

**City of Haltom City, Texas  
Comprehensive Annual Financial Report**

**For Fiscal Year Ended September 30, 2016**



**CITY OF HALTOM CITY, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED SEPTEMBER 30, 2016**

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

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# CITY OF HALTOM CITY, TEXAS

## ANNUAL FINANCIAL REPORT

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## **INTRODUCTORY SECTION**

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# CITY OF HALTOM CITY

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February 27, 2017

Honorable Mayor and City Council Members:

The comprehensive annual financial report of the City of Haltom City for the fiscal year ended September 30, 2016 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, 2015. 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 43,625. 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 2016 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 2016 proved to be a positive year for retail activity and growth for the City of Haltom City. On a brighter note, sales taxes increased about 10.7% 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 2017 retail activity is expected to increase by 3% 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 22,618 and the unemployment rate for September 2016 was 3.9%, which compares favorably to the September 2016 national rate and the State of Texas rate of 4.9%. As the national and local 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, \$8,978,000 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, 2015. 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-eighth consecutive year (fiscal years ended 1987-2014) that the government has achieved this prestigious award.

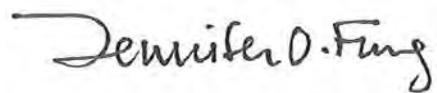
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal 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, 2015. 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,



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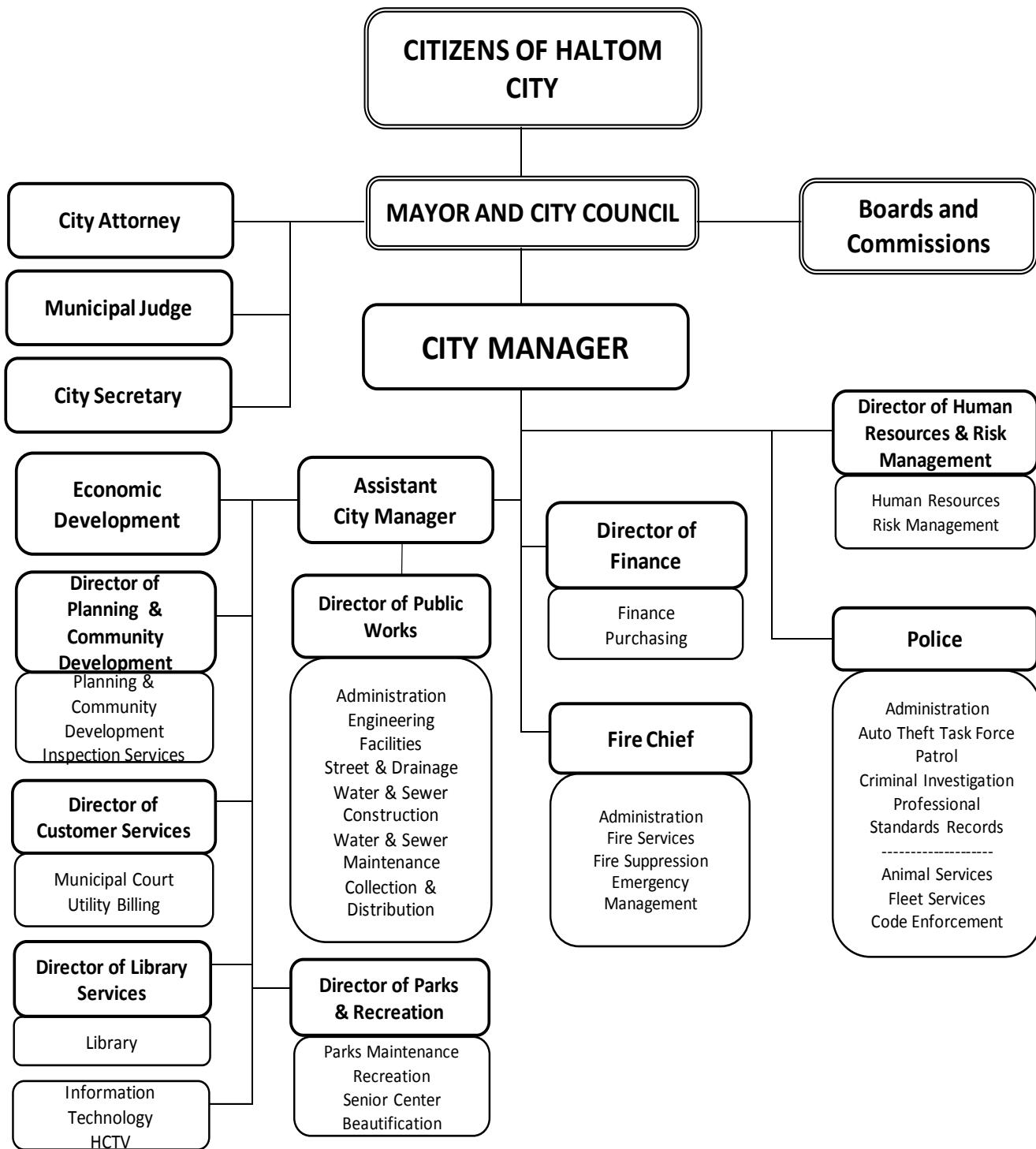
Jennifer O. Fung, CPA  
Director of Finance



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Jon Stevenson  
Assistant Director of Finance/Controller

# CITY OF HALTOM CITY ORGANIZATION CHART



**CITY OF HALTOM CITY, TEXAS  
PRINCIPAL OFFICIALS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**GOVERNING BODY**

Mayor	David Averitt
Council Member/Mayor Pro Tem	Bob Watkins
Council Member	Stephanie Davenport
Council Member	Trae Fowler
Council Member	Scott Garrett
Council Member	Walter Grow
Council Member	Jeannine Nunn
Council Member	An Truong

**ADMINISTRATION**

City Manager	Keith Lane
Assistant City Manager	Rex Phelps
City Secretary	Art Camacho
Director of Finance	Jennifer Fung
Director of Human Resources/Risk Management	Toni Beckett
Director of Library Services	Lesly Smith
Director of Parks and Recreation	Christi Pruitt
Director of Planning	Justin French
Director of Public Works	Greg Van Nieuwenhuize
Fire Chief	Steve Ross
Municipal Judge	Lorraine Irby
Police Chief	Cody Phillips
Auditors	Pattillo, Brown & Hill LLP
Legal Counsel	Taylor, Olson, Adkins, Sralla & Elam, LLP



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, 2015**

A handwritten signature in black ink that reads "Jeffrey P. Evans". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Evans" on the bottom line.

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, and 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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, 2016, 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 – 67 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 schedule, 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 27, 2017, 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 27, 2017

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

For the year ended September 30, 2016

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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, 2016. 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, 2016 by \$99.4 million (net position). Of this amount, about \$0.5 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 \$1.2 million for the year ended September 30, 2016. This increase is due to increase in net investment in capital assets.
- On a government-wide basis, the City's total liabilities decreased by \$1.4 million or 2%. The decrease is from business-type activities.
- As of September 30, 2016, the City's governmental funds reported combined ending fund balances of \$18.6 million, a decrease of \$4.0 million in comparison with prior year. Approximately, \$9.9 million, or 53%, of the fund balance is available for spending at the government's discretion (unassigned fund balance).

**II. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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

## CITY OF HALTOM CITY, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2016

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

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

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

### Fund Financial Statements

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

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

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

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

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

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

For the year ended September 30, 2016

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**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 \$99.4 million as of September 30, 2016.

By far the largest portion of the City's net position, \$90 million or 91% 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 (\$8.6 million, or 9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$0.49 million, or 0.5%) may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF HALTOM CITY, TEXAS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the year ended September 30, 2016

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 \$5.99 million negative unrestricted net position and the business-type activities showed a positive unrestricted net position of \$6.49 million. The net position for governmental activities and business-type activities are summarized as follows:

	Governmental Activities		Business Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
<b>Assets</b>						
Current and other assets	\$ 21,973,190	\$ 26,407,469	\$ 11,898,259	\$ 11,579,549	\$ 33,871,449	\$ 37,987,018
Capital assets	<u>85,398,167</u>	<u>84,075,431</u>	<u>56,183,667</u>	<u>57,329,817</u>	<u>141,581,834</u>	<u>141,405,248</u>
<b>Total Assets</b>	<u>107,371,357</u>	<u>110,482,900</u>	<u>68,081,926</u>	<u>68,909,366</u>	<u>175,453,283</u>	<u>179,392,266</u>
<b>Deferred Outflows of Resources</b>	<u>6,287,655</u>	<u>2,668,547</u>	<u>978,919</u>	<u>450,538</u>	<u>7,266,574</u>	<u>3,119,085</u>
<b>Liabilities</b>						
Current liabilities	2,548,960	2,408,977	2,895,334	3,900,948	5,444,294	6,309,925
Noncurrent liabilities	<u>58,177,620</u>	<u>57,769,418</u>	<u>18,605,835</u>	<u>19,661,241</u>	<u>76,783,455</u>	<u>77,430,659</u>
<b>Total Liabilities</b>	<u>60,726,580</u>	<u>60,178,395</u>	<u>21,501,169</u>	<u>23,562,189</u>	<u>82,227,749</u>	<u>83,740,584</u>
<b>Deferred Inflows of Resources</b>	<u>815,062</u>	<u>454,813</u>	<u>121,340</u>	<u>68,129</u>	<u>936,402</u>	<u>522,942</u>
<b>Net Position</b>						
Net investment in capital assets	49,669,147	44,644,061	40,860,841	40,345,975	90,529,988	84,990,036
Restricted	<u>8,566,493</u>	<u>11,087,769</u>	<u>-</u>	<u>-</u>	<u>8,566,493</u>	<u>11,087,769</u>
Unrestricted	<u>( 6,118,269)</u>	<u>( 3,213,591)</u>	<u>6,487,495</u>	<u>5,383,611</u>	<u>369,226</u>	<u>2,170,020</u>
<b>Total Net Position</b>	<u>\$ 52,117,371</u>	<u>\$ 52,518,239</u>	<u>\$ 47,348,336</u>	<u>\$ 45,729,586</u>	<u>\$ 99,465,707</u>	<u>\$ 98,247,825</u>

**CITY OF HALTOM CITY, TEXAS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the year ended September 30, 2016

**Analysis of the City's operations**

The City of Haltom City's net position increased by \$1.2 million from \$98.2 million to \$99.5 million during the current fiscal year. Out of which an decrease of \$0.4 million in governmental activities and an increase of \$1.6 million in business-type activities. Details are listed as follows:

	Governmental		Business Type		Total	
	Activities		Activities		FY 2016	FY 2015
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,831,700	\$ 4,562,349	\$ 20,907,487	\$ 19,077,155	\$ 25,739,187	\$ 23,639,504
Operating grants and contributions	272,414	717,407	-	-	272,414	717,407
Capital grants and contributions	40,443	7,025,184	305,962	1,224,660	346,405	8,249,844
General revenues:						
Property taxes	12,035,695	11,950,005	-	-	12,035,695	11,950,005
Other taxes	12,542,605	11,736,524	-	-	12,542,605	11,736,524
Interest and investment earnings	157,851	86,035	89,063	20,466	246,914	106,501
Other revenues	1,143,452	1,034,984	-	-	1,143,452	1,034,984
<b>Total revenues</b>	<b>31,024,160</b>	<b>37,112,488</b>	<b>21,302,512</b>	<b>20,322,281</b>	<b>52,326,672</b>	<b>57,434,769</b>
<b>Expenses:</b>						
General government	6,991,532	4,992,708	-	-	6,991,532	4,992,708
Public safety	18,140,988	15,702,918	-	-	18,140,988	15,702,918
Street	2,661,889	3,180,893	-	-	2,661,889	3,180,893
Culture and recreation	3,101,708	2,894,363	-	-	3,101,708	2,894,363
Interest and fiscal charges	1,228,911	1,297,086	-	-	1,228,911	1,297,086
Water and sewer	-	-	17,611,699	15,990,278	17,611,699	15,990,278
Drainage	-	-	1,372,063	1,047,947	1,372,063	1,047,947
<b>Total expenses</b>	<b>32,125,028</b>	<b>28,067,968</b>	<b>18,983,762</b>	<b>17,038,225</b>	<b>51,108,790</b>	<b>45,106,193</b>
<b>Increase in net position before transfers</b>	<b>( 1,100,686)</b>	<b>9,044,520</b>	<b>2,318,750</b>	<b>2,384,056</b>	<b>1,218,064</b>	<b>11,428,576</b>
<b>Transfers</b>	<b>700,000</b>	<b>684,658</b>	<b>( 700,000)</b>	<b>( 684,658)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>( 400,868)</b>	<b>9,729,178</b>	<b>1,618,750</b>	<b>2,599,398</b>	<b>1,217,882</b>	<b>12,328,576</b>
<b>Net position - Beginning</b>	<b>52,518,239</b>	<b>42,789,061</b>	<b>45,729,586</b>	<b>43,130,188</b>	<b>98,247,825</b>	<b>85,919,249</b>
<b>Net position - Ending</b>	<b>\$ 52,117,371</b>	<b>\$ 52,518,239</b>	<b>\$ 47,348,336</b>	<b>\$ 45,729,586</b>	<b>\$ 99,465,707</b>	<b>\$ 98,247,825</b>

**Governmental activities**

Net position of the City's governmental activities decreased by \$0.4 million or 1%, from \$52.5 million to \$52.1 million at the end of the year. Revenues decrease by about \$6.0 million (16%) and expenses increased by about \$4.0 million (14%).

## CITY OF HALTOM CITY, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2016

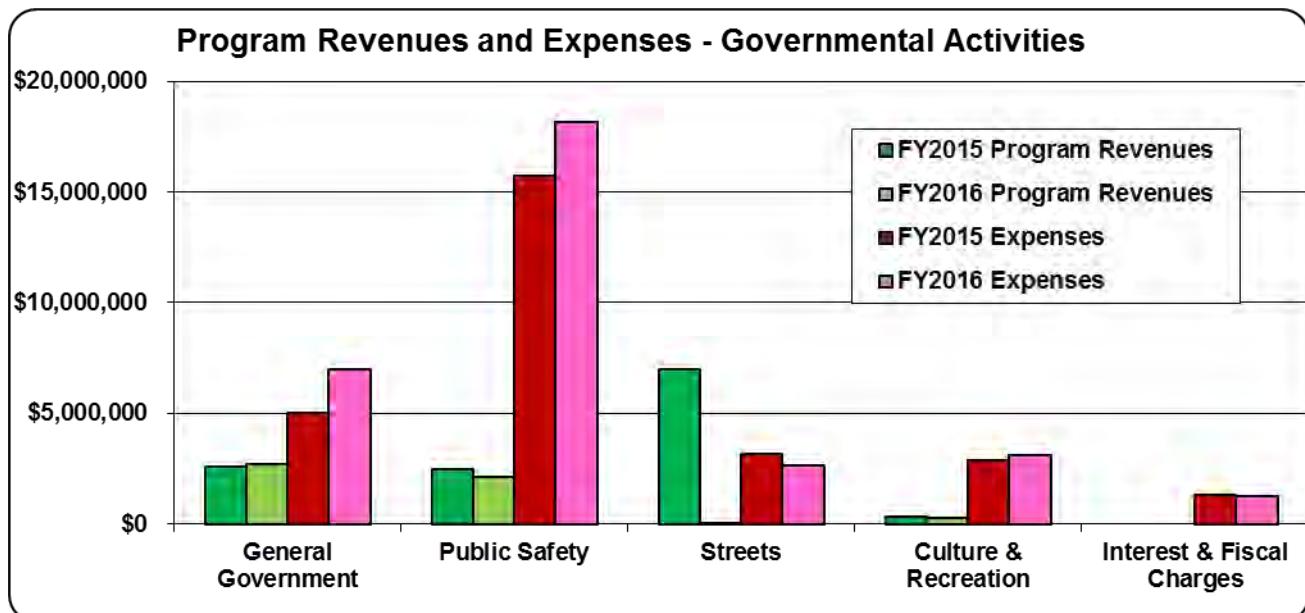
Key changes of revenues and expenses are as follows:

#### Revenues

- Program revenues: Charges for Service were higher due to increase in operation activities while operating grants and capital grants were lower due to conclusion of grants from Department of Transportation and North Texas Council of Government.
- Property taxes increased slightly by \$85,690 due to increase in the certified taxable value.
- Other taxes increased by \$806,081 due to an increase of collections from sales tax.
- Interest and investment earnings increased by \$71,816 due to higher interest rates.
- Other revenues increased by \$108,468 mainly due to higher operating activities.

