

# **City of Hurst, Texas**

## **Comprehensive Annual Financial Report**

**Year Ended September 30, 2018**

**Prepared by:**

**City of Hurst, Texas  
Finance Department**



**City of Hurst, Texas**  
**Comprehensive Annual Financial Report**  
**Year Ended September 30, 2018**

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## **Introductory Section**







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March 20, 2019

Honorable Mayor and City Council Members  
City of Hurst  
Hurst, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Hurst, Texas (City) for the fiscal year ended September 30, 2018 is attached. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in the report.

This document is organized as prescribed by Governmental Accounting Standards Board pronouncement #34 (GASB 34). Accounting standards require the inclusion of a narrative introduction and an overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, which is located immediately following the independent auditor's report.

The CAFR is presented in three parts comprised of the Introductory, Financial, and Statistical sections. The Introduction includes the transmittal letter, the City's organizational chart, and a list of principal officials. The Financial section includes the independent auditor's report, MD&A, basic financial statements, required supplementary information, and combining statements and individual fund schedules. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. In the future, the City will implement and incorporate new GASB pronouncements in the financial statements and notes according to their effective dates.

### **REPORTING ENTITY AND ITS SERVICES**

Voters adopted the City of Hurst Home Rule Charter on December 29, 1956. The City operates under a Council-Manager form of government with the City Council consisting of a Mayor and six Council members elected at-large. The City provides a full range of services, including public safety (police, fire, emergency medical services, and animal services), municipal court, streets and drainage, engineering, traffic and transportation, water distribution, contracted sewer treatment, contracted sanitation, health, parks, recreation, senior activities, library, conference center, public improvements, building inspections, neighborhood services, development, and general administrative services. The Hurst-Eules-Bedford, Birdville, and Grapevine-Colleyville Independent School Districts provide elementary and secondary education services within the City. The Tarrant County College Northeast Campus and a Dallas Baptist University satellite campus are also located within city limits.

### **ECONOMIC CONDITION AND OUTLOOK**

The City of Hurst is located in north central Texas, in northeast Tarrant County, approximately nine miles from downtown Fort Worth and eighteen miles from downtown Dallas on SH-121, Airport Freeway (also known as the North Tarrant Express). Hurst's centralized location provides quick access to both Dallas and Fort Worth metropolitan areas and is fifteen minutes away from one of the World's busiest airports, D/FW International. The City has a total land area of 10 square miles and is 97% developed.

Henry Wilson, a long-tenured Council Member, was elected Mayor in 2018. Three of the six at-large Council members were newly elected in 2018 and they have provided a fresh perspective to the Council's deliberations. The Council is very supportive of staff, and they are open to receiving input from the public through surveys, town hall meetings and public hearings. The City's management team, in turn, executes the Council's policy directives to achieve their strategic vision. In 2013, Hurst's Council was named the Council of the Year by the Texas City Management Association.

The City of Hurst's economic condition remains stable as property values remain strong and as new businesses continue to move into the City. This strength and stability allowed the City to maintain its core services while enhancing select programs/services in fiscal year 2017-2018, including the Echo Hills Park playground replacement. Appraised property values have now fully recovered from the declines seen during the Great Recession which began in Tax Year 2008. Recent home sales in Hurst demonstrate that homes are selling quickly, and the average home market value has increased from \$191,000 in Tax Year 2017 to \$204,000 in Tax Year 2018. Hurst remains a major retail-commercial center in the Tarrant County area. North East Mall, a regional shopping destination, and a number of quality shopping centers throughout the City provide sales tax revenue equaling approximately 29% of the revenues for the General Fund. Over the past five fiscal years, sales tax revenues have increased, on average, 1.79% per year. Fiscal year 2014-2015 saw the largest year-over-year increase at 6.63%, while fiscal year 2016-2017 saw the largest year-over-year decrease at 3.12%. In fiscal year 2017-2018 and through the first five months of fiscal year 2018-2019, sales tax revenues have remained relatively flat, with revenues up 0.72% in 2017-2018 and down 0.77% in 2018-2019 year-to-date. However, the City is committed to pursuing economic development opportunities to sustain and enhance this important revenue source as evidenced through our ongoing partnership with Simon Properties and Northeast Mall and other developers/business owners to support reinvestment in our shopping centers.

Several factors support the City's continued financial strength: a half percent (half-cent) sales tax for crime control and prevention purposes; a half percent (half-cent) sales tax for Community Services projects; a strong retail base producing sales tax revenues; strong property valuations; ongoing economic development efforts; and the City's overall fiscal approach. While all of the above factors are important, sales tax revenue has traditionally served as a key economic barometer. However, because sales taxes can be volatile, our budget is set at an amount equal to prior year returns minus a budgeted contingency, usually \$500,000 to \$1,000,000. In fiscal year 2017-2018, annual sales tax revenue collected by the General Fund was \$1.4 million above the low seen in fiscal year 2009-2010 during the Great Recession and \$1 million over budget. The benefits of this conservative approach are reflected in the strength of the included financial statements and the City's bond ratings.

Ad valorem property tax revenue is also a primary revenue source for General Fund operations. Appraised values increased 9% in Tax Year 2017 and reflect the continued strength in the housing market. Appraised values increased 25% over the last ten years (Tax Year 2008 to Tax Year 2017), with appraised values being negatively impacted during this timeframe by the Great Recession. To adhere to the City's conservative approach and to provide tax relief to our citizens, we budgeted a 7% increase in property tax revenues in fiscal year 2017-2018, while lowering our tax rate from \$0.5879 to \$0.58094 per \$100 valuation. Further, to take advantage of low interest rates and to allow more property tax revenue to be directed to General Fund operations, the City refinanced outstanding debt in six out of the last eight fiscal years. Going forward, the City will incorporate both optimistic and worst-case property value projections in its strategic planning process and will consider potential tax rate changes accordingly.

Over the past several years, as part of its "Transforming Hurst" redevelopment initiative, the City has constructed a new fire station, senior center, and conference center. The City has also completely remodeled its Justice Center and two Aquatics Centers – Chisholm and Central. Further, in 2016-2017, the City drafted a Sustainable Neighborhoods Plan that identifies thirteen areas across the City to consider for development/redevelopment in the coming years. These efforts have spurred surrounding private sector development, including a new Hilton Garden Inn next to the conference center that opened in the summer of 2018. Construction/planning is also underway for two major projects, a new 96-unit apartment community The Provision at North Valentine, and a new extended stay hotel Candlewood Suites in the Hurst Town Center. Because of these efforts and the completion of the state-managed North Tarrant Express highway expansion project in Hurst, the City welcomed 126 new businesses to town in 2017-2018, including Corner Bakery, Chicken Salad Chick, Burning Rice and Tiff's Treats. Citywide, retail space was 94.7% occupied. The North East Mall and The Shops at Northeast Mall were near 100% occupancy and added four new stores during the year.

The General Fund budget for fiscal year 2018-2019 increased by 3% over the previous year's adopted budget. Personnel costs, including a 2.5% cost of living increase and additional funding for Fire/EMS overtime, are the main drivers of this increase. However, to maintain the quality of the City's infrastructure, the Council also approved additional funding for street maintenance in fiscal year 2018-2019. While the fiscal year 2018-2019 budget anticipates that sales taxes will remain flat and municipal court revenues will decline, the General Fund budget is balanced through increases in property tax revenues and other changes in net revenue (e.g. fees, interest earnings, and intergovernmental revenues).

The City has developed a proactive, multi-level Fiscal Management Plan that has been utilized during times of financial instability, such as the Great Recession. The City Manager and Fiscal Services' staff monitor revenues/expenditures daily and take appropriate actions as economic conditions change. This conservative and proactive approach provides financial stability and allows the City to maintain quality services and programs.

## **MAJOR INITIATIVES**

**FISCAL YEAR 2017-2018** - During the past fiscal year, the City of Hurst implemented and completed several major projects and programs. Departmental missions and programs are highlighted as follows:

The Legislative and Judicial Services Department includes the Legislative, Public Information, Judicial and Utility Billing Divisions. In 2017-2018, the Legislative Division worked to effectively represent the residents of Hurst and improve the quality of life throughout the City. The Public Information Division administers elections, prepares agendas for and minutes of City Council meetings, and oversees public records. In 2017-2018, the Public Information Division administered the City's general and runoff elections, updated the City's electronic code of ordinances, and managed the board, commission and committee appointment process.

The Public Information Division oversees the Judicial and Utility Billing Divisions. The Judicial Division provides just and impartial disposition of all cases filed in the Hurst Municipal Court. In 2017-2018, the Judicial Division continued its efforts to improve operational effectiveness and efficiency, including updating its policies and procedures manual and implementing online customer service initiatives. The Utility Billing Division manages billing/collections for water, wastewater, sanitation and recycling services offered by the City. Staff reads over 12,000 meters each month. In 2017-2018, Utility Billing continued its customer service courtesy calls in an effort to lower the number of customers who are disconnected for late payment, implemented a collections process for customers with past due balances, and changed out approximately 1,000 aging meters throughout the City.

The Administration Department effectively executes City Council policies, programs and directives, conducts City operations in an efficient and effective manner and responds promptly to citizen inquiries and requests. In 2017-2018, Administration enhanced its communications with the public, City Council and staff, including the expansion of the Where We Live magazine and the development of the City's first annual budget video. Administration also continued its leadership and management development programs. Through these programs, employees are selected using an application and management screening process and are offered specialized training and mentorship opportunities to insure the organization's next generation of leaders are well-prepared.

