pay for current-period expenditures and therefore are unearned in the funds.			1,040,023
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	(	32,480,000)	
Tax notes payable	(	455,000)	
Premium on bond issuance	(	705,285)	
Accrued interest payable	(	138,338)	
Net pension obligation	(	15,248,037)	
Net OPEB liability - retiree health plan	(	3,032,799)	
Total OPEB liability - SDBF OPEB	(	754,349)	
Compensated absences	(	3,855,704)	
Capital leases	(	<u>756,316</u>	(57,425,828)
Deferred inflows of resources are not reported in the governmental funds.			
Deferred inflows related to pensions	(	2,740,416)	
Deferred inflows related to retiree health plan OPEB	(	<u>91,017</u>	(2,831,433)
Net position of government activities		\$	<u>57,129,073</u>

CITY OF HALTOM CITY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General	Debt Service	Street Reconstruction Capital Projects	Other Governmental	Total Governmental Funds
REVENUES					
Taxes	\$ 23,798,642	\$ 4,361,896	\$ 2,851,638	\$ 47,279	\$ 31,059,455
Licenses and permits	987,167	-	-	-	987,167
Intergovernmental	308,994	-	-	449,080	758,074
Fines and fees	1,097,470	-	-	216,467	1,313,937
Charges for services	1,594,113	-	42,055	123,084	1,759,252
Oil and gas lease	123,212	-	-	-	123,212
Contributions	521	-	-	143,789	144,310
Special assessments	-	-	-	6,059	6,059
Interest	116,522	8,521	81,799	32,697	239,539
Miscellaneous	464,061	-	-	83,344	547,405
Total revenues	<u>28,490,702</u>	<u>4,370,417</u>	<u>2,975,492</u>	<u>1,101,799</u>	<u>36,938,410</u>
EXPENDITURES					
Current:					
General government	6,204,763	-	9,779	60,226	6,274,768
Public safety	16,517,781	-	-	679,413	17,197,194
Streets	1,118,387	-	438,257	-	1,556,644
Cultural and recreation	2,973,245	-	-	73,146	3,046,391
Debt service:					
Principal	-	4,165,000	-	53,128	4,218,128
Interest and other	-	1,064,734	-	9,265	1,073,999
Bond issuance costs	-	4,598	16,500	33,500	54,598
Capital outlay	-	-	316,731	1,781,522	2,098,253
Total expenditures	<u>26,814,176</u>	<u>5,234,332</u>	<u>781,267</u>	<u>2,690,200</u>	<u>35,519,975</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,676,526</u>	<u>(863,915)</u>	<u>2,194,225</u>	<u>(1,588,401)</u>	<u>1,418,435</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	1,000,000	1,860,000	2,860,000
Capital lease	-	-	-	809,444	809,444
Sale of capital assets	62,913	-	-	-	62,913
Transfers in	1,568,200	829,663	-	400,000	2,797,863
Transfers out	(1,229,663)	-	(900,000)	(88,200)	(2,217,863)
Total other financing sources and uses	<u>401,450</u>	<u>829,663</u>	<u>100,000</u>	<u>2,981,244</u>	<u>4,312,357</u>
NET CHANGE IN FUND BALANCES	<u>2,077,976</u>	<u>(34,252)</u>	<u>2,294,225</u>	<u>1,392,843</u>	<u>5,730,792</u>
FUND BALANCES, BEGINNING	<u>10,244,499</u>	<u>385,467</u>	<u>9,818,276</u>	<u>4,054,823</u>	<u>24,503,065</u>
Prior Period Adjustment	<u>1,079,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,079,558</u>
FUND BALANCES, ENDING	<u>\$ 13,402,033</u>	<u>\$ 351,215</u>	<u>\$ 12,112,501</u>	<u>\$ 5,447,666</u>	<u>\$ 31,313,415</u>

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

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, 2018

Net change in fund balances - total governmental funds:	\$	5,730,792
Amounts reported for governmental activities in the Statement of Activities are different		
Capital assets used in governmental activities are not reported in the funds.		2,802,670
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.	(	3,640,380)
Changes in revenues in the statement of activities that does not provide current financial resources.	(	265,104)
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		548,684
Premium on bond issuance		86,363
Accrued interest payable		20,487
Net pension obligation	(	655,084)
Net OPEB liability - retiree health plan		6,055
Total OPEB liability - SDBF OPEB	(	52,652)
Compensated absences	(	737,813)
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	\$	<u>3,816,512</u>

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, 2018

	Original and Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Property taxes	\$ 8,941,378	\$ 8,941,378	\$ 9,326,618	\$ 385,240
City sales taxes	9,180,000	9,180,000	10,402,719	1,222,719
Mixed beverage tax	14,000	14,000	12,959	(1,041)
Franchise taxes	4,032,000	4,032,000	4,056,346	24,346
	<u>22,167,378</u>	<u>22,167,378</u>	<u>23,798,642</u>	<u>1,631,264</u>
Licenses and permits:				
Electric	34,000	34,000	32,797	(1,203)
Plumbing A/C	49,000	49,000	91,235	42,235
Building/mobile home	270,200	270,200	591,144	320,944
Street/general contractor	38,500	38,500	51,846	13,346
Certificates of occupancy	13,000	13,000	11,450	(1,550)
Oil and gas	130,000	130,000	152,000	22,000
Garage sales permits	21,000	21,000	17,540	(3,460)
Special events permits	8,000	8,000	8,899	899
Alarm permits	30,000	30,000	30,256	256
	<u>593,700</u>	<u>593,700</u>	<u>987,167</u>	<u>393,467</u>
Intergovernmental:				
State surtax on fines	45,000	45,000	36,781	(8,219)
Grants from other governments	30,000	30,000	272,213	242,213
	<u>75,000</u>	<u>75,000</u>	<u>308,994</u>	<u>233,994</u>
Fines and fees:				
Municipal court	1,342,650	1,342,650	954,689	(387,961)
Library	15,000	15,000	9,007	(5,993)
Warrants	160,000	160,000	119,603	(40,397)
Public hearing	7,500	7,500	14,171	6,671
False alarms	60	60	-	(60)
	<u>1,525,210</u>	<u>1,525,210</u>	<u>1,097,470</u>	<u>(427,740)</u>
Charges for services:				
Record duplication	6,000	6,000	7,035	1,035
Grass cutting	25,000	25,000	39,287	14,287
Recreational activities/concessions	145,000	145,000	153,125	8,125
Kennel fees/vaccination	12,000	12,000	12,270	270
Admin/building/fleet services fees	1,348,318	1,348,318	1,352,051	3,733
Developer test/fire inspection	40,000	40,000	18,810	(21,190)
Nuisance abatement fees	-	-	11,535	11,535
	<u>1,576,318</u>	<u>1,576,318</u>	<u>1,594,113</u>	<u>17,795</u>
Oil and gas lease	30,000	30,000	123,212	93,212
Contributions	521	521	521	-
Interest	85,400	85,400	116,522	31,122
Miscellaneous	383,130	383,130	464,061	80,931
Total revenues	<u>\$ 26,436,657</u>	<u>\$ 26,436,657</u>	<u>\$ 28,490,702</u>	<u>\$ 2,054,045</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
General government:				
Administrative	\$ 652,984	\$ 691,000	\$ 690,023	\$ 977
City secretary	220,125	260,125	254,633	5,492
Human resources	596,063	596,063	519,549	76,514
Planning	611,116	611,116	554,605	56,511
City council	23,600	29,600	28,686	914
Finance	603,157	603,157	600,554	2,603
Fleet services	432,064	460,000	458,886	1,114
Building maintenance	609,980	609,980	529,320	80,660
Nondepartmental	2,678,080	2,256,128	2,568,507	(312,379)
Total general government	<u>6,427,169</u>	<u>6,117,169</u>	<u>6,204,763</u>	<u>(87,594)</u>
Public safety:				
Police	9,799,465	9,799,465	9,472,813	326,652
Fire	6,649,050	6,719,050	6,521,965	197,085
Municipal court	568,431	568,431	523,003	45,428
Total public safety	<u>17,016,946</u>	<u>17,086,946</u>	<u>16,517,781</u>	<u>569,165</u>
Streets	<u>901,694</u>	<u>1,141,694</u>	<u>1,118,387</u>	<u>23,307</u>
Culture and Recreation:				
Library	1,215,075	1,215,075	1,149,245	65,830
Parks and recreation	1,847,167	1,847,167	1,824,000	23,167
Total culture and recreation	<u>3,062,242</u>	<u>3,062,242</u>	<u>2,973,245</u>	<u>88,997</u>
Total Expenditures	<u>27,408,051</u>	<u>27,408,051</u>	<u>26,814,176</u>	<u>593,875</u>
Revenues under expenditures	<u>(971,394)</u>	<u>(971,394)</u>	<u>1,676,526</u>	<u>2,647,920</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,568,200	1,568,200	1,568,200	-
Transfers out	(1,479,663)	(1,479,663)	(1,229,663)	250,000
Sale of capital assets	5,000	5,000	62,913	57,913
Total other financial sources (uses)	<u>93,537</u>	<u>93,537</u>	<u>401,450</u>	<u>307,913</u>
Net change in fund balance	<u>(877,857)</u>	<u>(877,857)</u>	<u>2,077,976</u>	<u>2,955,833</u>
Fund balance - beginning of year	<u>10,244,499</u>	<u>10,244,499</u>	<u>10,244,499</u>	<u>-</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>1,079,558</u>	<u>1,079,558</u>
Fund balance - end of year	<u>\$ 9,366,642</u>	<u>\$ 9,366,642</u>	<u>\$ 13,402,033</u>	<u>\$ 4,035,391</u>

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

CITY OF HALTOM CITY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Water and Sewer Fund	Drainage Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ 15,917,444	\$ 2,462,490	\$ 18,379,934
Receivables:			
Accounts receivable, net	2,775,721	223,264	2,998,985
Accrued interest	54,204	8,384	62,588
Inventory	77,629	-	77,629
Total current assets	<u>18,824,998</u>	<u>2,694,138</u>	<u>21,519,136</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	62,427,087	6,082,064	68,509,151
Machinery and equipment	5,063,775	1,088,873	6,152,648
Construction-in-progress	3,050,820	1,197,271	4,248,091
Accumulated depreciation	(30,412,301)	(3,526,166)	(33,938,467)
Net capital assets	45,675,731	16,006,839	61,682,570
Total assets	<u>64,500,729</u>	<u>18,700,977</u>	<u>83,201,706</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	34,345	-	34,345
Deferred outflow related to pensions	243,096	28,738	271,834
Deferred outflow related to retiree health plan	26,636	2,103	28,739
Deferred outflow related to SDBF	6,428	758	7,186
Total deferred outflows of resources	<u>310,505</u>	<u>31,599</u>	<u>342,104</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,135,533	53,323	1,188,856
Accrued liabilities	252,648	85,150	337,798
Accrued interest payable	88,841	8,107	96,948
Customer deposits	1,137,221	-	1,137,221
Due within one year			
Compensated absences	45,004	157	45,161
Total OPEB liability - SDBF	691	82	773
Revenue bonds payable	1,881,258	240,000	2,121,258
Total current liabilities	<u>4,541,196</u>	<u>386,819</u>	<u>4,928,015</u>
Noncurrent liabilities:			
Compensated absences	180,016	627	180,643
Net pension liability	1,793,274	211,996	2,005,270
Net OPEB liability - retiree health plan	472,461	37,307	509,768
Total OPEB liability - SDBF	88,027	10,404	98,431
Revenue bonds payable	15,362,296	1,585,000	16,947,296
Total noncurrent liabilities	<u>17,896,074</u>	<u>1,845,334</u>	<u>19,741,408</u>
Total liabilities	<u>22,437,270</u>	<u>2,232,153</u>	<u>24,669,423</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pensions	322,293	38,099	360,392
Deferred inflow related to retiree health plan OPEB	14,179	1,120	15,299
Total deferred inflows of resources	<u>336,472</u>	<u>39,219</u>	<u>375,691</u>
Net position:			
Net investment in capital assets	28,466,522	14,181,839	42,648,361
Unrestricted	13,570,970	2,279,365	15,850,335
Total net position	<u>\$ 42,037,492</u>	<u>\$ 16,461,204</u>	<u>\$ 58,498,696</u>

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

CITY OF HALTOM CITY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Water and Sewer Fund	Drainage Fund	Total
Operating revenues:			
Water and sewer sales	\$ 22,280,691	\$ -	\$ 22,280,691
Drainage fee revenue	-	1,816,831	1,816,831
Service fees	535,487	13,648	549,135
Administrative fees	34,573	-	34,573
Other	522,661	-	522,661
Total operating revenues	<u>23,373,412</u>	<u>1,830,479</u>	<u>25,203,891</u>
Operating expenses:			
General and administrative	1,902,586	159,927	2,062,513
Construction	296,015	73,981	369,996
Water and sewer maintenance	1,082,990	-	1,082,990
Collection and distribution	8,202,327	-	8,202,327
Drainage maintenance	-	470,622	470,622
Depreciation	1,544,394	245,258	1,789,652
Nondepartmental	1,303,950	86,244	1,390,194
Franchise fees	1,400,000	132,000	1,532,000
Total operating expenses	<u>15,732,262</u>	<u>1,168,032</u>	<u>16,900,294</u>
Operating income	<u>7,641,150</u>	<u>662,447</u>	<u>8,303,597</u>
Non-operating revenues (expenses):			
Interest	128,934	18,388	147,322
Interest expense and bond issuance costs	(640,683)	(50,132)	(690,815)
Total non-operating expenses	<u>(511,749)</u>	<u>(31,744)</u>	<u>(543,493)</u>
Income before transfers	7,129,401	630,703	7,760,104
Transfers:			
Transfers out	(460,000)	(120,000)	(580,000)
Change in net position	<u>6,669,401</u>	<u>510,703</u>	<u>7,180,104</u>
Net position - beginning of year	<u>35,371,627</u>	<u>15,993,248</u>	<u>51,364,875</u>
Prior period adjustment	(3,536)	(42,747)	(46,283)
Net position - end of year	<u>\$ 42,037,492</u>	<u>\$ 16,461,204</u>	<u>\$ 58,498,696</u>