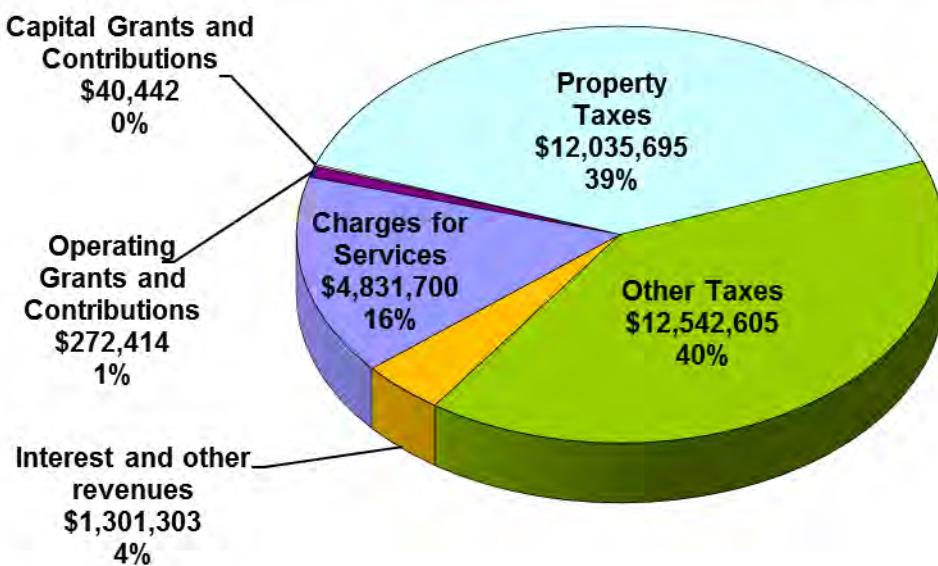
#### Expenses

- Total expenses for the City increased by \$4,057,060 or 14%.
- General government increased by almost \$2 million due to increase in Administration, City Secretary and Fleet services.
- Public Safety expenses increased by more than \$2.4 million or 15.5% due to increase in salary and vacant positions filled in FY2016
- Streets expenses were lower due to vacant positions and lower activities.
- Interest and fiscal charges are lower due to lower outstanding debts.



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

For the year ended September 30, 2016

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

The net position of business-type activities at end of Fiscal Year 2016 was at \$47.3 million compared to \$45.7 million for prior year. This was an increase in net position of \$1.6 million, or 4% 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 million from \$20.3 million to \$21.3 million. The increase was due to increase in Water and Sewer Rates. Total expenses for FY2016 increased by \$1.9 million when compared to FY2015. The increase was due to higher operating cost.

**Water and Sewer Fund**

- The Water and Sewer Fund program revenues increased by \$1.6 million (9%) mainly due to the increase in water and sewer rates.
- Expenses for Water and Sewer Fund increased by \$1.6 million (10%). This reflected the increase of costs and included the water and sewer charges by our provider City of Fort Worth.

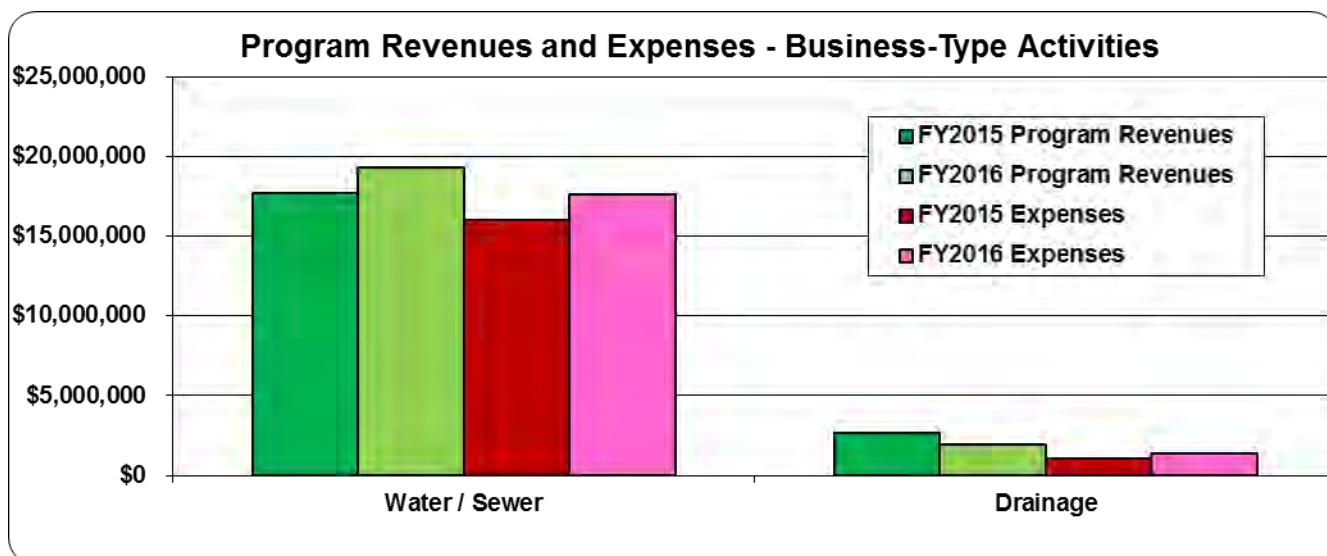
**Drainage Fund**

- Program revenues decreased by \$0.74 million (28%) due to exceptional high grant revenue (about \$1 million) in FY2015.
- Drainage expenses increased by \$0.32 million (31%) mainly due to more drainage projects as vacant positions were filled in FY2016.

**CITY OF HALTOM CITY, TEXAS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the year ended September 30, 2016



**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 \$18.6 million a decrease of \$4.0 million (21%) in comparing to the prior year. Approximately 53% of this total fund balance \$9.9 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance of \$8.7 million, is not available for general spending.

## CITY OF HALTOM CITY, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the year ended September 30, 2016

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The General Fund fund balance decreased by about \$2 million (17%) this fiscal year. For FY2016, total General Fund revenues increased by \$174,314 (1%). Major increases were taxes and Charges for services. Total tax revenues increased by \$578,788 (3%). This increase was from Sales Tax with an increase of \$651,714 (11%). The increase was partly due to general increase in sales and partly due to adjustments from the Texas Comptroller's Office. All other tax revenues, including property tax, mixed beverage and franchise were down slightly. Charges for services increased by \$232,263 (14%) primarily due to increase in Recreation Fees and Administrative/Building/Fleet Fees. Major reduction in revenues includes Fines and Fees, Miscellaneous revenues and Oil and Gas Leases. Fines and Fees reduced by \$405,019 (23%) due to fewer citations issued. Miscellaneous revenues decreased by \$141,620 (46%) due to exceptional high amount for FY2015 from insurance reimbursements and claims. Oil and Gas Leases also significantly reduced by \$97,578 (76%) as the oil prices and activities were lower.

General Fund expenditures increased by \$1.9 million. Major increases are General Government increased by about \$1 million (20%) and Police increased by about \$0.75 million (9%). The increase in General Government included higher costs in City Manager's Office (staff turnover), Human Resources (additional staff and higher employment costs), and Building Maintenance (City Hall carpets and improvements). Police expenditures increases were caused by increase in salary and purchase of vehicles.

The Debt Service Fund has a fund balance of \$493,055, 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 FY2016 debt requirement was about 19% of the General Fund expenditures.

The Street Reconstruction Capital Project Fund ended the year at \$5,613,366. The fund balance is restricted for street capital projects. This fund balance was \$274,490 (5%) more than the prior year due to timing of expenditures and progress of construction projects. Total expenditures for FY2016 amounted to \$1,489,642.

The Capital Improvement Project Fund had a fund balance of \$1,111,087 which was \$3,209,307 (74%) lower than FY2015. This amount is for specific designated capital projects. Total expenditures for FY2016 amounted to \$3,703,035 for various capital improvements with over \$3.5 million for Little Fossil Drainage Project.

**Proprietary funds.** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. 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 reduced by \$1.9 million for FY2016. This decrease was due to actual revenues and transfers it was lower than the actual expenditures and transfers out for the year.

When comparing to the budget, actual total revenues was \$797,496 higher than the budget due to slight increase in almost every revenue category except Fines/Fees and Oil/Gas Leases. It was encouraging to see increases in Taxes and Licenses and Permits which showed a better economic outlook. Income from Oil and Gas Lease was lower than budget due to lower prices and activities. Income from Fines and Fees were lower due to lower fewer citations issued.

The actual total expenditures were lower than the budget by \$492,365. Expenditures for some departments were over the budget. The overage was due to the fact that when the budget was adopted, all salary increases were recorded in the non-departmental budget instead of allocating the salary increase to each department.

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

For the year ended September 30, 2016

**IV. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - At September 30, 2016, the City had \$141.6 million (net of accumulated depreciation) invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and storm water facilities. This amount represents a net increase of \$1.3 million, or 2% over last year. Details of capital assets are listed below.

**Capital Assets**

	Governmental Activities		Business Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Land	\$ 18,506,376	\$ 18,646,327	\$ 6,125,273	\$ 6,125,273	\$ 24,631,649	\$ 24,771,600
Buildings	18,179,525	18,179,525	10,585,874	10,585,874	28,765,399	28,765,399
Water & sewer system	-	-	50,647,462	50,647,462	50,647,462	50,647,462
Improvements other than buildings	61,415,873	61,415,873	-	-	61,415,873	61,415,873
Machinery and equipment	12,247,068	12,031,219	5,803,206	5,700,117	18,050,274	17,731,336
Construction in progress	29,367,858	24,384,344	13,593,843	13,246,849	42,961,701	37,631,193
Accumulated depreciation	( 54,318,533)	( 50,581,857)	( 30,571,991)	( 28,975,758)	( 84,890,524)	( 79,557,615)
<b>Total</b>	<b>\$ 85,398,167</b>	<b>\$ 84,075,431</b>	<b>\$ 56,183,667</b>	<b>\$ 57,329,817</b>	<b>\$ 141,581,834</b>	<b>\$ 141,405,248</b>

There were no major changes in most of the capital asset groups except 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, Webster Street and Oakwood Street, Spring Lake Sanitary Sewer and Little 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 \$76.7 million. Of this amount, \$58.1 million was from governmental activities and \$18.6 million were business-type activities.

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

For the year ended September 30, 2016

The City had total bonded debt outstanding of \$51.3 million. Of this amount, \$35.9 million was comprised of debt backed by the full faith and credit of the City and \$15.3 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.

**Long-Term Liabilities**

	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Certificates of obligations	\$ 12,015,000	\$ 13,150,000	\$ 8,605,000	\$ 9,000,000	\$ 20,620,000	\$ 22,150,000
General obligation bonds	22,240,000	24,225,000	-	-	22,240,000	24,225,000
General obligation refunding bonds	-	-	6,630,000	7,890,000	6,630,000	7,890,000
Tax notes	1,230,000	1,655,000	-	-	1,230,000	1,655,000
Premium on bond issuance	447,088	497,541	142,746	159,047	589,834	656,588
<b>Total Bonded Debts</b>	<b>35,932,088</b>	<b>39,527,541</b>	<b>15,377,746</b>	<b>17,049,047</b>	<b>51,309,834</b>	<b>56,576,588</b>
Compensated absence obligations	2,623,055	2,686,150	323,643	298,906	2,946,698	2,985,056
Net pension obligations	19,509,605	15,442,855	2,904,448	2,313,288	22,414,053	17,756,143
<b>Total Long-Term Liabilities</b>	<b>\$ 58,064,748</b>	<b>\$ 57,656,546</b>	<b>\$ 18,605,837</b>	<b>\$ 19,661,241</b>	<b>\$ 76,670,585</b>	<b>\$ 77,317,787</b>

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 2017 budget especially tax rates, and fees that will be charged for the business-type activities.

Highlights of the 2017 budget include:

- Balanced budget
- Property tax rate remains the same
- Adjustments in water, sewer and drainage rates
- Salary increase for employees
- Total City budget over \$75.8 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, 2016**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development	Crime Control District
<b>ASSETS</b>					
Cash and investments	\$ 18,150,824	\$ 9,554,534	\$ 27,705,358	\$ 2,785,880	\$ 74,138
Receivables, net:					
Taxes	739,871		739,871		
Accounts receivable		2,149,517	2,149,517		
Intergovernmental	2,315,769	107,128	2,422,897	864,766	397,415
Accrued Interest	32,632	16,936	49,568	4,048	207
Other	546,415		546,415	1,000	711
Inventory	170,743	66,917	237,660		
Net other postemployment asset	16,936	3,227	20,163		
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	61,415,873		61,415,873		
Water and sewer system		50,647,462	50,647,462		
Machinery and equipment	12,247,068	5,803,206	18,050,274		
Construction-in-progress	29,367,858	13,593,843	42,961,701		
Less: accumulated depreciation	(54,318,533)	(30,571,991)	(84,890,524)		
Total assets	107,371,358	68,081,926	175,453,284	3,655,694	472,471
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on bond refunding	81,000	54,918	135,918		
Deferred outflow related to pensions	6,206,655	924,001	7,130,656	114,760	158,443
Total deferred outflows of resources	6,287,655	978,919	7,266,574	114,760	158,443
<b>LIABILITIES</b>					
Accounts payable	650,125	1,536,458	2,186,583	46,930	104,705
Accrued liabilities	1,364,722	243,380	1,608,102	21,106	7,266
Retainage payable	337,072	166,815	503,887	768,060	-
Accrued interest payable	197,041	80,083	277,124	-	-
Customer deposits	-	958,598	958,598	-	-
Noncurrent liabilities:					
Due within one year					
Compensated absences	524,611	64,729	589,340	8,197	18,876
General obligation debt	1,990,000		1,990,000	-	-
Revenue supported bonds	-	1,690,000	1,690,000	-	-
Tax Notes	385,000	-	385,000	-	-
Certificates of obligations	1,155,000	-	1,155,000	-	-
Claims and judgements	-	-	-	-	-
Due in more than one year					
Certificates of obligations	10,860,000	-	10,860,000	-	-
Compensated absences	2,098,444	258,914	2,357,358	32,646	73,119
Net pension obligation	19,509,605	2,904,448	22,414,053	360,729	498,038
Net other postemployment obligation	-	-	-	821	1,650
General obligation debt	20,697,088	-	20,697,088	-	-
Tax Notes	845,000	-	845,000	-	-
Claims and judgements	112,872	-	112,872	-	1,837
Revenue supported bonds	-	13,687,744	13,687,744	-	-
Total liabilities	60,726,580	21,591,169	82,317,749	1,238,489	705,491
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow related to pensions	815,062	121,340	936,402	15,070	20,808
Total deferred inflows of resources	815,062	121,340	936,402	15,070	20,808
<b>NET POSITION</b>					
Net investment in capital assets	49,669,147	40,860,841	90,529,988	-	-
Restricted for:					
Capital projects	6,794,388	-	6,794,388	-	-
Donor restrictions for libraries, parks and law enforcement	412,764		412,764	-	-
Debt service	572,763	-	572,763	-	-
Promotion of tourism and business	108,019	-	108,019	-	-
Economic development	-	-	-	2,516,895	-
Public safety	678,559	-	678,559	-	-
Unrestricted	(6,118,269)	6,487,495	369,226	-	(95,385)
Total net position	\$ 52,117,371	\$ 47,348,336	\$ 99,465,707	\$ 2,516,895	\$(95,385)

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, 2016**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 6,991,532	\$ 2,699,926	\$ 4,797	\$ 5,200
Public safety	18,140,988	1,840,804	230,759	35,243
Streets	2,661,889	41,140	-	-
Culture and recreation	3,101,708	249,830	36,858	-
Interest on long-term debt	1,228,911	-	-	-
<b>Total governmental activities</b>	<b>32,125,028</b>	<b>4,831,700</b>	<b>272,414</b>	<b>40,443</b>
<b>Business-type activities:</b>				
Water and sewer services	17,611,699	19,279,830	-	25,620
Drainage services	1,372,063	1,627,657	-	280,342
<b>Total business-type activities</b>	<b>18,983,762</b>	<b>20,907,487</b>	<b>-</b>	<b>305,962</b>
<b>Total primary government</b>	<b>51,108,790</b>	<b>25,739,187</b>	<b>272,414</b>	<b>346,405</b>
<b>Component units</b>				
Economic Development	3,985,630	-	-	-
Crime Control District	2,050,958	-	-	-
<b>Total component units</b>	<b>\$ 6,036,588</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General revenues:</b>				
Property taxes, penalty and interest				
Sales taxes				
Franchise taxes				
Occupancy taxes				
Oil and gas leases				
Mixed beverage taxes				
Interest				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
<b>Total general revenues and transfers</b>				
Change in net position				
<b>Net position</b>				
<b>Net position - end of year</b>				

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

**Net (Expense) Revenue and Changes in Net Position**

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<b>Primary Government</b>					
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Economic Development</b>	<b>Crime Control District</b>	
\$(\$ 4,281,609)	\$ -	\$(\$ 4,281,609)	\$ -	\$ -	\$ -
( 16,034,182)	-	( 16,034,182)	-	-	-
( 2,620,749)	-	( 2,620,749)	-	-	-
( 2,815,020)	-	( 2,815,020)	-	-	-
<u>( 1,228,911)</u>	<u>-</u>	<u>( 1,228,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>( 26,980,471)</u>	<u>-</u>	<u>( 26,980,471)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,693,751	1,693,751	-	-	-
<u>-</u>	<u>535,936</u>	<u>535,936</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>2,229,687</u>	<u>2,229,687</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>( 26,980,471)</u>	<u>2,229,687</u>	<u>( 24,750,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	( 3,985,630)	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 2,050,958)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 3,985,630)</u>	<u>( 2,050,958)</u>	<u>-</u>
12,035,695	-	12,035,695	-	-	-
8,437,024	-	8,437,024	3,379,538	1,643,414	
4,044,133	-	4,044,133	-	-	
47,561	-	47,561	-	-	
30,131	-	30,131	-	-	
13,887	-	13,887	-	-	
157,851	89,063	246,914	21,705	3,100	
124,181	-	124,181	139,112	-	
989,140		989,140			
<u>700,000</u>	<u>( 700,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>26,579,603</u>	<u>( 610,937)</u>	<u>25,968,666</u>	<u>3,540,355</u>	<u>1,646,514</u>	
<u>( 400,868)</u>	<u>1,618,750</u>	<u>1,217,882</u>	<u>( 445,275)</u>	<u>( 404,444)</u>	
<u>52,518,239</u>	<u>45,729,586</u>	<u>98,247,825</u>	<u>2,962,170</u>	<u>309,059</u>	
<u>\$ 52,117,371</u>	<u>\$ 47,348,336</u>	<u>\$ 99,465,707</u>	<u>\$ 2,516,895</u>	<u>\$ ( 95,385)</u>	