The Economic Development & Tourism Division and the Planning and Community Development Division seek to expand the local economy by retaining existing businesses and attracting new businesses to Hurst. As evidence of their efforts, occupancy of retail space has reached 94.7% of capacity. The Planning and Community Development Division also operates the City's Neighborhood Services Program, addressing code enforcement violations such as property maintenance and junked or abandoned vehicles to keep the City clean and safe while preserving property values.

The Fiscal Services Department provides fiscally responsible control and guidance over all financial matters of the City. In 2017-2018, the City maintained its strong credit ratings and managed a debt issuance of \$1.4 million through the Texas Water Development Board's Clean Water State Revolving Fund (CWSRF). Financing through the CWSRF allowed the City to obtain a below market interest rate loan as well as \$235,000 in loan forgiveness (similar to a grant). Fiscal Services received its forty-fourth Certificate of Achievement for Excellence in Financial Reporting Award and its thirtieth consecutive Distinguished Budget Presentation Award.

The Human Resources Department partners with management and staff to serve all employees with excellence in such areas as employee relations, strategic planning, policy administration, and pay and benefits administration. In 2017-2018, Human Resources completed a productivity improvement process for its staff, and established organizational development initiatives including supervisor and harassment prevention training.

The Police Department is dedicated to providing exceptional service to its citizens and employees through a problem solving approach emphasizing a commitment to "Excellence through Teamwork." The Department's budget is supplemented by a .5% (half-cent) anti-crime sales tax that generated approximately \$5.3 million in 2017-2018. In 2017-2018, the Police Department purchased a 3-D scanner to assist in major accident and crime scene investigations and partnered with County and other local agencies to develop an Intimate Partner Violence Program.

The Fire Department is committed to excellence through ongoing training and provides aggressive fire prevention, professional fire protection, rescue, emergency medical service, hazardous material response and emergency management. In 2017-2018, Fire responded to approximately 1,600 fire related calls and approximately 3,400 EMS related calls, and completed approximately 1,600 fire inspections. The Fire Department also continued its annual ambulance subscription service for Hurst families that covers EMS costs not covered by insurance, and engaged the community through its Citizen Fire Academy and Community Emergency Response Team programs. And, the Fire Department continued to participate in the Northeast Fire Department Association which was created to combine/share the resources of local participating fire departments.

The Public Works Department provides quality services to citizens through water, wastewater, drainage and traffic systems, while maintaining a safe and efficient working environment. In 2017-2018, the Engineering Division oversaw the ongoing Pipeline Road expansion project, completed a street inventory and pavement management analysis, and reviewed numerous private development projects. To maintain the City's 148 miles of paved concrete and asphalt streets, the Street/Drainage Division overlaid 5 lane miles of road surface and crack sealed 62,000 square yards of road surface. To maintain the City's 204 miles of water mains, the Water Division tested 88 commercial meters and repaired/replaced them as necessary. The Water Division also cleaned and inspected two elevated storage tanks. As a result of its efforts, the City continues to be recognized by the Texas Commission on Environmental Quality as a "Superior Public Water System." To maintain the City's 154 miles of sanitary sewer lines, the Wastewater Division managed the City's Sanitary Sewer Overflow Initiative program by cleaning 60 miles of sewer main, root treating 2.7 miles of sewer main, and completing 20 main repairs.

The Community Services Department offers recreational and educational opportunities to residents and non-residents alike at the City's 23 parks, 2 newly remodeled aquatics centers, a senior center, recreation center and library. The Community Services Budget is supplemented by a .5% (half-cent) sales tax that generated approximately \$5.3 million in 2017-2018. In 2017-2018, Community Services oversaw the replacement of the Echo Hills Playground and the completion of the 2018 Parks, Recreation, and Open Space Master Plan. Community Services organized marquee events, including the Christmas Tree Lighting, Eggstravaganza, Concert in the Park, Hurst Stars and Stripes 4<sup>th</sup> of July Event, and the inaugural Fall Festival. In 2017-2018, attendance remained strong at the facilities and programs offered by the City. 275,000 persons used the facilities at the recreation center, 152,000 used the facilities at the senior center, 60,000 swam at the aquatics centers, over 19,000 hit the courts at the Tennis Center, 6,000 signed-up for recreation classes, and 150,000 explored the educational and entertainment offerings at the Library.

The Hurst Conference Center (<https://hurstcc.com/>), which began operations in Fiscal Year 2008-2009, is a state of the art facility with 50,000 square feet of event space. The Conference Center offers technologically advanced audio/visual services and exceptional on-site catering and is an ideal location for meetings, trade shows and events welcoming up to 1,200 guests. In addition, a new 140-room hotel that connects to the Conference Center, Hilton Garden Inn, opened in the summer of 2018. In 2017-2018, the Conference Center achieved its highest revenue to date at \$3.1 million, and its highest net income to date at \$371,000.

The Internal Services Divisions include Equipment Services & Information Technology. Equipment Services supports all City Departments by maintaining, repairing and replacing City equipment. Equipment Services is responsible for 270 pieces of equipment, and in 2017-2018, they performed preventive maintenance on 440 pieces of equipment and completed 1,400 equipment repairs. The Information Technology Division maintains the City's technology infrastructure, and in 2017-2018, they oversaw the replacement of the City's phone system.

**FISCAL YEAR 2018-2019** – The following section highlights a few of the initiatives planned for next fiscal year:

- Economic Development will continue working with Simon Property Group on determining the highest and best use for the North East Mall, and consider performance based 380 agreements to encourage redevelopment in areas such as the Pipeline Plaza Shopping Center.
- Human Resources will partner with the Police Department to rollout a Police recruitment plan.
- Finance will monitor debt refunding opportunities and the need for new debt issuance, monitor and implement new accounting standards, and enhance the City's multi-year financial planning process.
- Police will implement the National Incident Based Reporting System (NIBRS) as required by the Texas Legislature and, if approved by the voters, begin construction of a new animal shelter.

- Fire will plan for the replacement of eight outdoor warning sirens, and evaluate remodels at Fire Stations 1 and 3.
- Neighborhood Services will provide a high level of professionalism with regard to plan review, building inspections, housing inspections and its rental registration program.
- Engineering will complete construction of its 44<sup>th</sup> Year Community Development Block Grant project, continue its work on the Pipeline Road expansion project, and survey citizens about a possible street utility fee.
- Community Services will oversee major projects including improvements/renovations to Parker Cemetery, Smith Barfield Playground, Tennis Center Building, City Council Chambers, Vivagene Copeland Park, and the replacement of the roof at City Hall.
- The Hurst Conference Center will explore energy efficiencies including converting to LED lighting in the parking areas and installing UV protection in the main gallery area. The Conference Center will also upgrade its audio/visual systems from analog to digital to meet industry demands.
- Information Technology will oversee installation of a new Permitting, Licensing and Land Management software system, replacement of the citywide security access control system, and improvements to the City's public Wi-Fi infrastructure.

### **FINANCIAL INFORMATION**

Management of the City is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the City 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 generally accepted accounting principles. The internal controls structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control system should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **RISK MANAGEMENT**

The City maintains budgetary controls, including an encumbrance accounting system, to ensure that actual expenditures do not exceed budgeted (appropriated) amounts. These budgetary controls are established at the fund level.

To assist with ongoing oversight, key members of the City Manager's Office and Fiscal Services meet monthly to review the City's financial statements. The City has also engaged an outside consultant who employs various techniques, including data analysis, to identify potential control weaknesses.

To ensure that the financial statements are fairly presented in accordance with generally accepted accounting principles, the City Council engaged BKD, CPAs and Advisors to conduct an independent audit of our financial statements for the fiscal year ending 9/30/2018.

### **CERTIFICATE OF ACHIEVEMENT**

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 Hurst for its comprehensive annual financial report (CAFR) for fiscal year ended September 30, 2017. This was the 44th year that the government has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The Certificate of Achievement is

valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGMENTS**

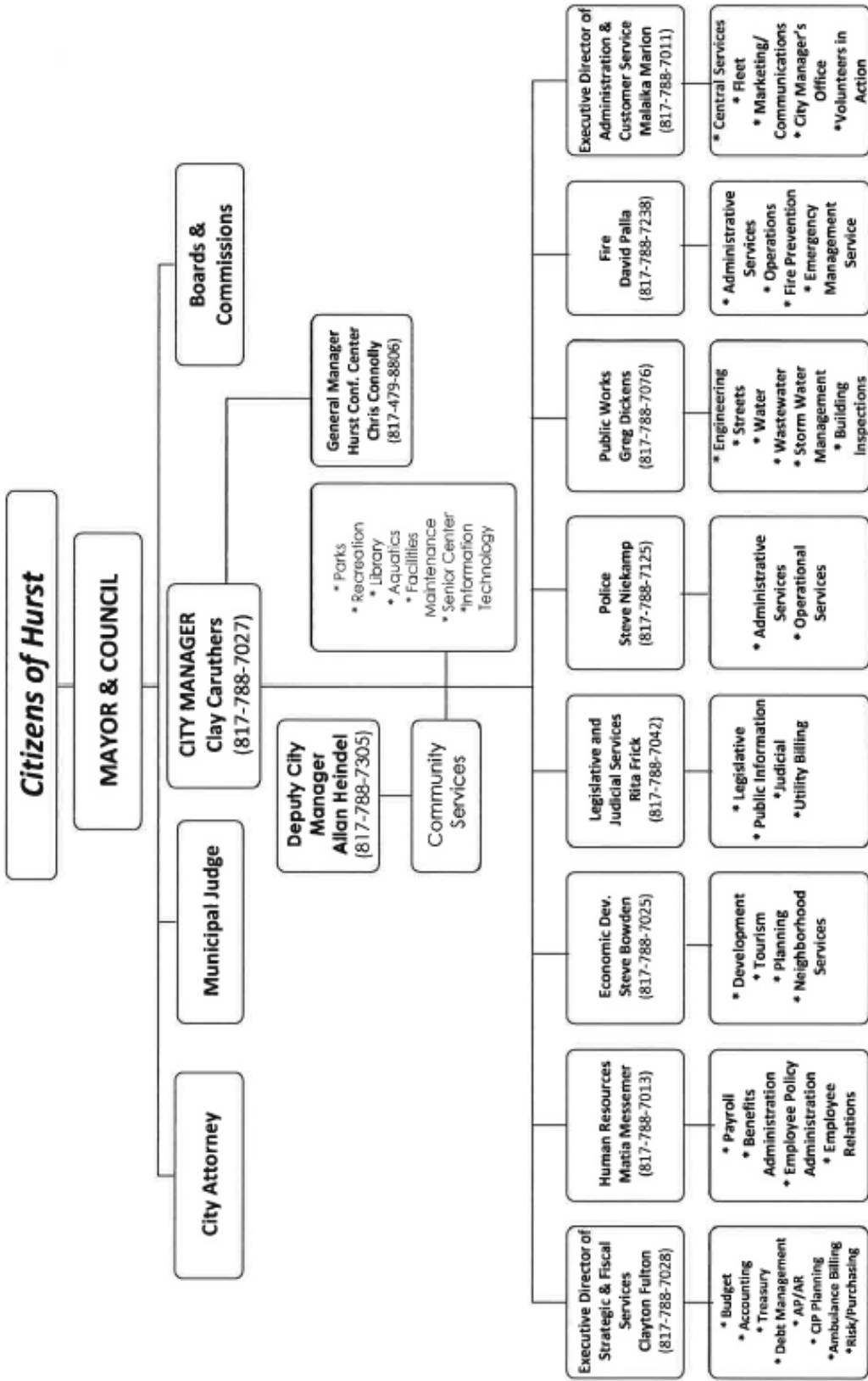
The preparation of the CAFR on a timely basis could not be accomplished without the efficient and dedicated services of the Fiscal Services Department staff. Appreciation is expressed to all members of the department who contributed to its preparation. I would like to especially thank Paul Brown, Managing Director of Finance, for overseeing the year-end audit process. The Mayor and members of the City Council are thanked for their strong leadership and support in planning and providing the resources necessary to conduct the financial operation of the City in a responsible and progressive manner. Without that leadership and support, the progress evidenced by this report would not have been possible.

Respectfully submitted,



Clay Caruthers  
CITY MANAGER

# CITY OF HURST



**City of Hurst**  
**List of Principal Officials**  
**September 30, 2018**

***CITY COUNCIL***

**Henry Wilson**  
**David Booe**  
**Larry Kitchens**  
**Cathy Thompson**  
**Bill McLendon**  
**Jon McKenzie**  
**Cindy Shepard**

***Mayor***  
***Mayor Pro Tem***  
***Councilmember***  
***Councilmember***  
***Councilmember***  
***Councilmember***

***MANAGEMENT TEAM***

**Clay Caruthers**  
**Allan Heindel**  
**Clayton Fulton**  
**Malaika Marion**  
**David Palla**  
**Steve Niekamp**  
**Rita Frick**  
**Gregory Dickens**  
**Steve Bowden**  
**Matia Messemer**  
**Michele Lazo**  
**Kyle Gordon**  
**Paul Brown**

***City Manager***  
***Deputy City Manager***  
***Executive Director-Strategic & Fiscal Services***  
***Executive Director-Administration & Customer Svc***  
***Fire Chief***  
***Police Chief***  
***City Secretary***  
***Executive Director Public Works***  
***Executive Director Economic Development***  
***Executive Director of Human Resources***  
***Executive Director Planning & Community Development***  
***Managing Director Community Services***  
***Managing Director Finance***

**John Boyle**

***City Attorney***

**BKD CPAs & Advisors**

***Auditors***





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Hurst  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



## **Financial Section**



## Independent Auditor's Report

To the Honorable Mayor,  
City Council and City Manager  
City of Hurst, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hurst, Texas (City), as of and for the year ended September 30, 2018, 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

### ***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, each major fund and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

As discussed in *Note 1* to the financial statements, in 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and the City's other postemployment benefit plan (OPEB) adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinions are not modified with respect to this matter.

The 2017 aggregate remaining fund information financial statements, before they were restated for the matter discussed in *Note 1*, were audited by other auditors, and their report thereon, dated February 27, 2018, expressed an unmodified opinion on the aggregate remaining fund information financial statements. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund and major special revenue fund budgetary comparison information, pension and other postemployment information as listed in the table of contents 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 on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and individual fund schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Honorable Mayor,  
City Council and City Manager  
Page 3

The combining statements and individual fund 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 statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The 2017 comparative amounts were audited by other auditors and their report thereon, dated February 27, 2018 expressed an in-relation-to opinion on such amounts.

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.

***Prior-Year Comparative Information***

The 2017 financial statements, before they were restated for the matters discussed above, were audited by other auditors, and their report thereon, dated February 27, 2018 expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The 2018 financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended September 30, 2017, from which such summarized information was derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated March 20, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

**BKD, LLP**

Dallas, Texas  
March 20, 2019





**City of Hurst, Texas**  
**Management's Discussion and Analysis**  
**Year Ended September 30, 2018**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of City of Hurst's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2018. Please read this in conjunction with the transmittal letter and the City's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources for the City of Hurst exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2018 by \$191,166,515. Of this amount, \$20,729,867 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position decreased \$15,152,747, a decrease of 7.3%. This includes the impact of implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in an adjustment to beginning net position of 2018. Prior periods presented herein have not been adjusted because it is not practical to do so. The net position of business-type activities decreased by \$350,097 or 0.7%, primarily due to operating revenues exceeding operating expenses by \$2,754,692 and a restatement decreasing net position by \$2,952,071. Net position of the City's governmental activities decreased by \$14,802,650, or 9.6%, primarily due to the implementation noted above; however, when comparing net position prior to implementing GASB Statement 75, governmental activities only decreased 2%.

The City's business-type activities are made up of water & sewer delivery, storm water management, and Hurst Conference Center (HCC) operations. The Water & Sewer Fund ended the year in positive financial condition from operations with net operating income of \$2,211,211 and after transfers and implementation noted above achieved an ending decrease in net position of \$272,661. The Storm Water Management Fund provides for annual infrastructure maintenance and continues to accumulate reserves for large-scale projects identified in the City's Capital Improvements Plan (CIP). The Storm Water Management Fund contributed \$146,650 to the change in net position of business-type activities. HCC experienced net operating revenues of \$370,660 though recognized a net decrease in net position of \$147,947 resulting from the implementation noted above. The City plans for HCC to remain around "break-even" operationally with economic development sales tax and hotel/motel occupancy tax supporting the center's debt. Each year, operational revenues are evaluated against expenditures and we reinvest in the facility to ensure that it remains a vibrant component of Hurst Town Center. With the addition of the Hilton Garden Inn attached to the HCC, we anticipate continued operational success at HCC.

Total cost of all of the City's programs was \$76,780,885 in 2018 compared to \$75,581,882 in 2017.

During the year, the City had governmental program expenses of \$52,525,085, which exceeded program and general revenues, contributions and transfers of \$49,494,192. Planned use of reserves, pay-go capital projects, and increased depreciation expense associated with major fixed asset additions contributed to the decrease in net position.

The business-type activities had program expenses of \$24,255,800, which were covered by operating revenues and contributions of \$27,082,774.

# City of Hurst, Texas

## Management's Discussion and Analysis

### Year Ended September 30, 2018

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 14 through 15) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

#### REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 14. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position, the difference between assets and deferred outflows, what the citizens own, and liabilities and deferred inflows, what the citizens owe, as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of its *financial health*. You will need to consider other non-financial factors, however, such as changes in the City's tax base, and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the *overall health* of the City. In particular, implementation of GASB No. 75 resulted in an increased liability, which reduced the City's net position over the prior year. Had this requirement been in effect for 2017, the decrease would be much less dramatic and will even out in future reports.

For the governmental funds, fund balance increased by \$670,385. Revenues increased by \$1,827,055 while expenditures decreased by \$4,708,551. Capital expenditures decreased by \$4,181,161 in fiscal year 2018 as debt proceeds from the prior year were substantially spent in 2017. Cost of living and market adjustments for employees and rising healthcare costs negatively affected fund balance.

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, municipal court, street maintenance, parks and recreation, financial services and general administration. Property taxes, sales taxes, charges for services, and fines/forfeitures finance most of these activities.

Business-type activities: the City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer system, storm water management activities, and conference center operations are reported here.

### **Reporting the City's Most Significant Funds (Fund Financial Statements)**

Our analysis of the City's major funds begins on page 17. The governmental funds 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 Council establishes many other funds to help it control and manage activity for particular purposes or to show that it is meeting legal responsibilities for using certain revenues. Understanding a fund's origin and purpose is essential for the appropriate presentation of fund balance per GASB 54, *Fund Balance Reporting and Government Fund Type Definitions*.

The City's two primary types of funds, governmental and proprietary, 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 reconciliations following 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. 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 (except for any proration of net income or loss from internal service funds) but provide more detail and additional information, such as cash flows, for proprietary funds.

