

City of Haltom City, Texas
Comprehensive Annual Financial Report
For Fiscal Year Ended September 30, 2017



CITY OF HALTOM CITY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2017

Prepared By:
City of Haltom City, Texas
Finance Department

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TABLE OF CONTENTS

INTRODUCTORY SECTION

Transmittal Letter	i - v
Organization Chart	vi
Principal Officials	vii
Certificate of Achievement For Excellence in Financial Reporting	viii

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 13
BASIC FINANCIAL STATEMENTS	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	15
Statement of Activities	16 - 17
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Changes in Governmental Fund Balances to the Change in Net Position of Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	22 - 23
Statement of Net Position - Proprietary Funds	24
Statement of Revenue, Expenses and Changes in Net position - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
Statement of Fiduciary Net Position - Fiduciary Funds	27
Statement of Changes in Fiduciary Net position - Fiduciary Funds	28
Notes to basic financial statements	29 - 61
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Changes in Net Position Liability and Related Ratios	63
Schedule of Contributions	64
Schedule of Funding Progress - Post-Retirement Health Care Benefit Plan	65

TABLE OF CONTENTS

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Major Funds - Budget and Actual:

Debt Service Fund	67
Street Reconstruction – Capital Project Fund	68
Nonmajor Fund Descriptions	69
Combining Balance Sheet - Nonmajor Governmental Funds	70 - 73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	74 - 77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Police Forfeiture	78
Police Donations	79
Red Light Camera	80
Police CART	81
Park Donations	82
Park Dedication	83
Library Donations	84
Hotel/Motel Tax	85
Grants	86
Fire Department Donations	87
Court Technology	88
Court Security	89
Juvenile Case Manager	90
Animal Shelter	91
Safeway Path Program	92
TIF Fund No. 1	93
Street Assessments	94
Capital Improvement	95
Capital Replacement	96

STATISTICAL SECTION

Table

Statistical Section Contents	97
Financial Trends	
1 Net Position by Component	98 - 99
2 Changes in Net Position	100 - 103
3 Fund Balances - Governmental Funds	104 - 105
4 Changes in Fund Balances - Governmental Funds	106 - 107
Revenue Capacity	
5 General Governmental Tax Revenues by Source	108
6 Assessed Value and Estimated Actual Value of Taxable Property	109
7 Direct and Overlapping Property Tax Rates	110
8 Principal Property Tax Payers	111
9 Property Tax Levies and Collections	112
10 Sales Tax Collections by Fund	113

TABLE OF CONTENTS

Debt Capacity		
11	Ratio of Outstanding Debt by Type	114
12	Ration of Net General Bonded Debt Outstanding	115
13	Direct and Overlapping Governmental Activities Debt	116
14	Legal Debt Margin Information	117
15	Pledged – Revenue Coverage	118
Demographic and Economic Information		
16	Demographic and Economic Statistics	119
17	Principal Employers	120
Operating Information		
19	Full-Time Equivalent City Government Employees by Function/Program	121
20	Operating Indicators by Function/Program	122
20	Capital Asset Statistics by Function/Program	123
Other Information		
21	Texas Municipal Retirement System – Analysis of Funding	124

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	125 - 126
Schedule of Findings and Responses	127
Schedule of Prior Year Audit Findings and Responses	128 - 129

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INTRODUCTORY SECTION

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CITY OF HALTOM CITY

February 26, 2018

Honorable Mayor and City Council Members:

The comprehensive annual financial report of the City of Haltom City for the fiscal year ended September 30, 2017 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, 2017. 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 any other major MSA in Texas between 2010 and 2017 except Houston. 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 2017 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 2018 retail activity is expected to increase by 2% 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 22,690 and the unemployment rate for September 2017 was 3.2%, which compares favorably to the September 2017 State of Texas rate of 4.0% and the national rate of 4.2%. 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 on November 2, 2010 for the electorate to consider \$39,078,000 in capital improvements. Of the total \$21,208,000 authorized by the voters, \$5,183,000 remains unissued. The authorized but unissued bonds are for streets and parks improvements.

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, 2016. 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 twenty-ninth consecutive year (fiscal years ended 1987-2016) that the government has achieved this prestigious award.

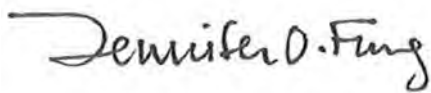
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal 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, 2016. 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,

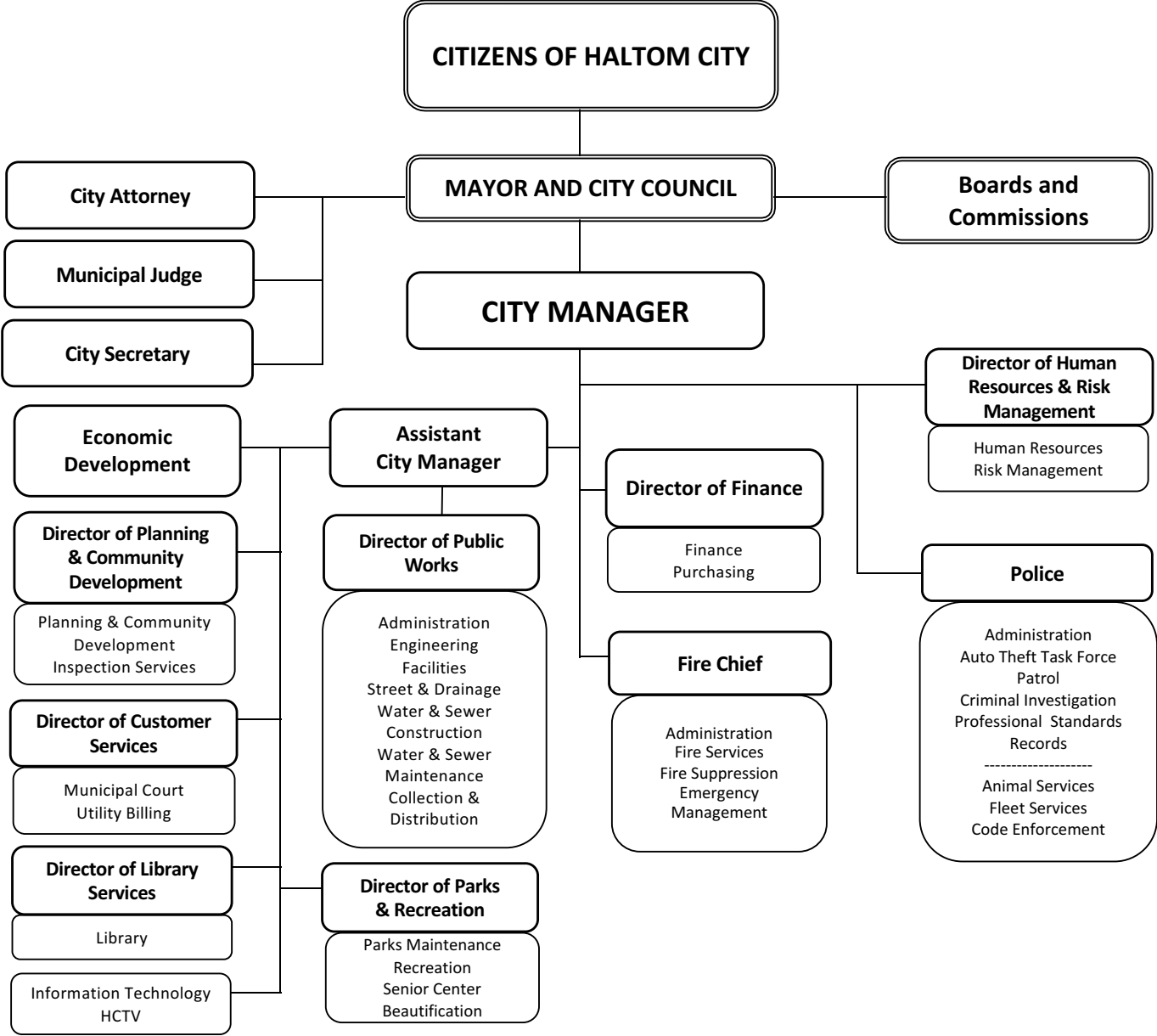


Jennifer O. Fung, CPA
Director of Finance



Jon Stevenson
Assistant Director of Finance/Controller

**CITY OF HALTOM CITY
ORGANIZATION CHART
FISCAL YEAR 2017**



CITY OF HALTOM CITY CITY COUNCIL



**David Averitt
Mayor**



**Trae Fowler
Place 4**



**Jeannine Nunn
Place 1**



**Bob Watkins
Place 5**



**Walter Grow
Place 2**



**Ricky Brown
Place 6**



**Lin Thompson
Place 3**



**An Truong
Place 7**



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, 2016

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

To the 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 (the "City") as of and for the year ended September 30, 2017, 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.

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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, the schedule of contributions, and the schedule of funding progress post-retirement health care benefit plan on pages 4 – 14 and 62 – 64 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 26, 2018, 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 26, 2018

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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, 2017. 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, 2017 by \$107 million (net position). Of this amount, about \$3 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 \$7.5 million for the year ended September 30, 2017. Out of this, \$3.5 million is from governmental activities and \$4 million from business activities.
- On a government-wide basis, the City's total assets increased by \$7.2 million or 4% and total liabilities decreased by \$1.1 million or 1%.
- As of September 30, 2017, the City's governmental funds reported combined ending fund balances of \$24.5 million, an increase of \$5.9 million in comparison with prior year. Approximately, \$10 million, or 41%, 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).

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, 2017.

By far the largest portion of the City's net position, \$90 million or 84% 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 (\$14.3 million, or 13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$3 million, or 2.9%) may be used to meet the government's ongoing obligations to citizens and creditors.

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 \$7.3 million negative unrestricted net position and the business-type activities showed a positive unrestricted net position of \$10.3 million. The net position for governmental activities and business-type activities are summarized as follows:

	Governmental Activities		Business Type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Assets						
Current and other assets	\$29,022,191	\$21,973,190	\$15,493,459	\$11,898,259	\$44,515,650	\$33,871,449
Capital assets	83,403,944	85,398,167	54,686,300	56,183,667	138,090,244	141,581,834
Total Assets	112,426,135	107,371,357	70,179,759	68,081,926	182,605,894	175,453,283
Deferred Outflows of Resources	5,444,939	6,287,655	844,168	978,919	6,289,107	7,266,574
Liabilities						
Current liabilities	3,259,952	2,548,960	2,442,651	2,985,334	5,702,603	5,534,294
Noncurrent liabilities	58,430,483	58,177,620	17,131,500	18,605,835	75,561,983	76,783,455
Total Liabilities	61,690,435	60,726,580	19,574,151	21,591,169	81,264,586	82,317,749
Deferred Inflows of Resources	556,793	815,062	84,901	121,340	641,694	936,402
Net Position						
Net investment in capital assets	48,573,824	49,547,079	41,019,999	40,860,841	89,593,823	90,407,920
Restricted	14,332,634	8,566,493	0	0	14,332,634	8,566,493
Unrestricted	(7,282,612)	(5,996,201)	10,344,876	6,487,495	3,062,264	491,294
Total Net Position	\$55,623,846	\$52,117,371	\$51,364,875	\$47,348,336	\$106,988,721	\$99,465,707

Analysis of the City's operations

The City of Haltom City's net position increased by \$7.5 million from \$99.5 million to \$107 million during the current fiscal year. Out of which an increase of \$3.5 million in governmental activities and an increase of \$4 million in business-type activities. Details are listed as follows:

	Governmental Activities		Business Type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenues:						
Program revenues:						
Charges for services	\$5,222,221	\$4,831,700	\$22,452,473	\$20,907,487	\$27,674,694	\$25,739,187
Operating grants and contributions	359,563	272,414	-	-	359,563	272,414
Capital grants and contributions	17,186	40,443	-	305,962	17,186	346,405
General revenues:						
Property taxes	12,706,964	12,035,695	-	-	12,706,964	12,035,695
Other taxes	16,159,029	12,542,605	-	-	16,159,029	12,542,605
Interest and investment earnings	244,718	157,851	123,843	89,063	368,561	246,914
Other revenues	1,085,663	1,143,452	-	-	1,085,663	1,143,452
Total revenues	35,795,344	31,024,160	22,576,316	21,302,512	58,371,660	52,326,672
Expenses:						
General government	6,583,493	6,991,532	-	-	6,583,493	6,991,532
Public safety	18,763,690	18,140,988	-	-	18,763,690	18,140,988
Streets	3,062,161	2,661,889	-	-	3,062,161	2,661,889
Culture and recreation	3,209,288	3,101,708	-	-	3,209,288	3,101,708
Interest and fiscal charges	1,250,237	1,228,911	-	-	1,250,237	1,228,911
Water and sewer	-	-	16,670,152	17,611,699	16,670,152	17,611,699
Drainage	-	-	1,309,625	1,372,063	1,309,625	1,372,063
Total expenses	32,868,869	32,125,028	17,979,777	18,983,762	50,848,646	51,108,790
Increase in net position before transfers	2,926,475	(1,100,868)	4,596,539	2,318,750	7,523,014	1,217,882
Transfers	580,000	700,000	(580,000)	(700,000)	-	-
Change in net position	3,506,475	(400,868)	4,016,539	1,618,750	7,523,014	1,217,882
Net position - Beginning	52,117,371	52,518,239	47,348,336	45,729,586	99,465,707	98,247,825
Net position - Ending	\$55,623,846	\$52,117,371	\$51,364,875	\$47,348,336	\$106,988,721	\$99,465,707

Governmental activities

Net position of the City's governmental activities increased by \$3.5 million or 7%, from \$52.1 million to \$55.6 million at the end of the year. Revenues increase by about \$4.8 million (15%) and expenses increased by about \$0.7 million (2%).

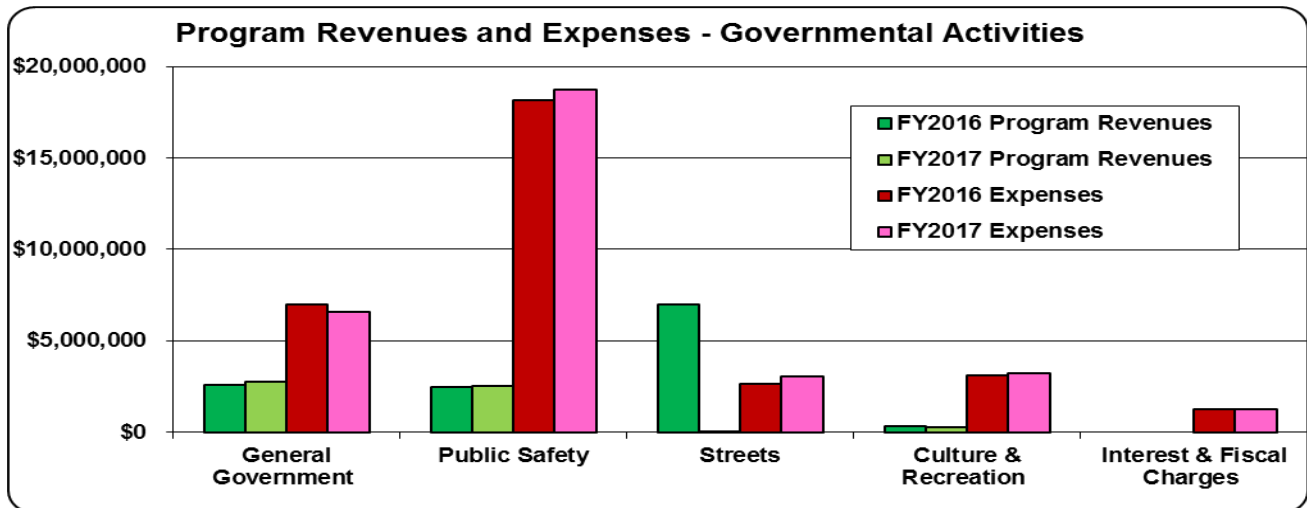
Key changes of revenues and expenses are as follows:

Revenues

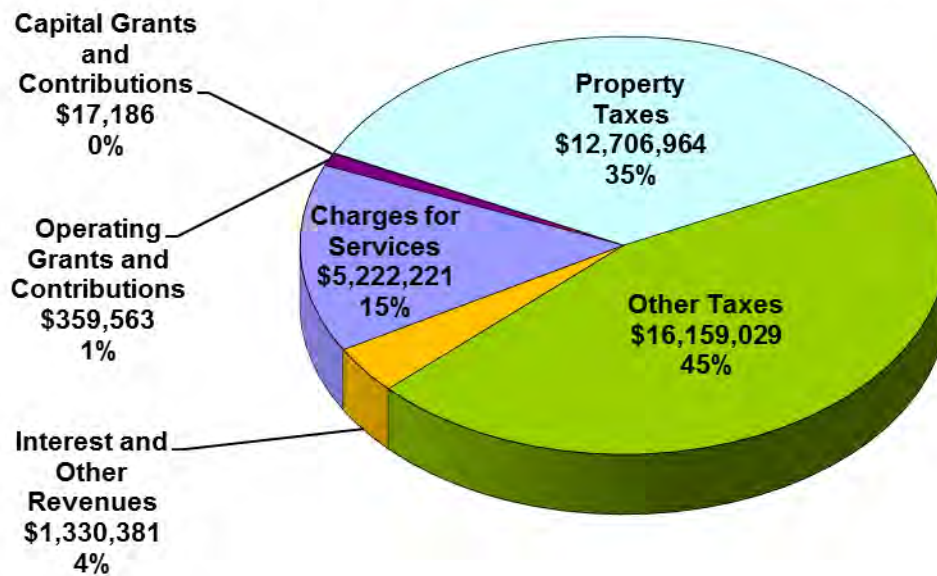
- Program revenues: Charges for Service were higher due to increase in operation activities while operating grants and capital grants were lower due fewer grants available and conclusion of grants from Federal Government and North Texas Council of Government.
- Property taxes increased by \$671,269 due to increase in the certified taxable value.
- Other taxes increased by \$3,616,424 due to an increase of collections from sales tax and higher allocation to Primary Government. For FY2016, the sales tax allocation was 1% to General Fund, ½% to Economic Development Corporation, ¼% to Crime Control District, and ¼% to Street Reconstruction. Starting FY2017, the sales tax allocation was changed to 1-3/8% to General Fund, 0% to Economic Development Corporation, ¼% to Crime Control District, and 3/8% to Street Reconstruction.
- Interest and investment earnings increased by \$86,867 due to higher interest rates.
- Other revenues decreased by \$57,789 mainly due to lower insurance reimbursement compared to FY2016.