**CITY OF HALTOM CITY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	General	Debt Service	Street Reconstruction	Capital Improvement	Other Governmental	Total Governmental Funds
	Capital Projects	Capital Projects				
<b>ASSETS</b>						
Cash and investments	\$ 9,168,108	\$ 487,010	\$ 5,340,017	\$ 1,110,321	\$ 2,045,368	\$ 18,150,824
Receivables (net of allowance)						
Taxes	457,547	282,324	-	-	-	739,871
Intergovernmental	1,639,332	-	663,215	-	13,222	2,315,769
Accrued interest	19,772	470	8,093	766	3,531	32,632
Other	522,590	-	-	-	23,825	546,415
Due from other funds	60,530	-	-	-	-	60,530
Inventory	<u>170,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,743</u>
Total assets	<u>12,038,622</u>	<u>769,804</u>	<u>6,011,325</u>	<u>1,111,087</u>	<u>2,085,946</u>	<u>22,016,784</u>
<b>LIABILITIES</b>						
Accounts payable	562,856	-	60,888	-	26,381	650,125
Accrued liabilities	1,152,474	-	-	-	212,248	1,364,722
Retainage payable	-	-	337,071	-	-	337,071
Due to other funds	-	-	-	-	60,530	60,530
Total liabilities	<u>1,715,330</u>	<u>-</u>	<u>397,959</u>	<u>-</u>	<u>299,159</u>	<u>2,412,448</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	445,386	276,749	-	-	-	722,135
Unavailable revenue - court fines	294,243	-	-	-	-	294,243
Unavailable revenue - street assessments	10,628	-	-	-	-	10,628
Total deferred inflows of resources	<u>750,257</u>	<u>276,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,027,006</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventory	170,743	-	-	-	-	170,743
Restricted for:						
Construction of capital assets	-	-	5,613,366	1,111,087	69,935	6,794,388
Promotion of tourism	-	-	-	-	108,019	108,019
Purpose of grantors, trustees and donors	-	-	-	-	412,764	412,764
Public safety	-	-	-	-	678,559	678,559
Debt service	-	493,055	-	-	-	493,055
Unassigned	<u>9,402,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>517,510</u>	<u>9,919,802</u>
Total fund balances	<u>9,573,035</u>	<u>493,055</u>	<u>5,613,366</u>	<u>1,111,087</u>	<u>1,786,787</u>	<u>18,577,330</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,038,622</u>	<u>\$ 769,804</u>	<u>\$ 6,011,325</u>	<u>\$ 1,111,087</u>	<u>\$ 2,085,946</u>	<u>\$ 22,016,784</u>

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, 2016**

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

Total Governmental Fund Balances	\$ 18,577,330
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	85,398,167
Deferred outflows of resources are not reported in the governmental funds.	
Deferred charges on debt refundings	\$ 81,000
Pension related liabilities	6,206,655 6,287,655
The net OPEB asset is not an available resource and, therefore, is not reported in the funds.	16,936
Other long-term assets are not available to pay for current-period expenditures and therefore are unearned in the funds.	1,027,006
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	\$( 34,255,000)
Tax notes payable	\$( 1,230,000)
Premium on bond issuance	( 447,088)
Accrued interest payable	( 197,041)
Net pension obligation	( 19,509,605)
Compensated absences	( 2,623,055)
Claims and judgements	<u>( 112,872)</u> ( 58,374,661)
Deferred inflows of resources are not reported in the governmental funds.	
Pension related liabilities	( 815,062)
Net position of government activities	<u>\$ 52,117,371</u>

**CITY OF HALTOM CITY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	General	Debt Service	Street Reconstruction Capital Projects	Capital Improvement Capital Projects	Other Governmental	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 18,737,575	\$ 4,022,127	\$ 1,689,758	\$ -	\$ 47,804	\$ 24,497,264
Licenses and permits	814,128	-	-	-	-	814,128
Intergovernmental	195,340	-	-	-	9,997	205,337
Fines and fees	1,371,940	-	-	-	-	1,371,940
Charges for services	1,862,180	-	35,679	-	156,589	2,054,448
Oil and gas lease	30,131	-	-	-	-	30,131
Contributions	300,000	509,140	-	480,000	116,025	1,405,165
Interest	89,708	2,435	38,695	13,728	13,284	157,850
Miscellaneous	168,565	-	-	-	296,529	465,094
Total revenues	<u>23,569,567</u>	<u>4,533,702</u>	<u>1,764,132</u>	<u>493,728</u>	<u>640,228</u>	<u>31,001,357</u>
<b>EXPENDITURES</b>						
Current:						
General government	6,087,017	-	1,120	3,727	89,229	6,181,093
Public safety	16,174,097	-	-	-	313,334	16,487,431
Streets	683,434	-	-	-	-	683,434
Cultural and recreation	2,351,215	-	-	-	78,071	2,429,286
Debt service:						
Principal	-	3,545,000	-	-	-	3,545,000
Interest and other	-	1,259,241	-	-	-	1,259,241
Bond issuance costs	-	4,640	-	-	-	4,640
Capital outlay	-	-	1,488,522	3,699,308	-	5,187,830
Total expenditures	<u>25,295,763</u>	<u>4,808,881</u>	<u>1,489,642</u>	<u>3,703,035</u>	<u>480,634</u>	<u>35,777,955</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>( 1,726,196)</b>	<b>( 275,179)</b>	<b>274,490</b>	<b>( 3,209,307)</b>	<b>159,594</b>	<b>( 4,776,598)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	727,600	550,650	-	-	500,000	1,778,250
Transfers out	( 990,650)	-	-	-	( 87,600)	( 1,078,250)
Total other financing sources and uses	<u>( 263,050)</u>	<u>550,650</u>	<u>-</u>	<u>-</u>	<u>412,400</u>	<u>700,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>( 1,989,246)</b>	<b>275,471</b>	<b>274,490</b>	<b>( 3,209,307)</b>	<b>571,994</b>	<b>( 4,076,598)</b>
<b>FUND BALANCES, BEGINNING</b>	<b>11,562,281</b>	<b>217,584</b>	<b>5,338,876</b>	<b>4,320,394</b>	<b>1,214,793</b>	<b>22,653,928</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 9,573,035</b>	<b>\$ 493,055</b>	<b>\$ 5,613,366</b>	<b>\$ 1,111,087</b>	<b>\$ 1,786,787</b>	<b>\$ 18,577,330</b>

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, 2016

Net change in fund balances - total governmental funds:	\$( 4,076,598)
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.	5,059,412
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.	( 3,736,676)
Contribution of capital assets from component units.	-
Changes in revenues in the statement of activities that does not provide current financial resources.	( 355,173)
Interest on long-term debt is not accrued at the fund level.	( 312)
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	3,545,000
Bonds premiums	50,453
Compensated absences	63,095
Net pension obligation	( 792,720)
Other post employment obligations	( 142,178)
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>( 15,171)</u>
Change in net position of governmental activities	<u>\$( 400,868)</u>

**CITY OF HALTOM CITY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Taxes:			
Property taxes	\$ 7,816,093	\$ 7,876,105	\$ 60,012
City sales taxes	6,233,550	6,747,264	513,714
Mixed beverage tax	12,600	13,887	1,287
Franchise taxes	<u>4,072,000</u>	<u>4,100,319</u>	<u>28,319</u>
	<u>18,136,243</u>	<u>18,737,575</u>	<u>601,332</u>
Licenses and permits:			
Electric	32,000	47,242	15,242
Plumbing A/C	54,100	56,394	2,294
Building/mobile home	314,900	469,443	154,543
Street/general contractor	26,530	34,657	8,127
Certificates of occupancy	12,985	14,890	1,905
Oil and gas	130,000	130,000	-
Garage sales permits	24,800	21,318	( 3,482)
Special events permits	11,000	8,464	( 2,536)
Alarm permits	<u>30,000</u>	<u>31,720</u>	<u>1,720</u>
	<u>636,315</u>	<u>814,128</u>	<u>177,813</u>
Intergovernmental:			
State surtax on fines	51,000	44,008	( 6,992)
Grants from other governments	<u>3,000</u>	<u>151,332</u>	<u>148,332</u>
	<u>54,000</u>	<u>195,340</u>	<u>141,340</u>
Fines and fees:			
Municipal court	1,467,300	1,182,133	( 285,167)
Library	20,050	14,859	( 5,191)
Warrants	210,000	161,441	( 48,559)
Public hearing	13,000	13,147	147
False alarms	<u>10,000</u>	<u>360</u>	<u>( 9,640)</u>
	<u>1,720,350</u>	<u>1,371,940</u>	<u>( 348,410)</u>
Charges for services:			
Record duplication	6,000	6,782	782
Grass cutting	14,000	26,019	12,019
Recreational activities/concessions	-	159,570	159,570
Kennel fees/vaccination	12,000	13,071	1,071
Admin/building/fleet services fees	1,548,563	1,615,935	67,372
Developer test/fire inspection	<u>20,000</u>	<u>40,803</u>	<u>20,803</u>
	<u>1,600,563</u>	<u>1,862,180</u>	<u>261,617</u>
Oil and gas lease	70,000	30,131	( 39,869)
Contributions	300,000	300,000	-
Gain (loss) on investments	30,300	89,708	59,408
Miscellaneous	<u>224,300</u>	<u>168,565</u>	<u>( 55,735)</u>
Total revenues	<u>\$ 22,772,071</u>	<u>\$ 23,569,567</u>	<u>\$ 797,496</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>EXPENDITURES:</b>			
General government:			
Administrative	\$ 648,439	\$ 1,044,343	\$( 395,904)
City secretary	229,525	315,339	( 85,814)
Human resources	574,240	534,142	40,098
Planning	745,262	645,995	99,267
City council	181,550	62,782	118,768
Finance	659,847	544,263	115,584
Fleet services	591,569	620,523	( 28,954)
Building maintenance	518,169	487,363	30,806
Nondepartmental	<u>2,593,937</u>	<u>1,832,267</u>	<u>761,670</u>
Total general government	<u>6,742,538</u>	<u>6,087,017</u>	<u>655,521</u>
Public safety:			
Police	8,927,864	9,198,302	( 270,438)
Fire	6,246,075	6,395,281	( 149,206)
Municipal court	693,461	580,514	112,947
Total public safety	<u>15,867,400</u>	<u>16,174,097</u>	<u>( 306,697)</u>
Streets	<u>872,885</u>	<u>683,434</u>	<u>189,451</u>
Culture and Recreation:			
Library	1,178,468	1,207,397	( 28,929)
Parks and recreation	<u>1,126,837</u>	<u>1,143,818</u>	<u>( 16,981)</u>
Total culture and recreation	<u>2,305,305</u>	<u>2,351,215</u>	<u>( 45,910)</u>
Total Expenditures	<u>25,788,128</u>	<u>25,295,763</u>	<u>492,365</u>
Revenues under expenditures	<u>( 3,016,057)</u>	<u>( 1,726,196)</u>	<u>( 1,289,861)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	727,600	727,600	-
Transfers out	<u>( 990,650)</u>	<u>( 990,650)</u>	<u>-</u>
Total other financial sources (uses)	<u>( 263,050)</u>	<u>( 263,050)</u>	<u>-</u>
Net change in fund balance	<u>( 3,279,107)</u>	<u>( 1,989,246)</u>	<u>( 1,289,861)</u>
Fund balance - beginning of year	<u>11,529,812</u>	<u>11,562,281</u>	<u>32,469</u>
Fund balance - end of year	<u>\$ 8,250,705</u>	<u>\$ 9,573,035</u>	<u>\$( 1,257,392)</u>

**CITY OF HALTOM CITY, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2016**

	Water and Sewer Fund	Drainage Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 8,145,328	\$ 1,409,206	\$ 9,554,534
Receivables:			
Accounts receivable, net	1,997,122	152,395	2,149,517
Intergovernmental	-	107,128	107,128
Accrued interest	13,958	2,978	16,936
Inventory	66,917	-	66,917
Total current assets	<u>10,223,325</u>	<u>1,671,707</u>	<u>11,895,032</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	50,647,462	-	50,647,462
Machinery and equipment	4,714,333	1,088,873	5,803,206
Construction-in-progress	6,319,714	7,274,129	13,593,843
Accumulated depreciation	( 27,536,340)	( 3,035,651)	( 30,571,991)
Net capital assets	39,691,519	16,492,148	56,183,667
Other assets:			
Net other postemployment benefit asset	2,714	513	3,227
Total other assets	<u>2,714</u>	<u>513</u>	<u>3,227</u>
Total noncurrent assets	<u>39,694,233</u>	<u>16,492,661</u>	<u>56,186,894</u>
Total assets	<u>49,917,558</u>	<u>18,164,368</u>	<u>68,081,926</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on bond refunding	54,918	-	54,918
Deferred outflow related to pensions	821,828	102,173	924,001
Total deferred outflows of resources	<u>876,746</u>	<u>102,173</u>	<u>978,919</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,518,896	17,562	1,536,458
Accrued liabilities	174,077	69,303	243,380
Retainage payable	166,815	-	166,815
Accrued interest payable	70,061	10,022	80,083
Customer deposits	958,598	-	958,598
Due within one year			
Compensated absences	61,210	3,519	64,729
Revenue bonds payable	1,465,000	225,000	1,690,000
Total current liabilities	<u>4,414,657</u>	<u>325,406</u>	<u>4,740,063</u>
Noncurrent liabilities:			
Compensated absences	244,844	14,070	258,914
Net pension obligation	2,583,283	321,165	2,904,448
Revenue bonds payable	11,637,744	2,050,000	13,687,744
Total noncurrent liabilities	<u>14,465,871</u>	<u>2,385,235</u>	<u>16,851,106</u>
Total liabilities	<u>18,880,528</u>	<u>2,710,641</u>	<u>21,591,169</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to pensions	107,923	13,417	121,340
Total deferred inflows of resources	<u>107,923</u>	<u>13,417</u>	<u>121,340</u>
Net position:			
Net investment in capital assets	26,643,693	14,217,148	40,860,841
Unrestricted	5,162,160	1,325,335	6,487,495
Total net position	<u>\$ 31,805,853</u>	<u>\$ 15,542,483</u>	<u>\$ 47,348,336</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, 2016**

	Water and Sewer Fund	Drainage Fund	Total
Operating revenues:			
Water and sewer sales	\$ 18,390,178	\$ -	\$ 18,390,178
Drainage fee revenue	-	1,581,418	1,581,418
Service fees	812,144	46,239	858,383
Administrative fees	52,458	-	52,458
Other	25,050	-	25,050
Total operating revenues	<u>19,279,830</u>	<u>1,627,657</u>	<u>20,907,487</u>
Operating expenses:			
General and administrative	1,365,835	153,261	1,519,096
Construction	563,254	-	563,254
Water and sewer maintenance	1,321,545	-	1,321,545
Collection and distribution	9,236,169	-	9,236,169
Drainage maintenance	-	707,093	707,093
Depreciation	1,345,817	250,414	1,596,231
Nondepartmental	1,941,397	65,952	2,007,349
Franchise fees	1,400,000	132,000	1,532,000
Total operating expenses	<u>17,174,017</u>	<u>1,308,720</u>	<u>18,482,737</u>
Operating income	<u>2,105,813</u>	<u>318,937</u>	<u>2,424,750</u>
Non-operating revenues (expenses):			
Interest	74,113	14,950	89,063
Interest expense	(437,682)	(63,343)	(501,025)
Total non-operating expenses	<u>(363,569)</u>	<u>(48,393)</u>	<u>(411,962)</u>
Income before transfers	1,742,244	270,544	2,012,788
Capital contributions	<u>25,620</u>	<u>280,342</u>	<u>305,962</u>
Transfers:			
Transfers out	(580,000)	(120,000)	(700,000)
Change in net position	<u>1,187,864</u>	<u>430,886</u>	<u>1,618,750</u>
Net position - beginning of year	<u>30,617,989</u>	<u>15,111,597</u>	<u>45,729,586</u>
Net position - end of year	<u>\$ 31,805,853</u>	<u>\$ 15,542,483</u>	<u>\$ 47,348,336</u>