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

CITY OF HALTOM CITY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Water and Sewer Fund	Drainage Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 23,373,412	\$ 1,784,127	\$ 25,157,539
Payments to suppliers	(11,865,931)	(480,108)	(12,346,039)
Payments to employees	(2,796,351)	(477,378)	(3,273,729)
Net cash provided by operating activities	<u>8,711,130</u>	<u>826,641</u>	<u>9,537,771</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			
Proceeds from long-term debt	7,138,416	-	7,138,416
Debt principal payments	(1,485,000)	(225,000)	(1,710,000)
Interest payments	(615,585)	(51,090)	(666,675)
Purchases of property and equipment	(8,784,351)	(1,571)	(8,785,922)
Net cash used by capital and related financing activities	<u>(3,746,520)</u>	<u>(277,661)</u>	<u>(4,024,181)</u>
Cash flows from investing activities			
Interest on investments	<u>98,976</u>	<u>14,303</u>	<u>113,279</u>
Net cash provided (used) by investing activities	<u>98,976</u>	<u>14,303</u>	<u>113,279</u>
Net increase (decrease) in cash and cash equivalents	4,603,586	443,283	5,046,869
Cash and investments - beginning of year	<u>11,313,858</u>	<u>2,019,125</u>	<u>13,332,983</u>
Cash and investment - end of year	<u>15,917,444</u>	<u>2,462,408</u>	<u>18,379,852</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	7,641,150	662,447	8,303,597
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,473,599	245,258	1,718,857
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(904,729)	(48,413)	(953,142)
Decrease in inventory and prepaid	8,459	-	8,459
(Increase) decrease in deferred outflows of resources	441,432	60,632	502,064
Increase (decrease) in accounts payable and accrued expenses	222,320	22,968	245,288
Increase (decrease) in compensated absences	(107,076)	(9,023)	(116,099)
Increase (decrease) in deferred inflows of resources	261,364	29,426	290,790
Increase (decrease) in customer deposits	84,677	-	84,677
Increase (decrease) in retainage payable	(35,933)	-	(35,933)
Increase in pension obligation	(898,266)	(138,972)	(1,037,238)
Increase in other postemployment obligation	<u>523,442</u>	<u>2,318</u>	<u>525,760</u>
Net cash provided by operating activities	<u>8,710,439</u>	<u>826,641</u>	<u>9,537,080</u>
Schedule of non-cash capital and financing activities:			
Decrease in fair value of investments	(114,933)	(17,043)	(131,976)

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

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 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.

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, 2018.

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, 2018, in the enterprise funds was \$552,299. Of these amounts, \$15,082, 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 only one type of item that qualifies for reporting in this category. 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.

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 of 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, 2018. 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, 2018:

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 funds	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, 2018 are classified in the accompanying financial statement as follows:

Governmental activities	\$ 30,049,114
Business-type activities	<u>18,379,934</u>
Total primary government	<u>48,429,048</u>
Economic development	1,024,267
Crime Control District	<u>981,352</u>
Total component units	<u>2,005,619</u>
Total	<u><u>\$ 50,434,667</u></u>

Cash and investments as of September 30, 2018 consist of the following:

Cash deposits	\$ 5,138,249
Investments	<u>45,296,418</u>
Total	<u><u>\$ 50,434,667</u></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 manages 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, 2018.

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, 2018, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity (Days)	Minimum Legal Rating	Rating as of September 30, 2018
TexPool	\$ 125,528	32	AAA	AAAm
Texas CLASS	4,983,037	50	AAA	AAAm
Texas Term	436,069	42	AAA	AAAf
Certificate of deposits	7,550,277	138	N/A	N/A
FHLB	5,931,354	107	AA	AA+
FFCB	2,976,266	48	AA	AA+
FHLMC	12,840,489	152	AA	AA+
FAMCA	995,816	16	AA	AA+
FNMA	6,435,812	46	AA	AA+
Municipal bonds	<u>3,021,770</u>	1	AA	AA-/AA3 or higher
Total	<u>\$ 45,296,418</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, 2018:

- \$991,028 valued using a documented trade history in exact security (Level 1 inputs).
- \$10,381,009 valued using a documented trade history in exact security (Level 2 inputs).
- \$18,810,323 are valued using an option-adjusted discounted cash flow model (Level 2 inputs).
- \$9,569,423 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, 2018, 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, 2018, 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, 2018 are as follows:

Fund	Accounts Receivable	Allowance for Doubtful Accounts	Accounts Receivable, Net
Governmental	\$ 6,937,114	\$ (2,700,990)	\$ 4,236,124
Enterprise	3,224,699	(163,126)	3,061,573
Total	<u>\$ 10,161,813</u>	<u>\$ (2,864,116)</u>	<u>\$ 7,297,697</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 2018 tax rate was \$0.668180 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, 2018:

	9/30/2017	Additions	Deletions	Reclassifications and Transfers	9/30/2018
Capital assets, not being depreciated:					
Land	\$ 18,506,376	\$ 200,412	\$ -	\$ 139,951	\$ 18,846,739
Construction in progress	25,110,879	391,871	-	(23,154,727)	2,348,023
Total capital assets not being depreciated	43,617,255	592,283	-	(23,014,776)	21,194,762
Capital assets, being depreciated:					
Buildings	18,179,525	-	-	-	18,179,525
Improvements other than building	66,640,516	639,784	-	23,154,727	90,435,027
Machinery and equipment	12,703,953	863,991	(316,117)	566,661	13,818,488
Total capital assets being depreciated	97,523,994	1,503,775	(316,117)	23,721,388	122,433,040
Less accumulated depreciation for:					
Buildings	(7,956,055)	(711,464)	-	-	(8,667,519)
Improvements other than building	(39,840,924)	(2,375,445)	-	-	(42,216,369)
Machinery and equipment	(9,940,326)	(553,471)	316,117	-	(10,177,680)
Total accumulated depreciation	(57,737,305)	(3,640,380)	316,117	-	(61,061,568)
Total capital assets being depreciated, net	39,786,689	(2,136,605)	-	23,721,388	61,371,472
Governmental capital assets, net	\$ 83,403,944	\$ (1,544,322)	\$ -	\$ 706,612	\$ 82,566,234

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 85,159
Public safety	727,526
Highway and streets	2,197,335
Culture and recreation	630,360
Total	\$ 3,640,380

The following is a summary of the changes in business-type activities capital assets during the fiscal year ended September 30, 2018:

	9/30/2017	Additions	Deletions	Reclassifications and Transfers	9/30/2018
Capital assets, not being depreciated:					
Land	\$ 6,125,273	\$ -	\$ -	\$ -	\$ 6,125,273
Construction in progress	12,273,721	694,682	-	(8,720,312)	4,248,091
Total capital assets not being depreciated	18,398,994	694,682	-	(8,720,312)	10,373,364
Capital assets, being depreciated:					
Building and improvements	10,585,874	-	-	-	10,585,874
Machinery and equipment	5,911,519	1,160	(140,879)	380,848	6,152,648
Water works and sewer system	51,903,411	7,850,520	-	8,755,220	68,509,151
Total capital assets being depreciated	68,400,804	7,851,680	(140,879)	9,136,068	85,247,673
Less accumulated depreciation for:					
Buildings and improvements	(3,465,972)	(115,949)	-	55,755	(3,526,166)
Machinery and equipment	(5,292,753)	(207,479)	140,879	(372,830)	(5,732,183)
Water works and sewer system	(23,354,773)	(1,325,345)	-	-	(24,680,118)
Total accumulated depreciation	(32,113,498)	(1,648,773)	140,879	(317,075)	(33,938,467)
Total capital assets being depreciated, net	36,287,306	6,202,907	-	8,818,993	51,309,206
Total business-type capital assets, net	\$ 54,686,300	\$ 6,897,589	\$ -	\$ 98,681	\$ 61,682,570

Interest incurred in 2018 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 \$13,512 and \$1,570 has been recorded for the water sewer and drainage funds, respectively.

VII. INTERFUND TRANSACTIONS

In 2018, 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	132,000
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 2018 administrative fees were as follows:

Fund	Administrative Charges
Water and Sewer Fund	\$ 780,000
Drainage Utility Fund	160,000
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, 2018 were as follows:

Transfer Out:	Transfers In:			
	General	Debt Service	Nonmajor Governmental	Total
Water and Sewer Fund	\$ 460,000	\$ -	\$ -	\$ 460,000
Drainage Fund	120,000	-	-	120,000
Street Reconstruction Fund	900,000	-	-	900,000
Nonmajor governmental funds	88,200	-	-	88,200
General Fund	-	829,663	400,000	1,229,663
Total	<u>\$ 1,568,200</u>	<u>\$ 829,663</u>	<u>\$ 400,000</u>	<u>\$ 2,797,863</u>

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 Debt Service Fund to cover a portion of general obligation principal and interest payments.
- 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, 2018, the following changes in liabilities occurred:

	9/30/2017	Increases	Reductions	9/30/2018	Due Within One Year
Governmental Activities:					
Certificates of obligation	\$ 6,605,000	\$ -	\$ 945,000	\$ 5,660,000	\$ 640,000
Tax notes	845,000	-	390,000	455,000	390,000
General obligation bonds	26,790,000	2,860,000	2,830,000	26,820,000	3,930,000
Premium on bond issuances	791,648	-	86,363	705,285	-
Capital leases	-	809,444	53,128	756,316	179,505
Compensated absence obligations	3,117,891	2,182,125	1,444,312	3,855,704	771,142
	<u>\$ 38,149,539</u>	<u>\$ 5,851,569</u>	<u>\$ 5,748,803</u>	<u>\$ 38,252,305</u>	<u>\$ 5,910,647</u>
Business-Type Activities:					
General obligation refunding bonds	\$ 6,200,000	\$ -	\$ 1,290,000	\$ 4,910,000	\$ 1,340,000
Certificates of obligation	7,330,000	6,720,000	420,000	13,630,000	760,000
Premium on bond issuances	180,933	418,416	70,795	528,554	21,258
Compensated absence obligations	341,903	199,397	315,496	225,804	45,161
	<u>\$ 14,052,836</u>	<u>\$ 7,337,813</u>	<u>\$ 2,096,291</u>	<u>\$ 19,294,358</u>	<u>\$ 2,166,419</u>
Crime Control District:					
Compensated absence obligations	\$ 20,100	\$ 5,687	\$ 20,850	\$ 4,937	\$ 987
Total crime control district	<u>\$ 20,100</u>	<u>\$ 5,687</u>	<u>\$ 20,850</u>	<u>\$ 4,937</u>	<u>\$ 987</u>

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, 2018.

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

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, 2018, 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%	\$ 825,000	\$ 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%	505,000	55,000	1,815,000	195,000
\$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%	405,000	195,000	-	-
\$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%	2,300,000	215,000	470,000	45,000
\$4,820,000 Series 2009 Combination Tax and Revenue Refunding Bonds, dated November 17, 2009; due in annual installments of \$470,000 to \$605,000; through February 1, 2019; interest at 3.14%	-	-	605,000	605,000
\$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	-
\$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	1,045,000	290,000	560,000	190,000

	Governmental Activities	Due Within One Year	Business-Type Activities	Due Within One Year
\$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 \$113,275	\$ 6,745,000	\$ 180,000	\$ -	\$ -
\$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	230,000	95,000	2,255,000	135,000
\$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	1,785,000	150,000	470,000	120,000
\$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	2,495,000	100,000	-	-
\$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	1,625,000	150,000	-	-
\$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	455,000	230,000	-	-

	Governmental Activities	Due Within One Year	Business-Type Activities	Due Within One Year
\$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 \$113,275	\$ 6,745,000	\$ 180,000	\$ -	\$ -
\$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	230,000	95,000	2,255,000	135,000
\$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	1,785,000	150,000	470,000	120,000
\$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	2,495,000	100,000	-	-
\$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	1,625,000	150,000	-	-
\$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	455,000	230,000	-	-

	Governmental Activities	Due Within One Year	Business-Type Activities	Due Within One Year
\$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	\$ 580,000	\$ 55,000	\$ 2,430,000	\$ 355,000
\$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	1,155,000	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%	5,695,000	460,000	845,000	70,000
\$2,860,000 Series 2018 General Obligation due 2/1/2023	2,860,000	1,865,000	-	-
\$6,720,000 Series 2018 Non BQ, Water Meter CO's due 2/1/2032	-	-	6,720,000	385,000

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, 2018, follow:

Governmental Activities						
Due Fiscal Year Ending	General Obligation Refunding Bonds	General Obligation Bonds	Certificate of Obligation	Tax Notes	Interest	Total
2019	\$ 1,580,000	\$ 2,350,000	\$ 640,000	\$ 230,000	\$ 1,001,007	\$ 5,801,007
2020	1,695,000	740,000	625,000	225,000	893,604	4,178,604
2021	1,885,000	755,000	565,000	-	799,404	4,004,404
2022	1,440,000	1,050,000	575,000	-	696,783	3,761,783
2023	1,255,000	1,085,000	545,000	-	603,966	3,488,966
2024-2028	4,835,000	4,370,000	2,210,000	-	1,820,057	13,235,057
2029-2033	50,000	3,730,000	500,000	-	362,376	4,642,376
Total	<u>\$ 12,740,000</u>	<u>\$ 14,080,000</u>	<u>\$ 5,660,000</u>	<u>\$ 455,000</u>	<u>\$ 6,177,197</u>	<u>\$ 39,112,197</u>

Business-Type Activities				
Due Fiscal Year Ending	General Obligation Refunding Bonds	Certificate of Obligation	Interest	Total
2019	\$ 1,340,000	\$ 760,000	\$ 564,055	\$ 2,664,055
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
2024-2028	1,010,000	5,335,000	1,060,325	7,405,325
2029-2032	-	3,485,000	201,789	3,686,789
Total	<u>\$ 4,910,000</u>	<u>\$ 13,630,000</u>	<u>\$ 3,538,987</u>	<u>\$ 22,078,987</u>

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, 2018.