Expenses

- Total expenses for the governmental funds increased by \$743,841 or 1%.
- General government expenses decreased by \$408,039 (6%) due to staff turnover, department reorganization and vacancies.
- Public Safety expenses increased by about \$622,702 million (3%) due to salary increase.
- Streets expenses were \$400,272 (15%) higher due to higher street maintenance and construction.
- Interest and fiscal charges are higher by \$21,325 (2%) due to new issuance of general obligation bonds.



Revenues by Source - Governmental Activities



Business-type activities

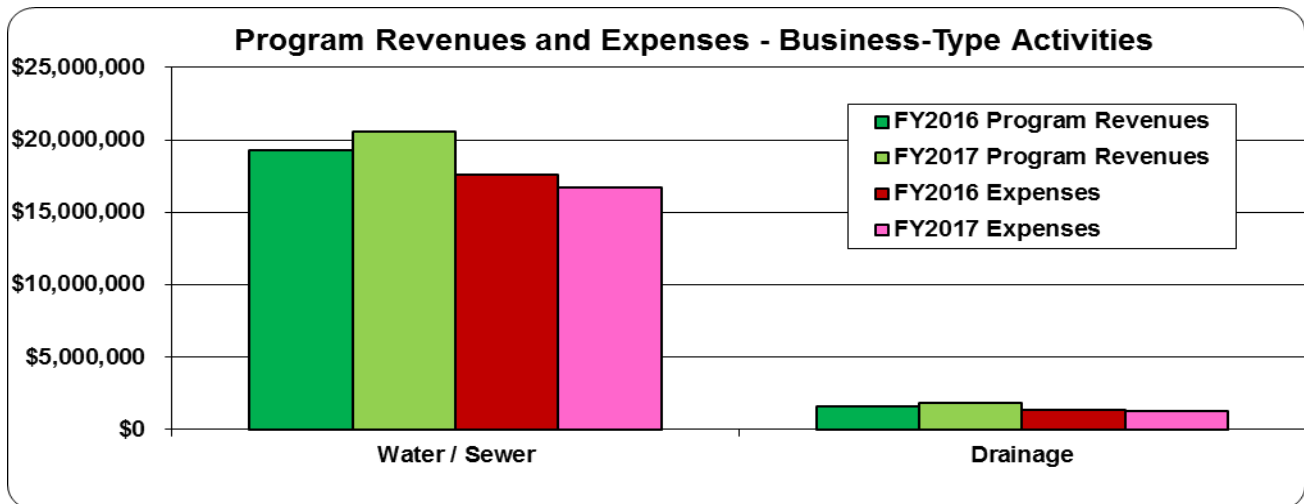
The net position of business-type activities at end of Fiscal Year 2017 was at \$51.4 million compared to \$47.3 million for prior year. This was an increase in net position of \$4 million, or 8% over the prior fiscal year. The City generally can only use the net position to finance the continuing operations of the business-type activities. Total revenues for business-type activities increased by about \$1.3 million (6%) from \$21.3 million to \$22.6 million. The increase was mainly due to increase in Water and Sewer Rates. Total expenses for FY2017 decreased by \$1 million when compared to FY2016. The decrease was mainly due to lower water and sewer payments to City of Fort Worth.

Water and Sewer Fund

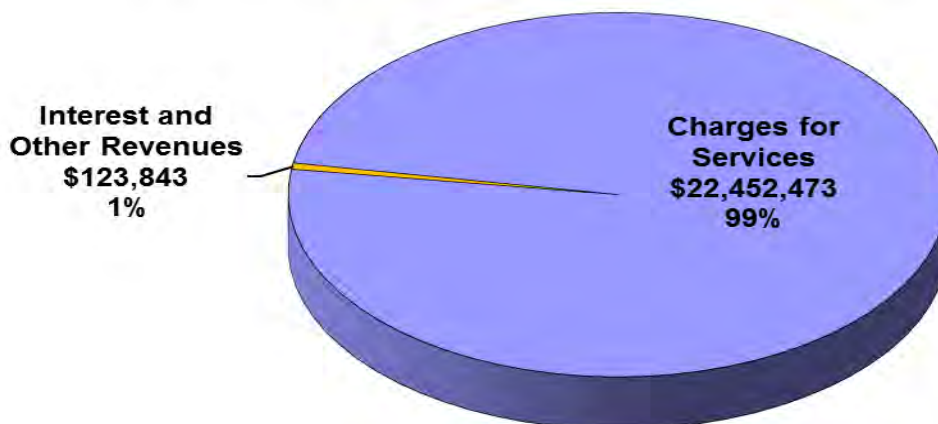
- The Water and Sewer Fund program revenues increased by \$1.3 million (6%) mainly due to the increase in water and sewer rates.
- Expenses for Water and Sewer Fund decreased by about \$0.9 million (5%). This reduction is due to lower water and sewer cost.

Drainage Fund

- Program revenues increased by \$0.2 million (14%) due to increase in drainage fee rate.
- Drainage expenses decreased by \$0.06 million (5%) mainly due to savings in staff turnovers.



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 \$24.5 million, an increase of \$5.9 million (32%) in comparing to the prior year. About \$10 million (41%) of this fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance of \$14.5 million (59%), is not available for general spending.

The General Fund fund balance increased by about \$0.7 million (7%) this fiscal year. For FY2017, total General Fund revenues increased by \$3.2 million (14%). Major revenue increases were from taxes and Charges for services. Total tax revenues increased by \$3.4 million (18%). Major tax increase is from sales tax. An increase of \$2.7 million (40%). This is due to higher sales activities as well as an increase of 3/8% allocation to General Fund. Property tax also increased by \$0.6 million (7%) due to increase in assessed property value. Charges for services increased by \$135,158 (7%) primarily due to increase in Fleet Service Fees. Major reduction in revenues includes Licenses and Permits as well as Fines and Fees. Licenses and permits were lower by \$176,096 (22%) due to exception high building activities in FY2016. Fines and Fees reduced by \$92,963 (7%) due to fewer citations issued.

General Fund expenditures were similar to prior year with a slight decrease of \$96,593 (0.4%). Most departments maintained similar expenditure amounts as FY2016. There was salary increase in FY2017. 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, there were salary savings due to staff turnovers and department reorganizations. Department with slight increase in expenditures include Police, Fire, Streets, Parks, Finance and non-department.

The Debt Service Fund has a fund balance of \$385,467 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 FY2017 debt requirement was about 21% of the General Fund expenditures.

The fund balance of Street Reconstruction Capital Project Fund ended the year at \$9,818,276. The fund balance is restricted for street capital projects. This fund balance was \$4.2 million (75%) more than the prior year due to the issuance of \$2 million bonds, timing of expenditures and progress of construction projects. Total expenditures for FY2017 amounted to \$769,915.

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 \$0.7 million for FY2017. This increase was due to actual revenues and transfers were higher than the actual expenditures and transfers out for the year.

When comparing to the budget, actual total revenues was \$1.3 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 \$1.2 million. Most departments spend less than the budget. Expenditures for Fire Department was \$55,959 over budget due to overtime for deployment to the

Hurricane Harvey projects. The City Secretary Department expenditure was also over the budget by \$7,391 due to addition special election cost.

IV. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At September 30, 2017, the City had \$138 million (net of accumulated depreciation) invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and storm water facilities. This amount represents a net decrease of \$2 million (2.3%) over last year. Details of capital assets are listed below.

	Governmental Activities		Business Type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Land	\$18,506,376	\$18,506,376	\$6,125,273	\$6,125,273	\$24,631,649	\$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	-	-	51,903,411	50,647,462	51,903,411	50,647,462
Improvements other than buildings	66,640,516	61,415,873	-	-	66,640,516	61,415,873
Machinery and equipment	12,703,953	12,247,068	5,911,519	5,803,206	18,615,472	18,050,274
Construction in progress	25,110,879	29,367,858	12,273,721	13,593,843	37,384,600	42,961,701
Accumulated depreciation	(57,737,305)	(54,318,533)	(32,113,498)	(30,571,991)	(89,850,803)	(84,890,524)
Total	\$83,403,944	\$85,398,167	\$54,686,300	\$56,183,667	\$138,090,244	\$141,581,834

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 Highway 820/Backage Roads, Realignment of US377 at Belknap Street, Clay Avenue, Cheryl Street, Spring Lake Sanitary Sewer and Big Fossil Creek Drainage Project.

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 obligation liabilities outstanding of \$75.4 million. Of this amount, \$58.3 million was from governmental activities and \$17.1 million were business-type activities.

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, being 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 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Certificates of obligations	\$6,605,000	\$12,015,000	7,330,000	8,605,000	\$13,935,000	\$20,620,000
General obligation bonds	26,790,000	22,240,000	-	-	26,790,000	22,240,000
General obligation refunding bonds	-	-	\$6,200,000	\$6,630,000	6,200,000	6,630,000
Tax notes	845,000	1,230,000	-	-	845,000	1,230,000
Premium on bond issuance	791,648	447,088	180,933	142,744	972,581	589,832
Total Bonded Debts	35,031,648	35,932,088	13,710,933	15,377,744	48,742,581	51,309,832
Compensated absence obligations	3,117,891	2,623,055	341,903	323,643	3,459,794	2,946,698
Net pension obligations	19,952,966	19,509,605	3,042,508	2,904,448	22,995,474	22,414,053
Net pension obligations	215,106	(16,936)	36,156	(3,227)	251,262	(20,163)
Total Long-Term Liabilities	\$58,317,611	\$58,047,812	\$17,131,500	\$18,602,608	\$75,449,111	\$76,650,420

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 2018 budget include:

- Balanced budget
- Reduce property tax rate from \$0.69999 to \$0.66818
- Increase in water and sewer rate by 8% to cover cost increase
- Salary increase for full time employees
- Total City budget over \$84.8 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, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development	Crime Control District
ASSETS					
Cash and investments	\$ 24,230,658	\$ 13,332,983	\$ 37,563,641	\$ 1,285,814	\$ 383,452
Receivables, net:					
Taxes	623,182	-	623,182	-	-
Accounts receivable	-	2,045,843	2,045,843	-	-
Intergovernmental	2,558,885	-	2,558,885	45,191	304,071
Accrued Interest	65,083	28,545	93,628	2,744	832
Other	1,328,111	-	1,328,111	-	1,716
Inventory	197,561	85,665	283,226	-	-
Prepays	18,711	423	19,134	-	-
Capital assets					
Land	18,506,376	6,125,273	24,631,649	-	-
Building and improvements	18,179,525	10,585,874	28,765,399	-	-
Improvements other than Buildings	66,640,516	-	66,640,516	-	-
Water and sewer system	-	51,903,411	51,903,411	-	-
Machinery and equipment	12,703,953	5,911,519	18,615,472	-	-
Construction-in-progress	25,110,879	12,273,721	37,384,600	-	-
Less: accumulated depreciation	(57,737,305)	(32,113,498)	(89,850,803)	-	-
Total assets	112,426,135	70,179,759	182,605,894	1,333,749	690,071
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	201,528	44,632	246,160	-	-
Deferred outflow related to pensions	5,243,411	799,536	6,042,947	100,956	87,868
Total deferred outflows of resources	5,444,939	844,168	6,289,107	100,956	87,868
LIABILITIES					
Accounts payable	1,300,602	1,023,421	2,324,023	293,697	93,482
Accrued liabilities	1,777,358	257,945	2,035,303	25,807	-
Retainage payable	-	35,933	35,933	340,375	-
Accrued interest payable	181,992	72,808	254,800	-	-
Customer deposits	-	1,052,544	1,052,544	-	-
Noncurrent liabilities:					
Due within one year					
Compensated absences	623,578	68,381	691,959	-	4,020
General obligation debt	2,916,363	-	2,916,363	-	-
Revenue supported bonds	-	1,731,258	1,731,258	-	-
Tax Notes	390,000	-	390,000	-	-
Certificates of obligations	945,000	-	945,000	-	-
Claims and judgements	-	-	-	-	-
Due in more than one year					
Certificates of obligations	5,660,000	-	5,660,000	-	-
Compensated absences	2,494,313	273,522	2,767,835	-	16,080
Net pension liability	19,952,966	3,042,508	22,995,474	384,169	334,367
Net other postemployment obligation	215,106	36,156	251,262	-	2,765
General obligation debt	24,665,285	-	24,665,285	-	-
Tax Notes	455,000	-	455,000	-	-
Claims and judgements	112,872	-	112,872	-	1,837
Revenue supported bonds	-	11,979,675	11,979,675	-	-
Total liabilities	61,690,435	19,574,151	81,264,586	1,044,048	452,551
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow related to pensions	556,793	84,901	641,694	10,719	9,331
Total deferred inflows of resources	556,793	84,901	641,694	10,719	9,331
NET POSITION					
Net investment in capital assets	48,573,824	41,019,999	89,593,823	-	-
Restricted for:					
Capital projects	12,398,506	-	12,398,506	-	-
Donor restrictions for libraries, parks and law enforcement	682,057	-	682,057	-	-
Debt service	463,549	-	463,549	-	-
Promotion of tourism and business	115,445	-	115,445	-	-
Economic development	-	-	-	379,938	-
Public safety	673,077	-	673,077	-	-
Unrestricted	(7,282,612)	10,344,876	3,062,264	-	316,057
Total net position	\$ 55,623,846	\$ 51,364,875	\$ 106,988,721	\$ 379,938	\$ 316,057