**CITY OF HALTOM CITY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Water and Sewer Fund	Drainage Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 19,468,735	\$ 1,577,270	\$ 21,046,005
Payments to suppliers	( 14,186,463)	( 1,022,350)	( 15,208,813)
Payments to employees	( 2,680,263)	( 256,670)	( 2,936,933)
Net cash provided by operating activities	<u>2,602,009</u>	<u>298,250</u>	<u>2,900,259</u>
Cash flows from noncapital financing activities			
Transfer to governmental funds	( 580,000)	( 120,000)	( 700,000)
Net cash provided (used) by noncapital financing activities	<u>( 580,000)</u>	<u>( 120,000)</u>	<u>( 700,000)</u>
Cash flow from capital and related financing activities			
Debt principal payments	( 1,456,303)	( 215,000)	( 1,671,303)
Interest payments	( 444,471)	( 64,250)	( 508,721)
Purchases of property and equipment	( 129,868)	( 320,213)	( 450,081)
Capital contributions	25,620	280,342	305,962
Net cash used by capital and related financing activities	<u>( 2,005,022)</u>	<u>( 319,121)</u>	<u>( 2,324,143)</u>
Cash flows from investing activities			
Interest on investments	73,913	15,265	89,178
Net cash provided (used) by investing activities	<u>73,913</u>	<u>15,265</u>	<u>89,178</u>
Net increase (decrease) in cash and cash equivalents	90,900	( 125,606)	( 34,706)
Cash and investments - beginning of year	8,054,428	1,534,812	9,589,240
Cash and investment - end of year	<u>8,145,328</u>	<u>1,409,206</u>	<u>9,554,534</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	2,105,813	318,937	2,424,750
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,345,817	250,414	1,596,231
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	( 191,905)	10,515	( 181,390)
Decrease in inventory and prepaid	70,832	-	70,832
(Increase) decrease in due from other funds	59,506	515,584	575,090
Increase in other postemployment assets	25,248	1,484	26,732
(Increase) decrease in deferred outflows of resources	( 469,912)	( 58,469)	( 528,381)
Increase (decrease) in accounts payable and accrued expenses	( 1,071,653)	32,155	( 1,039,498)
Increase (decrease) in compensated absences	16,797	7,940	24,737
Increase (decrease) in deferred inflows of resources	47,521	5,690	53,211
Increase (decrease) in customer deposits	118,143	-	118,143
Increase (decrease) in retainage payable	13,437	-	13,437
Increase in pension obligation	532,365	58,795	591,160
Increase (decrease) in due to other funds	-	( 844,795)	( 844,795)
Net cash provided by operating activities	<u>2,602,009</u>	<u>298,250</u>	<u>2,900,259</u>
Noncash activity			
Decrease in fair value of investments	( 145,609)	( 21,426)	( 167,035)
Contributions of capital assets	<u>\$ 25,620</u>	<u>\$ 280,342</u>	<u>\$ 305,962</u>

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, 2016**

	Postemployment Benefits Trust Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,142,711
Total assets	<u>2,142,711</u>
<b>LIABILITIES</b>	
Total liabilities	-
<b>NET POSITION</b>	
Held in trust for other postemployment benefits	<u>2,142,711</u>
Total net position	<u><u>2,142,711</u></u>

**CITY OF HALTOM CITY, TEXAS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Postemployment Benefits Trust Fund
<b>ADDITIONS:</b>	
Interest	\$ 169,355
Total additions	<u>169,355</u>
<b>DEDUCTIONS:</b>	
Benefits	<u>5,613</u>
Total deductions	<u>5,613</u>
Change in net position	<u>163,742</u>
Net position held in trust - beginning of year	<u>1,978,969</u>
Net position held in trust - end of year	<u>\$ 2,142,711</u>

## **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 are 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 measurable until received in cash. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

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 accounted for in another fund.

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

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

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

### ***Proprietary Funds***

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

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

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

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

There were no non-major proprietary funds for the fiscal year ended September 30, 2016.

### ***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. The City's investment in pools are 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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, 2016 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 20, 2016, in the enterprise fund was \$490,738. Of these amounts, \$14,125, 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 or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **Budgetary Information**

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

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

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

### **III. BANK DEPOSITS AND INVESTMENTS**

#### **Bank Deposits**

The City's funds (exclusive of the Postemployment Benefits Trust) are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with its agent bank, approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. The City's deposits were fully insured or collateralized as required by States statutes as of September 30, 2016. 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 \$2,142,711 at September 30, 2016, 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, 2016:

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, 2016 are classified in the accompanying financial statement as follows:

Governmental activities	\$ 18,150,824
Business-type activities	<u>9,554,534</u>
Total primary government	<u>27,705,358</u>
Economic development	2,785,880
Crime Control District	<u>74,138</u>
Total component units	<u>2,860,018</u>
Fiduciary funds	<u>2,142,711</u>
Total	<u><u>\$ 32,708,087</u></u>

Cash and investments as of September 30, 2016 consist of the following:

Cash deposits	\$ 4,957,077
Investments	<u>27,751,010</u>
	<u><u>\$ 32,708,087</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 managers its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 30 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. City policy limits the weighted average maturity of its portfolio to a period less than 720 days. Presented below is the weighted average maturity in days of the types of investment the City held at September 30, 2016.

#### ***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, 2016, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity (Days)	Minimum Legal Rating	Rating as of September 30, 2016
TexPool	\$ 122,764	44	AAA	AAAm
Texas CLASS	7,730,341	53	AAA	AAAm
Texas Term	1,324,173	1	AAA	AAAf
Money market fund	2,142,709	1	N/A	N/A
Certificate of deposits	4,225,110	328	N/A	N/A
FFCB	500,462	76	AA	AA+
FHLB	1,501,279	768	AA	AA+
FHLMC	4,498,471	853	AA	AA+
FNMA	4,499,978	828	AA	AA+
Municipal bonds	<u>1,205,723</u>	303	AA	AA-/AA3 or higher
Total	<u>\$ 27,751,010</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, 2016:

Municipal bonds of \$1,205,723 are valued using quoted prices in an active market for identical assets (Level 2 inputs).

U.S. Agency Bonds of \$501,377 are valued using a matrix pricing model (Level 1 inputs).

U.S. Agency Bonds of \$10,498,813 are valued using a matrix pricing 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, 2016, 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, 2016, 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 that 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 bot participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with SEC's Rule2a7 of the Investment Company Act of 1940. 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.

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.

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 re 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.

#### **IV. RECEIVABLES**

Accounts receivable and the related allowance for doubtful accounts for the governmental funds and the enterprise funds at September 30, 2016 are as follows:

Fund	Outstanding Balance	Allowance for Doubtful Accounts	Accounts Receivable, Net
Governmental	\$ 6,783,278	\$ 3,148,591	\$ 3,634,687
Enterprise	\$ <u>2,705,400</u>	\$ <u>431,819</u>	\$ <u>2,273,581</u>

#### **V. PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1 and are levied for appropriation for the fiscal year beginning on October 1. Property taxes are accrued based on the period for which they are levied and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year-end are recorded as deferred revenues and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenues and recognized as revenue in the period to which they apply. Current taxes are due on October 1 and become delinquent if unpaid on February 1. Taxes unpaid as of February 1 are subject to penalty and interest as provided by City ordinance and the Texas Property Tax Code. The City's charter provide that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds. Article XI, Section 5 of the State of Texas Constitution limits property taxes for cities, including those applicable to debt service, to \$2.50 per \$100 of assessed valuation. The City's 2016 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, 2016:

	9/30/2015	Additions	Deletions	9/30/2016
Capital assets, not being depreciated:				
Land	\$ 18,646,327	\$ -	\$ 139,951	\$ 18,506,376
Construction in progress	<u>24,384,344</u>	<u>4,983,514</u>	<u>-</u>	<u>29,367,858</u>
Total capital assets not being depreciated	<u>43,030,671</u>	<u>4,983,514</u>	<u>139,951</u>	<u>47,874,234</u>
Capital assets, being depreciated:				
Buildings	18,179,525	-	-	18,179,525
Improvements other than building	61,415,873	-	-	61,415,873
Machinery and equipment	<u>12,031,219</u>	<u>215,849</u>	<u>-</u>	<u>12,247,068</u>
Total capital assets being depreciated	<u>91,626,617</u>	<u>215,849</u>	<u>-</u>	<u>91,842,466</u>
Less accumulated depreciation for:				
Buildings	( 6,519,389)	( 719,315)	-	( 7,238,704)
Improvements other than building	( 35,776,537)	( 2,088,324)	-	( 37,864,861)
Machinery and equipment	( 8,285,931)	( 929,037)	<u>-</u>	( 9,214,968)
Total accumulated depreciation	<u>( 50,581,857)</u>	<u>( 3,736,676)</u>	<u>-</u>	<u>( 54,318,533)</u>
Total capital assets being depreciated, net	<u>41,044,760</u>	<u>( 3,520,827)</u>	<u>-</u>	<u>37,523,933</u>
Governmental capital assets, net	<u>\$ 84,075,431</u>	<u>\$ 1,462,687</u>	<u>\$ 139,951</u>	<u>\$ 85,398,167</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 146,998
Public safety	1,036,921
Highway and streets	1,949,138
Culture and recreation	<u>603,619</u>
Total	<u>\$ 3,736,676</u>

The following is a summary of the changes in business-type activities capital assets during the fiscal year ended September 30, 2016:

	9/30/2015	Additions	Deletions	9/30/2016
Capital assets, not being depreciated:				
Land	\$ 6,125,273	\$ -	\$ -	\$ 6,125,273
Construction in progress	<u>13,246,849</u>	<u>346,994</u>	<u>-</u>	<u>13,593,843</u>
Total capital assets not being depreciated	<u>19,372,122</u>	<u>346,994</u>	<u>-</u>	<u>19,719,116</u>
Capital assets, being depreciated:				
Building and improvements	10,585,874	-	-	10,585,874
Machinery and equipment	5,790,167	103,088	( 90,049)	5,803,206
Water works and sewer system	<u>50,647,462</u>	<u>-</u>	<u>-</u>	<u>50,647,462</u>
Total capital assets being depreciated	<u>67,023,503</u>	<u>103,088</u>	<u>( 90,049)</u>	<u>67,036,542</u>
Less accumulated depreciation for:				
Buildings and improvements	( 2,760,723)	( 348,612)	-	( 3,109,335)
Machinery and equipment	( 4,895,394)	( 269,440)	90,049	( 5,074,785)
Water works and sewer system	<u>( 21,409,691)</u>	<u>( 978,180)</u>	<u>-</u>	<u>( 22,387,871)</u>
Total accumulated depreciation	<u>( 29,065,808)</u>	<u>( 1,596,232)</u>	<u>90,049</u>	<u>( 30,571,991)</u>
Total capital assets being depreciated, net	<u>37,957,695</u>	<u>( 1,493,144)</u>	<u>-</u>	<u>36,464,551</u>
Total business-type capital assets, net	<u>\$ 57,329,817</u>	<u>\$ ( 1,146,150)</u>	<u>\$ -</u>	<u>\$ 56,183,667</u>

Interest incurred in 2016 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 \$12,226 and \$1,899 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, 2016 and 2015 are as follows:

Receivable Fund	Payable Fund
General Fund	Special Revenue Grant Fund
	\$ <u>60,530</u> \$ <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 2016, 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 2016 are as follows:

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

The General Fund charges various funds an administrative fee for certain general and administrative services. Administrative charges are recorded as service revenue by the General Fund and operating expenses by the paying funds. The 2016 administrative fees were as follows:

Fund	Administrative Charges
Water and Sewer Fund	\$ 780,000
Drainage Utility Fund	<u>151,400</u>
<u>Discretely Presented Component Units</u>	
Crime Control Prevention District	\$ 39,600
Economic Development Corporation	<u>175,667</u>

Interfund transfers during the year ended September 30, 2016 were as follows:

Transfer Out:	Transfers In:				Total
	General	Debt Service	Capital Replacement		
Water and Sewer Fund	\$ 520,000	\$ 60,000	\$ -	\$ 580,000	
Drainage Fund	120,000	-	-	120,000	
Juvenile Case Fund	48,000	-	-	48,000	
Court Security	33,000	-	-	33,000	
Court Technology	6,600	-	-	6,600	
General Fund	-	490,650	500,000	990,650	
Total	<u>\$ 727,600</u>	<u>\$ 550,650</u>	<u>\$ 500,000</u>	<u>\$ 1,778,250</u>	

Transfers are primarily used to move funds from:

- The Water and Sewer and Drainage Utility Fund to the General Fund for a payment in lieu of taxes.
- The Water and Sewer Fund to the Debt Service Fund to cover a portion of general obligation interest and principal payments designated for water and sewer improvements.
- 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, 2016, the following changes in liabilities occurred:

<b>Governmental Activities:</b>	<b>9/30/2015</b>	<b>Increases</b>	<b>Reductions</b>	<b>9/30/2016</b>
Certificates of obligation	\$ 13,150,000	\$ -	\$ 1,135,000	\$ 12,015,000
Tax notes	1,655,000	-	425,000	1,230,000
General obligation bonds	24,225,000	-	1,985,000	22,240,000
Premium on bond issuances	497,541	-	50,453	447,088
Compensated absence obligations	2,686,150	1,728,872	1,791,967	2,623,055
Net pension obligation	<u>15,442,855</u>	<u>5,083,436</u>	<u>1,016,686</u>	<u>19,509,605</u>
	<u>\$ 57,656,546</u>	<u>\$ 6,812,308</u>	<u>\$ 6,404,106</u>	<u>\$ 58,064,748</u>

<b>Business-Type Activities:</b>	<b>9/30/2015</b>	<b>Increases</b>	<b>Reductions</b>	<b>9/30/2016</b>
General obligation refunding bonds	\$ 7,890,000	\$ -	\$ 1,260,000	\$ 6,630,000
Certificates of obligation	9,000,000	-	395,000	8,605,000
Premium on bond issuances	159,047	-	16,303	142,744
Compensated absence obligations	298,906	200,678	175,941	323,643
Net pension obligation	<u>2,313,288</u>	<u>655,947</u>	<u>64,787</u>	<u>2,904,448</u>
	<u>\$ 19,661,241</u>	<u>\$ 856,625</u>	<u>\$ 1,912,031</u>	<u>\$ 18,605,835</u>

<b>Component Units:</b>	<b>9/30/2015</b>	<b>Increases</b>	<b>Reductions</b>	<b>9/30/2016</b>
Economic Development				
Compensated absence obligations	\$ 40,807	\$ 30,555	\$ 30,519	\$ 40,843
Net pension obligation	369,535	73,554	82,360	360,729
Net OPEB obligation	-	821	-	821
Total economic development	<u>410,342</u>	<u>104,930</u>	<u>112,879</u>	<u>402,393</u>
Crime Control District				
Compensated absence obligations	91,399	73,909	73,313	91,995
Net pension obligation	351,058	146,980	-	498,038
Net OPEB obligation	-	1,650	-	1,650
Total crime control district	<u>442,457</u>	<u>222,539</u>	<u>73,313</u>	<u>591,683</u>
Total component units	<u>\$ 852,799</u>	<u>\$ 327,469</u>	<u>\$ 186,192</u>	<u>\$ 994,076</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, 2016.

Long-term debt of the City consists of refunding bonds, certificates of obligation, contractual obligations, tax notes, pension obligations, and obligations under compensated absence agreements. At September 30, 2016, 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%	\$ 1,025,000	\$ 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%	605,000	50,000	2,180,000	180,000
\$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%	780,000	185,000	-	-
\$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%	2,840,000	330,000	550,000	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%	745,000	375,000	425,000	215,000
\$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%	4,880,000	305,000	990,000	60,000

	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%	\$ -	\$ -	\$ 1,760,000	\$ 570,000
\$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	1,730,000	345,000	955,000	200,000
\$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	1,250,000	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	7,050,000	150,000	-	-
\$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	530,000	205,000	2,515,000	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	2,080,000	145,000	710,000	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	\$ 2,695,000	\$ 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	1,910,000	140,000	-	-
\$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	1,045,000	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	4,080,000	430,000	-	-
\$3,900,000 Series 2014 General Obligation Refunding Bonds, dated May 14, 2014; due in annual installments of \$50,000 to \$455,000; through February 1, 2029, interest at 2.16%, issued at par value	690,000	55,000	2,780,000	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	1,365,000	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.	185,000	90,000	-	-
Premium on issued of debt	477,088	-	142,744	16,304
Total bonds and notes outstanding	<u>\$ 35,962,088</u>	<u>\$ 3,530,000</u>	<u>\$ 15,377,744</u>	<u>\$ 1,706,304</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, 2016, follow:

Governmental Activities							
Due Fiscal Year Ending	General Obligation Refunding Bonds	General Obligation Bonds	Certificate of Obligation	Tax Notes	Interest	Total	
2017	\$ 1,535,000	\$ 455,000	\$ 1,155,000	\$ 385,000	\$ 1,156,429	\$ 4,686,429	
2018	1,525,000	460,000	945,000	390,000	1,053,131	4,373,131	
2019	1,120,000	485,000	970,000	230,000	956,828	3,761,828	
2020	1,145,000	500,000	995,000	225,000	864,925	3,729,925	
2021	995,000	510,000	950,000	-	776,608	3,231,608	
2022-2026	3,235,000	4,275,000	5,000,000	-	2,569,360	15,079,360	
2027-2031	550,000	4,325,000	1,800,000	-	780,769	7,455,769	
2032-2034	-	1,125,000	200,000	-	37,099	1,362,099	
Total	\$ 10,105,000	\$ 12,135,000	\$ 12,015,000	\$ 1,230,000	\$ 8,195,146	\$ 43,680,146	

Business-Type Activities					
Due Fiscal Year Ending	General Obligation Refunding Bonds	Certificate of Obligation	Interest	Total	
2017	\$ 1,280,000	410,000.00	\$ 466,512	\$ 2,156,512	
2018	1,285,000	420,000.00	415,134	2,120,134	
2019	1,270,000	440,000.00	362,244	2,072,244	
2020	695,000	630,000.00	315,737	1,640,737	
2021	680,000	660,000.00	273,320	1,613,320	
2022-2026	1,420,000	3,730,000.00	812,557	5,962,557	
2027-2031	-	2,315,000.00	186,655	2,501,655	
2032-2034	-	-	-	-	
Total	\$ 6,630,000	\$ 8,605,000	\$ 2,832,159	\$ 18,067,159	

## 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, 2016.

## **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, 2016, the City had \$8,433,000 in general obligation bonds, which were authorized and unissued.