### **THE CITY AS A WHOLE**

The City's *combined* net position changed from a year ago, *decreasing* from \$206,319,262 to \$191,166,515. Looking at the net position and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**Table 1**  
**Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current and other assets	\$ 64,076,932	\$ 58,216,262	\$ 23,565,706	\$ 24,762,482	\$ 87,642,638	\$ 82,978,744
Capital assets	162,690,359	167,181,244	48,287,185	49,021,278	210,977,544	216,202,522
Total assets	<u>226,767,291</u>	<u>225,397,506</u>	<u>71,852,891</u>	<u>73,783,760</u>	<u>298,620,182</u>	<u>299,181,266</u>
Deferred outflows of resources	<u>5,904,183</u>	<u>9,761,080</u>	<u>1,327,968</u>	<u>1,937,235</u>	<u>7,232,151</u>	<u>11,698,315</u>
Long-term liabilities	80,014,113	76,232,585	15,581,340	13,502,329	95,595,453	89,734,914
Other liabilities	9,408,699	4,322,165	5,268,572	10,263,068	14,677,271	14,585,233
Total liabilities	<u>89,422,812</u>	<u>80,554,750</u>	<u>20,849,912</u>	<u>23,765,397</u>	<u>110,272,724</u>	<u>104,320,147</u>
Deferred inflows of resources	<u>3,654,817</u>	<u>207,341</u>	<u>758,277</u>	<u>32,831</u>	<u>4,413,094</u>	<u>240,172</u>
Net position:						
Net investment in						
Capital Assets	113,020,392	114,347,361	40,834,276	38,973,677	153,854,668	153,321,038
Restricted	16,581,980	16,117,137	-	-	16,581,980	16,117,137
Unrestricted	<u>9,991,473</u>	<u>23,931,997</u>	<u>10,738,394</u>	<u>12,949,090</u>	<u>20,729,867</u>	<u>36,881,087</u>
Total net position	<u>\$ 139,593,845</u>	<u>\$ 154,396,495</u>	<u>\$ 51,572,670</u>	<u>\$ 51,922,767</u>	<u>\$ 191,166,515</u>	<u>\$ 206,319,262</u>

**Table 2**  
**Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<u>Revenues</u>						
General Revenue						
Sales Taxes	\$ 20,935,157	\$ 20,043,791	\$ -	\$ -	\$ 20,935,157	\$ 20,043,791
Franchise Taxes	2,975,917	2,961,774	-	-	2,975,917	2,961,774
Property Taxes	15,383,521	14,814,146	-	-	15,383,521	14,814,146
Other Taxes	768,618	705,786	-	-	768,618	705,786
Investment earnings	799,902	430,170	249,592	154,350	1,049,494	584,520
Miscellaneous	1,245,930	1,251,454	-	-	1,245,930	1,251,454
Program revenue						
Charges for service	5,088,359	5,274,258	26,647,675	25,369,967	31,736,034	30,644,225
Operating grants and contributions	1,960,737	1,613,979	5,947	10,931	1,966,684	1,624,910
Capital grants and contributions	111,051	265,990	179,560	811,985	290,611	1,077,975
<b>Total revenues</b>	<b>49,269,192</b>	<b>47,361,348</b>	<b>27,082,774</b>	<b>26,347,233</b>	<b>76,351,966</b>	<b>73,708,581</b>
<u>Program expenses including indirect expenses</u>						
General government	8,272,338	5,503,950	-	-	8,272,338	5,503,950
Public safety	25,775,326	26,946,144	-	-	25,775,326	26,946,144
Culture and recreation	12,836,977	12,554,825	-	-	12,836,977	12,554,825
Public works	3,869,464	4,928,786	-	-	3,869,464	4,928,786
Interest on debt	1,770,980	1,888,355	-	-	1,770,980	1,888,355
Water and sewer	-	-	20,542,607	20,090,660	20,542,607	20,090,660
Conference and meeting center	-	-	2,777,085	2,654,063	2,777,085	2,654,063
Stormwater management	-	-	936,108	1,015,099	936,108	1,015,099
<b>Total expenses</b>	<b>52,525,085</b>	<b>51,822,060</b>	<b>24,255,800</b>	<b>23,759,822</b>	<b>76,780,885</b>	<b>75,581,882</b>
Excess before transfers	(3,255,893)	(4,460,712)	2,826,974	2,587,411	(428,919)	(1,873,301)
Transfers	225,000	234,451	(225,000)	(234,451)	-	-
<b>Change in net position</b>	<b>(3,030,893)</b>	<b>(4,226,261)</b>	<b>2,601,974</b>	<b>2,352,960</b>	<b>(428,919)</b>	<b>(1,873,301)</b>
Net position beginning	154,396,495	158,622,756	51,922,767	49,569,807	206,319,262	208,192,563
Change in accounting principle	(11,771,757)	-	(2,952,071)	-	(14,723,828)	-
<b>Net position beginning, as adjusted</b>	<b>142,624,738</b>	<b>158,622,756</b>	<b>48,970,696</b>	<b>49,569,807</b>	<b>191,595,434</b>	<b>208,192,563</b>
<b>Net position ending</b>	<b>\$ 139,593,845</b>	<b>\$ 154,396,495</b>	<b>\$ 51,572,670</b>	<b>\$ 51,922,767</b>	<b>\$ 191,166,515</b>	<b>\$ 206,319,262</b>

Net position of the City's governmental activities decreased, equaling \$139,593,845 at September 30, 2018 compared to \$142,624,738, as adjusted, at September 30, 2017.

Unrestricted net position of the City’s governmental activities, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased from \$23,931,997 at September 30, 2017 to \$9,991,473 at September 30, 2018. Restricted net position, the part of net position that is restricted mainly for debt service, capital projects, crime prevention, and culture and recreation decreased from \$18,464,010 at September 30, 2017 to \$16,581,980 at September 30, 2018 due to increases in debt service reserves and amounts for tourism, convention center and arts. Restricted and unrestricted net position, in total, decreased by \$13,475,681. The category, Net Investment in Capital Assets, decreased by \$1,326,969. The City’s infrastructure is evaluated annually and maintenance schedules are updated accordingly.

The net position of the City’s business-type activities decreased by \$350,097 or 0.7% in 2018 to \$51,572,670 compared to \$51,922,767, in 2017. An operating income of \$2,754,692 was achieved before transfers and implementation previously noted. Water and sewer rates were increased by 2.5% for fiscal year 2017-2018. Water and sewer activity income is heavily influenced by weather patterns. Overall, the Water & Sewer Fund remains fiscally sound.

**THE CITY’S FUNDS**

The following schedule presents a summary of general, special revenue, capital projects/special projects, and debt service revenues and expenditures for the fiscal year ended September 30, 2018, and the amount and percentage of increases and decreases in relation to the prior year.

<b>Revenues:</b>	<b>2017-2018 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2016-2017</b>	<b>Percent Increase (Decrease)</b>
Taxes	\$ 40,069,713	81.23%	\$ 1,169,263	3.01%
Licenses and permits	825,525	1.67%	(52,992)	-6.03%
Charges for services	2,126,300	4.31%	61,123	2.96%
Fines and forfeitures	2,397,331	4.86%	(39,482)	-1.62%
Intergovernmental	2,079,974	4.22%	465,995	28.87%
Interest	774,577	1.57%	362,085	87.78%
Miscellaneous	1,056,666	2.14%	(138,937)	-11.62%
<b>Total Revenues</b>	<b>\$ 49,330,086</b>	<b>100.00%</b>	<b>\$ 1,827,055</b>	

Charges for services increased primarily due to increases in Tennis Program, Senior Center and Aquatics Center fees. Intergovernmental revenues increased due to an increase in grant revenue. Licenses and permits decreased and generally fluctuate due to uncertain levels of construction activity. Fines and forfeitures revenue decreased primarily due to declines in court revenues. Taxes increased as an overall property value trend within the local area. Interest income increased primarily due to rising interest rates on Federal and municipal investments the City holds.

<u>Expenditures</u>	<u>2017-2018 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2016-2017</u>	<u>Percent Increase (Decrease)</u>
General government	\$ 3,472,880	7.16%	\$ (191,669)	-5.23%
Public safety	23,423,951	48.26%	(194,487)	-0.82%
Culture and recreation	10,078,424	20.77%	128,220	1.29%
Public works	2,036,102	4.20%	(73,682)	-3.49%
Capital outlay	4,132,380	8.51%	(4,181,161)	-50.29%
Debt service				
Principal	3,428,872	7.06%	(37,852)	-1.09%
Interest and fees	1,961,100	4.04%	(157,920)	-7.45%
Total Expenditures	<u>\$ 48,533,709</u>	<u>100.00%</u>	<u>\$ (4,708,551)</u>	

Capital Outlay and public works maintenance amounts fluctuate each year according to construction schedules and asset replacement programs. The 50% decrease in capital outlay is primarily related to completion of the Central Aquatics Center renovation, Recreation Center repairs and the purchase of a new fire truck in 2017.

The General Fund is the chief operating fund of the City. General Fund revenues exceeded expenditures by \$3,194,391. As a result, \$1.9 million of this excess was transferred to the Special Projects Fund for one time capital expenditures and unfunded needs. An additional \$206,942 of this excess was transferred to the Loss Reserve fund to offset health care costs. Following close of the fiscal year, the spendable, unassigned fund balance of the General Fund was \$8,989,839 compared to \$9,162,496 at the year ended September 30, 2017. Staff monitors fund balance to insure that ninety days of operations are always in reserve.