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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,583,493	\$ 2,728,039	\$ 37,938	\$ -
Public safety	18,763,690	2,272,328	252,691	17,186
Streets	3,062,161	3,992	-	-
Culture and recreation	3,209,288	217,862	68,934	-
Interest on long-term debt	1,250,237	-	-	-
Total governmental activities	<u>32,868,869</u>	<u>5,222,221</u>	<u>359,563</u>	<u>17,186</u>
Business-type activities:				
Water and sewer services	16,670,152	20,591,084	-	-
Drainage services	1,309,625	1,861,389	-	-
Total business-type activities	<u>17,979,777</u>	<u>22,452,473</u>	<u>-</u>	<u>-</u>
Total primary government	<u>50,848,646</u>	<u>27,674,694</u>	<u>359,563</u>	<u>17,186</u>
Component units				
Economic Development	2,158,999	-	-	-
Crime Control District	1,252,471	-	-	-
Total component units	<u>\$ 3,411,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
- Grants and contributions not restricted to specific programs
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position
- 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
\$(3,817,516)	\$ -	\$(3,817,516)	\$ -	\$ -
(16,221,485)	-	(16,221,485)	-	-
(3,058,169)	-	(3,058,169)	-	-
(2,922,492)	-	(2,922,492)	-	-
(1,250,237)	-	(1,250,237)	-	-
(27,269,899)	-	(27,269,899)	-	-
-	3,920,932	3,920,932	-	-
-	551,764	551,764	-	-
-	4,472,696	4,472,696	-	-
(27,269,899)	4,472,696	(22,797,203)	-	-
-	-	-	(2,158,999)	-
-	-	-	-	(1,252,471)
-	-	-	(2,158,999)	(1,252,471)
12,706,964	-	12,706,964	-	-
12,025,312	-	12,025,312	1,212	1,662,630
4,078,235	-	4,078,235	-	-
44,308	-	44,308	-	-
67,466	-	67,466	-	-
11,174	-	11,174	-	-
244,718	123,843	368,561	20,830	1,283
384,156	-	384,156	-	-
18,356	-	18,356	-	-
615,685	-	615,685	-	-
580,000	(580,000)	-	-	-
30,776,374	(456,157)	30,320,217	22,042	1,663,913
3,506,475	4,016,539	7,523,014	(2,136,957)	411,442
52,117,371	47,348,336	99,465,707	2,516,895	(95,385)
\$ 55,623,846	\$ 51,364,875	\$ 106,988,721	\$ 379,938	\$ 316,057

CITY OF HALTOM CITY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General	Debt Service	Street Reconstruction Capital Projects	Other Governmental	Total Governmental Funds
ASSETS					
Cash and investments	\$ 10,085,950	\$ 381,384	\$ 9,300,526	\$ 4,462,798	\$ 24,230,658
Receivables (net of allowance)					
Taxes	375,751	247,431	-	-	623,182
Intergovernmental	1,862,519	6,982	679,441	9,943	2,558,885
Accrued interest	35,823	816	19,997	8,447	65,083
Other	1,067,578	-	-	260,533	1,328,111
Due from other funds	60,530	-	-	-	60,530
Prepays	3,177	-	-	15,534	18,711
Inventory	197,561	-	-	-	197,561
 Total assets	 13,688,889	 636,613	 9,999,964	 4,757,255	 29,082,721
LIABILITIES					
Accounts payable	768,275	400	172,361	359,566	1,300,602
Accrued liabilities	1,495,023	-	-	282,335	1,777,358
Accrued interest payable	-	13,839	9,327	-	23,166
Due to other funds	-	-	-	60,530	60,530
Total liabilities	2,263,298	14,239	181,688	702,432	3,161,657
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	337,433	236,907	-	-	574,340
Unavailable revenue - court fines	820,773	-	-	-	820,773
Unavailable revenue - street assessments	22,886	-	-	-	22,886
Total deferred inflows of resources	1,181,092	236,907	-	-	1,417,999
FUND BALANCES					
Nonspendable:					
Inventory	197,561	-	-	-	197,561
Prepays	3,177			15,534	18,711
Restricted for:					
Construction of capital assets	-	-	9,818,276	2,580,230	12,398,506
Promotion of tourism	-	-	-	115,445	115,445
Purpose of grantors, trustees and donors	-	-	-	682,057	682,057
Public safety	-	-	-	673,077	673,077
Debt service	-	385,467	-	-	385,467
Unassigned	10,043,761	-	-	(11,520)	10,032,241
Total fund balances	10,244,499	385,467	9,818,276	4,054,823	24,503,065
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 13,688,889	 \$ 636,613	 \$ 9,999,964	 \$ 4,757,255	 \$ 29,082,721

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, 2017

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

Total Governmental Fund Balances		\$	24,503,065
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			83,403,944
Deferred outflows of resources are not reported in the governmental funds.			
Deferred charges on debt refundings	\$	201,528	
Pension related liabilities		5,243,411	5,444,939
Other long-term assets are not available to pay for current-period expenditures and therefore are unearned in the funds.			1,417,999
Long-term liabilities, including bonds payable, compensated absences, and claims and judgments are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds payable	(	33,395,000)	
Tax notes payable	(	845,000)	
Premium on bond issuance	(	791,648)	
Accrued interest payable	(	158,825)	
Net pension obligation	(	19,952,966)	
Net OPEB obligation	(	215,106)	
Compensated absences	(	3,117,891)	
Claims and judgements	(	<u>112,872</u>)	(58,589,308)
Deferred inflows of resources are not reported in the governmental funds.			
Pension related liabilities			(<u>556,793</u>)
Net position of government activities		\$	<u>55,623,846</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 BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General	Debt Service	Street Reconstruction Capital Projects	Other Governmental	Total Governmental Funds
REVENUES					
Taxes	\$ 22,102,399	\$ 4,352,034	\$ 2,577,863	\$ 44,545	\$ 29,076,841
Licenses and permits	638,032	-	-	-	638,032
Intergovernmental	209,938	-	-	44,062	254,000
Fines and fees	1,278,977	-	-	273,022	1,551,999
Charges for services	1,997,338	-	-	123,949	2,121,287
Oil and gas lease	67,466	-	-	-	67,466
Contributions	5	375,263	-	373,571	748,839
Special assessments	-	-	-	3,183	3,183
Interest	121,977	7,823	81,078	33,800	244,678
Miscellaneous	384,659	-	176,860	106,116	667,635
Total revenues	26,800,791	4,735,120	2,835,801	1,002,248	35,373,960
EXPENDITURES					
Current:					
General government	5,678,372	-	39,082	87,256	5,804,710
Public safety	16,320,959	-	-	283,531	16,604,490
Streets	844,234	-	440,623	-	1,284,857
Cultural and recreation	2,355,605	-	-	92,043	2,447,648
Debt service:					
Principal	-	4,105,000	-	-	4,105,000
Interest and other	-	1,200,021	-	-	1,200,021
Bond issuance costs	-	88,265	59,024	-	147,289
Capital outlay	-	-	231,186	1,364,269	1,595,455
Total expenditures	25,199,170	5,393,286	769,915	1,827,099	33,189,470
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,601,621	(658,166)	2,065,886	(824,851)	2,184,490
OTHER FINANCING SOURCES (USES)					
Premium on Issuance of Debt	-	291,899	139,024	-	430,923
Issuance of debt	-	4,195,000	2,000,000	920,000	7,115,000
Payment to refunded bond escrow agent	-	(4,403,034)	-	-	(4,403,034)
Sale of capital assets	18,356	-	-	-	18,356
Transfers in	668,200	466,713	-	1,150,000	2,284,913
Transfers out	(1,616,713)	-	-	(88,200)	(1,704,913)
Total other financing sources and uses	(930,157)	550,578	2,139,024	1,981,800	3,741,245
NET CHANGE IN FUND BALANCES	671,464	(107,588)	4,204,910	1,156,949	5,925,735
FUND BALANCES, BEGINNING	9,573,035	493,055	5,613,366	2,897,874	18,577,330
FUND BALANCES, ENDING	\$ 10,244,499	\$ 385,467	\$ 9,818,276	\$ 4,054,823	\$ 24,503,065

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, 2017

Net change in fund balances - total governmental funds:	\$	5,925,735
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital assets used in governmental activities are not reported in the funds.		1,424,549
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.	(	3,418,772)
Contribution of capital assets from component units.		-
Changes in revenues in the statement of activities that does not provide current financial resources.		390,993
Interest on long-term debt is not accrued at the fund level.		38,216
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 payable		1,393,034
Bonds premiums	(	344,560)
Compensated absences	(	494,836)
Net pension obligation	(	1,148,336)
Other post employment obligations	(	232,042)
Loss on bond refundings are recorded as expenditures in the fund financial statements but are capitalized and amortized in the government-wide financial statements.	(	<u>27,506</u>)
Change in net position of governmental activities	\$	<u>3,506,475</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Taxes:			
Property taxes	\$ 8,412,585	\$ 8,432,040	\$ 19,455
Penalties and interest	110,000	83,275	(26,725)
City sales taxes	8,742,554	9,447,449	704,895
Mixed beverage tax	14,000	11,174	(2,826)
Franchise taxes	4,100,000	4,128,461	28,461
	<u>21,379,139</u>	<u>22,102,399</u>	<u>723,260</u>
Licenses and permits:			
Electric	32,000	43,090	11,090
Plumbing A/C	47,800	51,013	3,213
Building/mobile home	18,200	231,548	213,348
Street/general contractor	26,500	43,315	16,815
Certificates of occupancy	12,985	14,505	1,520
Oil and gas	130,000	200,000	70,000
Garage sales permits	22,000	19,816	(2,184)
Special events permits	18,000	5,200	(12,800)
Alarm permits	30,000	29,545	(455)
	<u>337,485</u>	<u>638,032</u>	<u>300,547</u>
Intergovernmental:			
State surtax on fines	30,000	44,006	14,006
Grants from other governments	-	165,932	165,932
	<u>30,000</u>	<u>209,938</u>	<u>179,938</u>
Fines and fees:			
Municipal court	1,450,200	1,129,864	(320,336)
Library	15,050	11,276	(3,774)
Warrants	210,000	129,484	(80,516)
Public hearing	7,500	8,293	793
False alarms	-	60	60
	<u>1,682,750</u>	<u>1,278,977</u>	<u>(403,773)</u>
Charges for services:			
Record duplication	6,000	7,086	1,086
Grass cutting	15,000	25,598	10,598
Recreational activities/concessions	140,000	135,543	(4,457)
Kennel fees/vaccination	12,000	13,335	1,335
Admin/building/fleet services fees	1,468,876	1,785,276	316,400
Developer test/fire inspection	30,000	30,500	500
	<u>1,671,876</u>	<u>1,997,338</u>	<u>325,462</u>
Oil and gas lease	50,000	67,466	17,466
Contributions	5	5	-
Interest	86,200	121,977	35,777
Miscellaneous	193,127	384,659	191,532
Total revenues	<u>\$ 25,430,582</u>	<u>\$ 26,800,791</u>	<u>\$ 1,370,209</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES:			
General government:			
Administrative	\$ 655,028	\$ 596,057	\$ 58,971
City secretary	209,976	217,367	(7,391)
Human resources	578,733	507,648	71,085
Planning	511,509	490,348	21,161
City council	28,750	25,257	3,493
Finance	600,475	579,749	20,726
Fleet services	592,642	498,250	94,392
Building maintenance	554,209	435,235	118,974
Nondepartmental	2,642,451	2,328,461	313,990
Total general government	<u>6,373,773</u>	<u>5,678,372</u>	<u>695,401</u>
Public safety:			
Police	9,551,177	9,318,178	232,999
Fire	6,456,804	6,512,763	(55,959)
Municipal court	633,818	490,018	143,800
Total public safety	<u>16,641,799</u>	<u>16,320,959</u>	<u>320,840</u>
Streets	<u>911,342</u>	<u>844,234</u>	<u>67,108</u>
Culture and Recreation:			
Library	1,213,024	1,165,402	47,622
Parks and recreation	1,265,590	1,190,203	75,387
Total culture and recreation	<u>2,478,614</u>	<u>2,355,605</u>	<u>123,009</u>
Total Expenditures	<u>26,405,528</u>	<u>25,199,170</u>	<u>1,206,358</u>
Revenues under expenditures	<u>(974,946)</u>	<u>1,601,621</u>	<u>2,576,567</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	743,200	668,200	(75,000)
Transfers out	(966,713)	(1,616,713)	(650,000)
Sale of capital assets	-	18,356	18,356
Total other financial sources (uses)	<u>(223,513)</u>	<u>(930,157)</u>	<u>(706,644)</u>
Net change in fund balance	<u>(1,198,459)</u>	<u>671,464</u>	<u>1,869,923</u>
Fund balance - beginning of year	<u>9,573,035</u>	<u>9,573,035</u>	<u>-</u>
Fund balance - end of year	<u>\$ 8,374,576</u>	<u>\$ 10,244,499</u>	<u>\$ 1,869,923</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, 2017

	Water and Sewer Fund	Drainage Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ 11,313,858	\$ 2,019,125	\$ 13,332,983
Receivables:			
Accounts receivable, net	1,870,992	174,851	2,045,843
Accrued interest	24,246	4,299	28,545
Inventory	85,665	-	85,665
Prepays	423	-	423
Total current assets	<u>13,295,184</u>	<u>2,198,275</u>	<u>15,493,459</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	51,903,411	-	51,903,411
Machinery and equipment	4,822,646	1,088,873	5,911,519
Construction-in-progress	4,995,956	7,277,765	12,273,721
Accumulated depreciation	(28,832,589)	(3,280,909)	(32,113,498)
Net capital assets	38,435,774	16,250,526	54,686,300
Total noncurrent assets	<u>38,435,774</u>	<u>16,250,526</u>	<u>54,686,300</u>
Total assets	<u>51,730,958</u>	<u>18,448,801</u>	<u>70,179,759</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	44,632	-	44,632
Deferred outflow related to pensions	707,305	92,231	799,536
Total deferred outflows of resources	<u>751,937</u>	<u>92,231</u>	<u>844,168</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,005,512	17,909	1,023,421
Accrued liabilities	160,349	97,596	257,945
Retainage payable	35,933	-	35,933
Accrued interest payable	63,743	9,065	72,808
Customer deposits	1,052,544	-	1,052,544
Due within one year			
Compensated absences	66,419	1,962	68,381
Revenue bonds payable	1,506,258	225,000	1,731,258
Total current liabilities	<u>3,890,758</u>	<u>351,532</u>	<u>4,242,290</u>
Noncurrent liabilities:			
Compensated absences	265,677	7,845	273,522
Net pension liability	2,691,540	350,968	3,042,508
Net other postemployment obligation	33,510	2,646	36,156
Revenue bonds payable	10,154,675	1,825,000	11,979,675
Total noncurrent liabilities	<u>13,145,402</u>	<u>2,186,459</u>	<u>15,331,861</u>
Total liabilities	<u>17,036,160</u>	<u>2,537,991</u>	<u>19,574,151</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pensions	75,108	9,793	84,901
Total deferred inflows of resources	<u>75,108</u>	<u>9,793</u>	<u>84,901</u>
Net position:			
Net investment in capital assets	26,819,473	14,200,526	41,019,999
Unrestricted	8,552,154	1,792,722	10,344,876
Total net position	<u>\$ 35,371,627</u>	<u>\$ 15,993,248</u>	<u>\$ 51,364,875</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, 2017

	Water and Sewer Fund	Drainage Fund	Total
Operating revenues:			
Water and sewer sales	\$ 19,684,728	\$ -	\$ 19,684,728
Drainage fee revenue	-	1,799,554	1,799,554
Service fees	834,739	61,835	896,574
Other	71,617	-	71,617
Total operating revenues	<u>20,591,084</u>	<u>1,861,389</u>	<u>22,452,473</u>
Operating expenses:			
General and administrative	1,673,646	151,440	1,825,086
Construction	1,141,693	-	1,141,693
Water and sewer maintenance	1,109,381	-	1,109,381
Collection and distribution	7,740,259	-	7,740,259
Drainage maintenance	-	494,816	494,816
Depreciation	1,308,502	245,258	1,553,760
Nondepartmental	1,929,064	232,173	2,161,237
Franchise fees	1,400,000	132,000	1,532,000
Total operating expenses	<u>16,302,545</u>	<u>1,255,687</u>	<u>17,558,232</u>
Operating income	<u>4,288,539</u>	<u>605,702</u>	<u>4,894,241</u>
Non-operating revenues (expenses):			
Interest	104,842	19,001	123,843
Interest expense	(367,607)	(53,938)	(421,545)
Total non-operating expenses	<u>(262,765)</u>	<u>(34,937)</u>	<u>(297,702)</u>
Income before transfers	4,025,774	570,765	4,596,539
Transfers:			
Transfers out	(460,000)	(120,000)	(580,000)
Change in net position	<u>3,565,774</u>	<u>450,765</u>	<u>4,016,539</u>
Net position - beginning of year	<u>31,805,853</u>	<u>15,542,483</u>	<u>47,348,336</u>
Net position - end of year	<u>\$ 35,371,627</u>	<u>\$ 15,993,248</u>	<u>\$ 51,364,875</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, 2017