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, 2018, the City had \$7,823,000 in 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 \$809,444. 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, 2018 are as follows:

	Governmental Activities
Equipment	\$ 809,444
Less: accumulated depreciation	(37,848)
Total	\$ <u>771,596</u>

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

Fiscal Year Ending	Governmental Activities
2019	\$ 218,105
2020	218,105
2021	218,105
2022	171,957
2023	104,047
Amount representing interest	(<u>174,003</u>)
Present value of future minimum capital lease payments	\$ <u>756,316</u>

IX. DEFINED BENEFIT PENSION PLAN

Plan Descriptions. The City participates as one of 883 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 payments 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.

A summary of plan provisions for the City are 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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	201
Inactive employees entitled to but not yet receiving benefits	161
Active employees	<u>259</u>
	<u><u>621</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 with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions 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 2018. The contribution rates for the City were 18.72% and 18.98% in calendar years 2017 and 2018, respectively. The city's contributions to TMRS for the year ended September 30, 2018, were \$3,135,576, and were equal to the required contributions.

Net Pension Liability. The city's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
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%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
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 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 12/31/2016	\$ 112,262,916	\$ 88,548,906	\$ 23,714,010
Changes for the year:			
Service cost	2,939,312	-	2,939,312
Interest	7,529,054	-	7,529,054
Difference between expected and actual experience	(283,623)	-	(283,623)
Contributions - employer	-	3,141,962	(3,141,962)
Contributions - employee	-	1,172,915	(1,172,915)
Net investment income	-	12,274,019	(12,274,019)
Benefit payments, including refunds of employee contributions	(4,382,052)	(4,382,052)	-
Administrative expense	-	(63,602)	63,602
Other changes	-	(3,222)	3,222
Net changes	5,802,691	12,140,020	(6,337,329)
Balance at 12/31/2017	\$ 118,065,607	\$ 100,688,926	\$ 17,376,681

Of the net pension liability, \$17,253,307 belongs to the primary government and \$123,374 belongs to the Crime Control District.

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) of 1-percentage-higher (7.75%) than the current rate:

		1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)		1% Increase in Discount Rate (7.75%)
City's net pension liability	\$	34,895,413	\$	17,376,681	\$ 3,069,737

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2018, the City recognized pension expense of \$3,140,158. At September 30, 2018, 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	\$ 119,992	\$ 444,647
Changes in actuarial assumptions	-	124,077
Difference between projected and actual investment earnings	-	2,554,257
Contributions subsequent to the measurement date	2,235,588	-
Total	\$ <u>2,355,580</u>	\$ <u>3,122,981</u>

\$2,235,588 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, 2019. 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,	
2016	\$(196,460)
2017	(224,613)
2018	(1,303,351)
2019	(1,278,565)
Total	\$(3,002,989)

Of the deferred outflows of resources related to pensions, \$2,338,855 belong to the primary government and \$16,725 belong to the Crime Control District. Of the deferred inflows of resources related to pensions, \$3,100,808 belongs to the primary government and \$22,173 belongs to the Crime Control District.

X. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

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 employment benefit and is a fixed amount of \$7,500.

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

Inactive employees or beneficiaries currently receiving benefits	130
Inactive employees entitled to but not yet receiving benefits	27
Active employees	<u>259</u>
Total	<u><u>416</u></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 2018 and 0.18% for 2017, of which 0.05% and 0.04%, 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 contributions to the SDBF for the years ended September 30, 2018 and 2017 were \$9,474 and \$7,684, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2017
Inflation rate	2.50% per annum
Actuarial cost method	Entry Age Normal Method
Discount rate	3.31%
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, 2017.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.31%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB Liability	\$ 1,031,141	\$ 859,656	\$ 725,287

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2016	\$ 742,167
Changes for the year:	
Service cost	28,472
Interest	28,465
Changes of assumptions	67,252
Benefit payments	(6,700)
Net changes	117,489
Balance at 12/31/2017	\$ 859,656

Changes in actuarial assumptions and other inputs reflect a change in the discount rate from 3.7% to 3.3%.

Of the total OPEB liability, \$853,553 belongs to the primary government and \$6,103 belongs to the Crime Control District.

OPEB Expense and Deferred Outflows of Resources Related to OPEB. For the year ended September 30, 2018, the City recognized OPEB expense of \$67,819. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>
Changes in actuarial assumptions	\$ 56,370
Contributions subsequent to the measurement date	<u>5,897</u>
Totals	<u>\$ 62,267</u>

\$5,897 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2019. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2019	\$ 10,882
2020	10,882
2021	10,882
2022	10,882
2023	10,882
Thereafter	<u>1,960</u>
Total	<u>\$ 56,370</u>

Of the deferred outflows of resources related to SDBF OPEB, \$61,826 belong to the primary government and \$441 belong to the Crime Control District.

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, 2018, the City's contributions to the plan were \$490,575, which exceeded benefit payments of \$290,575.

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

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>260</u>
Total	<u><u>310</u></u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	12/31/2016
Actuarial Cost Method	Individual Entry Age Normal Cost Method
Discount Rate	6.82% as of December 31, 2017
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	It was assumed that 85% of retirees with at least 20 years of service would participate in the retiree health care plan and receive a subsidy from the City. Of those who receive a subsidy, 75% are assumed to remain on the City's health plan and 25% are assumed to apply the subsidy towards other coverage. After age 65, all participating retirees are assumed to apply the City's subsidy to coverage purchased on a separate health plan other than the City's. It was also assumed that 5% of retirees with less than 20 years of service would choose to receive retiree health care benefits through the City's health plan if they are younger than 65.
Health care cost trend rates	Initial rates of 7.50%, 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 blended discount rate changed from 6.79% as of December 31, 2016, to 6.82% as of December 31, 2017.

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	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2016	\$ 5,864,465	\$ 2,142,711	\$ 3,721,754
Changes for the year:			
Service cost	193,035	-	193,035
Interest	394,886	-	394,886
Difference between expected and actual experience	41,617	-	41,617
Changes of assumptions	(20,299)	-	(20,299)
Contributions - employer	-	490,575	(490,575)
Contributions - employee	-	-	-
Net investment income	-	265,412	(265,412)
Benefit payments	(290,575)	(290,575)	-
Administrative expense	-	(6,545)	6,545
Net changes	318,664	458,867	(140,203)
Balance at 12/31/2017	\$ 6,183,129	\$ 2,601,578	\$ 3,581,551

Of the total OPEB liability reported above, \$3,542,567 belongs to the City and \$38,984 belongs to the discretely presented component unit.

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 (6.82%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (5.82%)	Discount Rate (6.82%)	1% Increase in Discount Rate (7.82%)
Total OPEB Liability	\$ 4,305,289	\$ 3,851,551	\$ 2,950,150

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
Total OPEB Liability	\$ 3,070,186	\$ 3,851,551	\$ 4,193,467

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

At September 30, 2018, the City reported a liability of \$3,851,551 for its net OPEB Liability. The net OPEB Liability was determined by an actuarial valuation as of December 31, 2016. Update procedures were used to roll forward the total OPEB liability to December 31, 2017. For the year ended September 30, 2018, the City recognized OPEB expense of \$421,203. 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, 2018, 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	\$ 36,653	\$ -
Changes in assumptions	-	17,878
Difference between expected and actual experience, assets	-	89,608
Contributions subsequent to the measurement date	<u>165,263</u>	<u>-</u>
Totals	<u>\$ 201,916</u>	<u>\$ 107,486</u>

\$165,263 reported 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, 2019. 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,	
2019	\$(19,859)
2020	(19,859)
2021	(19,859)
2022	(19,859)
2023	2,543
Thereafter	<u>6,060</u>
Total	<u>\$(70,833)</u>

Of the deferred outflow related to OPEB reported above, \$199,718 belongs to the City and \$2,198 belongs to the discretely presented component unit. Of the deferred inflows related to OPEB, \$106,316 belongs to the City and \$1,170 belongs to the discretely presented component unit.

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, 2018, 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 probably 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 report. 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 2018 and 2017 are listed as follows:

	2018	2017
Claims payable, beginning of year	\$ 461,713	\$ 304,223
Current year claims and changes in estimates	193,731	294,384
Payments on claims	<u>76,727</u>	<u>136,894</u>
Claims payable, end of year	<u>\$ 578,717</u>	<u>\$ 461,713</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 \$4,728,514 in 2018 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 \$3,108,865 in 2018 and are also included as operating expenses of the Water and Sewer Fund.

At September 30, 2018, the City was committed to several long-term construction contracts. The governmental funds were contractually committed to approximately \$4,067,000, the business-type funds were committed to \$1,348,000.

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, 2018:

<u>Purpose</u>		
City provided funding to EDC for operations	\$	450,000
Administration fees paid by EDC to primary government		<u>39,600</u>
Total	\$	<u><u>489,600</u></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.

On June 26, 2008, the City entered into a tax abatement agreement that established project requirements that must be met as conditions of granting a 50% abatement of taxes for Hillshire Brands Company Mixing Center annually for ten (10) years beginning January 1, 2008.

The Hillshire Brands abatement is a ten (10) year abatement exempting 50% of the value of improvements. The period of exemption began January 1, 2008 and expired on December 31, 2018. The Tarrant County Tax Record shows that the 2017 Improvement value was \$18,653,870 with an exemption value of \$6,733,244. The abated value for Haltom City was \$1,258,922.

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 no 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 \$18,704.
- 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

On February 11, 2019, the City issued \$7,823,000 of General Obligation Bonds, Series 2019. Proceeds from the sale of these bonds will be used for (i) making public improvements and for public purposes as authorized by the voters of the issuer at elections and (ii) payment of costs of issuance of the Bonds, in conformity with the laws of the State of Texas.

XVIII. PRIOR PERIOD ADJUSTMENT

During fiscal year 2018, the City adopted GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*. With GASB 75, the City must assume its Total OPEB Liability in connection with the TMRS SDBF. Adoption of GASB 75 required a prior period adjustment to report the effect of the standard retroactively. As such, beginning net position was restated by \$(3,390,843) and \$(546,283) in the governmental and business-type activities, respectively.

In 2018, an adjustment to cash and liabilities caused an adjustment to beginning fund balance in the general fund in the amount of \$1,079,558. Additionally, an adjustment to capital assets caused an adjustment to beginning net position in the Water and Sewer fund in the amount of \$500,000.

The net of the above adjustments on the statement of activities was \$(2,311,285) and \$(46,283) in the governmental and business-type activities, respectively.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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CITY OF HALTOM CITY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Plan Year	2014	2015	2016	2017
A. Total pension liability				
Service Cost	\$ 2,504,359	\$ 2,783,635	\$ 2,898,328	\$ 2,939,312
Interest (on the Total Pension Liability)	6,753,452	7,077,941	7,140,222	7,529,054
Difference between expected and actual experience	(692,358)	(374,424)	216,371	(283,623)
Change of assumptions	-	(364,224)	-	-
Benefit payments, including refunds of employee contributions	(3,761,568)	(4,377,490)	(4,647,814)	(4,382,052)
Net change in total pension liability	4,803,885	4,745,438	5,607,107	5,802,691
Total pension liability - beginning	<u>97,106,486</u>	<u>101,910,371</u>	<u>106,655,809</u>	<u>112,262,916</u>
Total pension liability - ending (a)	<u>\$ 101,910,371</u>	<u>\$ 106,655,809</u>	<u>\$ 112,262,916</u>	<u>\$ 118,065,607</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 3,163,767	\$ 3,141,239	\$ 3,089,790	\$ 3,141,962
Contributions - employee	1,103,456	1,141,181	1,155,370	1,172,915
Net investment income	4,490,233	123,113	5,635,642	12,274,019
Benefit payments, including refunds of employee contributions	(3,761,568)	(4,377,490)	(4,647,814)	(4,382,052)
Administrative expenses	(46,878)	(74,987)	(63,642)	(63,602)
Other	(3,854)	(3,703)	(3,429)	(3,222)
Net change in plan fiduciary net position	4,945,156	(50,647)	5,165,917	12,140,020
Plan fiduciary net position - beginning	<u>78,488,480</u>	<u>83,433,636</u>	<u>83,382,989</u>	<u>88,548,906</u>
Plan fiduciary net position - ending (b)	<u>\$ 83,433,636</u>	<u>\$ 83,382,989</u>	<u>\$ 88,548,906</u>	<u>\$ 100,688,926</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 18,476,735</u>	<u>\$ 23,272,820</u>	<u>\$ 23,714,010</u>	<u>\$ 17,376,681</u>
D. Plan fiduciary net position as a percentage of total pension liability	81.87%	78.18%	78.88%	85.28%
E. Covered payroll	\$ 15,763,659	\$ 16,250,057	\$ 16,505,286	\$ 16,748,218
F. Net pension liability as a percentage of covered payroll	117.21%	143.22%	143.68%	103.75%

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

CITY OF HALTOM CITY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - TMRS PENSION PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Fiscal Year	2014	2015	2016	2017	2018
Actuarial determined contribution	\$ 3,021,224	\$ 3,112,202	\$ 3,164,882	\$ 3,094,631	\$ 3,135,576
Contributions in relation to the actuarially determined contribution	<u>3,021,224</u>	<u>3,112,202</u>	<u>3,164,882</u>	<u>3,094,631</u>	<u>3,135,576</u>
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll	15,763,659	15,955,040	16,754,656	16,562,414	16,593,082
Contributions as a percentage of covered payroll	19.17%	19.51%	18.89%	18.68%	18.90%

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	24 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.

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, 2018

Measurement Date December 31,	<u>2017</u>
A. Total OPEB liability	
Service Cost	\$ 28,472
Interest (on the Total OPEB Liability)	28,465
Changes of assumptions	67,252
Benefit payments, including refunds of employee contributions	<u>(6,700)</u>
Net change in Total OPEB liability	117,489
Total OPEB liability - beginning	<u>742,167</u>
Total OPEB liability - ending (a)	<u>859,656</u>
B. Covered employee payroll	\$ 16,748,218
C. Total OPEB liability as a percentage of covered - employee payroll	5.13%

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 a reduction to the discount rate from 3.81% to 3.31%.