The Fund Balance in the Half Cent Development Corporation (HCDC) Special Revenue Fund decreased by \$125,164 in 2018 after decreasing \$482,427 in 2017. The City issued debt in 2014 and 2016 to renovate its two aquatics centers and repairs at its Recreation Center. As a result, transfers to the Debt Service Fund have increased in recent fiscal years.. The Fund Balance in the Anti-Crime Special Revenue Fund decreased by \$411,384, after decreasing \$575,726 last year. This is a planned decrease in the Anti-Crime Fund to cover the cost of a radio system lease and other equipment approved by City Council which was fully paid off during 2018.

The fund balance in the Special Projects Fund increased by \$591,973 in 2018 which resulted primarily from capital expenditures of \$3,135,549 for redevelopment and general improvement of City infrastructure, covered by revenues of \$1,880,719 and transfers in of \$2,087,045. Special Projects' ending fund balance is assigned for projects approved by City Council and Management.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** At September 30, 2018, the City had \$210,977,544 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and storm-water facilities. (See table below.) This represents a net decrease of \$5,224,978, or 2.4%, from last year. The decrease is primarily due to depreciation expense out pacing fixed asset and CIP additions in 2018.

	Governmental Activities		Business-type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Land	\$ 58,160,798	\$ 57,578,715	\$ 564,612	\$ 399,478	\$ 58,725,410	\$ 57,978,193
Buildings	55,064,244	58,940,397	45,157,703	45,206,501	100,221,947	104,146,898
Improvements	35,495,842	38,705,174	250,955	297,930	35,746,797	39,003,104
Machinery & equipment	6,614,452	8,011,342	790,833	813,026	7,405,285	8,824,368
CIP	7,355,023	3,945,616	1,523,082	2,304,343	8,878,105	6,249,959
Total	\$ 162,690,359	\$ 167,181,244	\$ 48,287,185	\$ 49,021,278	\$ 210,977,544	\$ 216,202,522

This year's major asset additions (including work in progress) are as follows:

<u>Title</u>	<u>Amount</u>
Pipeline Road Widening	\$3,613,459
2018 Fire Quint	1,151,077
Green Ribbon Grant Program	736,890
TCC Elevated Tank Repainting	660,738
Safe Routes to School	603,692
2016 Sewer Main Replacement	461,172
2017 Phone System	371,866
Highway 10 Landscaping	368,632
Pipeline Phases 2, 3 & 4	325,901
Harrison Lane @ Pipeline	322,845
Echo Hills Playground Replacement	291,751

See *Note 6* to the financial statements for more detailed information on capital asset activity.

**Long-term Debt:** At September 30, 2018, the total debt outstanding was \$61,050,000. Of this amount, \$59,925,000 comprises debt backed by the full faith and credit of the City. The remaining \$1,125,000 represents bonds secured by specific revenue sources. See *Note 7* to the financial statements for more detailed information on long-term debt activity.

	Governmental Activities		Business-type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
General obligation	\$ 35,785,000	\$ 37,415,000	\$ 7,780,000	\$ 8,860,000	\$ 43,565,000	\$ 46,275,000
Certificates of obligation	13,395,000	14,480,000	2,965,000	1,925,000	16,360,000	16,405,000
Sales tax revenue bonds	105,000	205,000	-	-	105,000	205,000
Tax notes	1,020,000	1,180,000	-	-	1,020,000	1,180,000
Capital lease obligation	-	453,872	-	-	-	453,872
Total	\$ 50,305,000	\$ 53,733,872	\$ 10,745,000	\$ 10,785,000	\$ 61,050,000	\$ 64,518,872



The City's total debt decreased by \$3,468,872, 5.4% during the current fiscal year. In fiscal year 2018, the City issued \$1,360,000 in certificates of obligation through the Texas Water Development Board's Clean Water State Revolving Fund. This program allowed the City to take advantage of below market interest rates and receive loan forgiveness of \$235,800 to be recognized in 2019. These funds will be used for wastewater system improvements.

The City's funds continue to have favorable credit ratings. The City's current ratings are as follows:

<b>MOODY'S INVESTOR SERVICES</b>	<b>STANDARD &amp; POOR'S</b>
GENERAL OBLIGATION BONDS	AA2 AA
ENTERPRISE FUND OBLIGATIONS	AA2 AA

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In March 2018, the City Council held a Strategic Planning Session to review the status of City services and to provide direction to staff for the 2018-2019 Budget. The major objectives of the budget process are to identify cost savings and to provide funding to implement the Council's strategic plans. The City utilizes a hybrid zero-base/program/line item budget approach in which all budget requests are tied to City strategies and programs, and must be justified every year. The 2018-2019 budget reflects the positive financial condition of the City.

Sales taxes and property taxes are the two largest revenue sources for the City's governmental funds. Sales tax revenues have seen declines in fiscal year 2018-2019 and we anticipate ending the year with a net decrease over the prior year. We anticipate sales tax revenues will stabilize but recognize they are dependent upon the economy. The City is very active in economic development activities and partnering with the Northeast Mall ownership to ensure the mall remains an asset to our community. Appraised property values increased by 7.80% in Tax Year 2018 over Tax Year 2017. As a result, the City decreased its tax rate from \$0.58094 per \$100 valuation in fiscal year 2017-2018 to \$0.58000 in fiscal year 2018-2019. Because property tax revenues are impacted by various exemptions as well as the senior and disabled-citizen tax freeze, the City will continue to practice a conservative operational approach.

The Enterprise (Water/Wastewater) Fund's operating budget increased by 1.67%. This increase is due to increasing costs for wholesale water and wastewater treatment. It is the City's policy to pass through all, or part, of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority. For 2017-2018, the City of Hurst approved a 1.5% increase in water and sewer rates for residential and commercial customers. The Enterprise Fund continues to experience extremes in weather conditions. Due to sound financial planning, the Enterprise Fund has been able to "weather" variations in rainfall and finish the fiscal year in a stable financial position.

Other Enterprise funds are established to account for Storm Drainage and Hurst Conference Center operations. The Storm Drainage fee generates approximately \$1.1 million per year and all proceeds are utilized to mitigate flooding and other drainage issues throughout the City. The Hurst Conference Center completed its eighth full year of operations in 2017-2018. Events held at the facility include everything from intimate gatherings to corporate events hosting up to approximately 1,000 people. The financial opportunities for the facility will continue to improve as marketing efforts and customer experiences create additional and repeat business.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our residents, 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, contact the Finance Office at 1505 Precinct Line Road, Hurst, Texas, 817.788.7067 or email [pbrown@hursttx.gov](mailto:pbrown@hursttx.gov). To view financial documents you may also visit the City's Website at [www.hursttx.gov](http://www.hursttx.gov).

**City of Hurst, Texas**  
**Statement of Net Position**  
**September 30, 2018 with Summarized**  
**Totals for September 30, 2017**

	Governmental	Business-type	Totals	
	Activities	Activities	2018	2017
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,097,317	\$ 2,938,326	\$ 6,035,643	\$ 7,941,835
Investments	50,826,552	16,482,739	67,309,291	63,664,296
Net receivables	5,952,985	3,856,739	9,809,724	9,911,807
Internal balances	3,990,108	(3,990,108)	-	-
Inventories and prepaid expenses	209,970	332,607	542,577	544,954
Restricted assets				
Cash and cash equivalents	-	1,864,129	1,864,129	365,831
Investments	-	2,081,274	2,081,274	550,021
<b>Total current assets</b>	<b>64,076,932</b>	<b>23,565,706</b>	<b>87,642,638</b>	<b>82,978,744</b>
Land	58,160,798	564,612	58,725,410	57,978,193
Depreciable assets, net	97,174,538	46,199,491	143,374,029	151,974,370
Construction in progress	7,355,023	1,523,082	8,878,105	6,249,959
<b>Total noncurrent assets</b>	<b>162,690,359</b>	<b>48,287,185</b>	<b>210,977,544</b>	<b>216,202,522</b>
<b>Total assets</b>	<b>226,767,291</b>	<b>71,852,891</b>	<b>298,620,182</b>	<b>299,181,266</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	3,395,672	602,524	3,998,196	9,706,950
Deferred outflows related to OPEB	1,122,720	285,504	1,408,224	-
Deferred loss on bond refunding	1,385,791	439,940	1,825,731	1,991,365
<b>Total deferred outflows of resources</b>	<b>5,904,183</b>	<b>1,327,968</b>	<b>7,232,151</b>	<b>11,698,315</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 232,671,474</b>	<b>\$ 73,180,859</b>	<b>\$ 305,852,333</b>	<b>\$ 310,879,581</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 3,878,896	\$ 1,645,450	5,524,346	\$ 4,861,256
Escrow deposits and unearned revenue	368,969	400,047	769,016	847,802
Customer deposits	-	1,834,225	1,834,225	1,800,965
Current portion of net OPEB liability	646,498	164,401	810,899	-
Current portion of long-term debt	5,160,834	1,388,850	6,549,684	7,075,210
<b>Total current liabilities</b>	<b>10,055,197</b>	<b>5,432,973</b>	<b>15,488,170</b>	<b>14,585,233</b>
Pension liability	12,113,364	2,132,705	14,246,069	22,288,446
Net OPEB liability, net of current portion	12,283,454	3,123,626	15,407,080	-
Bonds and other long-term debt	54,970,797	10,160,608	65,131,405	67,446,468
<b>Total noncurrent liabilities</b>	<b>79,367,615</b>	<b>15,416,939</b>	<b>94,784,554</b>	<b>89,734,914</b>
<b>Total liabilities</b>	<b>89,422,812</b>	<b>20,849,912</b>	<b>110,272,724</b>	<b>104,320,147</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	3,509,258	721,262	4,230,520	240,172
Deferred inflows related to OPEB	145,559	37,015	182,574	-
<b>Total deferred inflows of resources</b>	<b>3,654,817</b>	<b>758,277</b>	<b>4,413,094</b>	<b>240,172</b>
<b>NET POSITION</b>				
Net investment in capital assets	113,020,392	40,834,276	153,854,668	153,321,038
Restricted for:				
Debt service	1,362,037	-	1,362,037	1,059,872
Capital projects	102,269	-	102,269	100,625
Community development	3,941,674	-	3,941,674	4,066,838
Public safety	6,107,762	-	6,107,762	6,405,831
Municipal court	573,857	-	573,857	568,555
Parks	456,081	-	456,081	474,002
Traffic safety	898,885	-	898,885	671,924
Tourism, convention center, arts	2,008,278	-	2,008,278	1,682,258
Urban transit	1,053,066	-	1,053,066	918,221
Other	78,071	-	78,071	169,011
Unrestricted	9,991,473	10,738,394	20,729,867	36,881,087
<b>Total net position</b>	<b>139,593,845</b>	<b>51,572,670</b>	<b>191,166,515</b>	<b>206,319,262</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 232,671,474</b>	<b>\$ 73,180,859</b>	<b>\$ 305,852,333</b>	<b>\$ 310,879,581</b>