	Water and Sewer Fund	Drainage Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 20,548,967	\$ 1,776,717	\$ 22,325,684
Payments to suppliers	(12,183,676)	(439,369)	(12,623,045)
Payments to employees	(2,962,822)	(341,578)	(3,304,400)
Net cash provided by operating activities	<u>5,402,469</u>	<u>995,770</u>	<u>6,398,239</u>
Cash flows from noncapital financing activities			
Transfer to governmental funds	(460,000)	(120,000)	(580,000)
Net cash provided (used) by noncapital financing activities	<u>(460,000)</u>	<u>(120,000)</u>	<u>(580,000)</u>
Cash flow from capital and related financing activities			
Debt principal payments	(1,441,811)	(225,000)	(1,666,811)
Interest payments	(373,925)	(54,895)	(428,820)
Purchases of property and equipment	(52,757)	(3,636)	(56,393)
Net cash used by capital and related financing activities	<u>(1,868,493)</u>	<u>(283,531)</u>	<u>(2,152,024)</u>
Cash flows from investing activities			
Interest on investments	<u>94,554</u>	<u>17,680</u>	<u>112,234</u>
Net cash provided (used) by investing activities	<u>94,554</u>	<u>17,680</u>	<u>112,234</u>
Net increase (decrease) in cash and cash equivalents	3,168,530	609,919	3,778,449
Cash and investments - beginning of year	<u>8,145,328</u>	<u>1,409,206</u>	<u>9,554,534</u>
Cash and investment - end of year	<u>11,313,858</u>	<u>2,019,125</u>	<u>13,332,983</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	4,288,539	605,702	4,894,241
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,308,502	245,258	1,553,760
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	126,130	(22,456)	103,674
Decrease in inventory and prepaid	(19,171)	-	(19,171)
(Increase) decrease in due from other funds	-	107,128	107,128
(Increase) decrease in deferred outflows of resources	124,809	9,942	134,751
Increase (decrease) in accounts payable and accrued expenses	(527,112)	28,640	(498,472)
Increase (decrease) in compensated absences	26,042	(7,782)	18,260
Increase (decrease) in deferred inflows of resources	(32,815)	(3,624)	(36,439)
Increase (decrease) in customer deposits	93,946	-	93,946
Increase (decrease) in retainage payable	(130,882)	-	(130,882)
Increase in pension obligation	108,257	29,803	138,060
Increase in other postemployment obligation	<u>36,224</u>	<u>3,159</u>	<u>39,383</u>
Net cash provided by operating activities	<u>5,402,469</u>	<u>995,770</u>	<u>6,398,239</u>
Noncash activity			
Decrease in fair value of investments	(27,534)	(3,523)	(31,057)

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

CITY OF HALTOM CITY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2017

	Postemployment Benefits Trust Fund
ASSETS	
Cash and cash equivalents	\$ 2,401,580
Other receivable	<u>200,000</u>
Total assets	<u>2,601,580</u>
NET POSITION	
Held in trust for other postemployment benefits	<u>2,601,580</u>
Total net position	<u><u>\$ 2,601,580</u></u>

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

CITY OF HALTOM CITY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Postemployment Benefits Trust Fund
ADDITIONS:	
Contributions	\$ 200,000
Interest	<u>265,412</u>
Total additions	<u>465,412</u>
DEDUCTIONS:	
Benefits	<u>6,543</u>
Total deductions	<u>6,543</u>
Change in net position	<u>458,869</u>
Net position held in trust - beginning of year	<u>2,142,711</u>
Net position held in trust - end of year	<u><u>\$ 2,601,580</u></u>

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, 2017.

Fiduciary/Trust Funds

Fiduciary/Trust funds are used to account for assets held by the City in a trustee capacity for others or for other funds. Fiduciary/Trust funds use the economic resources measurement focus. The Postemployment Benefits Trust Fund is the Fiduciary/Trust fund currently recognizing the assets held in trust, by Public Agency Retirement Services (PARS), for the City's post-employment benefits.

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, 2017 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, 2017, in the enterprise funds was \$421,545. Of these amounts, \$13,661, in interest costs were capitalized as capital assets as part of the cost of constructing various projects.

Accrued Vacation/Compensated Absences

Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Vacation leave will be paid on termination as long as the employee has worked a minimum of five years.

Sick leave is accrued for each permanent full-time employee at the rate of one day for each month of employment in the calendar year. A total of thirty days of sick leave is the maximum that may be carried over from one year to the next. Any accumulated sick leave over thirty days shall be paid at the regular employee hourly base rate once each year during the month of November.

Vest 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. Vest 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.

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 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.

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 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, 2017. The collateral is held in the City's name by the Federal Reserve Bank of Dallas, an agent of the City's financial institution.

The deposits and investments of the Postemployment Benefits Trust are held separately from those of those City funds by an outside trustee appointed by the City. Postemployment Benefits Trust Fund deposits of \$2,401,580 at September 30, 2017, representing money market mutual funds, are held by a bank trust and are managed by independent investment managers for the ultimate benefit of city employees who participate. These investments are reported at fair value.

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, 2017:

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, 2017 are classified in the accompanying financial statement as follows:

Governmental activities	\$ 24,230,658
Business-type activities	<u>13,332,983</u>
Total primary government	<u>37,563,641</u>
Economic development	1,285,814
Crime Control District	<u>383,452</u>
Total component units	<u>1,669,266</u>
Fiduciary funds	<u>2,401,580</u>
Total	<u><u>\$ 41,634,487</u></u>

Cash and investments as of September 30, 2017 consist of the following:

Cash deposits	\$ 6,346,691
Investments	<u>35,287,796</u>
	<u><u>\$ 41,634,487</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, 2017.

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, 2017, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity (Days)	Minimum Legal Rating	Rating as of September 30, 2017
TexPool	\$ 123,616	37	AAA	AAAm
Texas CLASS	11,444,603	53	AAA	AAAm
Texas Term	429,285	1	AAA	AAAf
Certificate of deposits	4,952,343	87	N/A	N/A
FHLB	1,987,521	45	AA	AA+
FHLMC	8,934,561	164	AA	AA+
FNMA	6,465,865	107	AA	AA+
Municipal bonds	950,000	1	AA	AA-/AA3 or higher
Total	<u>\$ 35,287,794</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, 2017:

U.S. Agency Bonds of \$1,992,790 are valued using a documented trade history in exact security (Level 1 inputs).

U.S. Agency Bonds of \$6,431,208 are valued using a documented trade history in exact security (Level 2 inputs).

Municipal bonds of \$9,913,952 are valued using an option-adjusted discounted cash flow model (Level 2 inputs).

U.S. Agency Bonds of \$4,952,433 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, 2017, 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, 2017, 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, 2017 are as follows:

<u>Fund</u>	<u>Outstanding Balance</u>	<u>Allowance for Doubtful Accounts</u>	<u>Accounts Receivable, Net</u>
Governmental	\$ 7,321,284	\$ 2,845,975	\$ 4,475,309
Enterprise	\$ 2,582,540	\$ 508,152	\$ 2,074,388

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 2017 tax rate was \$0.699990 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, 2017:

	9/30/2016	Additions	Deletions	Transfers	9/30/2017
Capital assets, not being depreciated:					
Land	\$ 18,506,376	\$ -	\$ -	\$ -	\$ 18,506,376
Construction in progress	<u>29,367,858</u>	<u>338,816</u>	<u>-</u>	<u>(4,595,795)</u>	<u>25,110,879</u>
Total capital assets not being depreciated	<u>47,874,234</u>	<u>338,816</u>	<u>-</u>	<u>(4,595,795)</u>	<u>43,617,255</u>
Capital assets, being depreciated:					
Buildings	18,179,525	-	-	-	18,179,525
Improvements other than building	61,415,873	792,242	(163,394)	4,595,795	66,640,516
Machinery and equipment	<u>12,247,068</u>	<u>630,959</u>	<u>(174,074)</u>	<u>-</u>	<u>12,703,953</u>
Total capital assets being depreciated	<u>91,842,466</u>	<u>1,423,201</u>	<u>(337,468)</u>	<u>4,595,795</u>	<u>97,523,994</u>
Less accumulated depreciation for:					
Buildings	(7,238,704)	(717,351)	-	-	(7,956,055)
Improvements other than building	(37,864,861)	(1,976,063)	-	-	(39,840,924)
Machinery and equipment	<u>(9,214,968)</u>	<u>(725,358)</u>	<u>-</u>	<u>-</u>	<u>(9,940,326)</u>
Total accumulated depreciation	<u>(54,318,533)</u>	<u>(3,418,772)</u>	<u>-</u>	<u>-</u>	<u>(57,737,305)</u>
Total capital assets being depreciated depreciated, net	<u>37,523,933</u>	<u>(1,995,571)</u>	<u>(337,468)</u>	<u>4,595,795</u>	<u>39,786,689</u>
Governmental capital assets, net	<u>\$ 85,398,167</u>	<u>\$ (1,656,755)</u>	<u>\$ (337,468)</u>	<u>\$ -</u>	<u>\$ 83,403,944</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 117,223
Public safety	847,466
Highway and streets	1,846,621
Culture and recreation	<u>607,462</u>
Total	<u>\$ 3,418,772</u>

The following is a summary of the changes in business-type activities capital assets during the fiscal year ended September 30, 2017:

	9/30/2016	Additions	Deletions	Transfers	9/30/2017
Capital assets, not being depreciated:					
Land	\$ 6,125,273	\$ -	\$ -	\$ -	\$ 6,125,273
Construction in progress	<u>13,593,843</u>	<u>37,127</u>	<u>(1,160)</u>	<u>(1,356,089)</u>	<u>12,273,721</u>
Total capital assets not being depreciated	<u>19,719,116</u>	<u>37,127</u>	<u>(1,160)</u>	<u>(1,356,089)</u>	<u>18,398,994</u>
Capital assets, being depreciated:					
Building and improvements	10,585,874	-	-	-	10,585,874
Machinery and equipment	5,803,206	120,566	(12,253)	-	5,911,519
Water works and sewer system	<u>50,647,462</u>	<u>-</u>	<u>(100,140)</u>	<u>1,356,089</u>	<u>51,903,411</u>
Total capital assets being depreciated	<u>67,036,542</u>	<u>120,566</u>	<u>(112,393)</u>	<u>1,356,089</u>	<u>68,400,804</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,109,335)	(356,637)	-	-	(3,465,972)
Machinery and equipment	(5,074,785)	(230,220)	12,252	-	(5,292,753)
Water works and sewer system	<u>(22,387,871)</u>	<u>(966,902)</u>	<u>-</u>	<u>-</u>	<u>(23,354,773)</u>
Total accumulated depreciation	<u>(30,571,991)</u>	<u>(1,553,759)</u>	<u>12,252</u>	<u>-</u>	<u>(32,113,498)</u>
Total capital assets being depreciated, net	<u>36,464,551</u>	<u>(1,433,193)</u>	<u>(100,141)</u>	<u>1,356,089</u>	<u>36,287,306</u>
Total business-type capital assets, net	<u>\$ 56,183,667</u>	<u>\$ (1,396,066)</u>	<u>\$ (101,301)</u>	<u>\$ -</u>	<u>\$ 54,686,300</u>

Interest incurred in 2017 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 \$11,924 and \$1,737 has been recorded for the water sewer and drainage funds, respectively.

VII. INTERFUND ASSETS/LIABILITIES AND TRANSACTIONS

Due from/to other funds outstanding as of September 30, 2017 and 2016 are as follows:

Receivable Fund	Payable Fund	
General Fund	Nonmajor governmental fund	\$ 60,530
		<u>\$ 60,530</u>

The Special Revenue Grant Fund borrowed \$60,530 from the General to cover a temporary deficit due to expenditures that had not yet been reimbursed from the grantor. It is anticipated that these short-term liabilities will be repaid within one year or less. In 2017, 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 2017 are as follows:

Fund	Franchise Fees
Water and Sewer Proprietary Fund	\$ 1,400,000
Drainage Utility Proprietary Fund	\$ 132,000

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 2017 administrative fees were as follows:

Fund	Administrative Charges
Water and Sewer Fund	\$ 780,000
Drainage Utility Fund	\$ 151,440
<u>Discretely Presented Component Units</u>	
Crime Control Prevention District	\$ 39,600
Economic Development Corporation	\$ 194,280

Interfund transfers during the year ended September 30, 2017 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
Nonmajor governmental funds	88,200	-	-	88,200
General Fund	-	466,713	1,150,000	1,616,713
Total	\$ 668,200	\$ 466,713	\$ 1,150,000	\$ 2,284,913

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, 2017, the following changes in liabilities occurred:

Governmental Activities:	<u>9/30/2016</u>	<u>Increases</u>	<u>Reductions</u>	<u>9/30/2017</u>
Certificates of obligation	\$ 12,015,000	\$ -	\$ 5,410,000	\$ 6,605,000
Tax notes	1,230,000	-	385,000	845,000
General obligation bonds	22,240,000	7,115,000	2,565,000	26,790,000
Premium on bond issuances	447,088	430,923	86,363	791,648
Compensated absence obligations	2,623,055	2,082,020	1,587,184	3,117,891
Net pension liability	19,509,605	3,038,939	2,595,578	19,952,966
Net OPEB obligation (asset)	(16,936)	428,201	196,159	215,106
	<u>\$ 58,047,812</u>	<u>\$ 13,095,083</u>	<u>\$ 12,825,284</u>	<u>\$ 58,317,611</u>
Business-Type Activities:				
General obligation refunding bonds	\$ 6,630,000	\$ 855,000	\$ 1,285,000	\$ 6,200,000
Certificates of obligation	8,605,000	-	1,275,000	7,330,000
Premium on bond issuances	142,744	59,447	21,258	180,933
Compensated absence obligations	323,643	283,196	264,936	341,903
Net pension liability	2,904,448	533,844	395,784	3,042,508
Net OPEB obligation (asset)	(3,227)	70,058	30,675	36,156
	<u>\$ 18,602,608</u>	<u>\$ 1,801,545</u>	<u>\$ 3,272,653</u>	<u>\$ 17,131,500</u>
Component Units:				
Economic Development				
Compensated absence obligations	\$ 40,843	\$ -	\$ 40,843	\$ -
Net pension liability	360,729	73,414	49,974	384,169
Net OPEB obligation	821	-	821	-
Total economic development	<u>402,393</u>	<u>73,414</u>	<u>91,638</u>	<u>384,169</u>
Crime Control District				
Compensated absence obligations	91,995	16,420	88,315	20,100
Net pension liability	498,038	43,496	207,167	334,367
Net OPEB obligation	1,650	2,062	947	2,765
Total crime control district	<u>591,683</u>	<u>61,978</u>	<u>296,429</u>	<u>357,232</u>
Total component units	<u>\$ 994,076</u>	<u>\$ 135,392</u>	<u>\$ 388,067</u>	<u>\$ 741,401</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, 2017.