## **IX. DEFINED BENEFIT PENSION POLICIES**

**Plan Descriptions.** The City participates as one of 866 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 agency 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 Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.org](http://www.tmrs.org).

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, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	180
Inactive employees entitled to but not yet receiving benefits	143
Active employees	267
	<hr/>
	590
	<hr/>

**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 2016. The contribution rates for the City were 18.72% and 19.28% in calendar years 2016 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2016, were \$3,164,882, and were equal to the required contributions.

**Net Pension Liability.** The city's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 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, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period of 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 the 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 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.25%. 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 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 expenses 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). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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 target allocation and best estimates of arithmetic real rates return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
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 period 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 12/31/2014	\$ 101,910,371	\$ 83,433,636	\$ 18,476,735
<b>Changes for the year:</b>			
Service cost	2,783,635	-	2,783,635
Interest	7,077,941	-	7,077,941
Change of benefit terms	-	-	-
Difference between expected and actual experience	( 374,424)	-	( 374,424)
Changes of assumptions	( 364,224)	-	( 364,224)
Contributions - employer	-	3,141,239	( 3,141,239)
Contributions - employee	-	1,141,181	( 1,141,181)
Net investment income	-	123,113	( 123,113)
Benefit payments, including refunds of employee contributions	( 4,377,490)	( 4,377,490)	-
Administrative expense	-	( 74,987)	74,987
Other changes	-	( 3,703)	3,703
<b>Net changes</b>	<b>4,745,438</b>	<b>( 50,647)</b>	<b>4,796,085</b>
<b>Balance at 12/31/2015</b>	<b>\$ 106,655,809</b>	<b>\$ 83,382,989</b>	<b>\$ 23,272,820</b>

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%) or 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 39,354,582	\$ 23,272,820

## ***Pension Plan Fiduciary Net Position***

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

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended September 30, 2016, the City recognized pension expense of \$3,992,438.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 688,105
Changes in actuarial assumptions	- -	284,175
Difference between projected and actual	5,176,169	- -
Contributions subsequent to the measurement date	<u>2,227,690</u>	- -
<b>Total</b>	<b><u>\$ 7,403,859</u></b>	<b><u>\$ 972,280</u></b>

\$2,227,689 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended September 30,</u>		
2016	\$	1,033,707
2017	\$	1,033,707
2018	\$	1,082,315
2019	\$	1,054,160
2020	\$	- -
Thereafter	<u>- -</u>	<u>- -</u>
<b>Total</b>	<b><u>\$ 4,203,889</u></b>	

## **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 2016, 2015, and 2014 were \$30,158, \$28,719, and \$26,402, 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 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, 2016 is summarized below:

	Primary Government
Annual Required Contribution (ARC)	\$ 365,578
Interest on OPEB Asset	( 12,713)
Adjustment to the ARC	<u>10,354</u>
Annual OPEB Cost (APC)	363,219
Net estimated employer contributions	<u>( 194,309)</u>
(Increase) decrease in OPEB Asset	168,910
NET OPEB Asset, beginning of year	<u>( 189,073)</u>
Net OPEB Asset, end of year	<u><u>\$ ( 20,163)</u></u>

The calculation of the Net OPEB Obligation for the component units as of September 30, 2016 is summarized below:

	Component Units	
	Economic Development	Crime Control District
Annual Required Contribution (ARC)	\$ 11,078	\$ 11,078
Interest on OPEB Asset	( 386)	( 387)
Adjustment to the ARC	<u>314</u>	<u>314</u>
Annual OPEB Cost (APC)	11,006	11,005
Net estimated employer contributions	<u>( 5,888)</u>	<u>( 5,888)</u>
(Increase) decrease in OPEB Asset	5,118	5,117
Net OPEB Asset, beginning of year	<u>( 4,297)</u>	<u>( 3,467)</u>
Net OPEB Asset, end of year	<u><u>\$ 821</u></u>	<u><u>\$ 1,650</u></u>

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, 2016 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, 2014	\$ 361,549	\$ 364,080	100.7%	\$( 186,625)
September 30, 2015	374,070	384,282	102.7%	( 196,837)
September 30, 2016	385,233	206,085	53.5%	( 17,689)

## 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				Ratio of UAAL	
	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	to Annual Covered Payroll (b-a)/d
12/31/2014	\$ 1,830,948	\$ 4,838,830	\$ 3,007,882	37.8%	\$ 15,955,040	18.9%

Under the reporting parameters, the City's retiree health care plan is 37.8% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$3,007,882 at December 31, 2016. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 18.9%.

## Actuarial Methods and Assumptions

The Projected Unit Credit actuarial 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 projected unit credit 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	3.00% per annum
Investment rate of return	6.85% per annum, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as percentage of employee payroll
Amortization period	30-year, open amortization
Payroll growth	3.0% per annum
Medical trend	Initial rate of 7.25% declining to an ultimate rate of 5.00% after 11 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, 2016, the Risk Pool was self-sustaining, based on premiums charges, so that total contributions plus compounded earnings on these contributions will be sufficient to satisfy claims and liabilities and other expenses. Premiums are assessed based on the rates set by the Texas State Board of Insurance and may be adjusted, on an annual basis, by the Risk Pool's Board of Trustees for each participating political subdivision's experience. The City is not liable for payments beyond the annual contributions. There were no significant reductions in insurance coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts and other economic and social factors. The liabilities are due within one year of the date of the statement of net position. Changes in the claims liability for fiscal year 2016 and 2015 are listed as follows:

	<u>2016</u>	<u>2015</u>
Claims payable, beginning of year	\$ 207,719	\$ 134,666
Current year claims and changes in estimates	217,782	110,056
Payments on claims	<u>121,278</u>	<u>37,003</u>
Claims payable, end of year	<u><u>\$ 304,223</u></u>	<u><u>\$ 207,719</u></u>

## **XIII. COMMITMENTS AND CONTINGENT LIABILITIES**

In 2010, the City entered into a twenty-year contract for the purchase of water. Under the terms of the contract, the City is obligated to make a minimum annual payment, subject to adjustment under certain conditions as provided in the contract, of approximately \$50,000. Payments under this contract were approximately \$4,417,480 in 2016 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 \$4,201,704 in 2016, and are also included as operating expenses of the Water and Sewer Fund.

At September 30, 2016, the City was committed to several long-term construction contracts. The governmental funds were contractually committed to approximately \$5,923,000, the business-type funds were committed to \$4,933,000, and the component units were committed to approximately \$490,000.

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

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

#### **XIV. RELATED PARTY TRANSACTIONS**

The following schedule presents significant transactions between the primary government and the Corporation and the District during the year ended September 30, 2016:

Purpose	\$	
Corporation provided funding for construction of economic development related projects to primary government.	\$	480,000
Corporation provided assistance with principal and interest payments for proceeds that were used to construct assets to stimulate economic development.	381,925	
Administration Fees paid by Corporation to Primary Government	194,280	
District provided funding for salary increase for Policy Department.	300,000	
District provided assistance with principal and interest payments for proceeds that were used to purchase assets for crime control.	127,215	
Administration Fees paid by District to Primary Government	39,600	
Total	<u><u>\$ 1,523,020</u></u>	

#### **XV. SUBSEQUENT EVENT**

In January 2017, the City issued \$7,970,000 General Obligation and Refunding Bonds, Series 2017. The debt was issued to refund the Series 2014 Certificates of Obligation and an addition \$3,000,000 new debt. The General Obligation and Refunding Bonds, Series 2007 are payable over the next twelve years. Net proceeds from the sale of bonds totaled \$8,446,648. Of these proceeds, \$5,298,129 was placed with an escrow agent to pay off the refunded principal amount. The refunding resulted in an economic gain (difference between the present value of the debt service payment of the old debt and new debt) of \$393,807. Of the \$3,000,000 new debt, \$2,000,000 are for street construction projects and \$1,000,000 are for park projects.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Taxes:			
Property taxes	\$ 3,951,520	\$ 3,961,369	\$ 9,849
Penalty and interest	48,522	60,758	12,236
Contributions	509,140	509,140	-
Interest	-	2,435	2,435
	<hr/>	<hr/>	<hr/>
Total revenues	<hr/>	<hr/>	<hr/>
	4,509,182	4,533,702	24,520
<b>EXPENDITURES:</b>			
Principal retirement	3,545,000	3,545,000	-
Interest and other	1,259,241	1,259,241	-
Bond issuance costs	<hr/>	<hr/>	<hr/>
	54,946	4,640	50,306
	<hr/>	<hr/>	<hr/>
Total expenditures	<hr/>	<hr/>	<hr/>
	4,859,187	4,808,881	50,306
	<hr/>	<hr/>	<hr/>
Revenues under expenditures	( 350,005)	( 275,179)	74,826
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<hr/>	<hr/>	<hr/>
	550,650	550,650	-
	<hr/>	<hr/>	<hr/>
Total other financing sources	<hr/>	<hr/>	<hr/>
	550,650	550,650	-
	<hr/>	<hr/>	<hr/>
Revenues and other financial sources over (under) expenditures	200,645	275,471	74,826
	<hr/>	<hr/>	<hr/>
Fund balance - beginning of year	217,584	217,584	-
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 418,229	\$ 493,055	\$ 74,826

**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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Taxes	\$ 1,558,388	\$ 1,689,758	\$ 131,370
Charges for Services	- 35,679	35,679	35,679
Interest	12,000 38,695	38,695	26,695
Total revenues	<u>1,570,388</u>	<u>1,764,132</u>	<u>193,744</u>
<b>EXPENDITURES:</b>			
General government	- 1,120	( 1,120)	( 1,120)
Capital outlay	6,656,000 1,488,522	1,488,522	5,167,478
Total expenditures	<u>6,656,000</u>	<u>1,489,642</u>	<u>5,166,358</u>
Revenues over (under) expenditures and other financing sources	( 5,085,612)	274,490	( 5,360,102)
Fund balance - beginning of year	<u>5,338,876</u>	<u>5,338,876</u>	-
Fund balance - end of year	<u>\$ 253,264</u>	<u>\$ 5,613,366</u>	<u>\$ ( 5,360,102)</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Contributions	480,000	480,000	-
Interest	1,000	13,728	12,728
Total revenues	<u>481,000</u>	<u>493,728</u>	<u>12,728</u>
<b>EXPENDITURES:</b>			
General government	-	3,727	( 3,727)
Capital outlay	<u>3,725,000</u>	<u>3,699,308</u>	<u>25,692</u>
Total expenditures	<u>3,725,000</u>	<u>3,703,035</u>	<u>21,965</u>
Revenue under expenditures	( 3,244,000)	( 3,209,307)	34,693
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	<u>250,000</u>	-	( 250,000)
Total other financing sources (uses)	<u>250,000</u>	-	( 250,000)
Revenues under (over) expenditures and other financing sources	( 2,994,000)	( 3,209,307)	( 215,307)
Fund balance - beginning of year	<u>4,320,394</u>	<u>4,320,394</u>	-
Fund balance - end of year	<u>\$ 1,326,394</u>	<u>\$ 1,111,087</u>	<u>\$ ( 215,307)</u>

**CITY OF HALTOM CITY, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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

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, 2016

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

### 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.
<b>Other Information</b>	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, 2016**

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)
12/31/2010	\$ 678,113	\$ 4,280,621	\$ 3,602,508	15.8%	\$ 15,446,529	23.3%
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%

# **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**CITY OF HALTOM CITY, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2016**

	<u>Special Revenue Funds</u>			
	Police Forfeiture	Police Donations	Red Light Camera	Police CART
<b>ASSETS</b>				
Cash and investments	\$ 77,198	\$ 58,005	\$ 448,612	\$ 6,229
Intergovernmental receivables	-	-	-	-
Accrued interest	126	251	682	10
Other receivables	-	612	21,407	-
<b>Total assets</b>	<b><u>77,324</u></b>	<b><u>58,868</u></b>	<b><u>470,701</u></b>	<b><u>6,239</u></b>
<b>LIABILITIES</b>				
Accounts payable	285	-	14,524	-
Accrued liabilities	4,002	-	204,059	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b><u>4,287</u></b>	<b><u>-</u></b>	<b><u>218,583</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>				
Restricted:				
Public safety	73,037	-	252,118	-
Purpose of grantors, donators and trustees	-	58,868	-	6,239
Promotion of tourism and business	-	-	-	-
Purchase of capital	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b><u>73,037</u></b>	<b><u>58,868</u></b>	<b><u>252,118</u></b>	<b><u>6,239</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 77,324</u></b>	<b><u>\$ 58,868</u></b>	<b><u>\$ 470,701</u></b>	<b><u>\$ 6,239</u></b>

**Special Revenue Funds**

<b>Park Donation</b>	<b>Park Dedication</b>	<b>Library Donation</b>	<b>Hotel/Motel Tax</b>	<b>Grants Fund</b>	<b>Fire Department Donations</b>
\$ 36,251	\$ 85,770	\$ 170,415	\$ 116,761	\$ 65,529	\$ 6,227
-	-	-	-	13,222	-
127	143	277	190	199	10
597	-	595	-	-	219
<b>36,975</b>	<b>85,913</b>	<b>171,287</b>	<b>116,951</b>	<b>78,950</b>	<b>6,456</b>
1,068	-	2,094	5,218	2,087	198
-	-	-	3,714	473	-
-	-	-	-	60,530	-
<b>1,068</b>	<b>-</b>	<b>2,094</b>	<b>8,932</b>	<b>63,090</b>	<b>198</b>
-	-	-	-	-	-
35,907	85,913	169,193	-	-	6,258
-	-	-	108,019	-	-
-	-	-	-	-	-
-	-	-	-	15,860	-
<b>35,907</b>	<b>85,913</b>	<b>169,193</b>	<b>108,019</b>	<b>15,860</b>	<b>6,258</b>
<b>\$ 36,975</b>	<b>\$ 85,913</b>	<b>\$ 171,287</b>	<b>\$ 116,951</b>	<b>\$ 78,950</b>	<b>\$ 6,456</b>

**CITY OF HALTOM CITY, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2016**

	Special Revenue Funds		
	Court Technology	Court Security	Juvenile Case
<b>ASSETS</b>			
Cash and investments	\$ 93,336	\$ 110,579	\$ 148,951
Intergovernmental receivables	-	-	-
Accrued interest	154	187	249
Other receivables	-	-	-
<b>Total assets</b>	<b>93,490</b>	<b>110,766</b>	<b>149,200</b>
<b>LIABILITIES</b>			
Accounts payable	52	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>52</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Restricted:			
Public safety	93,438	110,766	149,200
Purpose of grantors, donators and trustees	-	-	-
Promotion of tourism and business	-	-	-
Purchase of capital	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b>93,438</b>	<b>110,766</b>	<b>149,200</b>
<b>Total liabilities and fund balances</b>	<b>\$ 93,490</b>	<b>\$ 110,766</b>	<b>\$ 149,200</b>

Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds	
Animal Shelter	Safe Pathways Shelter	TIF Fund No.1	Street Assessments	Capital Replacement				
\$ 50,864	\$ 57,692	\$ 243	\$ 11,792	\$ 500,914	\$ 2,045,368			
-	-	-	-	-	13,222			
82	89	-	19	736	3,531			
295	-	-	100	-	23,825			
<u>51,241</u>	<u>57,781</u>	<u>243</u>	<u>11,911</u>	<u>501,650</u>	<u>2,085,946</u>			
855	-	-	-	-	26,381			
-	-	-	-	-	212,248			
-	-	-	-	-	60,530			
<u>855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,159</u>			
-	-	-	-	-	678,559			
50,386	-	-	-	-	412,764			
-	-	-	-	-	108,019			
-	57,781	243	11,911	-	69,935			
-	-	-	-	501,650	517,510			
<u>50,386</u>	<u>57,781</u>	<u>243</u>	<u>11,911</u>	<u>501,650</u>	<u>1,786,787</u>			
<u>\$ 51,241</u>	<u>\$ 57,781</u>	<u>\$ 243</u>	<u>\$ 11,911</u>	<u>\$ 501,650</u>	<u>\$ 2,085,946</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, 2016**

<u>Special Revenue Funds</u>					
	<u>Police Forfeiture</u>	<u>Police Donations</u>	<u>Red Light Camera</u>	<u>Police CART</u>	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	
Intergovernmental	- -	- -	- -	- -	
Charges for services	34,762	- -	- -	- -	
Donations	- -	61,770	- -	- -	
Interest	578	1,095	2,238	34	
Miscellaneous	- -	13,935	225,254	- -	
Total revenues	<u>35,340</u>	<u>76,800</u>	<u>227,492</u>	<u>34</u>	
<b>EXPENDITURES</b>					
General government	- -	- -	48,396	- -	
Public safety					
Police	8,250	75,403	136,419	2,449	
Fire	- -	- -	- -	- -	
Municipal court	- -	- -	- -	- -	
Culture and recreation					
Library	- -	- -	- -	- -	
Parks & recreation	- -	- -	- -	- -	
Total expenditures	<u>8,250</u>	<u>75,403</u>	<u>184,815</u>	<u>2,449</u>	
<b>EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>27,090</u>	<u>1,397</u>	<u>42,677</u>	<u>( 2,415)</u>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	- -	- -	- -	- -	
Transfers out	- -	- -	- -	- -	
Total other financing sources (uses)	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u>27,090</u>	<u>1,397</u>	<u>42,677</u>	<u>( 2,415)</u>	
<b>FUND BALANCES, BEGINNING</b>	<u>45,947</u>	<u>57,471</u>	<u>209,441</u>	<u>8,654</u>	
<b>FUND BALANCES, ENDING</b>	<u>\$ 73,037</u>	<u>\$ 58,868</u>	<u>\$ 252,118</u>	<u>\$ 6,239</u>	