See Notes to Financial Statements

**City of Hurst, Texas**  
**Statement of Activities**  
**Year Ended September 30, 2018 with Summarized**  
**Totals for Year Ended September 30, 2017**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Governmental activities:				
General government	\$ 8,272,338	\$ 135,242	\$ 1,045,223	\$ -
Public safety	25,775,326	2,775,278	81,347	-
Culture and recreation	12,836,977	1,256,034	953,404	-
Public works	3,869,464	802,568	-	111,051
Interest expense	1,770,980	-	-	-
<b>Total governmental activities</b>	<u>52,525,085</u>	<u>4,969,122</u>	<u>2,079,974</u>	<u>111,051</u>
Business-type activities:				
Water and sewer services	20,542,607	22,394,948	-	24,560
Stormwater management services	936,108	1,104,982	5,947	155,000
Conference and meeting center	2,777,085	3,147,745	-	-
<b>Total business-type activities</b>	<u>24,255,800</u>	<u>26,647,675</u>	<u>5,947</u>	<u>179,560</u>
<b>Total government</b>	<u>\$ 76,780,885</u>	<u>\$ 31,616,797</u>	<u>\$ 2,085,921</u>	<u>\$ 290,611</u>

General revenues:

- Property taxes, penalty, and interest
- Sales taxes
- Franchise taxes
- Occupancy taxes
- Interest
- Miscellaneous
- Transfers
- Total general revenues

**Change in net position**

**Net position, as previously reported**

**Adjustment for adoption of GASB 75**

**Net position, beginning of year, as adjusted**

**Net position - end of year**

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

Governmental Activities	Business-type Activities	Totals	
		2018	2017
\$ (7,091,873)	\$ -	\$ (7,091,873)	\$ (5,404,785)
(22,918,701)	-	(22,918,701)	(23,049,884)
(10,627,539)	-	(10,627,539)	(11,310,232)
(2,955,845)	-	(2,955,845)	(3,014,577)
(1,770,980)	-	(1,770,980)	(1,888,355)
(45,364,938)	-	(45,364,938)	(44,667,833)
-	1,876,901	1,876,901	1,448,554
-	329,821	329,821	826,866
-	370,660	370,660	157,641
-	2,577,382	2,577,382	2,433,061
(45,364,938)	2,577,382	(42,787,556)	(42,234,772)
15,383,521	-	15,383,521	14,814,146
20,935,157	-	20,935,157	20,043,791
2,975,917	-	2,975,917	2,961,774
768,618	-	768,618	705,786
799,902	249,592	1,049,494	584,520
1,245,930	-	1,245,930	1,251,454
225,000	(225,000)	-	-
42,334,045	24,592	42,358,637	40,361,471
(3,030,893)	2,601,974	(428,919)	(1,873,301)
154,396,495	51,922,767	206,319,262	208,192,563
(11,771,757)	(2,952,071)	(14,723,828)	-
142,624,738	48,970,696	191,595,434	208,192,563
\$ 139,593,845	\$ 51,572,670	\$ 191,166,515	\$ 206,319,262

See Notes to Financial Statements

**City of Hurst, Texas**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2018 With Summarized**  
**Totals For September 30, 2017**

	General Fund	Special Revenue Funds	
		HCDC	Anti-Crime
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 1,000	\$ -
Investments	13,265,466	3,049,827	5,946,428
Receivables:			
Taxes	1,103,438	870,412	856,981
Other	1,974,949	18,452	43,609
Inventories	2,401	-	-
Due from other funds	6,428,144	895,271	800,724
<b>Total assets</b>	<b>\$ 22,774,398</b>	<b>\$ 4,834,962</b>	<b>\$ 7,647,742</b>
<b>LIABILITIES</b>			
Accounts payable and accrued items	\$ 2,290,577	\$ 216,046	\$ 150,376
Escrow deposits payable and unearned revenue	368,969	-	-
Due to other funds	4,745,116	682,400	1,762,314
<b>Total liabilities</b>	<b>7,404,662</b>	<b>898,446</b>	<b>1,912,690</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	913,138	-	-
<b>Total deferred inflows of resources</b>	<b>913,138</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventory	2,401	-	-
Restricted	5,446,104	3,936,516	5,735,052
Assigned	18,254	-	-
Unassigned	8,989,839	-	-
<b>Total fund balances</b>	<b>14,456,598</b>	<b>3,936,516</b>	<b>5,735,052</b>
<b>Total liabilities, deferred inflows or resources and fund balances</b>	<b>\$ 22,774,398</b>	<b>\$ 4,834,962</b>	<b>\$ 7,647,742</b>

Capital Projects Funds Special Projects	Other Governmental Funds	Totals	
		2018	2017
\$ 505,487	\$ 322,541	\$ 829,028	\$ 2,703,069
15,719,476	4,319,574	42,300,771	38,478,607
-	31,475	2,862,306	3,753,270
1,003,910	12,871	3,053,791	1,342,486
-	-	2,401	1,883
1,986,045	-	10,110,184	7,808,902
<u>\$ 19,214,918</u>	<u>\$ 4,686,461</u>	<u>\$ 59,158,481</u>	<u>\$ 54,088,217</u>
\$ 327,478	\$ 38,783	\$ 3,023,260	\$ 2,418,353
-	-	368,969	328,386
-	-	7,189,830	4,235,802
<u>327,478</u>	<u>38,783</u>	<u>10,582,059</u>	<u>6,982,541</u>
-	26,486	939,624	139,263
-	26,486	939,624	139,263
-	-	2,401	1,883
-	4,621,192	19,738,864	19,600,493
18,887,440	-	18,905,694	18,310,160
-	-	8,989,839	9,053,877
<u>18,887,440</u>	<u>4,621,192</u>	<u>47,636,798</u>	<u>46,966,413</u>
<u>\$ 19,214,918</u>	<u>\$ 4,686,461</u>	<u>\$ 59,158,481</u>	<u>\$ 54,088,217</u>

See Notes to Financial Statements

**City of Hurst, Texas**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**September 30, 2018**

Total governmental fund balances	\$ 47,636,798
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital assets.	159,985,226
Accrued interest on governmental activities debt is not reported in the funds until paid.	(231,349)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.	939,624
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide financial statements.	12,439,984
Other postemployment benefits and related deferred outflows and inflows of resources (OPEB contributions after measurement date, difference in actuarial assumptions, difference in projected and actual earnings on OPEB plan investments) are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.	(11,500,965)
The portion of the internal service funds due to business activities is reported in governmental activities in the government-wide financial statements.	875,429
Pension related liabilities and deferred outflows and inflows are not due and payable in the current period and therefore are not reported in the funds.	(11,863,753)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.	(6,030,292)
Bonds payable and capital lease obligations are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities. Losses on issuance of refunding bonds are not reported in the funds but are reported as deferred outflows in the statement of net position.	<u>(52,656,857)</u>
Net position of governmental activities	<u>\$ 139,593,845</u>

See notes to basic financial statements.