Long-term debt of the City consists of refunding bonds, certificates of obligation, contractual obligations, tax notes, pension liabilities, OPEB obligations, and obligations under compensated absence agreements. At September 30, 2017, total outstanding debt 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%	\$ 925,000	\$ 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%	555,000	50,000	2,000,000	185,000
\$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%	595,000	190,000	-	-
\$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%	2,510,000	210,000	510,000	40,000
\$5,870,000 Series 2008 General Obligation Refunding Bonds, dated March 5, 2008; due in annual installments of \$540,000 to \$620,000; through February 1, 2018; interest at 2.94%	370,000	370,000	210,000	210,000
\$8,400,000 Series 2008 Certificates of Obligation, dated September 23, 2008; due in annual installments of \$75,000 to \$805,000; through February 1, 2028; interest at 4.29%	320,000	320,000	65,000	65,000

	Governmental Activities	Due Within One Year	Business-Type Activities	Due Within One Year
\$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%	\$ -	\$ -	\$ 1,190,000	\$ 585,000
\$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	1,385,000	340,000	755,000	195,000
\$2,345,000, Series 2011 Combination Tax and Limited Pledge Revenue Certificates of Obligation, dated August 22, 2011; due in annual installments of \$125,000 to \$235,000; through February 1, 2026; interest at 2.00% to 3.50%, issued at a premium of \$29,831	1,125,000	125,000	-	-
\$7,655,000, Series 2011 General Obligation Bonds, dated April 11, 2011; due in annual installments of \$75,000 to \$685,000; through February 1, 2032; interest at 3.75% at 4.35%, issued at a premium of \$113,275	6,900,000	155,000	-	-
\$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	325,000	95,000	2,385,000	130,000
\$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	1,935,000	150,000	590,000	120,000

	Governmental Activities	Due Within One Year	Business-Type Activities	Due Within One Year
\$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	\$ 2,595,000	\$ 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	1,770,000	145,000	-	-
\$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	750,000	295,000	-	-
\$4,955,000 Series 2013 General Obligation Refunding Bonds, dated December 19, 2013; due in annual installments of \$420,000 to \$495,000; through February 1, 2025, interest at 2.29%, issued at par value	3,650,000	420,000	-	-
\$3,900,000 Series 2014 General Obligation Refunding Bonds, dated May 14, 2014; due in annual installments of \$50,000 to \$455,000; through February 1, 2029, interest at 2.16%, issued at par value	635,000	55,000	2,605,000	175,000
\$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	1,260,000	105,000	-	-
\$365,000 Series 2014 Tax Notes, dated October 16, 2014; due in annual installments of \$90,000 to 95,000; through September 30, 2018, interest at 1.00% to 1.250%, issued at a par value.	95,000	95,000	-	-

	Governmental Activities	Due Within One Year	Business-Type Activities	Due Within One Year
\$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%	\$ 6,540,000	\$ 845,000	\$ 850,000	\$ 5,000
Premium on issuance of debt	<u>791,648</u>	<u>86,363</u>	<u>180,933</u>	<u>21,258</u>
Total bonds and notes outstanding	<u>\$ 35,031,648</u>	<u>\$ 4,251,363</u>	<u>\$ 13,710,933</u>	<u>\$ 1,731,258</u>

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 absence debt and pension obligations 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, 2017, follow:

Governmental Activities							
Due Fiscal Year Ending	General Obligation Refunding Bonds	General Obligation Bonds	Certificate of Obligation	Tax Notes	Interest	Total	
2018	\$ 2,370,000	\$ 460,000	\$ 945,000	\$ 390,000	\$ 1,071,878	\$ 5,236,878	
2019	1,580,000	485,000	640,000	230,000	964,167	3,899,167	
2020	1,695,000	500,000	625,000	225,000	873,479	3,918,479	
2021	1,885,000	510,000	565,000	-	784,857	3,744,857	
2022	1,440,000	800,000	575,000	-	687,928	3,502,928	
2023-2027	5,365,000	4,320,000	2,655,000	-	2,137,767	14,477,767	
2028-2032	775,000	4,385,000	500,000	-	556,684	6,216,684	
2033-2034	-	220,000	100,000	-	5,600	325,600	
Total	<u>\$ 15,110,000</u>	<u>\$ 11,680,000</u>	<u>\$ 6,605,000</u>	<u>\$ 845,000</u>	<u>\$ 7,082,360</u>	<u>\$ 41,322,360</u>	

Business-Type Activities					
Due Fiscal Year Ending	General Obligation Refunding Bonds	Certificate of Obligation	Interest	Total	
2018	\$ 1,290,000	\$ 420,000	\$ 403,932	\$ 2,113,932	
2019	1,340,000	375,000	353,680	2,068,680	
2020	765,000	560,000	307,968	1,632,968	
2021	755,000	585,000	266,562	1,606,562	
2022	575,000	610,000	226,554	1,411,554	
2023-2027	1,370,000	3,130,000	613,479	5,113,479	
2028-2032	<u>105,000</u>	<u>1,650,000</u>	<u>116,626</u>	<u>1,871,626</u>	
Total	<u>\$ 6,200,000</u>	<u>\$ 7,330,000</u>	<u>\$ 2,288,801</u>	<u>\$ 15,818,801</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, 2017.

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, 2017, the City had \$5,183,000 in general obligation bonds, which were authorized and unissued.

IX. DEFINED BENEFIT PENSION POLICIES

Plan Descriptions. The City participates as one of 872 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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	195
Inactive employees entitled to but not yet receiving benefits	148
Active employees	<u>262</u>
	<u>605</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 2017. The contribution rates for the City were 18.72% and 18.76% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$3,094,631, and were equal to the required contributions.

Net Pension Liability. The city's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 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 a gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by a factor of 100%. 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 Adjustments 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 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.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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 in fiscal year 2017 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%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in 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 12/31/2015	\$ 106,655,809	\$ 83,382,989	\$ 23,272,820
Changes for the year:			
Service cost	2,898,328	-	2,898,328
Interest	7,140,222	-	7,140,222
Change of benefit terms	-	-	-
Difference between expected and actual experience	216,371	-	216,371
Changes of assumptions	-	-	-
Contributions - employer	-	3,089,790	(3,089,790)
Contributions - employee	-	1,155,370	(1,155,370)
Net investment income	-	5,635,642	(5,635,642)
Benefit payments, including refunds of employee contributions	(4,647,814)	(4,647,814)	-
Administrative expense	-	(63,642)	63,642
Other changes	-	(3,429)	3,429
Net changes	5,607,107	5,165,917	441,190
Balance at 12/31/2016	\$ 112,262,916	\$ 88,548,906	\$ 23,714,010

Of the net pension liability, \$22,995,474 belongs to the primary government, \$384,169 belongs to the Economic Development Corporation and \$334,367 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	\$ 40,525,723	\$ 23,714,010	\$ 10,008,326

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.tmr.org.

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

For the year ended September 30, 2017, the City recognized pension expense of \$4,402,338.

At September 30, 2017, 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	\$ 168,181	\$ 457,618
Changes in actuarial assumptions	-	204,126
Difference between projected and actual investment earnings	3,826,099	-
Contributions subsequent to the measurement date	<u>2,237,491</u>	<u>-</u>
Total	\$ <u>6,231,771</u>	\$ <u>661,744</u>

\$2,237,491 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, 2017. 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	\$ 1,080,439
2017	1,129,047
2018	1,100,893
2019	22,157
2020	-
Thereafter	<u>-</u>
Total	\$ <u>3,332,536</u>

Of the deferred outflows of resources related to pensions, \$6,042,947 belong to the primary government, \$100,956 belongs to the Economic Development Fund and \$87,868 belong to the Crime Control District. Of the deferred inflows of resources related to pensions, \$641,694 belongs to the primary government, \$10,719 belongs to the Economic Development Fund and \$9,331 belongs to the Crime Control District.

X. SUPPLEMENTAL DEATH BENEFITS

Plan Description

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

Benefits

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The fund 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 TMRS SDBF for the years ended 2017, 2016, and 2015 were \$30,274, \$30,158, and \$28,719, respectively, which equaled the required contributions each year.

XI. OTHER POST EMPLOYMENT BENEFITS – OPEB

Plan Description

Full-time employees of the City who retire from the Texas Municipal Retirement System are eligible to participate in the retiree health care plan. 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 a single-employer defined benefit post-employment, healthcare plan that covers retired employees of the City. The City established an irrevocable trust and contracted with an administrator, as well as a custodial bank, to manage the plan's assets. The trust does not issue a separate audited financial report. However, the trust is audited as part of the City's annual audit and an account statement prepared by the administrator is available upon request by contacting the City's Finance Department, 5024 Broadway Avenue, Haltom City, Texas 76117.

A retiree who worked as a full-time employee for a minimum of twenty 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 for retirees with twenty years of full-time service is \$200 per month.

Funding Policy and Annual OPEB Cost

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The calculation of the Net OPEB Obligation for the primary government as of September 30, 2017 is summarized below:

	Primary Government
Annual Required Contribution (ARC)	\$ 499,958
Interest on OPEB obligation	(1,590)
Adjustment to ARC	790
Annual OPEB cost (expense) end of year	499,158
Net estimated employer contributions	(226,834)
(Increase) decrease in net OPEB obligation	272,324
Net OPEB obligation/(asset) beginning of year	(20,162)
Net OPEB obligation/(asset) end of year	\$ 252,162

The calculation of the Net OPEB Obligation for the component units as of September 30, 2017 is summarized below:

	Component Units	
	Economic Development	Crime Control District
Annual Required Contribution (ARC)	\$ -	\$ 2,057
Interest on OPEB obligation	-	(4)
Adjustment to ARC	-	9
Annual OPEB cost (expense) end of year	-	2,062
Net estimated employer contributions	(821)	(947)
(Increase) decrease in net OPEB obligation	(821)	1,115
Net OPEB obligation/(asset) beginning of year	821	1,650
Net OPEB obligation/(asset) end of year	\$ -	\$ 2,765

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2017 and the preceding two fiscal years were as follows:

Fiscal Year End	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Asset
September 30, 2015	\$ 374,070	\$ 384,282	100.3%	\$(196,837)
September 30, 2016	385,233	206,085	53.5%	(17,689)
September 30, 2017	501,915	230,199	45.9%	254,027

Funding Status and Funding Progress

The funded status of Haltom City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2016, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date as of	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
12/31/2016	\$ 2,153,725	\$ 7,133,304	\$ 4,979,579	30.2%	\$ 16,562,414	30.1%

Under the reporting parameters, the City's retiree health care plan is 30.2% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$4,979,579 at December 31, 2016. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 30.1%.

Actuarial Methods and Assumptions

The Individual Entry Age Normal Cost Method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

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 volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Inflation rate	2.50% per annum
Investment rate of return	5.05% per annum, net of expenses
Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	Level as percentage of employee payroll
Amortization period	30-year, open amortization
Payroll growth	3.00% per annum
Medical trend	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2017, 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 2017 and 2016 are listed as follows:

	2017	2016
Claims payable, beginning of year	\$ 304,223	\$ 207,719
Current year claims and changes in estimates	294,384	217,782
Payments on claims	136,894	121,278
Claims payable, end of year	<u>\$ 461,713</u>	<u>\$ 304,223</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 \$3,965,181 in 2017 and are included as operating expenses of the Water and Sewer Fund.

In 1987, the City entered into a thirty-year contract for the treatment and transportation of sanitary sewage. Payments under this contract are on a per connection basis and were approximately \$3,219,593 in 2017, and are also included as operating expenses of the Water and Sewer Fund.

At September 30, 2017, the City was committed to several long-term construction contracts. The governmental funds were contractually committed to approximately \$1,193,824, the business-type funds were committed to \$892,145.

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, 2017:

Purpose		
Corporation provided funding for construction of economic development related projects to primary government.	\$	240,421
Corporation provided assistance with principal and interest payments for proceeds that were used to construct assets to stimulate economic development.		375,263
Administration Fees paid by Corporation to Primary Government		194,280
Administration Fees paid by District to Primary Government		<u>39,600</u>
Total	\$	<u>849,564</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 will terminate December 31, 2017. The Tarrant County Tax Record shows that the 2016 Improvement value was \$9,686,562 with an exemption value of \$4,843,281. The abated value for Haltom City was \$33,898.

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 agreement is set for a ten year period. The tax rebate amount for the current fiscal year was approximately \$20,000.

XVII. SUBSEQUENT EVENTS

On December 11, 2017, the City issued \$6,720,000 of Combination Tax and Limited Pledge Certificates of Obligation, Series 2008. Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit (1) designing, constructing, acquiring, purchasing, renovating, enlarging, and improving the City's utility system, including the purchase and installation of smart water meters; (2) the purchase of materials, supplies, equipment, and machinery, landscaping, land, and right-of-way of authorized needs and purposes related to the aforementioned capital improvements; and (3) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects.

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**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, 2017

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

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Fiscal Year	2014	2015	2016	2017
Actuarial determined contribution	\$ 3,021,224	\$ 3,112,202	\$ 3,164,882	\$ 3,094,631
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>
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	15,763,659	15,955,040	16,754,656	16,562,414
Contributions as a percentage of covered employee payroll	19.17%	19.51%	18.89%	18.68%

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	25 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POST-RETIREMENT HEALTH CARE BENEFIT PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of of Covered Payroll (b-a)/(c)
12/31/2012	\$ 1,161,377	\$ 4,046,584	\$ 2,885,207	28.7%	\$ 14,740,088	19.6%
12/31/2014	1,830,948	4,838,830	3,007,882	37.8%	15,955,040	18.9%
12/31/2016	2,153,725	7,133,304	4,979,579	30.2%	16,562,414	30.1%

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Taxes:			
Property taxes	\$ 4,320,897	\$ 4,317,676	\$(3,221)
Penalty and interest	48,522	34,358	(14,164)
Contributions	375,263	375,263	-
Interest	<u>2,000</u>	<u>7,823</u>	<u>5,823</u>
Total revenues	<u>4,746,682</u>	<u>4,735,120</u>	<u>(11,562)</u>
EXPENDITURES:			
Principal retirement	4,030,000	4,105,000	(75,000)
Interest and other	1,073,621	1,200,021	(126,400)
Bond issuance costs	<u>90,000</u>	<u>88,265</u>	<u>1,735</u>
Total expenditures	<u>5,193,621</u>	<u>5,393,286</u>	<u>(199,665)</u>
Revenues under expenditures	<u>(446,939)</u>	<u>(658,166)</u>	<u>(211,227)</u>
OTHER FINANCING SOURCES:			
Premium on issuance of debt	-	291,899	(291,899)
Refunding bond proceeds	-	4,195,000	(4,195,000)
Payment to refunded bond escrow agent	-	(4,403,034)	(4,403,034)
Transfers in	<u>466,713</u>	<u>466,713</u>	<u>-</u>
Total other financing sources	<u>466,713</u>	<u>550,578</u>	<u>(8,889,933)</u>
Revenues and other financial sources over (under) expenditures	19,774	(107,588)	(127,362)
Fund balance - beginning of year	<u>493,055</u>	<u>493,055</u>	<u>-</u>
Fund balance - end of year	<u>\$ 512,829</u>	<u>\$ 385,467</u>	<u>\$(127,362)</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Taxes	\$ 2,384,333	\$ 2,577,863	\$ 193,530
Interest	2,025,000	81,078	(1,943,922)
Miscellaneous	<u>-</u>	<u>176,860</u>	<u>176,860</u>
Total revenues	<u>4,409,333</u>	<u>2,835,801</u>	<u>(1,573,532)</u>
EXPENDITURES:			
General government	-	39,082	(39,082)
Capital outlay	<u>2,688,000</u>	<u>231,186</u>	<u>2,456,814</u>
Total expenditures	<u>4,718,000</u>	<u>769,915</u>	<u>3,948,085</u>
Revenue under expenditures	<u>(308,667)</u>	<u>2,065,886</u>	<u>(5,521,617)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	-	2,000,000	(2,000,000)
Premium on issuance of debt	<u>-</u>	<u>139,024</u>	<u>(139,024)</u>
Total other financing sources	<u>-</u>	<u>2,139,024</u>	<u>(2,139,024)</u>
Revenues over (under) expenditures and other financing sources	(308,667)	4,204,910	(7,660,641)
Fund balance - beginning of year	<u>5,613,366</u>	<u>5,613,366</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5,304,699</u>	<u>\$ 9,818,276</u>	<u>\$ (7,660,641)</u>

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 purchase of 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, 2017