**Special Revenue Funds**

<b>Park Donation</b>	<b>Park Dedication</b>	<b>Library Donation</b>	<b>Hotel/Motel Tax</b>	<b>Grants Fund</b>	<b>Fire Department Donations</b>
\$ -	\$ -	\$ -	\$ 47,561	\$ -	\$ -
-	-	-	-	9,997	-
53,236	-	22,139	-	-	-
12,235	250	24,621	-	-	10,765
177	734	1,348	965	40	217
<hr/> 65,648	<hr/> 984	<hr/> 48,108	<hr/> 48,526	<hr/> 10,037	<hr/> 10,982
 -	 -	 -	 40,833	 -	 -
 -	 -	 -	 -	 28,596	 -
 -	 -	 -	 -	 1,409	 9,782
 -	 -	 -	 -	 -	 -
 -	 -	 20,671	 -	 -	 -
<hr/> 57,400	<hr/> -	<hr/> -	<hr/> -	<hr/> -	<hr/> -
<hr/> 57,400	<hr/> -	<hr/> 20,671	<hr/> 40,833	<hr/> 30,005	<hr/> 9,782
 <hr/> 8,248	 <hr/> 984	 <hr/> 27,437	 <hr/> 7,693	 <hr/> ( 19,968)	 <hr/> 1,200
 -	 -	 -	 -	 -	 -
 -	 -	 -	 -	 -	 -
 -	 -	 -	 -	 -	 -
 8,248	 984	 27,437	 7,693	 ( 19,968)	 1,200
<hr/> 27,659	<hr/> 84,929	<hr/> 141,756	<hr/> 100,326	<hr/> 35,828	<hr/> 5,058
 \$ 35,907	 \$ 85,913	 \$ 169,193	 \$ 108,019	 \$ 15,860	 \$ 6,258

**CITY OF HALTOM CITY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue Funds		
	Court Technology	Court Security	Juvenile Case
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	- -	- -	- -
Charges for services	- -	- -	40,852
Donations	- -	- -	- -
Interest	919	997	1,315
Miscellaneous	<u>32,766</u>	<u>24,574</u>	<u>-</u>
Total revenues	<u>33,685</u>	<u>25,571</u>	<u>42,167</u>
<b>EXPENDITURES</b>			
General government	- -	- -	- -
Public safety			
Police	- -	- -	- -
Fire	- -	- -	- -
Municipal court	51,026	- -	- -
Culture and recreation			
Library	- -	- -	- -
Parks & recreation	- -	- -	- -
Total expenditures	<u>51,026</u>	<u>- -</u>	<u>- -</u>
<b>EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(17,341)</u>	<u>25,571</u>	<u>42,167</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	- -	- -	- -
Transfers out	<u>(6,600)</u>	<u>(33,000)</u>	<u>(48,000)</u>
Total other financing sources (uses)	<u>(6,600)</u>	<u>(33,000)</u>	<u>(48,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(23,941)</u>	<u>(7,429)</u>	<u>(5,833)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>117,379</u>	<u>118,195</u>	<u>155,033</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 93,438</u>	<u>\$ 110,766</u>	<u>\$ 149,200</u>

Special Revenue Funds			Capital Projects Fund			Total Nonmajor Governmental Funds
Animal Shelter	Safe Pathways Shelter	TIF Fund No.1	Street Assessments	Capital Replacement		
\$ -	\$ -	\$ 243	\$ -	\$ -	\$ 47,804	
						9,997
		5,600				156,589
6,384	-	-				116,025
412	446	-	119	1,650		13,284
	-	-				296,529
<u>6,796</u>	<u>6,046</u>	<u>243</u>	<u>119</u>	<u>1,650</u>		<u>640,228</u>
						89,229
						251,117
						11,191
						51,026
						20,671
						57,400
						<u>480,634</u>
<u>6,796</u>	<u>6,046</u>	<u>243</u>	<u>119</u>	<u>1,650</u>		<u>159,594</u>
					500,000	500,000
						( 87,600)
					500,000	<u>412,400</u>
6,796	6,046	243	119	501,650		571,994
<u>43,590</u>	<u>51,735</u>	<u>-</u>	<u>11,792</u>	<u>-</u>		<u>1,214,793</u>
<u>\$ 50,386</u>	<u>\$ 57,781</u>	<u>\$ 243</u>	<u>\$ 11,911</u>	<u>\$ 501,650</u>		<u>\$ 1,786,787</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Interest	\$ 20	\$ 578	\$ 558
Miscellaneous	<u>25,000</u>	<u>34,762</u>	<u>9,762</u>
Total revenue	<u>25,020</u>	<u>35,340</u>	<u>10,320</u>
<b>EXPENDITURE:</b>			
Police	8,600	8,250	350
Total expenditure	<u>8,600</u>	<u>8,250</u>	<u>350</u>
Revenues under expenditures	16,420	27,090	10,670
Revenues over (under) expenditures and other financing sources	16,420	27,090	10,670
Fund balance - beginning of year	<u>45,947</u>	<u>45,947</u>	<u>-</u>
Fund balance - end of year	<u>\$ 62,367</u>	<u>\$ 73,037</u>	<u>\$ 10,670</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Donations	\$ 62,000	\$ 61,770	\$( 230)
Interest	300	1,095	795
Miscellaneous	<u>13,935</u>	<u>13,935</u>	-
Total revenues	<u>75,935</u>	<u>76,800</u>	( 230)
<b>EXPENDITURES:</b>			
Police	<u>68,350</u>	<u>75,403</u>	( 7,053)
Total expenditures	<u>68,350</u>	<u>75,403</u>	( 7,053)
Revenues over (under) expenditures	7,585	1,397	6,188
Fund balance - beginning of year	<u>57,471</u>	<u>57,471</u>	-
Fund balance - end of year	<u>\$ 65,056</u>	<u>\$ 58,868</u>	\$( 6,188)

**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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Interest	\$ 600	\$ 600	\$ 2,238	\$ 1,638
Miscellaneous	<u>120,000</u>	<u>120,000</u>	<u>225,254</u>	<u>105,254</u>
Total revenues	<u>120,600</u>	<u>120,600</u>	<u>227,492</u>	<u>106,892</u>
<b>EXPENDITURES:</b>				
General Government	31,830	31,830	48,396	( 16,566)
Police	156,000	156,000	136,419	19,581
Capital outlay	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Total expenditures	<u>199,830</u>	<u>199,830</u>	<u>184,815</u>	<u>( 15,015)</u>
Revenues over (under) expenditures	( 79,230)	( 79,230)	42,677	121,907
Fund balance - beginning of year	<u>209,441</u>	<u>209,441</u>	<u>209,441</u>	<u>-</u>
Fund balance - end of year	<u>\$ 130,211</u>	<u>\$ 130,211</u>	<u>\$ 252,118</u>	<u>\$ 121,907</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Interest	\$ _____ -	\$ _____ 34	\$ _____ 34
Total revenues	_____ -	_____ 34	_____ 34
<b>EXPENDITURES:</b>			
Police	_____ 2,500	_____ 2,449	_____ 51
Total expenditures	_____ 2,500	_____ 2,449	_____ -
Revenues under (over) expenditures	( _____ 2,500)	( _____ 2,415)	( _____ 85)
Revenues and other financing sources over (under) expenditures	( _____ 2,500)	( _____ 2,415)	85
Fund balance - beginning of year	_____ 8,654	_____ 8,654	_____ -
Fund balance - end of year	\$ _____ 6,154	\$ _____ 6,239	\$ _____ 85

**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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Donations	\$ 19,000	\$ 19,000	\$ 12,235	\$( 6,765)
Charges for services	52,100	52,100	53,236	1,136
Interest	<u>75</u>	<u>75</u>	177	102
Total revenues	<u>71,175</u>	<u>71,175</u>	65,648	( 5,527)
<b>EXPENDITURES:</b>				
Parks and recreation	<u>81,100</u>	<u>81,100</u>	57,400	23,700
Total expenditures	<u>81,100</u>	<u>81,100</u>	57,400	23,700
Revenues over (under) expenditures	( 9,925)	( 9,925)	8,248	18,173
Fund balance - beginning of year	<u>27,659</u>	<u>27,659</u>	27,659	-
Fund balance - end of year	<u>\$ 17,734</u>	<u>\$ 17,734</u>	\$ 35,907	\$ 18,173

**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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Interest	\$ 100	\$ 734	\$ 634
Donations	- 250	250	250
Total revenues	100	984	884
<b>EXPENDITURES:</b>			
Total expenditures	-	-	-
Revenues over (under) expenditures	100	984	884
Fund balance - beginning of year	84,929	84,929	-
Fund balance - end of year	\$ 85,029	\$ 85,913	\$ 884

**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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Charges for Services	\$ 21,200	\$ 22,139	\$ 939
Donations	11,700	24,621	12,921
Interest	160	1,348	1,188
Total revenues	<u>33,060</u>	<u>48,108</u>	<u>15,048</u>
<b>EXPENDITURES:</b>			
Library	74,900	20,671	54,229
Total expenditures	<u>74,900</u>	<u>20,671</u>	<u>54,229</u>
Revenues over (under) expenditures	( 41,840)	27,437	69,277
Fund balance - beginning of year	<u>141,756</u>	<u>141,756</u>	-
Fund balance - end of year	<u>\$ 99,916</u>	<u>\$ 169,193</u>	<u>\$ ( 69,277)</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Taxes	\$ 43,600	\$ 47,561	\$ 3,961
Interest	240	965	725
 Total revenues	 43,840	 48,526	 4,686
<b>EXPENDITURES:</b>			
General Government	59,808	40,833	18,975
 Total expenditures	 59,808	 40,833	 ( 18,975)
 Revenues over (under) expenditures	 ( 15,968)	 7,693	 23,661
 Fund balance - beginning of year	 100,326	 100,326	 -
 Fund balance - end of year	 \$ 84,358	 \$ 108,019	 \$ 23,661

**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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Intergovernmental Interest	\$ 69,061	\$ 9,997	\$( 59,064)
	<u>-</u>	<u>40</u>	<u>40</u>
Total revenues	<u>69,061</u>	<u>10,037</u>	<u>( 59,024)</u>
<b>EXPENDITURES:</b>			
Police	83,905	28,596	55,309
Fire	<u>-</u>	<u>1,409</u>	<u>( 1,409)</u>
Total expenditures	<u>83,905</u>	<u>30,005</u>	<u>( 53,900)</u>
Revenues under (over) expenditures	( 14,844)	( 19,968)	( 5,124)
Revenues and other financing sources over (under) expenditures	( 14,844)	( 19,968)	( 5,124)
Fund balance (deficit) - beginning of year	<u>35,828</u>	<u>35,828</u>	<u>-</u>
Fund balance (deficit) - end of year	<u>\$ 20,984</u>	<u>\$ 15,860</u>	<u>\$( 5,124)</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Donations	\$ 2,400	\$ 10,765	\$ 8,365
Interest	<u>10</u>	<u>217</u>	<u>207</u>
Total revenues	<u>2,410</u>	<u>10,982</u>	<u>8,572</u>
<b>EXPENDITURES:</b>			
Fire	<u>-</u>	<u>9,782</u>	<u>( 9,782)</u>
Total expenditures	<u>-</u>	<u>9,782</u>	<u>( 9,782)</u>
Revenues over (under) expenditures	2,410	1,200	( 1,210)
Fund balance - beginning of year	<u>5,058</u>	<u>5,058</u>	<u>-</u>
Fund balance - end of year	<u>\$ 7,468</u>	<u>\$ 6,258</u>	<u>\$ ( 1,210)</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Interest	\$ 300	\$ 919	\$ 619
Miscellaneous	<u>43,500</u>	<u>32,766</u>	<u>(10,734)</u>
Total revenues	<u>43,800</u>	<u>33,685</u>	<u>(10,115)</u>
<b>EXPENDITURES:</b>			
Municipal court	<u>75,767</u>	<u>51,026</u>	<u>24,741</u>
Total expenditures	<u>75,767</u>	<u>51,026</u>	<u>24,741</u>
Revenues over (under) expenditures	( 31,967)	( 17,341)	14,626
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer out	( 6,600)	( 6,600)	- -
Total other financing sources	<u>( 6,600)</u>	<u>( 6,600)</u>	<u>- -</u>
Revenues and other financing sources over (under) expenditures	( 38,567)	( 23,941)	14,626
Fund balance - beginning of year	<u>117,379</u>	<u>117,379</u>	<u>- -</u>
Fund balance - end of year	<u>\$ 78,812</u>	<u>\$ 93,438</u>	<u>\$ 14,626</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Interest	\$ 300	\$ 997	\$ 697
Miscellaneous	<u>33,000</u>	<u>24,574</u>	<u>(8,426)</u>
Total revenues	<u>33,300</u>	<u>25,571</u>	<u>(7,729)</u>
<b>EXPENDITURES:</b>			
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	32,300	25,571	(6,729)
<b>OTHER FINANCING SOURCES (USES):</b>			
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)	(700)	(7,429)	(6,729)
Fund balance - beginning of year	<u>118,195</u>	<u>118,195</u>	<u>-</u>
Fund balance - end of year	<u>\$ 117,495</u>	<u>\$ 110,766</u>	<u>\$(6,729)</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Charges for Services	\$ 52,000	\$ 40,852	\$( 11,148)
Interest	<u>420</u>	<u>1,315</u>	<u>895</u>
Total revenues	<u>52,420</u>	<u>42,167</u>	<u>( 10,253)</u>
<b>EXPENDITURES:</b>			
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	50,920	42,167	( 8,753)
<b>OTHER FINANCING SOURCES (USES):</b>			
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	2,920	( 5,833)	( 8,753)
Fund balance - beginning of year	<u>155,033</u>	<u>155,033</u>	<u>-</u>
Fund balance - end of year	<u>\$ 157,953</u>	<u>\$ 149,200</u>	<u>\$( 8,753)</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUE:</b>			
Interest	\$ 50	\$ 412	\$ 362
Donations	<u>3,000</u>	<u>6,384</u>	<u>3,384</u>
Total revenues	<u>3,050</u>	<u>6,796</u>	<u>3,746</u>
<b>EXPENDITURES:</b>			
Total expenditures	-	-	-
Revenues over (under) expenditures	3,050	6,796	3,746
Fund balance - beginning of year	<u>43,590</u>	<u>43,590</u>	<u>-</u>
Fund balance - end of year	<u>\$ 46,640</u>	<u>\$ 50,386</u>	<u>\$ 3,746</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Charges for Services	\$ -	\$ 5,600	\$ 5,600
Interest	<u>75</u>	<u>446</u>	<u>371</u>
Total revenues	<u>75</u>	<u>6,046</u>	<u>5,971</u>
<b>EXPENDITURES:</b>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	75	6,046	5,971
Fund balance - beginning of year	<u>51,735</u>	<u>51,735</u>	<u>-</u>
Fund balance - end of year	<u>\$ 51,810</u>	<u>\$ 57,781</u>	<u>\$ 5,971</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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Taxes	\$ 243	\$ 243	\$ -
Total revenues	<u>243</u>	<u>243</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Total expenditures	-	-	-
Revenues over (under) expenditures	243	243	-
Fund balance - beginning of year	-	-	-
Fund balance - end of year	<u>\$ 243</u>	<u>\$ 243</u>	<u>\$ -</u>

**CITY OF HALTOM CITY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**STREET ASSESSMENTS - CAPITAL PROJECT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Special assessments	\$ 2,000	\$ -	\$( 2,000)
Interest	- <hr/>	119 <hr/>	119 <hr/>
Total revenues	<hr/> 2,000	<hr/> 119	<hr/> ( 1,881)
<b>EXPENDITURES:</b>			
Total expenditures	- <hr/>	- <hr/>	- <hr/>
Revenues over (under) expenditures and other financing sources (uses)	2,000	119	-
Fund balance - beginning year	<hr/> 11,792	<hr/> 11,792	<hr/> -
Fund balance - end of year	<hr/> \$ 13,792	<hr/> \$ 11,911	<hr/> \$( 1,881)

**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, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>			
Interest	\$ _____ -	\$ 1,650	\$ 1,650
Total revenues	_____ -	1,650	1,650
<b>EXPENDITURES:</b>			
Total expenditures	_____ -	_____ -	_____ -
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	-
Revenues over (under) expenditures and other financing sources (uses)	500,000	501,650	1,650
Fund balance - beginning of year	_____ -	_____ -	_____ -
Fund balance - end of year	\$ 500,000	\$ 501,650	\$ 1,650

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## **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.