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, 2018

Measurement period ending December 31,	<u>2017</u>
A. Total OPEB liability	
Service Cost	\$ 193,035
Interest (on the Total OPEB Liability)	394,886
Difference between expected and actual experience	41,617
Change of assumptions	(20,299)
Benefit payments, including refunds of employee contributions	(290,575)
Net change in total OPEB liability	318,664
Total OPEB liability - beginning	<u>5,864,465</u>
Total OPEB liability - ending (a)	<u>\$ 6,183,129</u>
B. Plan fiduciary net position	
Contributions - employer	\$ 490,575
Net investment income	265,412
Benefit payments	(290,575)
Administrative expenses	(6,545)
Other	<u>-</u>
Net change in plan fiduciary net position	458,867
Plan fiduciary net position - beginning	<u>2,142,711</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,601,578</u>
C. Net OPEB liability - ending (a) - (b)	<u>\$ 3,581,551</u>
D. Plan fiduciary net position as a percentage of total OPEB liability	42.08%
E. Covered payroll	\$ 17,256,507
F. Net OPEB liability as a percentage of covered payroll	20.75%

- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

- 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 \$2,601,580.

- Included in the changes of assumptions was an increase of the blended discount rate from 6.79% to 6.82%.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF HALTOM CITY, TEXAS

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

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Taxes:			
Property taxes	\$ 4,127,076	\$ 4,305,641	\$ 178,565
Penalty and interest	50,000	56,255	6,255
Interest	<u>3,000</u>	<u>8,521</u>	<u>5,521</u>
Total revenues	<u>4,180,076</u>	<u>4,370,417</u>	<u>190,341</u>
EXPENDITURES:			
Principal retirement	4,165,000	4,165,000	-
Interest and other	1,078,743	1,064,734	14,009
Bond issuance costs	<u>50,000</u>	<u>4,598</u>	<u>45,402</u>
Total expenditures	<u>5,293,743</u>	<u>5,234,332</u>	<u>59,411</u>
Revenues under expenditures	<u>(1,113,667)</u>	<u>(863,915)</u>	<u>249,752</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>829,663</u>	<u>829,663</u>	<u>-</u>
Total other financing sources	<u>829,663</u>	<u>829,663</u>	<u>-</u>
Revenues and other financial sources over (under) expenditures	(284,004)	(34,252)	249,752
Fund balance - beginning of year	<u>385,467</u>	<u>385,467</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 101,463</u></u>	<u><u>\$ 351,215</u></u>	<u><u>\$ 249,752</u></u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STREET RECONSTRUCTION - CAPITAL PROJECT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 2,503,636	\$ 2,503,636	\$ 2,851,638	\$ 348,002
Charges for Services	-	-	42,055	42,055
Interest	<u>30,000</u>	<u>30,000</u>	<u>81,799</u>	<u>51,799</u>
Total revenues	<u>2,533,636</u>	<u>2,533,636</u>	<u>2,975,492</u>	<u>441,856</u>
EXPENDITURES:				
General government	40,000	40,000	9,779	30,221
Streets	2,641,500	2,641,500	438,257	2,203,243
Bond issuance costs	-	-	16,500	(16,500)
Capital outlay	<u>3,316,000</u>	<u>3,316,000</u>	<u>316,731</u>	<u>2,999,269</u>
Total expenditures	<u>5,997,500</u>	<u>5,997,500</u>	<u>781,267</u>	<u>5,216,233</u>
Revenue under expenditures	<u>(3,463,864)</u>	<u>(3,463,864)</u>	<u>2,194,225</u>	<u>5,658,089</u>
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	-	1,000,000	1,000,000
Transfers out	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>-</u>
Total other financing sources	<u>(900,000)</u>	<u>(900,000)</u>	<u>100,000</u>	<u>1,000,000</u>
Revenues over (under) expenditures and other financing sources	<u>(4,363,864)</u>	<u>(4,363,864)</u>	<u>2,294,225</u>	<u>6,658,089</u>
Fund balance - beginning of year	<u>9,818,276</u>	<u>9,818,276</u>	<u>9,818,276</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5,454,412</u>	<u>\$ 5,454,412</u>	<u>\$ 12,112,501</u>	<u>\$ 6,658,089</u>

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CITY OF HALTOM CITY 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 land owners.

Capital Improvement Fund – To account for construction of parks, buildings, infrastructure and major computer equipment.

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

CITY OF HALTOM CITY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	Special Revenue Funds			
	Police Forfeiture	Police Donations	Red Light Camera	Police CART
ASSETS				
Cash and investments	\$ 76,844	\$ 65,780	\$ 554,424	\$ 6,339
Intergovernmental receivables	-	-	-	-
Accrued interest	262	225	1,889	22
Other receivables	-	343	12,915	-
Prepays	-	-	-	-
Total assets	<u>77,106</u>	<u>66,348</u>	<u>569,228</u>	<u>6,361</u>
LIABILITIES				
Accounts payable	655	-	1,962	-
Accrued liabilities	<u>4,002</u>	<u>-</u>	<u>204,912</u>	<u>-</u>
Total liabilities	<u>4,657</u>	<u>-</u>	<u>206,874</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepays	-	-	-	-
Restricted:				
Public safety	72,449	-	362,354	-
Purpose of grantors, donators and trustees	-	66,348	-	6,361
Promotion of tourism and business	-	-	-	-
Purchase of capital assets	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>72,449</u>	<u>66,348</u>	<u>362,354</u>	<u>6,361</u>
Total liabilities and fund balances	<u>\$ 77,106</u>	<u>\$ 66,348</u>	<u>\$ 569,228</u>	<u>\$ 6,361</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>
\$ 56,484	\$ 181,981	\$ 229,143	\$ 120,785	\$ 106,867	\$ 1,837
-	-	-	-	121,403	-
193	619	781	412	364	6
224	-	263	-	-	311
-	-	-	-	-	-
<u>56,901</u>	<u>182,600</u>	<u>230,187</u>	<u>121,197</u>	<u>228,634</u>	<u>2,154</u>
224	-	640	201	906	302
-	-	-	1,731	42	-
<u>224</u>	<u>-</u>	<u>640</u>	<u>1,932</u>	<u>948</u>	<u>302</u>
-	-	-	-	-	-
-	-	-	-	-	-
56,677	182,600	229,547	-	227,686	1,852
-	-	-	119,265	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>56,677</u>	<u>182,600</u>	<u>229,547</u>	<u>119,265</u>	<u>227,686</u>	<u>1,852</u>
<u>\$ 56,901</u>	<u>\$ 182,600</u>	<u>\$ 230,187</u>	<u>\$ 121,197</u>	<u>\$ 228,634</u>	<u>\$ 2,154</u>

CITY OF HALTOM CITY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	Special Revenue Funds			
	Court Technology	Court Security	Juvenile Case	Animal Shelter
ASSETS				
Cash and investments	\$ 50,477	\$ 90,732	\$ 129,130	\$ 61,528
Intergovernmental receivables	-	-	-	-
Accrued interest	173	310	440	210
Other receivables	-	-	-	560
Prepays	-	-	-	-
Total assets	<u>50,650</u>	<u>91,042</u>	<u>129,570</u>	<u>62,298</u>
LIABILITIES				
Accounts payable	-	-	-	-
Accrued liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepays	-	-	-	-
Restricted:				
Public safety	50,650	91,042	129,570	-
Purpose of grantors, donators and trustees	-	-	-	62,298
Promotion of tourism and business	-	-	-	-
Purchase of capital assets	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>50,650</u>	<u>91,042</u>	<u>129,570</u>	<u>62,298</u>
Total liabilities and fund balances	<u>\$ 50,650</u>	<u>\$ 91,042</u>	<u>\$ 129,570</u>	<u>\$ 62,298</u>

Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
Safe Pathways Shelter	TIF Fund No.1	Street Assessments	Capital Improvement	Capital Replacement	
\$ 63,656	\$ 894	\$ 21,373	\$ 2,564,256	1,132,716	\$ 5,515,246
-	-	-	-	-	121,403
217	3	73	7,917	3,849	17,965
-	-	-	-	-	14,616
-	-	-	-	61,500	61,500
<u>63,873</u>	<u>897</u>	<u>21,446</u>	<u>2,572,173</u>	<u>1,198,065</u>	<u>5,730,730</u>
-	-	-	43,487	-	48,377
-	24,000	-	-	-	234,687
-	24,000	-	43,487	-	283,064
-	-	-	-	61,500	61,500
-	-	-	-	-	706,065
-	-	-	-	-	833,369
-	-	-	-	-	119,265
63,873	-	21,446	2,528,686	1,136,565	3,750,570
-	(23,103)	-	-	-	(23,103)
<u>63,873</u>	<u>(23,103)</u>	<u>21,446</u>	<u>2,528,686</u>	<u>1,198,065</u>	<u>5,447,666</u>
\$ <u>63,873</u>	\$ <u>897</u>	\$ <u>21,446</u>	\$ <u>2,572,173</u>	\$ <u>1,198,065</u>	\$ <u>5,730,730</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, 2018

	Special Revenue Funds			
	Police Forfeiture	Police Donations	Red Light Camera	Police CART
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fines and fees	-	-	216,467	-
Charges for services	18,742	-	-	-
Donations	-	8,227	-	-
Special assessments	-	-	-	-
Interest	705	839	4,030	57
Miscellaneous	-	35,904	-	-
Total revenues	<u>19,447</u>	<u>44,970</u>	<u>220,497</u>	<u>57</u>
EXPENDITURES				
General government	-	-	4,132	-
Police	17,491	93,248	124,629	-
Fire	-	-	-	-
Municipal court	-	-	-	-
Library	-	-	-	-
Parks & recreation	-	-	-	-
Capital outlay	-	-	14,798	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>17,491</u>	<u>93,248</u>	<u>143,559</u>	<u>-</u>
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,956</u>	<u>(48,278)</u>	<u>76,938</u>	<u>57</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	1,956	(48,278)	76,938	57
FUND BALANCES, BEGINNING	<u>70,493</u>	<u>114,626</u>	<u>285,416</u>	<u>6,304</u>
FUND BALANCES, ENDING	<u>\$ 72,449</u>	<u>\$ 66,348</u>	<u>\$ 362,354</u>	<u>\$ 6,361</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>
\$ -	\$ -	\$ -	\$ 46,865	\$ -	\$ -
-	-	-	-	449,080	-
-	-	-	-	-	-
48,082	-	21,228	-	-	-
7,787	94,502	24,328	-	-	3,183
-	-	-	-	-	-
378	1,291	1,842	1,049	1,502	58
-	-	40	-	-	-
<u>56,247</u>	<u>95,793</u>	<u>47,438</u>	<u>47,914</u>	<u>450,582</u>	<u>3,241</u>
-	-	-	44,094	-	-
-	-	-	-	47,719	-
-	-	-	-	329,054	10,104
-	-	-	-	-	-
-	-	23,184	-	-	-
49,962	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>49,962</u>	<u>-</u>	<u>23,184</u>	<u>44,094</u>	<u>376,773</u>	<u>10,104</u>
<u>6,285</u>	<u>95,793</u>	<u>24,254</u>	<u>3,820</u>	<u>73,809</u>	<u>(6,863)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,285	95,793	24,254	3,820	73,809	(6,863)
<u>50,392</u>	<u>86,807</u>	<u>205,293</u>	<u>115,445</u>	<u>153,877</u>	<u>8,715</u>
\$ <u>56,677</u>	\$ <u>182,600</u>	\$ <u>229,547</u>	\$ <u>119,265</u>	\$ <u>227,686</u>	\$ <u>1,852</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, 2018

	Special Revenue Funds			
	Court Technology	Court Security	Juvenile Case	Animal Shelter
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	-	-	33,783	-
Donations	-	-	-	5,762
Special assessments	-	-	-	-
Interest	668	867	1,210	493
Miscellaneous	<u>27,085</u>	<u>20,315</u>	<u>-</u>	<u>-</u>
Total revenues	<u>27,753</u>	<u>21,182</u>	<u>34,993</u>	<u>6,255</u>
EXPENDITURES				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Municipal court	57,168	-	-	-
Library	-	-	-	-
Parks & recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>57,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,415)</u>	<u>21,182</u>	<u>34,993</u>	<u>6,255</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(7,200)	(33,000)	(48,000)	-
Issuance of debt	-	-	-	-
Capital lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>(36,615)</u>	<u>(11,818)</u>	<u>(13,007)</u>	<u>6,255</u>
FUND BALANCES, BEGINNING	<u>87,265</u>	<u>102,860</u>	<u>142,577</u>	<u>56,043</u>
FUND BALANCES, ENDING	<u>\$ 50,650</u>	<u>\$ 91,042</u>	<u>\$ 129,570</u>	<u>\$ 62,298</u>

Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
Safe Pathways Shelter	TIF Fund No.1	Street Assessments	Capital Improvement	Capital Replacement	
\$ -	\$ 414	\$ -	\$ -	\$ -	\$ 47,279
-	-	-	-	-	449,080
-	-	-	-	-	216,467
1,249	-	-	-	-	123,084
-	-	-	-	-	143,789
-	-	6,059	-	-	6,059
553	3	148	9,167	7,837	32,697
-	-	-	-	-	83,344
<u>1,802</u>	<u>417</u>	<u>6,207</u>	<u>9,167</u>	<u>7,837</u>	<u>1,101,799</u>
-	12,000	-	-	-	60,226
-	-	-	-	-	283,087
-	-	-	-	-	339,158
-	-	-	-	-	57,168
-	-	-	-	-	23,184
-	-	-	-	-	49,962
-	-	-	896,594	870,130	1,781,522
-	-	-	-	53,128	53,128
-	-	-	-	9,265	9,265
-	-	-	33,500	-	33,500
<u>-</u>	<u>12,000</u>	<u>-</u>	<u>930,094</u>	<u>932,523</u>	<u>2,690,200</u>
<u>1,802</u>	<u>(11,583)</u>	<u>6,207</u>	<u>(920,927)</u>	<u>(924,686)</u>	<u>(1,588,401)</u>
-	-	-	-	400,000	400,000
-	-	-	-	-	(88,200)
-	-	-	1,860,000	-	1,860,000
-	-	-	-	809,444	809,444
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,860,000</u>	<u>1,209,444</u>	<u>2,981,244</u>
1,802	(11,583)	6,207	939,073	284,758	1,392,843
<u>62,071</u>	<u>(11,520)</u>	<u>15,239</u>	<u>1,589,613</u>	<u>913,307</u>	<u>4,054,823</u>
<u>\$ 63,873</u>	<u>\$ (23,103)</u>	<u>\$ 21,446</u>	<u>\$ 2,528,686</u>	<u>\$ 1,198,065</u>	<u>\$ 5,447,666</u>