	Special Revenue Funds			
	Police Forfeiture	Police Donations	Red Light Camera	Police CART
ASSETS				
Cash and investments	\$ 74,336	\$ 114,823	\$ 535,204	\$ 6,290
Intergovernmental receivables	-	-	-	-
Accrued interest	159	245	1,139	14
Prepaid expenses	-	-	-	-
Other receivables	-	1,009	16,429	-
Total assets	<u>74,495</u>	<u>116,077</u>	<u>552,772</u>	<u>6,304</u>
LIABILITIES				
Accounts payable	-	1,451	4,124	-
Accrued liabilities	4,002	-	263,232	-
Due to other funds	-	-	-	-
Total liabilities	<u>4,002</u>	<u>1,451</u>	<u>267,356</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepays	-	-	-	-
Restricted:				
Public safety	70,493	-	285,416	-
Purpose of grantors, donators and trustees	-	114,626	-	6,304
Promotion of tourism and business	-	-	-	-
Purchase of capital	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>70,493</u>	<u>114,626</u>	<u>285,416</u>	<u>6,304</u>
Total liabilities and fund balances	<u>\$ 74,495</u>	<u>\$ 116,077</u>	<u>\$ 552,772</u>	<u>\$ 6,304</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>
\$ 50,237	\$ 86,623	\$ 205,175	\$ 121,143	\$ 205,542	\$ 8,716
-	-	-	-	9,943	-
307	184	440	258	220	18
-	-	-	-	-	-
916	-	966	-	-	277
<u>51,460</u>	<u>86,807</u>	<u>206,581</u>	<u>121,401</u>	<u>215,705</u>	<u>9,011</u>
1,068	-	1,288	3,947	205	296
-	-	-	2,009	1,092	-
-	-	-	-	60,530	-
<u>1,068</u>	<u>-</u>	<u>1,288</u>	<u>5,956</u>	<u>61,828</u>	<u>296</u>
-	-	-	-	-	-
-	-	-	-	-	-
50,392	86,807	205,293	-	153,877	8,715
-	-	-	115,445	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>\$ 51,460</u>	<u>\$ 86,807</u>	<u>\$ 206,581</u>	<u>\$ 121,401</u>	<u>\$ 215,705</u>	<u>\$ 9,011</u>

CITY OF HALTOM CITY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	Special Revenue Funds			
	Court Technology	Court Security	Juvenile Case	Animal Shelter
ASSETS				
Cash and investments	\$ 71,640	\$ 102,641	\$ 142,274	\$ 55,508
Intergovernmental receivables	-	-	-	-
Accrued interest	153	219	303	120
Prepaid expenses	15,534	-	-	-
Other receivables	-	-	-	415
Total assets	<u>87,327</u>	<u>102,860</u>	<u>142,577</u>	<u>56,043</u>
LIABILITIES				
Accounts payable	62	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>62</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepays	15,534	-	-	-
Restricted:				
Public safety	71,731	102,860	142,577	-
Purpose of grantors, donators and trustees	-	-	-	56,043
Promotion of tourism and business	-	-	-	-
Purchase of capital	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>87,265</u>	<u>102,860</u>	<u>142,577</u>	<u>56,043</u>
Total liabilities and fund balances	<u>\$ 87,327</u>	<u>\$ 102,860</u>	<u>\$ 142,577</u>	<u>\$ 56,043</u>

Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
Safe Pathways Shelter	TIF Fund No.1	Street Assessments	Capital Improvement	Capital Replacement	
\$ 61,939	\$ 479	\$ 15,087	\$ 1,692,212	912,929	\$ 4,462,798
-	-	-	-	-	9,943
132	1	52	3,605	878	8,447
-	-	-	-	-	15,534
-	-	100	240,421	-	260,533
<u>62,071</u>	<u>480</u>	<u>15,239</u>	<u>1,936,238</u>	<u>913,807</u>	<u>4,757,255</u>
-	-	-	346,625	500	359,566
-	12,000	-	-	-	282,335
-	-	-	-	-	60,530
<u>-</u>	<u>12,000</u>	<u>-</u>	<u>346,625</u>	<u>500</u>	<u>702,432</u>
-	-	-	-	-	15,534
-	-	-	-	-	673,077
-	-	-	-	-	682,057
-	-	-	-	-	115,445
62,071	-	15,239	1,589,613	913,307	2,580,230
-	(11,520)	-	-	-	(11,520)
<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>\$ 62,071</u>	<u>\$ 480</u>	<u>\$ 15,239</u>	<u>\$ 1,936,238</u>	<u>\$ 913,807</u>	<u>\$ 4,757,255</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, 2017

	Special Revenue Funds			
	Police Forfeiture	Police Donations	Red Light Camera	Police CART
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fines and fees	-	-	273,022	-
Charges for services	9,359	-	-	-
Donations	-	46,188	-	-
Special assessments	-	-	-	-
Interest	760	1,249	4,285	65
Miscellaneous	-	10,197	-	-
Total revenues	<u>10,119</u>	<u>57,634</u>	<u>277,307</u>	<u>65</u>
EXPENDITURES				
General government	-	-	36,087	-
Public safety				
Police	12,663	1,876	170,190	-
Fire	-	-	-	-
Municipal court	-	-	-	-
Culture and recreation				
Library	-	-	-	-
Parks & recreation	-	-	-	-
Capital outlay	-	-	37,732	-
Total expenditures	<u>12,663</u>	<u>1,876</u>	<u>244,009</u>	<u>-</u>
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,544)</u>	<u>55,758</u>	<u>33,298</u>	<u>65</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(2,544)</u>	<u>55,758</u>	<u>33,298</u>	<u>65</u>
FUND BALANCES, BEGINNING	<u>73,037</u>	<u>58,868</u>	<u>252,118</u>	<u>6,239</u>
FUND BALANCES, ENDING	<u>\$ 70,493</u>	<u>\$ 114,626</u>	<u>\$ 285,416</u>	<u>\$ 6,304</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>
\$ -	\$ -	\$ -	\$ 44,308	\$ -	\$ -
-	-	-	-	44,062	-
-	-	-	-	-	-
49,037	-	22,006	-	-	-
38,581	-	30,649	-	-	12,634
-	-	-	-	-	-
405	894	1,950	1,194	735	82
-	-	-	-	-	-
<u>88,023</u>	<u>894</u>	<u>54,605</u>	<u>45,502</u>	<u>44,797</u>	<u>12,716</u>
-	-	-	38,076	-	-
-	-	-	-	50,458	-
-	-	-	-	6,322	10,259
-	-	-	-	-	-
-	-	18,505	-	-	-
73,538	-	-	-	-	-
-	-	-	-	-	-
<u>73,538</u>	<u>-</u>	<u>18,505</u>	<u>38,076</u>	<u>56,780</u>	<u>10,259</u>
<u>14,485</u>	<u>894</u>	<u>36,100</u>	<u>7,426</u>	<u>(11,983)</u>	<u>2,457</u>
-	-	-	-	150,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	150,000	-
14,485	894	36,100	7,426	138,017	2,457
<u>35,907</u>	<u>85,913</u>	<u>169,193</u>	<u>108,019</u>	<u>15,860</u>	<u>6,258</u>
<u>\$ 50,392</u>	<u>\$ 86,807</u>	<u>\$ 205,293</u>	<u>\$ 115,445</u>	<u>\$ 153,877</u>	<u>\$ 8,715</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, 2017

	Special Revenue Funds			
	Court Technology	Court Security	Juvenile Case	Animal Shelter
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	-	-	39,872	-
Donations	-	-	-	5,098
Special assessments	-	-	-	-
Interest	805	1,105	1,505	559
Miscellaneous	<u>31,985</u>	<u>23,989</u>	<u>-</u>	<u>-</u>
Total revenues	<u>32,790</u>	<u>25,094</u>	<u>41,377</u>	<u>5,657</u>
EXPENDITURES				
General government	-	-	-	-
Public safety				
Police	-	-	-	-
Fire	-	-	-	-
Municipal court	31,763	-	-	-
Culture and recreation				
Library	-	-	-	-
Parks & recreation	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>31,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,027</u>	<u>25,094</u>	<u>41,377</u>	<u>5,657</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(7,200)	(33,000)	(48,000)	-
Issuance of debt	<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	(6,173)	(7,906)	(6,623)	5,657
FUND BALANCES, BEGINNING	<u>93,438</u>	<u>110,766</u>	<u>149,200</u>	<u>50,386</u>
FUND BALANCES, ENDING	<u>\$ 87,265</u>	<u>\$ 102,860</u>	<u>\$ 142,577</u>	<u>\$ 56,043</u>

Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
Safe Pathways Shelter	TIF Fund No.1	Street Assessments	Capital Improvement	Capital Replacement	
\$ -	\$ 237	\$ -	\$ -	\$ -	\$ 44,545
-	-	-	-	-	44,062
-	-	-	-	-	273,022
3,675	-	-	-	-	123,949
-	-	-	240,421	-	373,571
-	-	3,183	-	-	3,183
615	-	145	14,346	3,101	33,800
-	-	-	39,945	-	106,116
<u>4,290</u>	<u>237</u>	<u>3,328</u>	<u>294,712</u>	<u>3,101</u>	<u>1,002,248</u>
-	12,000	-	1,093	-	87,256
-	-	-	-	-	235,187
-	-	-	-	-	16,581
-	-	-	-	-	31,763
-	-	-	-	-	18,505
-	-	-	-	-	73,538
-	-	-	735,093	591,444	1,364,269
-	12,000	-	736,186	591,444	1,827,099
<u>4,290</u>	<u>(11,763)</u>	<u>3,328</u>	<u>(441,474)</u>	<u>(588,343)</u>	<u>(824,851)</u>
-	-	-	-	1,000,000	1,150,000
-	-	-	-	-	(88,200)
-	-	-	920,000	-	920,000
-	-	-	920,000	1,000,000	1,981,800
4,290	(11,763)	3,328	478,526	411,657	1,156,949
<u>57,781</u>	<u>243</u>	<u>11,911</u>	<u>1,111,087</u>	<u>501,650</u>	<u>2,897,874</u>
<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>

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, 2017**

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 400	\$ 760	\$ 360
Charges for services	<u>22,000</u>	<u>9,359</u>	<u>(12,641)</u>
Total revenue	<u>22,400</u>	<u>10,119</u>	<u>(12,281)</u>
EXPENDITURE:			
Police	<u>22,000</u>	<u>12,663</u>	<u>9,337</u>
Total expenditure	<u>22,000</u>	<u>12,663</u>	<u>9,337</u>
Revenues under expenditures	400	(2,544)	(2,944)
Revenues over (under) expenditures and other financing sources	400	(2,544)	(2,944)
Fund balance - beginning of year	<u>73,037</u>	<u>73,037</u>	<u>-</u>
Fund balance - end of year	<u>\$ 73,437</u>	<u>\$ 70,493</u>	<u>\$ (2,944)</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Donations	\$ 42,000	\$ 46,188	\$ 4,188
Interest	1,000	1,249	249
Miscellaneous	<u>-</u>	<u>10,197</u>	<u>10,197</u>
Total revenues	<u>42,000</u>	<u>57,634</u>	<u>14,385</u>
EXPENDITURES:			
Police	<u>43,500</u>	<u>1,876</u>	<u>41,624</u>
Total expenditures	<u>43,500</u>	<u>1,876</u>	<u>41,624</u>
Revenues over (under) expenditures	(1,500)	55,758	(57,258)
Fund balance - beginning of year	<u>58,868</u>	<u>58,868</u>	<u>-</u>
Fund balance - end of year	<u>\$ 57,368</u>	<u>\$ 114,626</u>	<u>\$ 57,258</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest	\$ 1,600	\$ 1,600	\$ 4,285	\$ 2,685
Fines and fees	<u>180,000</u>	<u>180,000</u>	<u>273,022</u>	<u>93,022</u>
 Total revenues	 <u>181,600</u>	 <u>181,600</u>	 <u>277,307</u>	 <u>95,707</u>
EXPENDITURES:				
General Government	32,173	32,173	36,087	(3,914)
Police	177,000	177,000	170,190	6,810
Capital outlay	<u>35,000</u>	<u>35,000</u>	<u>37,732</u>	<u>(2,732)</u>
 Total expenditures	 <u>244,173</u>	 <u>244,173</u>	 <u>244,009</u>	 <u>(164)</u>
 Revenues over (under) expenditures	 (62,573)	 (62,573)	 33,298	 95,871
 Fund balance - beginning of year	 <u>252,118</u>	 <u>252,118</u>	 <u>252,118</u>	 <u>-</u>
 Fund balance - end of year	 <u><u>\$ 189,545</u></u>	 <u><u>\$ 189,545</u></u>	 <u><u>\$ 285,416</u></u>	 <u><u>\$ 95,871</u></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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 30	\$ 65	\$ 35
Total revenues	<u>30</u>	<u>65</u>	<u>35</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>4,970</u>)	<u>65</u>	(<u>5,035</u>)
Revenues and other financing sources over (under) expenditures	(4,970)	65	5,035
Fund balance - beginning of year	<u>6,239</u>	<u>6,239</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,269</u>	<u>\$ 6,304</u>	<u>\$ 5,035</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Donations	\$ 15,500	\$ 15,500	\$ 38,581	\$ 23,081
Charges for services	57,500	57,500	49,037	(8,463)
Interest	<u>110</u>	<u>110</u>	<u>405</u>	<u>295</u>
 Total revenues	 <u>73,110</u>	 <u>73,110</u>	 <u>88,023</u>	 <u>14,913</u>
EXPENDITURES:				
Parks and recreation	<u>67,500</u>	<u>67,500</u>	<u>73,538</u>	(<u>6,038</u>)
 Total expenditures	 <u>67,500</u>	 <u>67,500</u>	 <u>73,538</u>	(<u>6,038</u>)
 Revenues over (under) expenditures	 5,610	 5,610	 14,485	 8,875
 Fund balance - beginning of year	 <u>35,907</u>	 <u>35,907</u>	 <u>35,907</u>	 <u>-</u>
 Fund balance - end of year	 <u>\$ 41,517</u>	 <u>\$ 41,517</u>	 <u>\$ 50,392</u>	 <u>\$ 8,875</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 700	\$ 894	\$ 194
Donations	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>700</u>	<u>894</u>	<u>194</u>
Revenues over (under) expenditures	700	894	194
Fund balance - beginning of year	<u>85,913</u>	<u>85,913</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 86,613</u></u>	<u><u>\$ 86,807</u></u>	<u><u>\$ 194</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, 2017**

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for Services	\$ 21,000	\$ 22,006	\$ 1,006
Donations	19,500	30,649	11,149
Interest	<u>1,200</u>	<u>1,950</u>	<u>750</u>
Total revenues	<u>41,700</u>	<u>54,605</u>	<u>12,905</u>
EXPENDITURES:			
Library	<u>24,659</u>	<u>18,505</u>	<u>6,154</u>
Total expenditures	<u>24,659</u>	<u>18,505</u>	<u>6,154</u>
Revenues over (under) expenditures	17,041	36,100	19,059
Fund balance - beginning of year	<u>169,193</u>	<u>169,193</u>	<u>-</u>
Fund balance - end of year	<u>\$ 186,234</u>	<u>\$ 205,293</u>	<u>\$ (19,059)</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, 2017**