## Contents

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<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changes over time.	94 – 103
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, property taxes and sales taxes.	104 – 109
<b>Debt Capacity</b> 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.	110 – 114
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	115 – 117
<b>Operating Information</b> 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.	118 – 119
<b>Other Information</b> TMRS – Analysis of Funding	120

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)**

	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 33,922,286	\$ 28,621,221	\$ 30,364,406	\$ 28,400,402
Restricted	11,532,080	16,837,986	15,936,418	8,620,766
Unrestricted	6,815,990	8,373,253	7,728,020	8,417,922
Total governmental activities net position	<u>52,270,356</u>	<u>53,832,460</u>	<u>54,028,844</u>	<u>45,439,090</u>
Business-type activities				
Net investment in capital assets	21,947,672	22,239,126	23,552,812	26,355,264
Unrestricted	1,038,835	3,937,017	4,143,865	3,733,995
Total business-type activities net position	<u>22,986,507</u>	<u>26,176,143</u>	<u>27,696,677</u>	<u>30,089,259</u>
Primary government				
Net investment in capital assets	55,869,958	50,860,347	53,917,218	54,755,666
Restricted	11,532,080	16,837,986	15,936,418	8,620,766
Unrestricted	7,854,825	12,310,270	11,871,885	12,151,917
Total primary government net position	<u>\$ 75,256,863</u>	<u>\$ 80,008,603</u>	<u>\$ 81,725,521</u>	<u>\$ 75,528,349</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**

	2011	2012	2013	2014	2015	2016
\$	24,273,677	\$ 30,247,459	\$ 35,212,219	\$ 44,018,316	\$ 44,644,061	\$ 49,669,147
12,215,455	7,310,385	5,680,532	7,522,651	11,087,769	8,566,493	
9,646,886	9,330,151	9,147,395	3,155,882	( 3,213,591)	( 6,118,269)	
<u>46,136,018</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>	
30,271,696	32,063,719	32,974,632	39,419,139	40,345,975	40,860,841	
5,655,023	6,851,622	6,560,595	5,530,649	5,383,611	6,487,495	
<u>35,926,719</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>	
54,545,373	62,311,178	68,186,851	83,437,455	84,990,036	90,529,988	
12,215,455	7,310,385	5,680,532	7,522,651	11,087,769	8,566,493	
15,301,909	16,181,773	15,707,990	8,686,531	2,170,020	369,226	
\$ 82,062,737	\$ 85,803,336	\$ 89,575,373	\$ 99,646,637	\$ 98,247,825	\$ 99,465,707	

# CITY OF HALTOM CITY, TEXAS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

**(Accrual basis of accounting)**  
**(Unaudited)**

	2007	2008	2009
Governmental activities			
General government	\$ 5,357,774	\$ 5,301,766	\$ 6,873,775
Economic development	717,053	961,179	1,031,752
Public safety	12,128,983	12,806,997	13,491,936
Streets	3,316,264	3,503,724	3,409,583
Culture and recreation	2,192,694	2,769,466	2,930,167
Interest on long-term debt	<u>1,228,911</u>	<u>1,303,469</u>	<u>1,453,633</u>
Total governmental activities expenses	<u>24,941,679</u>	<u>26,646,601</u>	<u>29,190,846</u>

#### Business-type activities:

Water and sewer services	12,922,107	13,781,914	14,322,924
Drainage services	<u>1,226,356</u>	<u>1,074,610</u>	<u>1,393,327</u>
Total business-type activities expenses	<u>14,148,463</u>	<u>14,856,524</u>	<u>15,716,251</u>
Total primary government expenses	<u>39,090,142</u>	<u>41,503,125</u>	<u>44,907,097</u>

#### Program revenues

##### Governmental activities:

Charges for services:			
General government	1,961,641	2,012,267	1,862,316
Public safety	1,683,551	1,747,343	2,366,794
Streets	-	-	-
Culture and recreation	104,794	140,069	181,101
Operating grants and contributions	437,995	567,808	511,068
Capital grants and contributions	<u>-</u>	<u>64,248</u>	<u>300,042</u>
Total governmental activities program revenues	<u>4,187,981</u>	<u>4,531,735</u>	<u>5,221,321</u>

##### Business-type activities:

Charges for services:			
Water and sewer services	14,005,545	15,037,489	15,804,096
Drainage services	1,293,574	1,331,184	1,308,872
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>15,299,119</u>	<u>16,368,673</u>	<u>17,112,968</u>
Total primary Government program revenues	<u>\$ 19,487,100</u>	<u>\$ 20,900,408</u>	<u>\$ 22,334,289</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

2010	2011	2012	2013	2014	2015	2016
\$ 7,009,613	\$ 6,687,785	\$ 5,652,640	\$ 5,490,063	\$ 5,972,582	\$ 4,992,708	\$ 6,991,532
-	-	-	-	-	-	-
13,002,228	13,683,083	15,586,244	15,223,623	15,929,472	15,702,918	18,140,988
3,603,741	3,340,203	3,411,917	4,259,384	4,237,146	3,180,893	2,661,889
2,615,179	2,683,018	2,891,808	2,867,987	3,140,140	2,894,363	3,101,708
1,392,919	1,514,512	1,497,506	1,431,521	1,570,866	1,297,086	1,228,911
<u>27,623,680</u>	<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>
14,475,370	14,183,655	14,658,304	14,862,348	15,679,502	15,990,278	17,611,699
1,443,031	1,345,575	1,167,946	1,352,182	1,361,742	1,047,947	1,372,063
15,918,401	15,529,230	15,826,250	16,214,530	17,041,244	17,038,225	18,983,762
43,542,081	43,437,831	44,866,365	45,487,108	47,891,450	45,106,193	51,108,790
2,294,794	2,389,655	2,497,069	1,928,004	2,451,322	2,482,422	2,699,926
2,208,635	1,829,713	2,112,240	2,357,634	2,053,885	1,827,337	1,840,804
-	-	17,449	5,240	22,138	1,305	41,140
131,842	184,669	234,796	253,282	262,606	251,285	249,830
546,108	755,027	729,869	572,559	1,140,514	717,407	272,414
680,369	1,492,611	2,657,688	4,765,451	7,279,679	7,025,184	40,443
<u>5,861,748</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>
15,578,062	17,200,589	16,662,680	16,702,485	16,742,577	17,433,066	19,279,830
1,295,323	1,274,414	1,424,824	1,566,018	1,699,940	1,644,089	1,627,657
545,371	712,983	475,811	51,581	3,835,132	1,224,660	305,962
17,418,756	19,187,986	18,563,315	18,320,084	22,277,649	20,301,815	21,213,449
<u>\$ 23,280,504</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>

# CITY OF HALTOM CITY, TEXAS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

**(Accrual basis of accounting)**  
**(Unaudited)**

	2007	2008	2009
Net (Expense)/Revenue			
Governmental activities	\$( 20,753,698)	\$( 22,114,866)	\$( 23,969,525)
Business-type activities	<u>1,150,656</u>	<u>1,512,149</u>	<u>1,396,717</u>
Total primary government net expense	<u>( 19,603,042)</u>	<u>( 20,602,717)</u>	<u>( 22,572,808)</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Property taxes	8,859,073	9,446,630	10,027,427
Sales taxes	9,585,592	10,017,812	9,208,619
Franchise taxes	3,871,639	3,881,364	3,887,378
Occupancy taxes	97,522	80,723	51,241
Interest	1,283,625	1,263,238	652,159
Unrestricted grants and contributions	-	-	-
Oil and gas leases	-	-	-
Mixed beverage taxes	13,148	13,246	13,013
Miscellaneous	268,978	296,570	270,902
Gain on sale of capital assets	24,840	123,814	10,087
Transfers	<u>1,287,226</u>	<u>( 1,433,181)</u>	<u>58,096</u>
Total governmental activities	<u>25,291,643</u>	<u>23,690,216</u>	<u>24,178,922</u>
Business-type activities:			
Interest	444,342	244,306	174,758
Gain on sale of capital assets	4,941	-	7,155
Transfers	<u>( 1,287,226)</u>	<u>1,433,181</u>	<u>( 58,096)</u>
Total business-type activities	<u>( 837,943)</u>	<u>1,677,487</u>	<u>123,817</u>
Total primary government	<u>24,453,700</u>	<u>25,367,703</u>	<u>24,302,739</u>
Change in Net Position			
Governmental activities	4,524,797	1,562,104	196,384
Business-type activities	312,713	3,189,636	1,520,534
Total primary government	<u>\$ 4,837,510</u>	<u>\$ 4,751,740</u>	<u>\$ 1,716,918</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

2010	2011	2012	2013	2014	2015	2016
<u>\$ ( 21,761,932 )</u>	<u>\$ ( 21,256,926 )</u>	<u>\$ ( 20,791,004 )</u>	<u>\$ ( 19,390,408 )</u>	<u>\$ ( 17,640,062 )</u>	<u>\$ ( 15,763,028 )</u>	<u>\$ ( 26,980,471 )</u>
<u>1,500,355</u>	<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>( 20,261,577 )</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>
9,968,092	10,409,369	9,968,735	10,327,708	11,136,939	11,950,005	12,035,695
5,667,885	6,155,614	6,578,414	6,902,685	7,103,791	7,622,096	8,437,024
3,771,211	4,015,766	4,057,555	3,977,397	4,105,002	4,055,193	4,044,133
40,502	35,679	38,540	46,979	44,484	44,681	47,561
235,520	129,694	154,370	106,114	( 122,596 )	86,035	157,851
-	-	-	-	-	500,020	989,140
-	2,404,331	269,966	336,439	394,326	127,709	30,131
10,938	11,127	10,491	11,908	12,582	14,554	13,887
1,798,608	924,962	661,350	676,880	721,957	407,255	124,181
-	13,590	5,545	4,100	122,503	-	-
<u>( 788,900 )</u>	<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>20,703,856</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>
58,142	35,498	37,463	46,587	( 37,657 )	20,466	89,063
26,105	8,055	22,600	-	20,118	-	-
788,900	<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>
873,147	<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>
21,577,003	<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>( 1,069,014 )</u>	<u>696,928</u>	<u>751,977</u>	<u>2,855,793</u>	<u>5,394,786</u>	<u>9,729,178</u>	<u>( 400,868 )</u>
<u>2,373,502</u>	<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>\$ 1,304,488</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>

**CITY OF HALTOM CITY, TEXAS**

**FUND BALANCES - GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

**(Modified accrual basis of accounting)  
(Unaudited)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Nonspendable	\$ -	\$ 156,303	\$ 722,726	\$ 74,033
Assigned	130,477	133,154	170,193	2,011,760
Unassigned	<u>5,722,902</u>	<u>6,700,941</u>	<u>6,608,442</u>	<u>6,586,589</u>
Total general fund	<u>5,853,379</u>	<u>6,990,398</u>	<u>7,501,361</u>	<u>8,672,382</u>
All Other Governmental Funds				
Nonspendable	-	727,175	23,031	271,747
Restricted	18,864,505	24,099,587	21,072,360	11,353,538
Assigned	214,721	51,376	27,184	49,919
Unassigned	<u>-</u>	<u>(127,949)</u>	<u>(38,974)</u>	<u>(120,702)</u>
Total all other governmental funds	<u>\$ 19,079,226</u>	<u>\$ 24,750,189</u>	<u>\$ 21,083,601</u>	<u>\$ 11,554,502</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**

2011	2012	2013	2014	2015	2016
\$ 184,273	\$ 194,579	\$ 189,295	\$ 205,828	\$ 180,936	\$ 170,743
4,431,454	4,725	-	-	-	-
<u>3,730,907</u>	<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>8,346,634</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>
-	-	-	-	-	-
18,190,269	16,277,980	17,272,217	12,308,467	11,055,819	8,486,785
254,932	-	-	-	-	-
( 78,693)	( 40,665)	( 43,799)	( 79,746)	35,828	517,510
<u>\$ 18,366,508</u>	<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>

# CITY OF HALTOM CITY, TEXAS

## CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEAR

**(Modified accrual basis of accounting)**  
**(Unaudited)**

	2007	2008	2009	2010
<b>Revenues</b>				
Taxes [See Table 5]	\$ 22,241,350	\$ 23,634,278	\$ 23,158,842	\$ 19,457,051
Licenses and permits	611,629	544,529	326,875	760,288
Intergovernmental	413,649	566,557	817,841	1,201,262
Fines and fees	1,292,242	1,391,782	2,021,380	2,070,466
Charges for services	1,500,860	1,647,969	1,729,807	1,691,850
Oil and gas leases	-	-	-	-
Interest income	1,337,309	1,248,699	708,376	309,322
Contributions	68,075	90,874	51,184	48,847
Special assessments	17,752	14,486	10,570	24,214
Miscellaneous	333,370	455,195	450,916	1,835,824
<b>Total revenues</b>	<b><u>27,816,236</u></b>	<b><u>29,594,369</u></b>	<b><u>29,275,791</u></b>	<b><u>27,399,124</u></b>
<b>Expenditures</b>				
General government	5,136,982	5,064,803	6,217,393	6,047,400
Economic development	715,543	959,313	1,029,708	-
Public safety	11,605,359	12,252,614	12,917,427	12,253,187
Streets	1,020,648	1,260,129	1,206,446	1,379,777
Culture and recreation	1,902,866	2,478,044	2,331,448	2,031,684
Capital outlay	4,188,249	8,179,231	4,660,088	2,332,880
<b>Debt service:</b>				
Principal	2,495,000	3,045,000	2,640,000	2,625,000
Interest	1,169,844	1,258,105	1,376,547	1,333,986
Bond issuance costs	44,028	193,895	24,815	17,363
<b>Total expenditures</b>	<b><u>28,278,519</u></b>	<b><u>34,691,134</u></b>	<b><u>32,403,872</u></b>	<b><u>28,021,277</u></b>
<b>Excess of revenues over (under) expenditures</b>	<b>( 462,283)</b>	<b>( 5,096,765)</b>	<b>( 3,128,081)</b>	<b>( 622,153)</b>
<b>Other financial sources (uses)</b>				
Bonds issued	1,805,000	15,745,000	900,000	800,000
Premium on issuance of debt	1,805,000	-	-	-
Payment to refunded bond				
escrow agent	( 1,766,844)	( 3,670,000)	-	-
Sale of capital assets	42,326	262,928	14,360	23,290
Transfers in	3,664,644	1,937,875	1,633,301	3,103,119
Transfers out	( 2,377,418)	( 3,371,056)	( 1,575,205)	( 3,254,461)
<b>Total other financing sources (uses)</b>	<b><u>3,172,708</u></b>	<b><u>10,904,747</u></b>	<b><u>972,456</u></b>	<b><u>671,948</u></b>
<b>Net change in fund balance</b>	<b><u>\$ 2,710,425</u></b>	<b><u>\$ 5,807,982</u></b>	<b><u>\$ ( 2,155,625)</u></b>	<b><u>\$ 49,795</u></b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>15.2%</b>	<b>16.2%</b>	<b>14.5%</b>	<b>15.4%</b>

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

TABLE 4

	2011	2012	2013	2014	2015	2016
\$	20,210,842	\$ 20,769,714	\$ 21,590,984	\$ 22,547,214	\$ 23,345,404	\$ 24,497,264
818,916	715,066	332,908	484,736	851,870	814,128	
1,435,785	912,126	591,897	8,285,812	660,422	205,337	
2,004,327	1,740,065	2,147,032	1,916,686	1,776,959	1,371,940	
1,755,673	1,853,771	1,647,888	1,758,412	1,782,682	2,054,448	
-	269,966	336,439	394,326	127,709	30,131	
122,762	111,281	88,029	( 84,217)	86,098	157,850	
119,244	783,942	646,002	653,585	858,043	1,405,165	
3,015	5,283	4,681	2,613	11,592	-	
3,404,073	307,373	438,684	471,393	818,530	465,094	
<u>29,874,637</u>	<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>	
6,426,523	5,224,896	5,440,470	11,486,467	5,132,507	6,181,093	
-	-	-	-	-	-	
12,394,087	13,981,585	14,182,784	14,464,255	15,612,260	16,487,431	
1,175,358	1,323,160	2,004,095	1,710,489	1,076,012	683,434	
2,066,427	2,312,719	2,289,178	3,302,937	2,414,793	2,429,286	
2,249,497	4,342,467	5,971,871	7,419,305	3,433,813	5,187,830	
2,615,000	2,650,000	2,865,000	3,315,000	3,545,000	3,545,000	
1,175,876	1,493,869	1,358,658	1,416,333	1,335,855	1,259,241	
189,642	98,804	198,369	106,727	26,640	4,640	
<u>28,292,410</u>	<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>	
1,582,227	( 3,958,913)	( 6,485,881)	( 6,790,953)	( 2,257,571)	( 4,776,598)	
13,320,000	3,880,000	7,330,000	7,330,000	365,000	-	
157,045	244,131	257,454	-	-	-	
( 3,295,045)	( 2,658,367)	-	( 5,044,709)	-	-	
13,590	5,545	4,100	122,503	27,554	-	
623,467	3,006,932	1,008,777	1,348,725	1,567,949	1,778,250	
( 2,758,618)	( 3,198,426)	( 1,140,878)	( 1,820,283)	( 883,291)	( 1,078,250)	
<u>8,060,439</u>	<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>\$ 9,642,666</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>	
14.6%	15.3%	14.9%	13.2%	16.7%	15.7%	

**CITY OF HALTOM CITY, TEXAS**

**TABLE 5**

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**

**LAST TEN FISCAL YEARS**

**(Modified accrual basis of accounting)**

**(Unaudited)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Occupancy Tax</b>	<b>Bingo Tax</b>	<b>Mixed Beverage Tax</b>	<b>Total</b>
2007	\$ 8,663,733	\$ 9,598,739	\$ 3,871,639	\$ 97,522	\$ 9,717	\$ 13,148	\$ 22,254,498
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