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest	\$ 400	\$ 400	\$ 705	\$ 305
Charges for services	<u>18,000</u>	<u>18,000</u>	<u>18,742</u>	<u>742</u>
Total revenue	<u>18,400</u>	<u>18,400</u>	<u>19,447</u>	<u>1,047</u>
EXPENDITURE:				
Police	<u>18,000</u>	<u>18,000</u>	<u>17,491</u>	<u>509</u>
Total expenditure	<u>18,000</u>	<u>18,000</u>	<u>17,491</u>	<u>509</u>
Revenues over (under) expenditures	400	400	1,956	1,556
Fund balance - beginning of year	<u>70,493</u>	<u>70,493</u>	<u>70,493</u>	<u>-</u>
Fund balance - end of year	<u>\$ 70,893</u>	<u>\$ 70,893</u>	<u>\$ 72,449</u>	<u>\$ 1,556</u>

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Donations	\$ 25,000	\$ 25,000	\$ 8,227	\$(16,773)
Interest	1,000	1,000	839	(161)
Miscellaneous	<u>35,904</u>	<u>35,904</u>	<u>35,904</u>	<u>-</u>
Total revenues	<u>61,904</u>	<u>61,904</u>	<u>44,970</u>	<u>(16,934)</u>
EXPENDITURES:				
Police	<u>101,908</u>	<u>101,908</u>	<u>93,248</u>	<u>8,660</u>
Total expenditures	<u>101,908</u>	<u>101,908</u>	<u>93,248</u>	<u>93,248</u>
Revenues over (under) expenditures	(40,004)	(40,004)	(48,278)	(8,274)
Fund balance - beginning of year	<u>114,626</u>	<u>114,626</u>	<u>114,626</u>	<u>-</u>
Fund balance - end of year	<u>\$ 74,622</u>	<u>\$ 74,622</u>	<u>\$ 66,348</u>	<u>\$(8,274)</u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL RED LIGHT CAMERA - SPECIAL REVENUE FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest	\$ 2,000	\$ 2,000	\$ 4,030	\$ 2,030
Fines and fees	<u>200,000</u>	<u>200,000</u>	<u>216,467</u>	<u>16,467</u>
Total revenues	<u>202,000</u>	<u>202,000</u>	<u>220,497</u>	<u>18,497</u>
EXPENDITURES:				
General Government	28,275	28,275	4,132	24,143
Police	181,500	181,500	124,629	56,871
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>14,798</u>	<u>202</u>
Total expenditures	<u>224,775</u>	<u>224,775</u>	<u>143,559</u>	<u>81,216</u>
Revenues over (under) expenditures	(22,775)	(22,775)	76,938	99,713
Fund balance - beginning of year	<u>285,416</u>	<u>285,416</u>	<u>285,416</u>	<u>-</u>
Fund balance - end of year	<u>\$ 262,641</u>	<u>\$ 262,641</u>	<u>\$ 362,354</u>	<u>\$ 99,713</u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

POLICE CART - SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ <u>50</u>	\$ <u>57</u>	\$ <u>7</u>
Total revenues	<u>50</u>	<u>57</u>	<u>7</u>
EXPENDITURES:			
Police	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>5,000</u>	<u>-</u>	<u>-</u>
Revenues under (over) expenditures	<u>(4,950)</u>	<u>57</u>	<u>5,007</u>
Fund balance - beginning of year	<u>6,304</u>	<u>6,304</u>	<u>-</u>
Fund balance - end of year	\$ <u><u>1,354</u></u>	\$ <u><u>6,361</u></u>	\$ <u><u>5,007</u></u>

CITY OF HALTOM CITY, TEXAS

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

PARK DONATIONS - SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Donations	\$ 10,000	\$ 10,000	\$ 7,787	\$ (2,213)
Charges for services	45,500	45,500	48,082	2,582
Interest	<u>110</u>	<u>110</u>	<u>378</u>	<u>268</u>
Total revenues	<u>55,610</u>	<u>55,610</u>	<u>56,247</u>	<u>637</u>
EXPENDITURES:				
Parks and recreation	<u>66,650</u>	<u>66,650</u>	<u>49,962</u>	<u>16,688</u>
Total expenditures	<u>66,650</u>	<u>66,650</u>	<u>49,962</u>	<u>16,688</u>
Revenues over (under) expenditures	(11,040)	(11,040)	6,285	17,325
Fund balance - beginning of year	<u>50,392</u>	<u>50,392</u>	<u>50,392</u>	<u>-</u>
Fund balance - end of year	<u>\$ 39,352</u>	<u>\$ 39,352</u>	<u>\$ 56,677</u>	<u>\$ 17,325</u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARK DEDICATION - SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest	\$ 700	\$ 700	\$ 1,291	\$ 591
Donations	<u>-</u>	<u>-</u>	<u>94,502</u>	<u>94,502</u>
Total revenues	<u>700</u>	<u>700</u>	<u>95,793</u>	<u>95,093</u>
Revenues over (under) expenditures	700	700	95,793	95,093
Fund balance - beginning of year	<u>86,807</u>	<u>86,807</u>	<u>86,807</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 87,507</u></u>	<u><u>\$ 87,507</u></u>	<u><u>\$ 182,600</u></u>	<u><u>\$ 95,093</u></u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL LIBRARY DONATIONS - SPECIAL REVENUE FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for Services	\$ 23,000	\$ 23,000	\$ 21,228	\$(1,772)
Donations	20,000	20,000	24,328	4,328
Interest	1,200	1,200	1,842	642
Miscellaneous	<u>-</u>	<u>-</u>	<u>40</u>	<u>40</u>
Total revenues	<u>44,200</u>	<u>44,200</u>	<u>47,438</u>	<u>3,238</u>
EXPENDITURES:				
Library	<u>26,400</u>	<u>26,400</u>	<u>23,184</u>	<u>3,216</u>
Total expenditures	<u>26,400</u>	<u>26,400</u>	<u>23,184</u>	<u>3,216</u>
Revenues over (under) expenditures	17,800	17,800	24,254	6,454
Fund balance - beginning of year	<u>205,293</u>	<u>205,293</u>	<u>205,293</u>	<u>-</u>
Fund balance - end of year	<u>\$ 223,093</u>	<u>\$ 223,093</u>	<u>\$ 229,547</u>	<u>\$ 6,454</u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOTEL/MOTEL TAX - SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 44,000	\$ 44,000	\$ 46,865	\$ 2,865
Interest	<u>900</u>	<u>900</u>	<u>1,049</u>	<u>149</u>
Total revenues	<u>44,900</u>	<u>44,900</u>	<u>47,914</u>	<u>3,014</u>
EXPENDITURES:				
General Government	<u>55,691</u>	<u>55,691</u>	<u>44,094</u>	<u>11,597</u>
Total expenditures	<u>55,691</u>	<u>55,691</u>	<u>44,094</u>	<u>11,597</u>
Revenues over (under) expenditures	(10,791)	(10,791)	3,820	14,611
Fund balance - beginning of year	<u>115,445</u>	<u>115,445</u>	<u>115,445</u>	<u>-</u>
Fund balance - end of year	<u>\$ 104,654</u>	<u>\$ 104,654</u>	<u>\$ 119,265</u>	<u>\$ 14,611</u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

GRANTS - SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 118,000	\$ 458,000	\$ 449,080	\$(8,920)
Interest	<u>-</u>	<u>-</u>	<u>1,502</u>	<u>1,502</u>
 Total revenues	 <u>118,000</u>	 <u>458,000</u>	 <u>450,582</u>	 <u>(7,418)</u>
EXPENDITURES:				
Police	118,000	118,000	47,719	70,281
Fire	<u>340,000</u>	<u>340,000</u>	<u>329,054</u>	<u>10,946</u>
 Total expenditures	 <u>458,000</u>	 <u>458,000</u>	 <u>376,773</u>	 <u>81,227</u>
 Revenues under (over) expenditures	 (340,000)	 -	 73,809	 73,809
 Fund balance (deficit) - beginning of year	 <u>153,877</u>	 <u>153,877</u>	 <u>153,877</u>	 <u>-</u>
 Fund balance (deficit) - end of year	 <u><u>\$(186,123)</u></u>	 <u><u>\$ 153,877</u></u>	 <u><u>\$ 227,686</u></u>	 <u><u>\$ 73,809</u></u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FIRE DEPARTMENT DONATIONS - SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Donations	\$ 9,900	\$ 9,900	\$ 3,183	\$(6,717)
Interest	<u>100</u>	<u>100</u>	<u>58</u>	<u>(42)</u>
 Total revenues	 <u>10,000</u>	 <u>10,000</u>	 <u>3,241</u>	 <u>(6,759)</u>
EXPENDITURES:				
Fire	<u>10,500</u>	<u>10,500</u>	<u>10,104</u>	<u>396</u>
 Total expenditures	 <u>10,500</u>	 <u>10,500</u>	 <u>10,104</u>	 <u>396</u>
 Revenues over (under) expenditures	 (500)	 (500)	 (6,863)	 (6,363)
 Fund balance - beginning of year	 <u>8,715</u>	 <u>8,715</u>	 <u>8,715</u>	 <u>-</u>
 Fund balance - end of year	 <u><u>\$ 8,215</u></u>	 <u><u>\$ 8,215</u></u>	 <u><u>\$ 1,852</u></u>	 <u><u>\$(6,363)</u></u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL COURT TECHNOLOGY - SPECIAL REVENUE FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest	\$ 600	\$ 600	\$ 668	\$ 68
Miscellaneous	<u>30,000</u>	<u>30,000</u>	<u>27,085</u>	<u>(2,915)</u>
Total revenues	<u>30,600</u>	<u>30,600</u>	<u>27,753</u>	<u>(2,847)</u>
EXPENDITURES:				
Municipal court	<u>62,800</u>	<u>62,800</u>	<u>57,168</u>	<u>5,632</u>
Total expenditures	<u>62,800</u>	<u>62,800</u>	<u>57,168</u>	<u>5,632</u>
Revenues over (under) expenditures	(32,200)	(32,200)	(29,415)	2,785
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	(39,400)	(39,400)	(36,615)	2,785
Fund balance - beginning of year	<u>87,265</u>	<u>87,265</u>	<u>87,265</u>	<u>-</u>
Fund balance - end of year	<u>\$ 47,865</u>	<u>\$ 47,865</u>	<u>\$ 50,650</u>	<u>\$ 2,785</u>

CITY OF HALTOM CITY, TEXAS

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

COURT SECURITY - SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest	\$ 800	\$ 800	\$ 867	\$ 67
Miscellaneous	<u>22,000</u>	<u>22,000</u>	<u>20,315</u>	<u>(1,685)</u>
Total revenues	<u>22,800</u>	<u>22,800</u>	<u>21,182</u>	<u>(1,618)</u>
EXPENDITURES:				
Municipal court	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Revenues over expenditures	21,800	21,800	21,182	(618)
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(33,000)</u>	<u>(33,000)</u>	<u>(33,000)</u>	<u>-</u>
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)	(11,200)	(11,200)	(11,818)	(618)
Fund balance - beginning of year	<u>102,860</u>	<u>102,860</u>	<u>102,860</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 91,660</u></u>	<u><u>\$ 91,660</u></u>	<u><u>\$ 91,042</u></u>	<u><u>\$(618)</u></u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL JUVENILE CASE MANAGER - SPECIAL REVENUE FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for Services	\$ 40,000	\$ 40,000	\$ 33,783	\$(6,217)
Interest	<u>1,200</u>	<u>1,200</u>	<u>1,210</u>	<u>10</u>
Total revenues	<u>41,200</u>	<u>41,200</u>	<u>34,993</u>	<u>(6,207)</u>
EXPENDITURES:				
Municipal court	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Revenues over expenditures	39,700	39,700	34,993	(4,707)
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	(8,300)	(8,300)	(13,007)	(4,707)
Fund balance - beginning of year	<u>142,577</u>	<u>142,577</u>	<u>142,577</u>	<u>-</u>
Fund balance - end of year	<u>\$ 134,277</u>	<u>\$ 134,277</u>	<u>\$ 129,570</u>	<u>\$(4,707)</u>

CITY OF HALTOM CITY, TEXAS

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

ANIMAL SHELTER - SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUE:				
Interest	\$ 400	\$ 400	\$ 493	\$ 93
Donations	<u>5,000</u>	<u>5,000</u>	<u>5,762</u>	<u>762</u>
 Total revenues	<u>5,400</u>	<u>5,400</u>	<u>6,255</u>	<u>855</u>
 Revenues over (under) expenditures	400	400	6,255	5,855
 Fund balance - beginning of year	<u>56,043</u>	<u>56,043</u>	<u>56,043</u>	<u>-</u>
 Fund balance - end of year	<u>\$ 56,443</u>	<u>\$ 56,443</u>	<u>\$ 62,298</u>	<u>\$ 5,855</u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SAFE PATHWAYS PROGRAM - SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Charges for Services	\$ -	\$ -	\$ 1,249	\$ 1,249
Interest	<u>400</u>	<u>400</u>	<u>553</u>	<u>153</u>
 Total revenues	<u>400</u>	<u>400</u>	<u>1,802</u>	<u>1,402</u>
 Revenues over (under) expenditures	400	400	1,802	1,402
 Fund balance - beginning of year	<u>62,071</u>	<u>62,071</u>	<u>62,071</u>	<u>-</u>
 Fund balance - end of year	\$ <u><u>62,471</u></u>	\$ <u><u>62,471</u></u>	\$ <u><u>63,873</u></u>	\$ <u><u>1,402</u></u>