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Taxes	\$ 44,000	\$ 44,308	\$ 308
Interest	<u>900</u>	<u>1,194</u>	<u>294</u>
Total revenues	<u>44,900</u>	<u>45,502</u>	<u>602</u>
EXPENDITURES:			
General Government	<u>59,614</u>	<u>38,076</u>	<u>21,538</u>
Total expenditures	<u>59,614</u>	<u>38,076</u>	<u>(21,538)</u>
Revenues over (under) expenditures	(14,714)	7,426	22,140
Fund balance - beginning of year	<u>108,019</u>	<u>108,019</u>	<u>-</u>
Fund balance - end of year	<u>\$ 93,305</u>	<u>\$ 115,445</u>	<u>\$ 22,140</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 50,733	\$ 44,062	\$(6,671)
Interest	<u>-</u>	<u>735</u>	<u>735</u>
Total revenues	<u>50,733</u>	<u>44,797</u>	<u>(5,936)</u>
EXPENDITURES:			
Police	50,733	50,458	275
Fire	<u>-</u>	<u>6,322</u>	<u>(6,322)</u>
Total expenditures	<u>50,733</u>	<u>56,780</u>	<u>6,047</u>
Revenues under (over) expenditures	-	(11,983)	(11,983)
OTHER FINANCING SOURCES (USES):			
Transfer in	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Total other financing sources	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Revenues and other financing sources over (under) expenditures	-	138,017	138,017
Fund balance (deficit) - beginning of year	<u>15,860</u>	<u>15,860</u>	<u>-</u>
Fund balance (deficit) - end of year	<u>\$ 15,860</u>	<u>\$ 153,877</u>	<u>\$ 138,017</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Donations	\$ 2,400	\$ 12,634	\$ 10,234
Interest	<u>100</u>	<u>82</u>	<u>(18)</u>
Total revenues	<u>2,500</u>	<u>12,716</u>	<u>10,216</u>
EXPENDITURES:			
Fire	<u>3,000</u>	<u>10,259</u>	<u>(7,259)</u>
Total expenditures	<u>3,000</u>	<u>10,259</u>	<u>(7,259)</u>
Revenues over (under) expenditures	(500)	2,457	2,957
Fund balance - beginning of year	<u>6,258</u>	<u>6,258</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5,758</u>	<u>\$ 8,715</u>	<u>\$ 2,957</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 800	\$ 805	\$ 5
Miscellaneous	<u>30,000</u>	<u>31,985</u>	<u>1,985</u>
Total revenues	<u>30,800</u>	<u>32,790</u>	<u>1,990</u>
EXPENDITURES:			
Municipal court	<u>58,117</u>	<u>31,763</u>	<u>26,354</u>
Total expenditures	<u>58,117</u>	<u>31,763</u>	<u>26,354</u>
Revenues over (under) expenditures	(27,317)	1,027	28,344
OTHER FINANCING SOURCES (USES):			
Transfer out	(6,600)	(7,200)	(600)
Total other financing sources	(6,600)	(7,200)	(600)
Revenues and other financing sources over (under) expenditures	(33,917)	(6,173)	27,744
Fund balance - beginning of year	<u>93,438</u>	<u>93,438</u>	<u>-</u>
Fund balance - end of year	<u>\$ 59,521</u>	<u>\$ 87,265</u>	<u>\$ 27,744</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 800	\$ 1,105	\$ 305
Miscellaneous	<u>25,000</u>	<u>23,989</u>	<u>(1,011)</u>
Total revenues	<u>25,800</u>	<u>25,094</u>	<u>(706)</u>
EXPENDITURES:			
Municipal court	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Revenues over expenditures	24,800	25,094	294
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(33,000)</u>	<u>(33,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(33,000)</u>	<u>(33,000)</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	(8,200)	(7,906)	294
Fund balance - beginning of year	<u>110,766</u>	<u>110,766</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 102,566</u></u>	<u><u>\$ 102,860</u></u>	<u><u>\$ 294</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for Services	\$ 52,000	\$ 39,872	\$(12,128)
Interest	<u>1,200</u>	<u>1,505</u>	<u>305</u>
Total revenues	<u>53,200</u>	<u>41,377</u>	<u>(11,823)</u>
EXPENDITURES:			
Municipal court	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Revenues over expenditures	51,700	41,377	(10,323)
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(48,000)</u>	<u>(48,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(48,000)</u>	<u>(48,000)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	3,700	(6,623)	(10,323)
Fund balance - beginning of year	<u>149,200</u>	<u>149,200</u>	<u>-</u>
Fund balance - end of year	<u>\$ 152,900</u>	<u>\$ 142,577</u>	<u>\$(10,323)</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUE:			
Interest	\$ 400	\$ 559	\$ 159
Donations	<u>5,000</u>	<u>5,098</u>	<u>98</u>
Total revenues	<u>5,400</u>	<u>5,657</u>	<u>257</u>
Revenues over (under) expenditures	5,400	5,657	257
Fund balance - beginning of year	<u>50,386</u>	<u>50,386</u>	<u>-</u>
Fund balance - end of year	<u>\$ 55,786</u>	<u>\$ 56,043</u>	<u>\$ 257</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for Services	\$ -	\$ 3,675	\$ 3,675
Interest	<u>400</u>	<u>615</u>	<u>215</u>
Total revenues	<u>400</u>	<u>4,290</u>	<u>3,890</u>
Revenues over (under) expenditures	400	4,290	3,890
Fund balance - beginning of year	<u>57,781</u>	<u>57,781</u>	<u>-</u>
Fund balance - end of year	<u>\$ 58,181</u>	<u>\$ 62,071</u>	<u>\$ 3,890</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Taxes	\$ 237	\$ 237	\$ -
Total revenues	237	237	-
EXPENDITURES:			
Streets	-	12,000	(12,000)
Total expenditures	-	12,000	(12,000)
Revenues over (under) expenditures	237	(11,763)	(12,000)
Fund balance - beginning of year	243	243	-
Fund balance - end of year	\$ 480	\$ (11,520)	\$ (12,000)

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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Special assessments	\$ -	\$ 3,183	\$ 3,183
Interest	<u>100</u>	<u>145</u>	<u>45</u>
 Total revenues	 <u>100</u>	 <u>3,328</u>	 <u>3,228</u>
 Revenues over (under) expenditures and other financing sources (uses)	 100	 3,328	 -
 Fund balance - beginning year	 <u>11,911</u>	 <u>11,911</u>	 <u>-</u>
 Fund balance - end of year	 <u>\$ 12,011</u>	 <u>\$ 15,239</u>	 <u>\$ 3,228</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Contributions	\$ -	\$ 240,421	\$ 240,421
Interest	<u>15,000</u>	<u>14,346</u>	<u>(654)</u>
Total revenues	<u>15,000</u>	<u>294,712</u>	<u>279,712</u>
EXPENDITURES:			
General government	-	1,093	(1,093)
Capital outlay	<u>1,585,000</u>	<u>735,093</u>	<u>849,907</u>
Total expenditures	<u>1,605,000</u>	<u>736,186</u>	<u>868,814</u>
Revenue under expenditures	(1,590,000)	(441,474)	1,148,526
OTHER FINANCING SOURCES (USES):			
Issuance of debt	<u>1,000,000</u>	<u>920,000</u>	<u>(80,000)</u>
Total other financing sources (uses)	<u>1,000,000</u>	<u>920,000</u>	<u>(80,000)</u>
Revenues under (over) expenditures and other financing sources	(590,000)	478,526	1,068,526
Fund balance - beginning of year	<u>1,111,087</u>	<u>1,111,087</u>	<u>-</u>
Fund balance - end of year	<u>\$ 521,087</u>	<u>\$ 1,589,613</u>	<u>\$ 1,068,526</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, 2017**

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 200	\$ 3,101	\$ 2,901
Total revenues	200	3,101	2,901
EXPENDITURES:			
Capital Outlay	622,540	591,444	(31,096)
Total expenditures	622,540	591,444	(31,096)
OTHER FINANCING SOURCES (USES):			
Transfers In	500,000	1,000,000	500,000
Total other financing sources (uses)	500,000	1,000,000	500,000
Revenues over (under) expenditures and other financing sources (uses)	(122,340)	411,657	533,997
Fund balance - beginning of year	501,650	501,650	-
Fund balance - end of year	\$ 379,310	\$ 913,307	\$ 533,997

STATISTICAL SECTION

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	98-107
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, property taxes and sales taxes.	108-113
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the City's ability to issue additional debt in the future.	114-118
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	119-120
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	121-123
Other Information TMRS - Analysis of Funding	124

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

CITY OF HALTOM CITY, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Unaudited)

	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 28,621,221	\$ 30,364,406	\$ 28,400,402	\$ 24,273,677
Restricted	16,837,986	15,936,418	8,620,766	12,215,455
Unrestricted	<u>8,373,253</u>	<u>7,728,020</u>	<u>8,417,922</u>	<u>9,646,886</u>
Total governmental activities net position	<u>53,832,460</u>	<u>54,028,844</u>	<u>45,439,090</u>	<u>46,136,018</u>
Business-type activities				
Net investment in capital assets	22,239,126	23,552,812	26,355,264	30,271,696
Unrestricted	<u>3,937,017</u>	<u>4,143,865</u>	<u>3,733,995</u>	<u>5,655,023</u>
Total business-type activities net position	<u>26,176,143</u>	<u>27,696,677</u>	<u>30,089,259</u>	<u>35,926,719</u>
Primary government				
Net investment in capital assets	50,860,347	53,917,218	54,755,666	54,545,373
Restricted	16,837,986	15,936,418	8,620,766	12,215,455
Unrestricted	<u>12,310,270</u>	<u>11,871,885</u>	<u>12,151,917</u>	<u>15,301,909</u>
Total primary government net position	<u>\$ 80,008,603</u>	<u>\$ 81,725,521</u>	<u>\$ 75,528,349</u>	<u>\$ 82,062,737</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 30,247,459	\$ 35,212,219	\$ 44,018,316	\$ 44,644,061	\$ 49,669,147	\$ 48,573,824
7,310,385	5,680,532	7,522,651	11,087,769	8,566,493	14,332,634
<u>9,330,151</u>	<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>46,887,995</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>
32,063,719	32,974,632	39,419,139	40,345,975	40,860,841	41,019,999
<u>6,851,622</u>	<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>38,915,341</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>
62,311,178	68,186,851	83,437,455	84,990,036	90,529,988	89,593,823
7,310,385	5,680,532	7,522,651	11,087,769	8,566,493	14,332,634
<u>16,181,773</u>	<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>\$ 85,803,336</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>

CITY OF HALTOM CITY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual basis of accounting)
(Unaudited)

	2008	2009	2010
Governmental activities			
General government	\$ 5,301,766	\$ 6,873,775	\$ 7,009,613
Economic development	961,179	1,031,752	-
Public safety	12,806,997	13,491,936	13,002,228
Streets	3,503,724	3,409,583	3,603,741
Culture and recreation	2,769,466	2,930,167	2,615,179
Interest on long-term debt	1,303,469	1,453,633	1,392,919
Total governmental activities expenses	<u>26,646,601</u>	<u>29,190,846</u>	<u>27,623,680</u>
Business-type activities:			
Water and sewer services	13,781,914	14,322,924	14,475,370
Drainage services	1,074,610	1,393,327	1,443,031
Total business-type activities expenses	<u>14,856,524</u>	<u>15,716,251</u>	<u>15,918,401</u>
Total primary government expenses	<u>41,503,125</u>	<u>44,907,097</u>	<u>43,542,081</u>
Program revenues			
Governmental activities:			
Charges for services:			
General government	2,012,267	1,862,316	2,294,794
Public safety	1,747,343	2,366,794	2,208,635
Streets	-	-	-
Culture and recreation	140,069	181,101	131,842
Operating grants and contributions	567,808	511,068	546,108
Capital grants and contributions	64,248	300,042	680,369
Total governmental activities program revenues	<u>4,531,735</u>	<u>5,221,321</u>	<u>5,861,748</u>
Business-type activities:			
Charges for services:			
Water and sewer services	15,037,489	15,804,096	15,578,062
Drainage services	1,331,184	1,308,872	1,295,323
Capital grants and contributions	-	-	545,371
Total business-type activities program revenues	<u>16,368,673</u>	<u>17,112,968</u>	<u>17,418,756</u>
Total primary Government program revenues	<u>\$ 20,900,408</u>	<u>\$ 22,334,289</u>	<u>\$ 23,280,504</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

2011	2012	2013	2014	2015	2016	2017
\$ 6,687,785	\$ 5,652,640	\$ 5,490,063	\$ 5,972,582	\$ 4,992,708	\$ 6,991,532	\$ 6,583,493
-	-	-	-	-	-	-
13,683,083	15,586,244	15,223,623	15,929,472	15,702,918	18,140,988	18,763,690
3,340,203	3,411,917	4,259,384	4,237,146	3,180,893	2,661,889	3,062,161
2,683,018	2,891,808	2,867,987	3,140,140	2,894,363	3,101,708	3,209,288
1,514,512	1,497,506	1,431,521	1,570,866	1,297,086	1,228,911	1,250,237
<u>27,908,601</u>	<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>
14,183,655	14,658,304	14,862,348	15,679,502	15,990,278	17,611,699	16,670,152
<u>1,345,575</u>	<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>15,529,230</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>43,437,831</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>
2,389,655	2,497,069	1,928,004	2,451,322	2,482,422	2,699,926	2,728,039
1,829,713	2,112,240	2,357,634	2,053,885	1,827,337	1,840,804	2,272,328
-	17,449	5,240	22,138	1,305	41,140	3,992
184,669	234,796	253,282	262,606	251,285	249,830	217,862
755,027	729,869	572,559	1,140,514	717,407	272,414	359,563
<u>1,492,611</u>	<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>6,651,675</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>
17,200,589	16,662,680	16,702,485	16,742,577	17,433,066	19,279,830	20,591,084
1,274,414	1,424,824	1,566,018	1,699,940	1,644,089	1,627,657	1,861,389
<u>712,983</u>	<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>19,187,986</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>\$ 25,839,661</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>

CITY OF HALTOM CITY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual basis of accounting)
(Unaudited)

	2008	2009	2010
Net (Expense)/Revenue			
Governmental activities	\$(22,114,866)	\$(23,969,525)	\$(21,761,932)
Business-type activities	<u>1,512,149</u>	<u>1,396,717</u>	<u>1,500,355</u>
Total primary government net expense	<u>(20,602,717)</u>	<u>(22,572,808)</u>	<u>(20,261,577)</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Property taxes	9,446,630	10,027,427	9,968,092
Sales taxes	10,017,812	9,208,619	5,667,885
Franchise taxes	3,881,364	3,887,378	3,771,211
Occupancy taxes	80,723	51,241	40,502
Interest	1,263,238	652,159	235,520
Unrestricted grants and contributions	-	-	-
Oil and gas leases	-	-	-
Mixed beverage taxes	13,246	13,013	10,938
Miscellaneous	296,570	270,902	1,798,608
Gain on sale of capital assets	123,814	10,087	-
Transfers	<u>(1,433,181)</u>	<u>58,096</u>	<u>(788,900)</u>
Total governmental activities	<u>23,690,216</u>	<u>24,178,922</u>	<u>20,703,856</u>
Business-type activities:			
Interest	244,306	174,758	58,142
Gain on sale of capital assets	-	7,155	26,105
Transfers	<u>1,433,181</u>	<u>(58,096)</u>	<u>788,900</u>
Total business-type activities	<u>1,677,487</u>	<u>123,817</u>	<u>873,147</u>
Total primary government	<u>25,367,703</u>	<u>24,302,739</u>	<u>21,577,003</u>
Change in Net Position			
Governmental activities	1,562,104	196,384	(1,069,014)
Business-type activities	<u>3,189,636</u>	<u>1,520,534</u>	<u>2,373,502</u>
Total primary government	<u>\$ 4,751,740</u>	<u>\$ 1,716,918</u>	<u>\$ 1,304,488</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

2011	2012	2013	2014	2015	2016	2017
\$(21,256,926)	\$(20,791,004)	\$(19,390,408)	\$(17,640,062)	\$(15,763,028)	\$(26,980,471)	\$(27,269,899)
<u>3,658,756</u>	<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>(17,598,170)</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>
10,409,369	9,968,735	10,327,708	11,136,939	11,950,005	12,035,695	12,706,964
6,155,614	6,578,414	6,902,685	7,103,791	7,622,096	8,437,024	12,025,312
4,015,766	4,057,555	3,977,397	4,105,002	4,055,193	4,044,133	4,078,235
35,679	38,540	46,979	44,484	44,681	47,561	44,308
129,694	154,370	106,114	(122,596)	86,035	157,851	244,718
-	-	-	-	500,020	989,140	615,685
2,404,331	269,966	336,439	394,326	127,709	30,131	67,466
11,127	10,491	11,908	12,582	14,554	13,887	11,174
924,962	661,350	676,880	721,957	407,255	124,181	384,156
13,590	5,545	4,100	122,503	-	-	18,356
<u>(2,135,151)</u>	<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>21,964,981</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>30,776,374</u>
35,498	37,463	46,587	(37,657)	20,466	89,063	123,843
8,055	22,600	-	20,118	-	-	-
<u>2,135,151</u>	<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>2,178,704</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>24,143,685</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>
696,928	751,977	2,855,793	5,394,786	9,729,178	(400,868)	3,506,475
<u>5,837,460</u>	<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>\$ 6,534,388</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>

CITY OF HALTOM CITY, TEXAS

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)
(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Nonspendable	\$ 156,303	\$ 722,726	\$ 74,033	\$ 184,273
Assigned	133,154	170,193	2,011,760	4,431,454
Unassigned	<u>6,700,941</u>	<u>6,608,442</u>	<u>6,586,589</u>	<u>3,730,907</u>
Total general fund	<u>6,990,398</u>	<u>7,501,361</u>	<u>8,672,382</u>	<u>8,346,634</u>
 All Other Governmental Funds				
Nonspendable	727,175	23,031	271,747	-
Restricted	24,099,587	21,072,360	11,353,538	18,190,269
Assigned	51,376	27,184	49,919	254,932
Unassigned	<u>(127,949)</u>	<u>(38,974)</u>	<u>(120,702)</u>	<u>(78,693)</u>
Total all other governmental funds	<u>\$ 24,750,189</u>	<u>\$ 21,083,601</u>	<u>\$ 11,554,502</u>	<u>\$ 18,366,508</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 194,579	\$ 189,295	\$ 205,828	\$ 180,936	\$ 170,743	\$ 200,738
4,725	-	-	-	-	-
<u>10,571,395</u>	<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>10,770,699</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>
-	-	-	-	-	15,534
16,277,980	17,272,217	12,308,467	11,055,819	8,486,785	14,254,552
-	-	-	-	-	-
(40,665)	(43,799)	(79,746)	<u>35,828</u>	<u>517,510</u>	(11,520)
<u>\$ 16,237,315</u>	<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>