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)**

<b>Fiscal Year</b>	<b>Appraised Value</b>		<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
	<b>Real Property</b>	<b>Personal Property</b>			
2007	\$ 1,629,631,156	\$ 299,376,904	\$ 421,818,535	\$ 1,507,189,525	\$ 0.56660
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	1,720,982,452	362,223,486	408,074,443	1,675,131,495	0.59830
2011	1,615,143,782	340,440,803	408,873,952	1,546,710,633	0.64637
2012	1,615,250,694	335,072,206	399,443,255	1,550,879,645	0.65174
2013	1,644,133,571	338,424,484	411,254,238	1,571,303,817	0.67174
2014	1,675,329,833	336,732,175	407,876,393	1,604,185,615	0.69999
2015	1,741,501,142	352,339,650	417,359,896	1,676,480,896	0.69999
2016	1,723,463,397	365,739,280	406,461,354	1,682,741,323	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	
2006	\$ 0.369600	\$ 0.188000	\$ 0.557600	\$ 1.617000	\$ 0.139380	\$ 0.235397	\$ 0.272500	\$ 2.821877
2007	0.378600	0.188000	0.566600	1.565000	0.139380	0.235397	0.271500	2.777877
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

Sources: City Records and Tarrant County Appraisal District

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

**TABLE 8**

<b>Taxpayer</b>	<b>2016</b>			<b>2007</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City</b>
			<b>Taxable Assessed Value</b>			<b>Taxable Assessed Value</b>
Hidden/820 LLC	\$ 53,400,000	1	3.17%	-	-	-
Hillshire Brands Company	35,537,354	2	2.11%	-	-	-
WMMFI II Beach Street LP	35,100,000	3	2.09%	-	-	-
JVM Amesbury Court LLC Etal	30,700,000	4	1.82%	-	-	-
Alliance PJWE LP	18,900,000	5	1.12%	\$ 11,177,182	6	0.74%
Fossil Ridge Apartments LLC	18,700,000	6	1.11%	9,710,117	7	0.64%
Fossil Hill Apartments LP	16,800,000	7	1.00%	8,800,000	8	0.58%
Spring Lake Apartments LLC	14,000,000	8	0.83%	-	-	-
Oncor Electric Delivery Co LLC	12,883,903	9	0.77%	14,036,223	5	0.93%
AV Haltom Lakeview	12,570,000	10	0.75%	-	-	-
Protea Amesbury Court	-		-	23,919,020	2	1.59%
Fossil Hill Gardens Associates LLC	-		-	8,800,000	8	0.58%
Oncor Electric Delivery Co LLC	-		-	14,036,223	5	0.93%
Commonwealth Texas LLC	-		-	29,968,953	1	1.99%
Ranch at Fossil Creek	-		-	16,810,000	4	1.12%
McCaslin Hidden Lakes, Inc	-		-	18,200,000	3	1.21%
Denton Highway Haltom Assoc Ltd	-		-	8,495,889	9	0.56%
Warren Inn Haltom City Ltd	-		-	7,900,000	10	0.52%
Total	<u>\$ 248,591,257</u>		<u>14.77%</u>	<u>\$ 171,853,607</u>		<u>11.39%</u>

Source: Tarrant County Appraisal District

TABLE 9

**CITY OF HALTOM CITY, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Taxes Levied for the Fiscal Year	Adjustments to Levy	Adjusted Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections For Previous Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 8,488,614	\$ 117,777	\$ 8,606,391	\$ 8,222,156	95.54%	\$ 125,079	\$ 8,347,235	96.99%
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%	-	11,544,619	99.03%

Sources: 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	
2007	\$ 4,833,331	\$ 1,205,501	\$ 6,038,832	\$ 2,411,002	\$ 1,135,758	\$ 9,585,592
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

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.

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					Total Primary Government	Debt Percentage of Personal Income <sup>a</sup>	Debt Per Capital
	General Obligation Bonds	Refunding Bonds	Certificates of Obligation	Tax Notes	General Obligation Bonds	Refunding Bonds	Water and Sewer Revenue Bonds	Certificates of Obligation	Tax Notes	General Obligation Bonds			
	General Obligation Bonds	Refunding Bonds	Certificates of Obligation	Tax Notes	General Obligation Bonds	Refunding Bonds	Water and Sewer Revenue Bonds	Certificates of Obligation	Tax Notes	General Obligation Bonds			
2007	\$ 17,110,000	\$ 1,770,000	\$ 6,735,000	\$ 1,325,000	\$ -	\$ 13,180,000	\$ 7,665,000	\$ 185,000	\$ 47,970,000	5.97%	\$ 1,225		
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		

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

<sup>a</sup> 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		
	General Obligation Bonds		Certificates of Obligation		Less: Amount Available in Debt		General Obligation Bonds		Certificates of Obligation					General Obligation Debt	Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Bonds	Obligation	of	Tax Notes	Service Fund	Total	Bonds	Obligation	of							
2007	\$ 18,880,000	\$ 6,735,000	\$ 1,325,000	\$ 214,721	\$ 26,725,279	\$ -	\$ 7,665,000	\$ 34,390,279	1.77%	\$ 683						
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	3.32%	1,270						
2016	22,240,000	12,015,000	1,230,000	572,763	34,912,237	6,630,000	8,605,000	50,147,237	2.98%	1,150						

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

<sup>a</sup> See Table 6 for property value data.

<sup>b</sup> See Table 18 for population data.

**TABLE 13**

**CITY OF HALTOM CITY, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2015**  
**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Birdville Independent School District	\$ 279,353,750	20.51%	\$ 57,295,454
Fort Worth Independent School District	922,890,000	0.22%	2,030,358
Keller Independent School District	728,705,387	0.63%	4,590,844
Tarrant County	344,185,000	1.16%	3,992,546
Tarrant County Hospital District	22,335,000	1.16%	259,086
Subtotal, overlapping debt			68,168,288
<b>City of Haltom City (direct debt)</b>	50,720,000	100.00%	<u>51,309,832</u>
<b>Total direct and overlapping debt</b>			<u>\$ 119,478,120</u>

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

<sup>a</sup> 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 2016**

Assessed value	\$ 1,682,741,323
Debt limit (2.5% of assessed value)	42,068,533
Debt applicable to limit:	
General obligation bonds	22,240,000
Less: Amount set aside for repayment of general obligation debt	<u>( 572,763 )</u>
Total net debt applicable to limit	<u>21,667,237</u>
Legal debt margin	<u>\$ 20,401,296</u>

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Debt limit	\$ 37,679,738	\$ 39,225,977	\$ 40,436,645	\$ 40,659,817	\$ 37,207,622	\$ 38,637,244	\$ 38,861,957	\$ 39,584,432	\$ 41,912,022	\$ 42,068,533
Total net debt applicable to limit	<u>18,880,000</u>	<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>21,667,237</u>
Legal debt margin	<u>\$ 18,799,738</u>	<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>\$ 20,401,296</u>
Total net debt applicable to the limit as a percentage of debt limit	50.11%	45.44%	41.37%	38.26%	61.17%	61.28%	66.03%	67.02%	62.79%	51.50%

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)**

Fiscal Year	Water & Sewer Revenue Bonds							
	Total Revenues <sup>a</sup>	Less: Operating Expenses <sup>b</sup>	Available Revenue	Debt Service			Coverage	
				Principal	Interest			
2007	\$ 12,990,656	\$ 11,060,525	\$ 1,930,131	\$ 995,000	\$ 512,076	\$ 1.28		
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	-	-	-		

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

<sup>a</sup> Includes operating revenues, investment interest, gain on sale of assets, and operating transfers.

<sup>b</sup> Includes operating expenses minus depreciation and amortization.

TABLE 16

**CITY OF HALTOM CITY, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Estimated Population	Personal Income ( <i>thousands of dollars</i> )	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	39,400	\$ 840,138	\$ 21,323	32.3	22,362	4.0%
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	43,625	896,537	20,551	32.0	24,300	3.9%

Sources: Estimated population before 2015 provided by Oncor Economic Development. Estimated population for 2015 and 2016 provided by the North Central Texas Council of Governments. Median age from Census-factfinder.census.gov. School enrollment provided by Birdville ISD. Unemployment rates from US Bureau of Labor Statistic

TABLE 17

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

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Birdville ISD	3,088	1	13.65%	2,621	1	12.35%
Hillshire Brands	735	2	3.25%	-	-	-
City of Haltom City	275	3	1.22%	295	5	1.39%
Medtronic Midas Rex	270	4	1.19%	170	8	0.80%
GST Manufacturing	260	5	1.15%	-	-	-
Liberty Carton Company	175	6	0.77%	210	7	0.99%
Lewis & Lambert Metal	150	7	0.66%	-	-	-
Nurse Assist	126	8	0.56%	-	-	-
Falcon Steel Company	121	9	0.53%	121	10	0.57%
Blackmon Mooring	120	10	0.53%	-	-	-
Unifirst	120	11	0.53%	-	-	-
MICA Corporation	100	12	0.44%	338	2	1.59%
Progressive Concepts, Inc	-	-	-	225	6	1.06%
State Fair Foods	-	-	-	336	3	1.58%
Reveor/Molded Products	-	-	-	300	4	1.41%
Needham-Kysor Industries	-	-	-	150	9	0.71%
Total	<u><u>5,540</u></u>		<u><u>24.49%</u></u>	<u><u>4,766</u></u>		<u><u>22.45%</u></u>

**Source:** Official Statement, Oncor Economic Development Division, North Central Texas Council of Governments

TABLE 18

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

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
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	7	6
Human Resources	2	3	3	3	3	3	3	3	3	4
Planning	6	5	5	5	5	5	5	6	7	6
Code Enforcement	3	3	3	3	3	3	3	3	3	3
Fleet services	6	6	6	6	5	5	6	6	6	5
Building maintenance	1	1	1	1	1	1	1	1	1	2
Public information	1	-	-	-	-	-	-	-	-	-
Information Tech./HCTV	3	6	6	6	6	5	5	5	5	6
Economic development	1	2	2	5	2	5	7	7	7	1
Public safety										
Police	98	98	97	97	95	95	79	79	89	84
Animal control	5	5	5	5	5	5	5	5	-	5
Fire	50	51	51	51	51	51	55	55	54	54
Municipal court	7	8	8	8	8	8	8	8	9	8
Streets	18	17	16	16	15	15	15	12	12	12
Culture and recreation										
Library	12	13	13	13	12	13	13	13	13	13
Parks and recreation	17	18	18	15	16	13	14	13	13	17
Water & Sewer	50	50	50	49	47	47	47	47	47	42
Drainage	8	8	8	8	8	8	8	8	8	7
Total	<b>299</b>	<b>305</b>	<b>303</b>	<b>302</b>	<b>293</b>	<b>293</b>	<b>285</b>	<b>282</b>	<b>288</b>	<b>276</b>

Source: City Budget Office.

**TABLE 19**

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General government</b>										
Planning										
Residential permits issued	356	210	146	159	262	274	245	279	313	405
Commercial permits issued	204	169	126	155	155	255	199	208	298	260
New residential homes	10	30	11	10	17	9	6	5	4	11
New commercial buildings	17	15	5	3	3	11	11	12	17	16
<b>Public safety</b>										
Police										
Number of police officers	72	72	74	72	72	67	71	72	76	76
Number of physical arrests	2,699	2,703	3,133	3,199	2,790	2,100	2,316	2,182	2,034	1,863
Number of offenses	22,589	22,156	22,725	21,913	5,765	4,208	5,001	1,377	1,503	1,693
Fire										
Number of firefighters	50	51	49	49	49	49	49	49	49	51
Number of fire runs	252	166	76	136	1,347	1,275	1,526	1,602	1,545	1,845
Number of EMS runs	2,436	2,492	2,305	2,548	2,517	2,661	3,066	2,917	2,846	2,906
<b>Streets</b>										
Street resurfacing (sq. yards)	113,699	51,000	82,000	40,188	3,040	3,701	-	56,822	9,455	14,070
Asphalt used for repairs (tons)	3,500	3,000	4,800	11,972	1,986	1,370	1,444	1,155	3,160	3,358
<b>Culture and recreation</b>										
Library										
Number of volumes	104,177	104,178	112,558	115,000	386,098	120,688	122,555	137,772	137,772	134,770
Average monthly circulation	35,033	33,460	35,734	34,500	32,175	33,162	29,857	30,000	17,925	25,791
Parks and recreation										
Average daily attendance	115	130	228	220	320	395	357	321	332	301
<b>Water &amp; sewer</b>										
Number of water connections	13,342	13,387	13,403	13,416	13,436	13,456	13,473	12,898	13,456	13,456
Average daily consumption (millions of gallons)	4.53	4.80	4.92	4.80	5.72	5.18	4.96	4.69	5.18	4.28
Number of sewer connections	13,000	14,000	14,016	14,029	14,049	14,069	14,086	12,641	14,069	14,069
Residential accounts billed	10,759	10,782	10,789	10,872	11,101	10,665	10,850	10,832	10,909	10,872
Commercial accounts billed	1,418	1,413	1,384	1,369	1,209	1,538	1,497	1,490	1,399	1,350

**Sources:** Various city departments.

Note (1) - Part I offenses only.

**TABLE 20**

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Public safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	20	23	23	25	25	25	31	35	37	37
Fire stations	3	3	3	3	3	3	3	3	3	3
<b>Streets</b>										
Streets (miles)	171	171	171	171	171	171	171	171	174	174
Traffic signals	7	7	7	9	9	9	10	10	14	14
Streetlights	1,707	1,707	1,707	1,707	1,707	1,707	1,707	1,707	1,767	1,767
<b>Culture and recreation</b>										
Parks	8	8	8	9	10	10	10	12	10	11
Park (acres)	184	184	184	206	209	218	218	220	220	220
Picnic areas	8	8	8	7	7	9	8	9	8	9
Playgrounds	9	9	9	11	11	13	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
<b>Water &amp; sewer</b>										
Water mains (miles)	305	305	305	305	305	305	305	305	306	307
Fire hydrants	1,619	1,633	1,662	1,662	1,662	1,662	1,662	1,662	1,700	1,700
Sanitary sewers (miles)	141	141	141	141	141	141	141	141	142	142
<b>Drainage</b>										
Storm sewers (miles)	306	306	306	306	306	306	306	306	307	307

Sources: Various city departments.

Note: N/A - Data not available.

**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
2007	\$ 28,525,890	\$ 40,945,157	69.7%	\$ 12,419,267	\$ 12,607,267	98.5%	14.03%	4.83%
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%	19,039,172	14,340,944	132.8%	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	83,433,636	101,910,371	81.9%	18,476,735	16,063,517	115.0%	18.91%	8.59%
2016	83,382,989	106,655,809	78.2%	23,272,820	16,503,242	141.0%	18.94%	8.20%

Source: Texas Municipal Retirement System

## **COMPLIANCE SECTION**

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

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, 2016, 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 27, 2017.

**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 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 and significant deficiencies.

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 *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. 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 2016-001 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 27, 2017

## CITY OF HALTOM CITY, TEXAS

### SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED SEPTEMBER 30, 2016

#### 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.

#### 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 trail balance to the auditors.

## CITY OF HALTOM CITY, TEXAS

### SCHEDULE OF PRIOR FINDINGS AND RESPONSES YEAR ENDED SEPTEMBER 30, 2016

#### **Material Weaknesses**

**Finding No. 2015-001:**

Compensated absences were not properly stated.

**Specific Requirement:**

For governmental funds, local governments do not record a liability for long-term accrued obligations that they do not expect to liquidate with expendable available financial resources, such as vacation leave, sick pay, comp time, etc. For enterprise funds, local governments are required to report the full amount of the liability for long-term accrued obligations.

**Condition:**

The City offers several benefits to which this requirement applies.

**Context:**

Adjustments were needed to the Governmental Activities, Water and Sewer Fund and Drainage Fund to properly reflect the liability.

**Effect:**

Liabilities were overstated by approximately \$140,987.

**Cause:**

The compensated reports from the financial software were analyzed and adjusted but were not properly adjusted for the City's policies regarding this liability.

**Recommendation:**

City personnel should implement a process to determine which adjustments at year-end are needed. One person should prepare the journal entries and schedules and another person reviews this information prior to presenting it to the auditors.

**View of Responsible Officials:**

Concur

**Corrective Action:**

The Controller will check the adjustments at the year-end to ensure that the correct liabilities are recorded.

**Current Status:**

The City was able to provide the compensated absences report in order to generate the compensated balances for the current fiscal year.

**CITY OF HALTOM CITY, TEXAS**

**SCHEDULE OF PRIOR FINDINGS AND RESPONSES**  
**YEAR ENDED SEPTEMBER 30, 2016**  
**(Continued)**

**Finding No. 2015-002:**

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 trail balance to the auditors.

**Current Status:**

See findings at 2016-001.

**CITY OF HALTOM CITY, TEXAS**

**SCHEDULE OF PRIOR FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2016  
(Continued)**

**Finding No. 2015-003:** 820 Backage Road Improvements

**Specific Requirement:** The grant agreement requires that the City provide to the grantor on a monthly basis a report of expenses, including the local government's expenditure of local match funds. The report shall list the expenditures separately by project phase and include (but not limited to) engineering, environmental review, right of way acquisition and construction.

**Condition:** The City was advanced approximately \$11.4 million from North Central Texas Council of Governments (NCTCOG) with which to build backage roads along Interstate-820.

**Context:** No reports were filed with NCTCOG during 2014.

**Effect:** Grant funds spent may not be in accordance with the grant provisions. Amounts could be disallowed. Match requirement may not be met. Lack of compliance could result in liability to the City if the grantor requests grant funds to be repaid.

**Cause:** Personnel administering the grant were not aware of the requirement.

**Recommendation:** All City personnel involved in the administering of grants should receive training on the compliance requirements.

**View of Responsible Officials:** Concur.

**Corrective Action:** Monthly reports will be filed with the granting agency as required.

**Current Status:** This grant ended in FY 2015. There were no reporting issues noted in the current fiscal year.