CITY OF HALTOM CITY, TEXAS

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

TIF FUND NO 1 - SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ 414	\$ 414
Interest	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Total revenues	<u>-</u>	<u>-</u>	<u>417</u>	<u>417</u>
EXPENDITURES:				
Streets	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>(12,000)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>(12,000)</u>
Revenues over (under) expenditures	-	-	(11,583)	(11,583)
Fund balance - beginning of year	<u>(11,520)</u>	<u>(11,520)</u>	<u>(11,520)</u>	<u>-</u>
Fund balance - end of year	<u>\$(11,520)</u>	<u>\$(11,520)</u>	<u>\$(23,103)</u>	<u>\$(11,583)</u>

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET ASSESSMENTS - CAPITAL PROJECT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Special assessments	\$ -	\$ -	\$ 6,059	\$ 6,059
Interest	<u>100</u>	<u>100</u>	<u>148</u>	<u>48</u>
 Total revenues	<u>100</u>	<u>100</u>	<u>6,207</u>	<u>6,107</u>
 Revenues over (under) expenditures and other financing sources (uses)	100	100	6,207	-
 Fund balance - beginning year	<u>15,239</u>	<u>15,239</u>	<u>15,239</u>	<u>-</u>
 Fund balance - end of year	<u>\$ 15,339</u>	<u>\$ 15,339</u>	<u>\$ 21,446</u>	<u>\$ 6,107</u>

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL IMPROVEMENT - CAPITAL PROJECT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest	\$ 12,000	\$ 12,000	\$ 9,167	\$(2,833)
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>9,167</u>	<u>(2,833)</u>
EXPENDITURES:				
Bond issuance costs	75,000	75,000	33,500	41,500
Capital outlay	<u>1,520,000</u>	<u>1,520,000</u>	<u>896,594</u>	<u>623,406</u>
Total expenditures	<u>1,595,000</u>	<u>1,595,000</u>	<u>930,094</u>	<u>664,906</u>
Revenue under expenditures	(1,583,000)	(1,583,000)	(920,927)	662,073
OTHER FINANCING SOURCES (USES):				
Issuance of debt	<u>-</u>	<u>-</u>	<u>1,860,000</u>	<u>1,860,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,860,000</u>	<u>1,860,000</u>
Revenues under (over) expenditures and other financing sources	(1,583,000)	(1,583,000)	939,073	2,522,073
Fund balance - beginning of year	<u>1,589,613</u>	<u>1,589,613</u>	<u>1,589,613</u>	<u>-</u>
Fund balance - end of year	<u>\$ 6,613</u>	<u>\$ 6,613</u>	<u>\$ 2,528,686</u>	<u>\$ 2,522,073</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest	\$ 2,000	\$ 2,000	\$ 7,837	\$ 5,837
Total revenues	2,000	2,000	7,837	5,837
EXPENDITURES:				
Debt Service:				
Principal	53,128	53,128	53,128	-
Interest	9,265	9,265	9,265	-
Capital Outlay	542,100	542,100	870,130	(328,030)
Total expenditures	604,493	604,493	932,523	(328,030)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	809,444	809,444
Transfers In	200,000	200,000	400,000	200,000
Total other financing sources (uses)	200,000	200,000	1,209,444	1,009,444
Revenues over (under) expenditures and other financing sources (uses)	(402,493)	(402,493)	284,758	687,251
Fund balance - beginning of year	913,307	913,307	913,307	-
Fund balance - end of year	\$ 510,814	\$ 510,814	\$ 1,198,065	\$ 687,251

STATISTICAL SECTION

CITY OF HALTOM CITY, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Unaudited)

	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 30,364,406	\$ 28,400,402	\$ 24,273,677	\$ 30,247,459
Restricted	15,936,418	8,620,766	12,215,455	7,310,385
Unrestricted	<u>7,728,020</u>	<u>8,417,922</u>	<u>9,646,886</u>	<u>9,330,151</u>
Total governmental activities net position	<u>54,028,844</u>	<u>45,439,090</u>	<u>46,136,018</u>	<u>46,887,995</u>
Business-type activities				
Net investment in capital assets	23,552,812	26,355,264	30,271,696	32,063,719
Unrestricted	<u>4,143,865</u>	<u>3,733,995</u>	<u>5,655,023</u>	<u>6,851,622</u>
Total business-type activities net position	<u>27,696,677</u>	<u>30,089,259</u>	<u>35,926,719</u>	<u>38,915,341</u>
Primary government				
Net investment in capital assets	53,917,218	54,755,666	54,545,373	62,311,178
Restricted	15,936,418	8,620,766	12,215,455	7,310,385
Unrestricted	<u>11,871,885</u>	<u>12,151,917</u>	<u>15,301,909</u>	<u>16,181,773</u>
Total primary government net position	<u>\$ 81,725,521</u>	<u>\$ 75,528,349</u>	<u>\$ 82,062,737</u>	<u>\$ 85,803,336</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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 35,212,219	\$ 44,018,316	\$ 44,644,061	\$ 49,669,147	\$ 48,573,824	\$ 51,907,911
5,680,532	7,522,651	11,087,769	8,566,493	14,332,634	14,398,393
<u>9,147,395</u>	<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>50,040,146</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>
32,974,632	39,419,139	40,345,975	40,860,841	41,019,999	42,648,361
<u>6,560,595</u>	<u>5,530,649</u>	<u>5,383,611</u>	<u>6,487,495</u>	<u>10,344,876</u>	<u>15,850,335</u>
<u>39,535,227</u>	<u>44,949,788</u>	<u>45,729,586</u>	<u>47,348,336</u>	<u>51,364,875</u>	<u>58,498,696</u>
68,186,851	83,437,455	84,990,036	90,529,988	89,593,823	94,556,272
5,680,532	7,522,651	11,087,769	8,566,493	14,332,634	14,398,393
<u>15,707,990</u>	<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>\$ 89,575,373</u>	<u>\$ 99,646,637</u>	<u>\$ 98,247,825</u>	<u>\$ 99,465,707</u>	<u>\$ 106,988,721</u>	<u>\$ 115,627,769</u>

CITY OF HALTOM CITY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual basis of accounting)
(Unaudited)

	2009	2010	2011
Governmental activities			
General government	\$ 6,873,775	\$ 7,009,613	\$ 6,687,785
Economic development	1,031,752	-	-
Public safety	13,491,936	13,002,228	13,683,083
Streets	3,409,583	3,603,741	3,340,203
Culture and recreation	2,930,167	2,615,179	2,683,018
Interest on long-term debt	<u>1,453,633</u>	<u>1,392,919</u>	<u>1,514,512</u>
Total governmental activities expenses	<u>29,190,846</u>	<u>27,623,680</u>	<u>27,908,601</u>
Business-type activities:			
Water and sewer services	14,322,924	14,475,370	14,183,655
Drainage services	<u>1,393,327</u>	<u>1,443,031</u>	<u>1,345,575</u>
Total business-type activities expenses	<u>15,716,251</u>	<u>15,918,401</u>	<u>15,529,230</u>
Total primary government expenses	<u>44,907,097</u>	<u>43,542,081</u>	<u>43,437,831</u>
Program revenues			
Governmental activities:			
Charges for services:			
General government	1,862,316	2,294,794	2,389,655
Public safety	2,366,794	2,208,635	1,829,713
Streets	-	-	-
Culture and recreation	181,101	131,842	184,669
Operating grants and contributions	511,068	546,108	755,027
Capital grants and contributions	<u>300,042</u>	<u>680,369</u>	<u>1,492,611</u>
Total governmental activities program revenues	<u>5,221,321</u>	<u>5,861,748</u>	<u>6,651,675</u>
Business-type activities:			
Charges for services:			
Water and sewer services	15,804,096	15,578,062	17,200,589
Drainage services	1,308,872	1,295,323	1,274,414
Capital grants and contributions	<u>-</u>	<u>545,371</u>	<u>712,983</u>
Total business-type activities program revenues	<u>17,112,968</u>	<u>17,418,756</u>	<u>19,187,986</u>
Total primary Government program revenues	<u>\$ 22,334,289</u>	<u>\$ 23,280,504</u>	<u>\$ 25,839,661</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

2012	2013	2014	2015	2016	2017	2018
\$ 5,652,640	\$ 5,490,063	\$ 5,972,582	\$ 4,992,708	\$ 6,991,532	\$ 6,583,493	\$ 6,320,374
-	-	-	-	-	-	-
15,586,244	15,223,623	15,929,472	15,702,918	18,140,988	18,763,690	18,389,178
3,411,917	4,259,384	4,237,146	3,180,893	2,661,889	3,062,161	3,801,982
2,891,808	2,867,987	3,140,140	2,894,363	3,101,708	3,209,288	3,819,112
1,497,506	1,431,521	1,570,866	1,297,086	1,228,911	1,250,237	1,049,253
<u>29,040,115</u>	<u>29,272,578</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>
14,658,304	14,862,348	15,679,502	15,990,278	17,611,699	16,670,152	16,372,945
<u>1,167,946</u>	<u>1,352,182</u>	<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>15,826,250</u>	<u>16,214,530</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>44,866,365</u>	<u>45,487,108</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>
2,497,069	1,928,004	2,451,322	2,482,422	2,699,926	2,728,039	2,631,068
2,112,240	2,357,634	2,053,885	1,827,337	1,840,804	2,272,328	1,075,387
17,449	5,240	22,138	1,305	41,140	3,992	43,304
234,796	253,282	262,606	251,285	249,830	217,862	231,442
729,869	572,559	1,140,514	717,407	272,414	359,563	442,109
<u>2,657,688</u>	<u>4,765,451</u>	<u>7,279,679</u>	<u>7,025,184</u>	<u>40,443</u>	<u>17,186</u>	<u>459,410</u>
<u>8,249,111</u>	<u>9,882,170</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>
16,662,680	16,702,485	16,742,577	17,433,066	19,279,830	20,591,084	23,373,412
1,424,824	1,566,018	1,699,940	1,644,089	1,627,657	1,861,389	1,830,479
<u>475,811</u>	<u>51,581</u>	<u>3,835,132</u>	<u>1,224,660</u>	<u>305,962</u>	<u>-</u>	<u>-</u>
<u>18,563,315</u>	<u>18,320,084</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>\$ 26,812,426</u>	<u>\$ 28,202,254</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>

CITY OF HALTOM CITY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual basis of accounting)
(Unaudited)

	2009	2010	2011
Net (Expense)/Revenue			
Governmental activities	\$(23,969,525)	\$(21,761,932)	\$(21,256,926)
Business-type activities	<u>1,396,717</u>	<u>1,500,355</u>	<u>3,658,756</u>
Total primary government net expense	<u>(22,572,808)</u>	<u>(20,261,577)</u>	<u>(17,598,170)</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Property taxes	10,027,427	9,968,092	10,409,369
Sales taxes	9,208,619	5,667,885	6,155,614
Franchise taxes	3,887,378	3,771,211	4,015,766
Occupancy taxes	51,241	40,502	35,679
Interest	652,159	235,520	129,694
Unrestricted grants and contributions	-	-	-
Oil and gas leases	-	-	2,404,331
Mixed beverage taxes	13,013	10,938	11,127
Miscellaneous	270,902	1,798,608	924,962
Gain on sale of capital assets	10,087	-	13,590
Transfers	<u>58,096</u>	<u>(788,900)</u>	<u>(2,135,151)</u>
Total governmental activities	<u>24,178,922</u>	<u>20,703,856</u>	<u>21,964,981</u>
Business-type activities:			
Interest	174,758	58,142	35,498
Gain on sale of capital assets	7,155	26,105	8,055
Transfers	<u>(58,096)</u>	<u>788,900</u>	<u>2,135,151</u>
Total business-type activities	<u>123,817</u>	<u>873,147</u>	<u>2,178,704</u>
Total primary government	<u>24,302,739</u>	<u>21,577,003</u>	<u>24,143,685</u>
Change in Net Position			
Governmental activities	196,384	(1,069,014)	696,928
Business-type activities	<u>1,520,534</u>	<u>2,373,502</u>	<u>5,837,460</u>
Total primary government	<u>\$ 1,716,918</u>	<u>\$ 1,304,488</u>	<u>\$ 6,534,388</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

2012	2013	2014	2015	2016	2017	2018
\$(20,791,004)	\$(19,390,408)	\$(17,640,062)	\$(15,763,028)	\$(26,980,471)	\$(27,269,899)	\$(28,497,179)
<u>2,737,065</u>	<u>2,105,554</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>(18,053,939)</u>	<u>(17,284,854)</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>
9,968,735	10,327,708	11,136,939	11,950,005	12,035,695	12,706,964	13,688,707
6,578,414	6,902,685	7,103,791	7,622,096	8,437,024	12,025,312	13,254,357
4,057,555	3,977,397	4,105,002	4,055,193	4,044,133	4,078,235	4,034,509
38,540	46,979	44,484	44,681	47,561	44,308	46,865
154,370	106,114	(122,596)	86,035	157,851	244,718	239,572
-	-	-	500,020	989,140	615,685	-
269,966	336,439	394,326	127,709	30,131	57,466	123,212
10,491	11,908	12,582	14,554	13,887	11,174	12,959
661,350	676,880	721,957	407,255	124,181	384,156	270,597
5,545	4,100	122,503	-	-	18,356	62,913
<u>(191,494)</u>	<u>(132,101)</u>	<u>(471,558)</u>	<u>684,658</u>	<u>700,000</u>	<u>580,000</u>	<u>580,000</u>
<u>21,553,472</u>	<u>22,258,109</u>	<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>
37,463	46,587	(37,657)	20,466	89,063	123,843	147,322
22,600	-	20,118	-	-	-	-
<u>191,494</u>	<u>132,101</u>	<u>471,558</u>	<u>(684,658)</u>	<u>(700,000)</u>	<u>(580,000)</u>	<u>(580,000)</u>
<u>251,557</u>	<u>178,688</u>	<u>454,019</u>	<u>(664,192)</u>	<u>(610,937)</u>	<u>(456,157)</u>	<u>(432,678)</u>
<u>21,805,029</u>	<u>22,436,797</u>	<u>23,501,449</u>	<u>24,828,014</u>	<u>(25,968,666)</u>	<u>30,320,217</u>	<u>31,881,013</u>
751,977	2,855,793	5,394,786	9,729,178	(400,868)	3,506,475	3,816,512
<u>2,988,622</u>	<u>2,284,242</u>	<u>5,690,424</u>	<u>2,599,398</u>	<u>1,618,750</u>	<u>4,016,539</u>	<u>7,180,104</u>
<u>\$ 3,740,599</u>	<u>\$ 5,140,035</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>