**City of Hurst, Texas**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended September 30, 2018 With Summarized**  
**Totals For Year Ended September 30, 2017**

	General	Special Revenue Funds	
		HCDC	Anti-Crime
Revenues:			
Taxes, penalty, and interest	\$ 26,332,758	\$ 4,975,008	\$ 5,290,203
Licenses/permits	825,525	-	-
Support from governmental entities	1,045,223	10,746	70,601
Charges for services	2,126,300	-	-
Fines and fees	2,397,331	-	-
Interest	245,996	59,079	117,710
Miscellaneous	332,647	11,388	34,359
<b>Total revenues</b>	<b>33,305,780</b>	<b>5,056,221</b>	<b>5,512,873</b>
Expenditures:			
Current:			
General government	3,258,740	-	-
Public safety	18,113,118	-	5,303,781
Culture and recreation	6,703,429	3,374,995	-
Public works	2,036,102	-	-
Capital outlay	-	472,555	154,123
Debt service:			
Principal retirement	-	-	453,872
Interest and fiscal agent fees	-	-	12,481
<b>Total expenditures</b>	<b>30,111,389</b>	<b>3,847,550</b>	<b>5,924,257</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,194,391</b>	<b>1,208,671</b>	<b>(411,384)</b>
Other financing sources (uses):			
Issuance of debt	-	-	-
Refunding bonds issued	-	-	-
Payment to refunded bonds escrow agent	-	-	-
Transfers in	7,256	-	-
Transfers out	(2,564,026)	(1,333,835)	-
<b>Total other financing sources (uses)</b>	<b>(2,556,770)</b>	<b>(1,333,835)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>637,621</b>	<b>(125,164)</b>	<b>(411,384)</b>
Fund balances, beginning	13,818,977	4,061,680	6,146,436
<b>Fund balances, ending</b>	<b>\$ 14,456,598</b>	<b>\$ 3,936,516</b>	<b>\$ 5,735,052</b>

Capital Projects Funds Special Projects	Other Governmental Funds	Totals	
		2018	2017
\$ -	\$ 3,471,744	\$ 40,069,713	\$ 38,900,450
-	-	825,525	878,517
953,404	-	2,079,974	1,613,979
-	-	2,126,300	2,065,177
-	-	2,397,331	2,436,813
256,236	95,556	774,577	412,492
671,079	7,193	1,056,666	1,195,603
<u>1,880,719</u>	<u>3,574,493</u>	<u>49,330,086</u>	<u>47,503,031</u>
214,140	-	3,472,880	3,664,549
7,052	-	23,423,951	23,618,438
-	-	10,078,424	9,950,204
-	-	2,036,102	2,109,784
3,135,549	370,153	4,132,380	8,313,541
-	2,975,000	3,428,872	3,466,724
-	1,948,619	1,961,100	2,119,020
<u>3,356,741</u>	<u>5,293,772</u>	<u>48,533,709</u>	<u>53,242,260</u>
<u>(1,476,022)</u>	<u>(1,719,279)</u>	<u>796,377</u>	<u>(5,739,229)</u>
-	-	-	1,180,000
-	-	-	1,500,000
-	-	-	(1,478,363)
2,087,045	1,696,618	3,790,919	3,395,882
(19,050)	-	(3,916,911)	(3,845,882)
<u>2,067,995</u>	<u>1,696,618</u>	<u>(125,992)</u>	<u>751,637</u>
591,973	(22,661)	670,385	(4,987,592)
<u>18,295,467</u>	<u>4,643,853</u>	<u>46,966,413</u>	<u>51,954,005</u>
<u>\$ 18,887,440</u>	<u>\$ 4,621,192</u>	<u>\$ 47,636,798</u>	<u>\$ 46,966,413</u>

See Notes to Financial Statements

**City of Hurst, Texas**  
**Reconciliation of Changes in Fund Balances of Governmental**  
**Funds to Change in Net Position in the Statement of Activities**  
**Year Ended September 30, 2018**

Net change in fund balances - total governmental funds	\$	670,385
Amounts reported for governmental funds in the statement of activities are different because:		
Change in revenues not considered available in the governmental funds.		(478,076)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.		(4,404,240)
The net effect of various transactions involving capital assets (i.e. sales and donations) is to increase net position.		111,051
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		3,428,872
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		255,774
Governmental funds report the effect of losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		(106,001)
Current year change in accrued interest payable does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds.		(14,537)
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources		(1,353,461)
Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources		(330,962)
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.		(955,214)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The change in net position of the internal service funds is reported with governmental activities (net of amount allocated to business-type activities).		145,516
Change in net position of governmental activities	\$	<u>(3,030,893)</u>



**City of Hurst, Texas**  
**Proprietary Funds**  
**Statement of Net Position**  
**September 30, 2018 With Summarized**  
**Totals For September 30, 2017**

	<b>Business-type Activities</b>			
	<b>Water &amp; Sewer</b>	<b>Other Proprietary</b>	<b>Totals</b>	
			<b>2018</b>	<b>2017</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,459,417	\$ 1,478,909	\$ 2,938,326	\$ 3,109,238
Investments	15,175,478	1,307,261	16,482,739	16,930,320
Accounts receivable (net of allowance for uncollectible accounts of \$ in 2018 and \$67,164 in 2017)	3,300,584	345,757	3,646,341	3,250,410
Other receivables	206,973	3,425	210,398	223,041
Due from other funds	906,134	-	906,134	31,954
Inventory of materials and supplies, at cost	186,585	24,572	211,157	202,924
Prepays and other assets	118,669	2,781	121,450	130,697
Restricted assets:				
Cash and cash equivalents	1,864,129	-	1,864,129	365,831
Investments	2,081,274	-	2,081,274	550,021
<b>Total current assets</b>	<b>25,299,243</b>	<b>3,162,705</b>	<b>28,461,948</b>	<b>24,794,436</b>
Noncurrent assets:				
Capital assets, at cost	81,673,291	4,293,200	85,966,491	84,912,109
Accumulated depreciation	(37,195,959)	(483,347)	(37,679,306)	(35,890,831)
<b>Total noncurrent assets</b>	<b>44,477,332</b>	<b>3,809,853</b>	<b>48,287,185</b>	<b>49,021,278</b>
<b>Total assets</b>	<b>69,776,575</b>	<b>6,972,558</b>	<b>76,749,133</b>	<b>73,815,714</b>
<b>Deferred Outflows of Resources</b>				
Deferred pension outflows	449,497	153,027	602,524	1,437,662
Deferred OPEB outflows	216,058	69,446	285,504	-
Deferred loss on bond refunding	439,940	-	439,940	499,573
<b>Total deferred outflows of resources</b>	<b>1,105,495</b>	<b>222,473</b>	<b>1,327,968</b>	<b>1,937,235</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 70,882,070</b>	<b>\$ 7,195,031</b>	<b>\$ 78,077,101</b>	<b>\$ 75,752,949</b>
<b>Liabilities</b>				
Current liabilities:				
Cash and cash equivalents, end of year	\$ 1,369,432	\$ 234,917	\$ 1,604,349	\$ 1,629,272
Due to other funds	3,936,957	83,856	4,020,813	3,937,295
Unearned revenue	-	400,047	400,047	519,416
Current liabilities payable from restricted assets:				
Accrued bond interest	41,101	-	41,101	45,051
Customer deposits	1,834,225	-	1,834,225	1,800,965
Current portion of net OPEB liability	124,412	39,989	164,401	-
Current portion of long-term debt	1,373,296	15,554	1,388,850	1,563,733
<b>Total current liabilities</b>	<b>8,679,423</b>	<b>\$ 774,363</b>	<b>\$ 9,453,786</b>	<b>\$ 9,495,732</b>
Net pension liability	1,598,639	534,066	2,132,705	3,396,028
Net OPEB liability, net of current portion	2,363,825	759,801	3,123,626	-
Long-term debt, net of current portion	10,124,829	35,779	10,160,608	10,106,301
<b>Total long-term liabilities</b>	<b>14,087,293</b>	<b>1,329,646</b>	<b>15,416,939</b>	<b>13,502,329</b>
<b>Total liabilities</b>	<b>22,766,716</b>	<b>2,104,009</b>	<b>24,870,725</b>	<b>22,998,061</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension inflows	486,678	234,584	721,262	32,831
Deferred OPEB inflows	28,011	9,004	37,015	-
<b>Total deferred inflows of resources</b>	<b>514,689</b>	<b>243,588</b>	<b>758,277</b>	<b>32,831</b>
<b>Net Position</b>				
Net investment in capital assets	37,024,423	3,809,853	40,834,276	38,973,677
Unrestricted	10,576,242	1,037,581	11,613,823	13,748,380
<b>Total net position</b>	<b>47,600,665</b>	<b>4,847,434</b>	<b>52,448,099</b>	<b>52,722,057</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 70,882,070</b>	<b>\$ 7,195,031</b>	<b>78,077,101</b>	<b>\$ 75,752,949</b>
Adjustment to net position to reflect the consolidation of internal service fund activities related to enterprise funds			(875,429)	
Net position of business-type activities			<u>\$ 51,572,670</u>	

See Notes to Financial Statements

<b>Governmental Activities-</b>		<b>Internal Service Funds</b>	
<b>2018</b>		<b>2017</b>	
\$ 2,268,289	\$ 2,129,528		
8,525,781	8,255,369		
-	-		
36,888	64,163		
443,988	579,008		
42,569	46,517		
165,000	-		
-	-		
-	-		
<u>11,482,515</u>	<u>11,074,585</u>		
13,094,974	12,660,675		
<u>(10,389,841)</u>	<u>(9,757,846)</u>		
<u>2,705,133</u>	<u>2,902,829</u>		
<u>14,187,648</u>	<u>13,977,414</u>		
104,372	256,554		
42,438	-		
-	-		
<u>146,810</u>	<u>256,554</u>		
<u>\$ 14,334,458</u>	<u>\$ 14,233,968</u>		
\$ 624,288	\$ 551,768		
249,663	246,767		
-	-		
-	-		
-	-		
24,438	-		
<u>20,541</u>	<u>17,246</u>		
<u>\$ 918,930</u>	<u>815,781</u>		
360,466	569,286		
464,323			
<u>38,150</u>	<u>32,026</u>		
<u>862,939</u>	<u>601,312</u>		
<u>1,781,869</u>	<u>1,417,093</u>		
107,103	7,447		
5,502	-		
<u>112,605</u>	<u>7,447</u>		
2,705,133	2,902,829		
<u>9,734,851</u>	<u>9,906,599</u>		
<u>12,439,984</u>	<u>12,809,428</u>		
<u>\$ 14,334,458</u>	<u>\$ 14,233,968</u>		

See Notes to Financial Statements

**City of Hurst, Texas**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended September 30, 2018 With Summarized**  
**Totals For Year Ended September 30, 2017**