CITY OF HALTOM CITY, TEXAS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEAR

(Modified accrual basis of accounting)
(Unaudited)

	2008	2009	2010	2011
Revenues				
Taxes [See Table 5]	\$ 23,634,278	\$ 23,158,842	\$ 19,457,051	\$ 20,210,842
Licenses and permits	544,529	326,875	760,288	818,916
Intergovernmental	566,557	817,841	1,201,262	1,435,785
Fines and fees	1,391,782	2,021,380	2,070,466	2,004,327
Charges for services	1,647,969	1,729,807	1,691,850	1,755,673
Oil and gas leases	-	-	-	-
Interest income	1,248,699	708,376	309,322	122,762
Contributions	90,874	51,184	48,847	119,244
Special assessments	14,486	10,570	24,214	3,015
Miscellaneous	455,195	450,916	1,835,824	3,404,073
Total revenues	<u>29,594,369</u>	<u>29,275,791</u>	<u>27,399,124</u>	<u>29,874,637</u>
Expenditures				
General government	5,064,803	6,217,393	6,047,400	6,426,523
Economic development	959,313	1,029,708	-	-
Public safety	12,252,614	12,917,427	12,253,187	12,394,087
Streets	1,260,129	1,206,446	1,379,777	1,175,358
Culture and recreation	2,478,044	2,331,448	2,031,684	2,066,427
Capital outlay	8,179,231	4,660,088	2,332,880	2,249,497
Debt service:				
Principal	3,045,000	2,640,000	2,625,000	2,615,000
Interest	1,258,105	1,376,547	1,333,986	1,175,876
Bond issuance costs	193,895	24,815	17,363	189,642
Total expenditures	<u>34,691,134</u>	<u>32,403,872</u>	<u>28,021,277</u>	<u>28,292,410</u>
Excess of revenues over (under) expenditures	(5,096,765)	(3,128,081)	(622,153)	1,582,227
Other financial sources (uses)				
Bonds issued	15,745,000	900,000	800,000	13,320,000
Premium on issuance of debt	-	-	-	157,045
Payment to refunded bond escrow agent	(3,670,000)	-	-	(3,295,045)
Sale of capital assets	262,928	14,360	23,290	13,590
Transfers in	1,937,875	1,633,301	3,103,119	623,467
Transfers out	(3,371,056)	(1,575,205)	(3,254,461)	(2,758,618)
Total other financing sources (uses)	<u>10,904,747</u>	<u>972,456</u>	<u>671,948</u>	<u>8,060,439</u>
Net change in fund balance	<u>\$ 5,807,982</u>	<u>\$ (2,155,625)</u>	<u>\$ 49,795</u>	<u>\$ 9,642,666</u>
Debt service as a percentage of noncapital expenditures	16.2%	14.5%	15.4%	14.6%

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

2012	2013	2014	2015	2016	2017
\$ 20,769,714	\$ 21,590,984	\$ 22,547,214	\$ 23,345,404	\$ 24,497,264	\$ 29,076,841
715,066	332,908	484,736	851,870	814,128	638,032
912,126	591,897	8,285,812	660,422	205,337	254,000
1,740,065	2,147,032	1,916,686	1,776,959	1,371,940	1,551,999
1,853,771	1,647,888	1,758,412	1,782,682	2,054,448	2,121,287
269,966	336,439	394,326	127,709	30,131	67,466
111,281	88,029	(84,217)	86,098	157,850	244,678
783,942	646,002	653,585	858,043	1,405,165	748,839
5,283	4,681	2,613	11,592	-	3,183
307,373	438,684	471,393	818,530	465,094	667,635
<u>27,468,587</u>	<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>
5,224,896	5,440,470	11,486,467	5,132,507	6,181,093	5,804,710
-	-	-	-	-	-
13,981,585	14,182,784	14,464,255	15,612,260	16,487,431	16,604,490
1,323,160	2,004,095	1,710,489	1,076,012	683,434	1,284,857
2,312,719	2,289,178	3,302,937	2,414,793	2,429,286	2,447,648
4,342,467	5,971,871	7,419,305	3,433,813	5,187,830	1,595,455
2,650,000	2,865,000	3,315,000	3,545,000	3,545,000	4,105,000
1,493,869	1,358,658	1,416,333	1,335,855	1,259,241	1,200,021
98,804	198,369	106,727	26,640	4,640	147,289
<u>31,427,500</u>	<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>
(3,958,913)	(6,485,881)	(6,790,953)	(2,257,571)	(4,776,598)	2,184,490
3,880,000	7,330,000	7,330,000	365,000	-	7,115,000
244,131	257,454	-	-	-	430,923
(2,658,367)	-	(5,044,709)	-	-	(4,403,034)
5,545	4,100	122,503	27,554	-	18,356
3,006,932	1,008,777	1,348,725	1,567,949	1,778,250	2,284,913
(3,198,426)	(1,140,878)	(1,820,283)	(883,291)	(1,078,250)	(1,704,913)
<u>1,279,815</u>	<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>\$(2,679,098)</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>
15.3%	14.9%	13.2%	16.7%	15.7%	16.8%

TABLE 5

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

LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

(Unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Occupancy Tax	Bingo Tax	Mixed Beverage Tax	Total
2008	\$ 9,632,996	\$ 10,031,059	\$ 3,881,364	\$ 80,723	\$ 8,136	\$ 13,246	\$ 23,647,524
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

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			
2008	\$ 1,649,788,298	\$ 313,777,774	\$ 394,526,983	\$ 1,569,039,089	\$ 0.59830
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

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	
2008	\$ 0.397800	\$ 0.200500	\$ 0.598300	\$ 1.405000	\$ 0.139380	\$ 0.230397	\$ 0.266500	\$ 2.639577
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

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)

	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>						
Hidden/820 LLC	\$ 59,690,000	1	3.56%			
WMMFI II Beach Street LP	41,500,000	2	2.30%			
Hillshire Brands Company	38,594,708	3	2.48%			
JVM Amesbury Court LLC Etal	30,900,000	4	1.85%			
GCAD Fairway LLC ETAL	22,340,000	5	1.33%			
Fossil Ridge Apartments LLC	20,660,000	6	1.23%			
Spring Lake City LP	19,944,999	7	1.19%			
Fossil Hill Apartments LP	16,800,000	8	1.00%			
AV Haltom Lakeview	15,300,000	9	0.91%			
Mercantile Partners	13,745,490	10	0.82%			
Commonwealth Texas LLC	-		-	24,000,000	1	1.53%
Protea Amesbury Court	-		-	21,806,000	2	1.39%
McCaslin Hidden Lakes, Inc	-		-	18,100,000	3	1.15%
Ranch at Fossil Creek	-		-	17,500,000	4	1.12%
Oncor Electric Delivery Co LLC	-		-	13,747,083	5	0.88%
Hall Fossil Ridge Association Ltd	-		-	10,500,000	6	0.67%
Alliance G J Group	-		-	10,488,142	7	0.67%
Denton Highway Haltom Associate I	-		-	9,700,889	8	0.62%
Ahern Rentals Inc.	-		-	9,635,401	9	0.61%
Fossil Hill Ltd	-		-	8,976,000	10	0.57%
Total	\$ 279,475,197		16.69%	\$ 116,141,225		7.41%

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
2008	\$ 9,309,810	\$ 51,946	\$ 9,361,756	\$ 9,162,826	97.88%	\$ 66,022	\$ 9,228,848	98.58%
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%	211,678	11,756,297	100.84%
2017	12,287,526	415,787	12,703,313	12,514,668	98.51%	142,888	12,657,556	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	
2008	\$ 5,046,859	\$ 1,258,348	\$ 6,305,207	\$ 2,516,696	\$ 1,195,909	\$ 10,017,812
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

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		
	General			Tax Notes	General		Water and Sewer Revenue Bonds	Certificates of Obligation	Tax Notes	Total Primary Government	Percentage of Personal Income ^a	Debt Per Capital
	General Obligation Bonds	Obligation Refunding Bonds	Certificates of Obligation		Obligation Refunding Bonds							
2008	\$ 12,450,000	\$ 5,425,000	\$ 17,545,000	\$ 550,000	\$ 2,200,000	\$ 9,985,000	\$ 9,980,000	\$ 20,000	\$ 58,155,000	7.06%	1,476	
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	

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					
2008	\$ 17,875,000	\$ 17,545,000	\$ 550,000	\$ 51,376	\$ 35,918,624	\$ 2,200,000	\$ 9,980,000	\$ 48,098,624	2.29%		\$ 912
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

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, 2017
(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	\$ 266,624,695	20.28%	\$ 54,071,488
Fort Worth Independent School District	862,315,000	0.21%	1,828,108
Keller Independent School District	706,960,916	0.58%	4,100,373
Tarrant County	321,795,000	1.24%	3,990,258
Tarrant County Hospital District	20,835,000	1.24%	<u>258,354</u>
Subtotal, overlapping debt			64,248,581
City of Haltom City (direct debt)	35,031,648	100.00%	<u>35,031,648</u>
Total direct and overlapping debt			<u><u>\$ 99,280,229</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 2017

Assessed value	\$ 1,674,769,242
Debt limit (2.5% of assessed value)	41,869,231
Debt applicable to limit:	
General obligation bonds	27,581,648
Less: Amount set aside for repayment of general obligation debt	(385,467)
Total net debt applicable to limit	<u>27,196,181</u>
Legal debt margin	<u>\$ 14,673,050</u>

	<u>2008</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>
Debt limit	\$ 39,225,977	\$ 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
Total net debt applicable to limit	<u>17,823,624</u>	<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>
Legal debt margin	<u>\$ 21,402,353</u>	<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>
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%	55.48%	64.96%

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						
		Less:	Net	Debt Service			
Fiscal	Total	Operating	Available				
Year	Revenues ^a	Expenses ^b	Revenue	Principal	Interest	Coverage	
2008	\$ 14,980,975	\$ 11,829,610	\$ 3,151,365	\$ 995,000	\$ 462,576	\$ 2.16	
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	-	-	-	

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
2008	39,500	\$ 831,957	\$ 21,062	32.3	22,400	4.9%
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%

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>	2017			2008		
	<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)

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	7	6	6
Human Resources	3	3	3	3	3	3	3	3	4	4
Planning	5	5	5	5	5	5	6	7	6	7
Code Enforcement	3	3	3	3	3	3	3	3	3	5
Fleet services	6	6	6	5	5	6	6	6	5	4
Building maintenance	1	1	1	1	1	1	1	1	2	2
Information Tech./HCTV	6	6	6	6	5	5	5	5	6	6
Economic development	2	2	5	2	5	7	7	7	1	-
Public safety										
Police	98	97	97	95	95	79	79	89	84	82
Animal control	5	5	5	5	5	5	5	-	5	5
Fire	51	51	51	51	51	55	55	54	54	54
Municipal court	8	8	8	8	8	8	8	9	8	7
Streets	16.5	15.5	15.5	14.5	14.5	14.5	11.5	11.5	11.5	11.5
Culture and recreation										
Library	13	13	13	12	13	13	13	13	13	13
Parks and recreation	18	18	15	16	13	14	13	13	17	19
Water & Sewer	49.5	49.5	48.5	46.5	46.5	46.5	46.5	46.5	41.5	43.5
Drainage	8	8	8	8	8	8	8	8	7	6
Total	<u>305</u>	<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>280</u>

Source: City of Haltom City Records

TABLE 19

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Function/Program</u>										
General government										
Planning										
Residential permits issued	210	146	159	262	274	245	279	313	405	409
Commercial permits issued	169	126	155	155	255	199	208	298	260	190
New residential homes	30	11	10	17	9	6	5	4	11	16
New commercial buildings	15	5	3	3	11	11	12	17	16	10
Public safety										
Police										
Number of police officers	72	74	72	72	67	71	72	76	76	76
Number of physical arrests	2,703	3,133	3,199	2,790	2,100	2,316	2,182	2,034	1,863	1,798
Number of offenses*	22,156	22,725	21,913	5,765	4,208	5,001	1,377	1,503	1,693	1,712
Fire										
Number of firefighters	51	49	49	49	49	49	49	49	51	52
Number of fire runs	166	76	136	1,347	1,275	1,526	1,602	1,545	1,845	1,307
Number of EMS runs	2,492	2,305	2,548	2,517	2,661	3,066	2,917	2,846	2,906	3,166
Streets										
Street resurfacing (sq. yards)	51,000	82,000	40,188	3,040	3,701	-	56,822	9,455	14,070	6,725
Asphalt used for repairs (tons)	3,000	4,800	11,972	1,986	1,370	1,444	1,155	3,160	3,358	2,837
Culture and recreation										
Library										
Number of volumes	104,178	112,558	115,000	386,098	120,688	122,555	137,772	137,772	134,770	134,942
Average monthly circulation	33,460	35,734	34,500	32,175	33,162	29,857	30,000	17,925	25,791	24,020
Parks and recreation										
Average daily attendance	130	228	220	320	395	357	321	332	301	361
Water & sewer										
Number of water connections	13,387	13,403	13,416	13,436	13,456	13,473	12,898	13,456	13,456	12,272
Average daily consumption (millions of gallons)	4.80	4.92	4.80	5.72	5.18	4.96	4.69	5.18	4.28	4.32
Number of sewer connections	14,000	14,016	14,029	14,049	14,069	14,086	14,086	14,069	14,069	14,069
Residential accounts billed	10,782	10,789	10,872	11,101	10,665	10,850	10,832	10,909	10,872	11,023
Commercial accounts billed	1,413	1,384	1,369	1,209	1,538	1,497	1,490	1,399	1,350	1,379

*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>2008</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>
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	23	23	25	25	25	31	35	37	37	37
Fire stations	3	3	3	3	3	3	3	3	3	3
Streets										
Streets (miles)	171	171	171	171	171	171	171	174	174	184
Traffic signals	7	7	9	9	9	10	10	14	14	15
Streetlights	1,707	1,707	1,707	1,707	1,707	1,707	1,707	1,767	1,767	1,777
Culture and recreation										
Parks	8	8	9	10	10	10	12	10	11	11
Park (acres)	184	184	206	209	218	218	220	220	220	220
Picnic areas	8	8	7	7	9	8	9	8	9	9
Playgrounds	9	9	11	11	13	15	15	15	15	15
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	305	306	307	310
Fire hydrants	1,633	1,662	1,662	1,662	1,662	1,662	1,662	1,700	1,700	1,724
Sanitary sewers (miles)	141	141	141	141	141	141	141	142	142	161
Drainage										
Storm sewers (miles)	306	306	306	306	306	306	306	307	307	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
2008	\$ 27,249,137	\$ 48,246,750	56.5%	\$ 20,997,613	\$ 13,215,462	158.9%	14.88%	4.92%
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%

Source: Texas Municipal Retirement System

COMPLIANCE SECTION

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PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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***

To the 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 (the "City") as of and for the year ended September 30, 2017, 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 26, 2018.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and there, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operations 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. We considered the deficiency described in the accompanying schedule of findings and responses as item 2017-001 to be a material weakness.

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*.

The City of Haltom City, Texas' Response to Findings

The City of Haltom City, Texas' response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City of Haltom City, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

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

Waco, Texas
February 26, 2018

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED SEPTEMBER 30, 2017

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 make 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.

Corrective Action:

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

CITY OF HALTOM CITY, TEXAS

SCHEDULE OF PRIOR FINDINGS AND RESPONSES YEAR ENDED SEPTEMBER 30, 2017

Material Weaknesses

Finding No. 2016-001:

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.

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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.

Corrective Action:

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

CITY OF HALTOM CITY, TEXAS

**SCHEDULE OF PRIOR FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2017
(Continued)**

Current Status: See findings at 2017-001.

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