CITY OF HALTOM CITY, TEXAS

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)
(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Nonspendable	\$ 722,726	\$ 74,033	\$ 184,273	\$ 194,579
Assigned	170,193	2,011,760	4,431,454	4,725
Unassigned	<u>6,608,442</u>	<u>6,586,589</u>	<u>3,730,907</u>	<u>10,571,395</u>
Total general fund	<u>7,501,361</u>	<u>8,672,382</u>	<u>8,346,634</u>	<u>10,770,699</u>
All Other Governmental Funds				
Nonspendable	23,031	271,747	-	-
Restricted	21,072,360	11,353,538	18,190,269	16,277,980
Assigned	27,184	49,919	254,932	-
Unassigned	<u>(38,974)</u>	<u>(120,702)</u>	<u>(78,693)</u>	<u>(40,665)</u>
Total all other governmental funds	<u>\$ 21,083,601</u>	<u>\$ 11,554,502</u>	<u>\$ 18,366,508</u>	<u>\$ 16,237,315</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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 189,295	\$ 205,828	\$ 180,936	\$ 170,743	\$ 200,738	\$ 201,427
-	-	-	-	-	-
<u>11,195,537</u>	<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>11,384,832</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>
-	-	-	-	15,534	61,500
17,272,217	12,308,467	11,055,819	8,486,785	14,254,552	17,872,985
-	-	-	-	-	-
(43,799)	(79,746)	<u>35,828</u>	<u>517,510</u>	(11,520)	(23,103)
<u>\$ 17,228,418</u>	<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>

CITY OF HALTOM CITY, TEXAS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEAR

(Modified accrual basis of accounting)
(Unaudited)

	2009	2010	2011	2012
Revenues				
Taxes [See Table 5]	\$ 23,158,842	\$ 19,457,051	\$ 20,210,842	\$ 20,769,714
Licenses and permits	326,875	760,288	818,916	715,066
Intergovernmental	817,841	1,201,262	1,435,785	912,126
Fines and fees	2,021,380	2,070,466	2,004,327	1,740,065
Charges for services	1,729,807	1,691,850	1,755,673	1,853,771
Oil and gas leases	-	-	-	269,966
Interest income	708,376	309,322	122,762	111,281
Contributions	51,184	48,847	119,244	783,942
Special assessments	10,570	24,214	3,015	5,283
Miscellaneous	450,916	1,835,824	3,404,073	307,373
Total revenues	<u>29,275,791</u>	<u>27,399,124</u>	<u>29,874,637</u>	<u>27,468,587</u>
Expenditures				
General government	6,217,393	6,047,400	6,426,523	5,224,896
Economic development	1,029,708	-	-	-
Public safety	12,917,427	12,253,187	12,394,087	13,981,585
Streets	1,206,446	1,379,777	1,175,358	1,323,160
Culture and recreation	2,331,448	2,031,684	2,066,427	2,312,719
Capital outlay	4,660,088	2,332,880	2,249,497	4,342,467
Debt service:				
Principal	2,640,000	2,625,000	2,615,000	2,650,000
Interest	1,376,547	1,333,986	1,175,876	1,493,869
Bond issuance costs	24,815	17,363	189,642	98,804
Total expenditures	<u>32,403,872</u>	<u>28,021,277</u>	<u>28,292,410</u>	<u>31,427,500</u>
Excess of revenues over (under) expenditures	(3,128,081)	(622,153)	1,582,227	(3,958,913)
Other financial sources (uses)				
Bonds issued	900,000	800,000	13,320,000	3,880,000
Premium on issuance of debt	-	-	157,045	244,131
Payment to refunded bond escrow agent	-	-	(3,295,045)	(2,658,367)
Proceeds from capital lease	-	-	-	-
Sale of capital assets	14,360	23,290	13,590	5,545
Transfers in	1,633,301	3,103,119	623,467	3,006,932
Transfers out	(1,575,205)	(3,254,461)	(2,758,618)	(3,198,426)
Total other financing sources (uses)	<u>972,456</u>	<u>671,948</u>	<u>8,060,439</u>	<u>1,279,815</u>
Net change in fund balance	<u><u>\$ (2,155,625)</u></u>	<u><u>\$ 49,795</u></u>	<u><u>\$ 9,642,666</u></u>	<u><u>\$ (2,679,098)</u></u>
Debt service as a percentage of noncapital expenditures	14.5%	15.4%	14.6%	15.3%

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

TABLE 4

2013	2014	2015	2016	2017	2018
\$ 21,590,984	\$ 22,547,214	\$ 23,345,404	\$ 24,497,264	\$ 29,076,841	\$ 31,059,455
332,908	484,736	851,870	814,128	638,032	987,167
591,897	8,285,812	660,422	205,337	254,000	758,074
2,147,032	1,916,686	1,776,959	1,371,940	1,551,999	1,313,937
1,647,888	1,758,412	1,782,682	2,054,448	2,121,287	1,759,252
336,439	394,326	127,709	30,131	67,466	123,212
88,029	(84,217)	86,098	157,850	244,678	239,539
646,002	653,585	858,043	1,405,165	748,839	144,310
4,681	2,613	11,592	-	3,183	6,059
438,684	471,393	818,530	465,094	667,635	547,405
<u>27,824,544</u>	<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>
5,440,470	11,486,467	5,132,507	6,181,093	5,804,710	6,274,768
-	-	-	-	-	-
14,182,784	14,464,255	15,612,260	16,487,431	16,604,490	17,197,194
2,004,095	1,710,489	1,076,012	683,434	1,284,857	1,556,644
2,289,178	3,302,937	2,414,793	2,429,286	2,447,648	3,046,391
5,971,871	7,419,305	3,433,813	5,187,830	1,595,455	2,098,253
2,865,000	3,315,000	3,545,000	3,545,000	4,105,000	4,218,128
1,358,658	1,416,333	1,335,855	1,259,241	1,200,021	1,073,999
198,369	106,727	26,640	4,640	147,289	54,598
<u>34,310,425</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>
(6,485,881)	(6,790,953)	(2,257,571)	(4,776,598)	2,184,490	1,418,435
7,330,000	7,330,000	365,000	-	7,115,000	2,860,000
257,454	-	-	-	430,923	-
-	(5,044,709)	-	-	(4,403,034)	-
-	-	-	-	-	809,444
4,100	122,503	27,554	-	18,356	62,913
1,008,777	1,348,725	1,567,949	1,778,250	2,284,913	2,797,863
(1,140,878)	(1,820,283)	(883,291)	(1,078,250)	(1,704,913)	(2,217,863)
<u>7,459,453</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>\$ 973,572</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>
14.9%	13.2%	16.7%	15.7%	16.8%	16.0%

TABLE 5

CITY OF HALTOM CITY, TEXAS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

(Unaudited)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Occupancy Tax</u>	<u>Bingo Tax</u>	<u>Mixed Beverage Tax</u>	<u>Total</u>
2009	\$ 9,983,954	\$ 9,221,631	\$ 3,887,378	\$ 51,241	\$ 14,638	\$ 13,013	\$ 23,171,855
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

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

TABLE 6

CITY OF HALTOM CITY, TEXAS
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			
2009	\$ 1,659,694,004	\$ 338,893,046	\$ 381,121,257	\$ 1,617,465,793	\$ 0.59830
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

Source: Tarrant County Appraisal District

TABLE 7

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				Total Direct & Overlapping
	Operating/ General Fund	Debt Service Fund	Total (A) Direct	Birdville School District	Tarrant College District	Tarrant County Hospital	Tarrant County	
2009	\$ 0.397800	\$ 0.200500	\$ 0.598300	\$ 1.410000	\$ 0.137960	\$ 0.227897	\$ 0.264000	\$ 2.638157
2010	0.397800	0.200500	0.598300	1.405000	0.137670	0.227897	0.264000	2.632867
2011	0.445871	0.200500	0.646371	1.425000	0.148970	0.227897	0.264000	2.670908
2012	0.441740	0.210000	0.651740	1.435000	0.148970	0.227897	0.264000	2.727607
2013	0.461740	0.210000	0.671740	1.435000	0.149500	0.227897	0.264000	2.748137
2014	0.479990	0.220000	0.699990	1.435000	0.149500	0.227897	0.264000	2.776387
2015	0.479990	0.220000	0.699990	1.435000	0.149500	0.227897	0.264000	2.776387
2016	0.462320	0.237670	0.699990	1.453900	0.149500	0.227897	0.264000	2.776387
2017	0.462320	0.237670	0.699990	1.453900	0.144730	0.227897	0.254000	2.780517
2018	0.455180	0.213000	0.668180	1.453900	0.140060	0.224429	0.244000	2.730569

Sources: City Records and Tarrant County Appraisal District

TABLE 8

CITY OF HALTOM CITY, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago
(Unaudited)

<u>Taxpayer</u>	2018			2009		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
CAF TNREF III HL LLC	\$ 72,549,516	1	3.69%			
WMMFI II Beach Street LP	42,600,000	2	2.17%			
Hillshire Brands Company	40,649,945	3	2.07%	11,059,849	5	0.68%
HZ Amesbury Court LLC Etal	34,700,000	4	1.77%			
GCAD Fairway LLC ETAL	26,500,000	5	1.35%			
Spring Lake City LP	26,300,000	6	1.34%			
Fossil Ridge Apartments LLC	23,450,000	7	1.19%	19,050,000	6	0.68%
Fossil Hill Apartments LP	18,000,000	8	0.92%	9,194,976	9	0.57%
AV Haltom Lakeview	17,400,000	9	0.89%			
Oncor Electric Delivery Co LLC	14,956,093	10	0.76%	13,774,663	3	0.85%
M&A Crvi	-		-	45,570,000	1	2.82%
Protea Amesbury Court	-		-	25,200,000	2	1.56%
Ahern Rentals Inc	-		-	12,414,729	4	0.77%
Alliance G J Group	-		-	10,300,000	7	0.64%
A T S Drilling Inc	-		-	9,414,547	8	0.58%
Chesapeake Operating	-		-	8,539,770	10	0.53%
Total	<u>\$ 317,105,554</u>		<u>16.15%</u>	<u>\$ 164,518,534</u>		<u>9.68%</u>

Source: Tarrant County Appraisal District

TABLE 9

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		Collections For Previous Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 9,563,333	\$ 464,845	\$ 10,028,178	\$ 9,787,107	97.60%	\$ 98,258	\$ 9,885,365	98.58%
2010	9,633,795	301,521	9,935,316	9,653,540	97.16%	143,851	9,797,391	98.61%
2011	9,566,056	324,662	9,890,718	9,668,350	97.75%	183,952	9,852,302	99.61%
2012	10,023,471	(26,514)	9,996,957	9,806,044	98.09%	141,156	9,947,200	99.50%
2013	10,379,878	110,523	10,490,400	10,276,942	97.97%	159,518	10,436,459	99.49%
2014	11,002,623	60,540	11,063,163	10,856,887	98.14%	161,250	11,018,137	99.59%
2015	11,615,861	(76,711)	11,539,150	11,416,197	98.93%	114,360	11,530,557	99.92%
2016	10,864,156	793,917	11,658,073	11,544,619	99.03%	50,000	11,594,619	99.46%
2017	12,287,526	415,787	12,703,313	12,514,668	98.51%	142,888	12,657,556	99.64%
2018	13,110,290	392,415	13,502,705	13,316,626	98.62%	-	13,316,626	99.64%

Source: Tarrant County Tax Office

TABLE 10

CITY OF HALTOM CITY, TEXAS
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	
2009	\$ 4,661,791	\$ 1,158,369	\$ 5,820,160	\$ 2,316,739	\$ 1,084,732	\$ 9,221,631
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

Note: The Economic Development Corp. 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

TABLE 11

CITY OF HALTOM CITY, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities					Debt Percentage of Personal Income ^a	Debt Per Capital
	General			Tax Notes	General			Total Primary Government				
	General	Obligation	Certificates		Obligation	Water and	Certificates					
	Obligation	Refunding	of Obligation		Refunding	Sewer Revenue	of Obligation		Tax			
	Bonds	Bonds			Bonds	Bonds		Notes				
2009	\$ 11,670,000	\$ 5,085,000	\$ 16,250,000	\$ 1,225,000	\$ 1,985,000	\$ 9,215,000	\$ 9,405,000	\$ 10,000	\$ 54,845,000	6.53%	1,392	
2010	10,875,000	4,730,000	16,150,000	650,000	6,595,000	3,705,000	11,745,000	-	54,450,000	6.54%	1,378	
2011	15,520,000	7,490,000	16,495,000	475,000	7,905,000	1,380,000	11,155,000	-	60,420,000	7.14%	1,528	
2012	14,725,000	9,395,000	14,250,000	300,000	8,070,000	125,000	13,540,000	-	60,405,000	7.26%	1,435	
2013	17,115,000	8,946,950	15,360,000	2,185,000	7,210,875	-	12,940,000	-	63,757,825	7.29%	1,472	
2014	11,445,000	15,308,204	14,290,000	1,715,000	9,305,350	-	9,385,000	-	61,448,554	7.03%	1,419	
2015	12,580,000	11,645,000	13,150,000	1,655,000	7,890,000	-	9,000,000	-	55,920,000	6.45%	1,311	
2016	12,135,000	10,105,000	12,015,000	1,230,000	6,630,000	-	8,605,000	-	50,720,000	5.78%	1,187	
2017	11,680,000	15,901,648	6,605,000	845,000	6,200,000	-	7,510,933	-	48,742,581	5.62%	1,140	
2018	14,080,000	13,445,285	5,660,000	455,000	4,910,000	-	13,630,000	-	52,180,285	6.01%	1,221	

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 12

CITY OF HALTOM CITY, TEXAS
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities		Total General Obligation Debt	Percentage of Actual Taxable Value ^a of Property		Per Capita ^b
	General Obligation	Certificates of Obligation	Tax Notes	Less: Amount Available in Debt Service Fund	Total	General Obligation	Certificates of Obligation				
	Bonds					Bonds					
2009	\$ 16,755,000	\$ 16,250,000	\$ 1,225,000	\$ 27,184	\$ 34,202,816	\$ 1,985,000	\$ 9,405,000	\$ 45,592,816	2.11%		\$ 868
2010	15,605,000	16,150,000	650,000	49,919	32,355,081	6,595,000	11,745,000	50,695,081	1.99%		819
2011	23,010,000	16,495,000	475,000	248,901	39,731,099	7,905,000	11,155,000	58,791,099	2.53%		1,005
2012	24,120,000	14,250,000	300,000	443,695	38,226,305	8,070,000	13,540,000	59,836,305	2.43%		908
2013	26,061,950	15,360,000	2,185,000	399,529	43,207,421	7,210,875	12,940,000	63,358,296	2.73%		998
2014	26,753,204	14,290,000	1,715,000	222,030	42,536,174	9,305,350	9,385,000	61,226,524	2.58%		970
2015	24,225,000	13,150,000	1,655,000	217,584	38,812,416	7,890,000	9,000,000	55,702,416	3.39%		1,270
2016	22,240,000	12,015,000	1,230,000	493,055	34,991,945	6,630,000	8,605,000	50,226,945	3.20%		1,175
2017	27,581,648	6,605,000	845,000	385,467	34,646,181	6,200,000	7,510,933	48,357,114	2.89%		1,131
2018	27,525,285	5,660,000	455,000	374,761	33,265,524	4,910,000	14,158,554	52,334,078	2.66%		1,224

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 18 for population data.

TABLE 13

CITY OF HALTOM CITY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2018
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Birdville Independent School District	\$ 253,562,467	20.49%	\$ 51,954,949
Fort Worth Independent School District	966,280,000	0.21%	2,048,514
Keller Independent School District	680,508,707	0.58%	3,946,951
Tarrant County	294,500,000	1.22%	3,592,900
Tarrant County Hospital District	19,300,000	1.22%	<u>235,460</u>
Subtotal, overlapping debt			61,778,774
City of Haltom City (direct debt)	35,031,648	100.00%	<u>33,640,285</u>
Total direct and overlapping debt			<u><u>\$ 95,419,059</u></u>

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.

TABLE 14

CITY OF HALTOM CITY, TEXAS
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 1,965,607,988
Debt limit (2.5% of assessed value)	49,140,200
Debt applicable to limit:	
General obligation bonds	27,525,285
Less: Amount set aside for repayment of general obligation debt	(374,761)
Total net debt applicable to limit	<u>27,150,524</u>
Legal debt margin	<u>\$ 21,989,676</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 40,436,645	\$ 40,659,817	\$ 37,207,622	\$ 38,637,244	\$ 38,861,957	\$ 39,584,432	\$ 41,912,022	\$ 39,196,270	\$ 41,869,231	\$ 49,140,200
Total net debt applicable to limit	<u>16,727,816</u>	<u>15,555,081</u>	<u>22,761,099</u>	<u>23,676,305</u>	<u>25,662,421</u>	<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>
Legal debt margin	<u>\$ 23,708,829</u>	<u>\$ 25,104,736</u>	<u>\$ 14,446,523</u>	<u>\$ 14,960,939</u>	<u>\$ 13,199,536</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>
Total net debt applicable to the limit as a percentage of debt limit	45.44%	41.37%	38.26%	61.17%	61.28%	66.03%	67.02%	62.79%	64.96%	55.25%

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 15

CITY OF HALTOM CITY, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

	Water & Sewer Revenue Bonds					
Fiscal Year	Total Revenues ^a	Less:	Net	Debt Service		Coverage
		Operating Expenses ^b	Available Revenue	Principal	Interest	
2009	\$ 15,221,985	\$ 12,383,694	\$ 2,838,291	\$ 770,000	\$ 382,413	\$ 2.46
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	5,241,833	-	-	-
2018	23,042,346	14,187,868	8,854,478	-	-	-

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.

TABLE 16

CITY OF HALTOM CITY, TEXAS
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
2009	39,550	\$ 846,591	\$ 21,406	32.3	22,839	8.0%
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%

Sources: Estimated population before 2015 provided by Oncor Economic Development. Estimated population for 2015, 2016 and 2017 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

TABLE 17

CITY OF HALTOM CITY, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

<u>Employer</u>	2018			2009		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Birdville ISD	3,103	1	13.68%	2,869	1	13.31%
Hillshire Brands	800	2	3.53%	-	-	-
Medtronic Midas Rex	350	3	1.54%	270	4	1.25%
City of Haltom City	280	4	1.23%	305	3	1.41%
GST Manufacturing	220	5	0.97%	-	-	-
MICA Corporation	200	6	0.88%	100	10	0.46%
Liberty Carton Company	154	7	0.68%	115	8	0.53%
Unifirst	137	8	0.60%	-	-	-
Falcon Steel Company	125	9	0.55%	121	7	0.56%
Blackmon Mooring	120	10	0.53%	-	-	-
Progressive Concepts, Inc	-		-	225	6	1.04%
State Fair Foods	-		-	653	2	3.03%
Revcor/Molded Products	-		-	110	9	0.51%
Needham-Kysor Industries	-		-	250	5	1.16%
Total	<u>5,489</u>		<u>24.19%</u>	<u>4,768</u>		<u>22.10%</u>

Source: City of Haltom City Records

TABLE 18

CITY OF HALTOM CITY, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,
Last Ten Fiscal Years
(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Function/Program</u>										
General government										
Administration	3	3	3	3	3	3	3	3	3	3
City Secretary	2	2	2	2	2	2	2	2	2	2
Finance	7	7	7	7	7	7	7	6	6	6
Human Resources	3	3	3	3	3	3	3	4	4	4
Planning	5	5	5	5	5	6	7	6	7	7
Code Enforcement	3	3	3	3	3	3	3	3	5	5
Fleet services	6	6	5	5	6	6	6	5	5	4
Building maintenance	1	1	1	1	1	1	1	2	2	2
Information Tech./HCTV	6	6	6	5	5	5	5	6	6	6
Economic development	2	5	2	5	7	7	7	1	-	-
Public safety										
Police	97	97	95	95	79	79	89	84	82	82
Animal control	5	5	5	5	5	5	-	5	5	5
Fire	51	51	51	51	55	55	54	54	54	55
Municipal court	8	8	8	8	8	8	9	8	8	7
Streets	15.5	15.5	14.5	14.5	14.5	11.5	11.5	11.5	11.5	11.5
Culture and recreation										
Library	13	13	12	13	13	13	13	13	13	13
Parks and recreation	18	15	16	13	14	13	13	17	19	19
Water & Sewer	49.5	48.5	46.5	46.5	46.5	46.5	46.5	41.5	41.5	42.5
Drainage	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>7</u>
Total	<u>303</u>	<u>302</u>	<u>293</u>	<u>293</u>	<u>285</u>	<u>282</u>	<u>288</u>	<u>276</u>	<u>281</u>	<u>281</u>

Source: City of Haltom City Records

TABLE 19

CITY OF HALTOM CITY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Function/Program</u>										
General government										
Planning										
Residential permits issued	146	159	262	274	245	279	313	405	409	437
Commercial permits issued	126	155	155	255	199	208	298	260	190	123
New residential homes	11	10	17	9	6	5	4	11	16	10
New commercial buildings	5	3	3	11	11	12	17	16	10	18
Public safety										
Police										
Number of police officers	74	72	72	67	71	72	76	76	76	83
Number of physical arrests	3,133	3,199	2,790	2,100	2,316	2,182	2,034	1,863	1,798	1,950
Number of offenses*	22,725	21,913	5,765	4,208	5,001	1,377	1,503	1,693	1,712	1,945
Fire										
Number of firefighters	49	49	49	49	49	49	49	51	52	59
Number of fire runs	76	136	1,347	1,275	1,526	1,602	1,545	1,845	1,307	1,745
Number of EMS runs	2,305	2,548	2,517	2,661	3,066	2,917	2,846	2,906	3,166	2,902
Streets										
Street resurfacing (sq. yards)	82,000	40,188	3,040	3,701	-	56,822	9,455	14,070	6,725	5,859
Asphalt used for repairs (tons)	4,800	11,972	1,986	1,370	1,444	1,155	3,160	3,358	2,837	3,775
Culture and recreation										
Library										
Number of volumes	112,558	115,000	386,098	120,688	122,555	137,772	137,772	134,770	134,942	125,494
Average monthly circulation	35,734	34,500	32,175	33,162	29,857	30,000	17,925	25,791	24,020	22,409
Parks and recreation										
Average daily attendance	228	220	320	395	357	321	332	301	361	320
Water & sewer										
Number of water connections	13,403	13,416	13,436	13,456	13,473	12,898	13,456	13,456	12,272	13,101
Average daily consumption (millions of gallons)	4.92	4.80	5.72	5.18	4.96	4.69	5.18	4.28	4.32	4.01
Number of sewer connections	14,016	14,029	14,049	14,069	14,086	14,086	14,069	14,069	12,186	12,716
Residential accounts billed	10,789	10,872	11,101	10,665	10,850	10,832	10,909	10,872	11,023	11,544
Commercial accounts billed	1,384	1,369	1,209	1,538	1,497	1,490	1,399	1,350	1,379	1,565

*Part I offenses only.

Source: City of Haltom City Records

TABLE 20

CITY OF HALTOM CITY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	23	25	25	25	31	35	37	37	37	37
Fire stations	3	3	3	3	3	3	3	3	3	3
Streets										
Streets (miles)	171	171	171	171	171	171	174	174	184	184
Traffic signals	7	9	9	9	10	10	14	14	15	15
Streetlights	1,707	1,707	1,707	1,707	1,707	1,707	1,767	1,767	1,777	1,777
Culture and recreation										
Parks	8	9	10	10	10	12	10	11	11	11
Park (acres)	184	206	209	218	218	220	220	220	220	230
Picnic areas	8	7	7	9	8	9	8	9	9	9
Playgrounds	9	11	11	13	15	15	15	15	15	16
Recreation center	1	1	1	1	1	1	1	1	1	1
Senior center	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Water & sewer										
Water mains (miles)	305	305	305	305	305	305	306	307	310	310
Fire hydrants	1,662	1,662	1,662	1,662	1,662	1,662	1,700	1,700	1,724	1,724
Sanitary sewers (miles)	141	141	141	141	141	141	142	142	161	161
Drainage										
Storm sewers (miles)	306	306	306	306	306	306	307	307	310	310

Source: City of Haltom City Records

TABLE 21

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	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll	Total TMRS Required Contribution Rate	Prior Service Portion of the TMRS Rate
2009	\$ 27,979,780	\$ 50,654,419	55.2%	\$ 22,674,639	\$ 14,951,581	151.7%	15.95%	5.51%
2010	30,534,403	54,931,191	55.6%	24,396,788	15,163,402	160.9%	17.75%	6.75%
2011	58,206,864	79,451,564	73.3%	21,244,700	14,875,874	142.8%	20.88%	9.88%
2012	62,844,569	83,326,013	75.4%	20,481,444	14,691,775	139.4%	19.50%	8.24%
2013	68,068,168	87,107,340	78.1%	19,309,172	14,340,944	134.6%	19.90%	8.17%
2014	73,988,890	97,106,486	76.2%	23,117,596	15,003,126	154.1%	20.07%	7.95%
2015	79,995,155	101,910,371	78.5%	21,915,216	16,063,517	136.4%	18.91%	8.59%
2016	85,182,923	106,655,809	79.9%	21,472,886	16,503,242	130.1%	18.94%	8.20%
2017	90,258,853	112,262,916	80.4%	22,004,063	16,874,427	130.4%	19.16%	8.43%
2018	96,505,503	118,056,607	81.7%	21,460,104	17,256,507	124.4%	19.02%	8.28%

Source: Texas Municipal Retirement System

COMPLIANCE SECTION

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**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
And Members of the City Council
City of Haltom City, Texas

We have audited, in accordance with the 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, 2018, 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 February 25, 2019.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
February 25, 2019

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF PRIOR FINDINGS AND RESPONSES

YEAR ENDED SEPTEMBER 30, 2018

Finding No. 2017-001:

Bank and Investment Reconciliations

Specific requirement:

Bank reconciliations are a very important control over cash. These reconciliations verify that cash on the general ledger is correct as of the end of each month. This process helps discover deposits that may have not made it to the general ledger or detect disbursements that were made that may not have been recorded. The bank reconciliation is the only process that shows cash is correct over multiple funds at various points during the year.

Condition:

The reconciled cash and investment balance did not agree to the cash and investment balance on the general ledger.

Context:

The difference between cash on the reconciliation and the general ledger was not corrected.

Effect:

The reconciled cash and investment balance on the reconciliation did not agree to the cash and investment balance on the general ledger.

Cause:

The city has experienced turnover and have had employees that work on the reconciliation process leave during the year. The city must create a process that makes sure cash and investments are reconciled to the general ledger every month. There also should be multiple employees trained to perform the reconciliation process. This would help make sure that process should be performed even in the event of personnel turnover.

Recommendation:

The City needs to make sure that cash and investments are reconciled to the general ledger every month. If differences arise, the amounts should be investigated and recorded.

View of Responsible Officials:

Concur.

Correction Action:

The City Controller will review all cash and investments accounts for accuracy before submitting the trail balance to the auditors.

Status:

This matter has been resolved.

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