	Business-type Activities			
	Water & Sewer	Other Proprietary	Totals	
			2018	2017
<b>Operating revenues:</b>				
Water and sewer services	\$ 21,928,509	\$ -	\$ 21,928,509	\$ 20,699,574
Storm drainage utility fee	-	1,088,337	1,088,337	1,101,592
Service fees	-	3,147,745	3,147,745	2,811,704
Other	466,439	20,592	487,031	790,846
<b>Total operating revenues</b>	<b>22,394,948</b>	<b>4,256,674</b>	<b>26,651,622</b>	<b>25,403,716</b>
<b>Operating expenses:</b>				
Personnel services	4,371,099	1,696,920	6,068,019	6,235,156
Contractual services	8,623,281	-	8,623,281	8,186,274
Repairs and maintenance	519,868	304,261	824,129	807,479
Materials and supplies	140,537	201,754	342,291	190,160
Depreciation and amortization	1,638,453	150,025	1,788,478	1,792,116
Indirect cost/street rental fees	3,711,957	83,856	3,795,813	3,714,151
Other	1,178,542	1,276,377	2,454,919	2,414,966
<b>Total operating expenses</b>	<b>20,183,737</b>	<b>3,713,193</b>	<b>23,896,930</b>	<b>23,340,302</b>
<b>Operating income (loss)</b>	<b>2,211,211</b>	<b>543,481</b>	<b>2,754,692</b>	<b>2,063,414</b>
<b>Nonoperating revenues (expenses):</b>				
Interest revenue	233,299	16,293	249,592	154,350
Interest expense	(282,731)	-	(282,731)	(355,907)
Gain (loss) on sale of property and equipment	-	2,000	2,000	(22,818)
<b>Total nonoperating revenues (expenses)</b>	<b>(49,432)</b>	<b>18,293</b>	<b>(31,139)</b>	<b>(224,375)</b>
<b>Income (loss) before contributions and transfers</b>	<b>2,161,779</b>	<b>561,774</b>	<b>2,723,553</b>	<b>1,839,039</b>
Transfers in	1,763,004	-	1,763,004	-
Transfers out	(1,988,004)	-	(1,988,004)	(234,451)
Contributions	24,560	155,000	179,560	811,985
<b>Change in net position</b>	<b>1,961,339</b>	<b>716,774</b>	<b>2,678,113</b>	<b>2,416,573</b>
<b>Net position, as previously reported</b>	<b>47,873,326</b>	<b>4,848,731</b>	<b>52,722,057</b>	<b>50,305,484</b>
<b>Adjustment for adoption of GASB 75</b>	<b>(2,234,000)</b>	<b>(718,071)</b>	<b>(2,952,071)</b>	<b>-</b>
<b>Net position, beginning of year, as adjusted</b>	<b>45,639,326</b>	<b>4,130,660</b>	<b>49,769,986</b>	<b>50,305,484</b>
<b>Net position - end of year</b>	<b>\$ 47,600,665</b>	<b>\$ 4,847,434</b>	<b>\$ 52,448,099</b>	<b>\$ 52,722,057</b>
Adjustment to change in net position to reflect the consolidation of internal service fund activities related to enterprise funds			(76,139)	
<b>Change in net position of business-type activities</b>			<b>\$ 2,601,974</b>	



<b>Governmental Activities- Internal Service Funds</b>	
<b>2018</b>	<b>2017</b>
\$ -	\$ -
-	-
9,146,377	9,092,782
124,794	56,915
<u>9,271,171</u>	<u>9,149,697</u>
6,996,835	6,827,299
196,063	118,711
423,559	555,303
1,251,506	1,234,131
866,160	802,089
-	-
-	-
<u>9,734,123</u>	<u>9,537,533</u>
(462,952)	(387,836)
116,867	71,091
-	-
<u>64,470</u>	<u>55,850</u>
<u>181,337</u>	<u>126,941</u>
(281,615)	(260,895)
350,992	764,451
-	(80,000)
-	-
<u>69,377</u>	<u>423,556</u>
12,809,428	12,385,872
<u>(438,821)</u>	<u>-</u>
<u>12,370,607</u>	<u>12,385,872</u>
<u>\$ 12,439,984</u>	<u>\$ 12,809,428</u>

See Notes to Financial Statements

**City of Hurst, Texas**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**Year Ended September 30, 2018 With Summarized**  
**Totals For Year Ended September 30, 2017**

	<b>Business-type Activities</b>			
	<b>Water &amp; Sewer</b>	<b>Other Proprietary</b>	<b>Totals</b>	
			<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 22,152,837	\$ 4,126,423	\$ 26,279,260	\$ 25,403,953
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(10,818,345)	(1,785,992)	(12,604,337)	(12,315,901)
Payments on behalf of employees	(4,121,551)	(1,596,513)	(5,718,064)	(5,624,736)
Payments for interfund services used	(3,711,957)	(81,987)	(3,793,944)	(2,044,698)
<b>Net cash provided by operating activities</b>	<b>3,500,984</b>	<b>661,931</b>	<b>4,162,915</b>	<b>5,418,618</b>
<b>Cash flows from noncapital financing activities:</b>				
Transfers to other funds	(1,906,355)	-	(1,906,355)	(234,451)
Transfers from other funds	888,824	-	888,824	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,017,531)</b>	<b>-</b>	<b>(1,017,531)</b>	<b>(234,451)</b>
Proceeds from long-term debt	1,360,000	-	1,360,000	2,350,000
Debt principal payments	(1,400,000)	-	(1,400,000)	(3,535,000)
Interest paid on revenue bonds	(83,735)	-	(83,735)	(576,791)
Purchases of property and equipment	(698,388)	(176,437)	(874,825)	(2,123,209)
Proceeds from sale of property and equipment	-	2,000	2,000	-
<b>Net cash used in capital and related financing activities</b>	<b>(822,123)</b>	<b>(174,437)</b>	<b>(996,560)</b>	<b>(3,885,000)</b>
<b>Cash flows from investing activities:</b>				
Proceeds from sale/maturities of investments	12,400,124	1,232,695	13,632,819	11,514,152
Purchase of investments	(13,226,707)	(1,489,785)	(14,716,492)	(11,915,864)
Interest received on investments	238,143	24,092	262,235	195,587
<b>Net cash used in investing activities</b>	<b>(588,440)</b>	<b>(232,998)</b>	<b>(821,438)</b>	<b>(206,125)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,072,890</b>	<b>254,496</b>	<b>1,327,386</b>	<b>1,093,042</b>
Cash and cash equivalents - beginning of year	2,250,656	1,224,413	3,475,069	2,382,027
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,323,546</b>	<b>\$ 1,478,909</b>	<b>\$ 4,802,455</b>	<b>\$ 3,475,069</b>
<b>Noncash investing, capital and financing activities</b>				
Capital contributions received in-kind	\$ 24,560	\$ 155,000	\$ 179,560	\$ 811,985
Reconciliation to Statement of Net Position				
Cash and cash equivalents	\$ 1,459,417	\$ 1,478,909	\$ 2,938,326	\$ 3,109,238
Restricted cash and cash equivalents	1,864,129	-	1,864,129	365,831
	<b>\$ 3,323,546</b>	<b>\$ 1,478,909</b>	<b>\$ 4,802,455</b>	<b>\$ 3,475,069</b>

See Notes to Financial Statements

<b>Governmental Activities-</b>	
<b>Internal Service Funds</b>	
<b>2018</b>	<b>2017</b>
\$ 86,645	\$ 53,468
9,284,293	9,736,239
(1,942,416)	(1,909,622)
(6,907,596)	(6,800,044)
<u>-</u>	<u>-</u>
520,926	1,080,041
-	(80,000)
<u>350,992</u>	<u>764,451</u>
350,992	684,451
-	-
-	-
-	-
(668,464)	(732,529)
<u>64,470</u>	<u>73,365</u>
(603,994)	(659,164)
5,373,191	3,430,959
(5,643,603)	(3,803,224)
<u>141,249</u>	<u>65,256</u>
(129,163)	(307,009)
138,761	798,319
<u>2,129,528</u>	<u>1,331,209</u>
<u>\$ 2,268,289</u>	<u>\$ 2,129,528</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 2,268,289	\$ 2,129,528
-	-
<u>\$ 2,268,289</u>	<u>\$ 2,129,528</u>

(Continued)

**City of Hurst, Texas**  
**Proprietary Funds**  
**Statement of Cash Flows (Continued)**  
**Year Ended September 30, 2018 With Summarized**  
**Totals For Year Ended September 30, 2017**

	Business-type Activities			
	Water & Sewer	Other Proprietary	Totals	
			2018	2017
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 2,211,211	\$ 543,481	\$ 2,754,692	\$ 2,063,414
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,638,453	150,025	1,788,478	1,792,116
Change in assets and deferred outflows:				
Accounts receivable	(275,371)	(120,560)	(395,931)	(217,642)
Inventory of materials and supplies	(8,529)	296	(8,233)	26,397
Due to/from other funds	-	1,869	1,869	1,669,453
Prepays and other assets	10,454	(1,207)	9,247	(10,350)
Deferred pension outflows	617,725	217,413	835,138	-
Deferred OPEB outflows	(120,096)	(38,601)	(158,697)	-
Change in liabilities and deferred inflows:				
Accounts payable and other	(358,042)	109,231	(248,811)	(122,649)
Customer deposits and unearned revenue	33,260	(119,369)	(86,109)	217,879
Net pension liability	(890,085)	(373,238)	(1,263,323)	-
Net OPEB liability	158,275	50,874	209,149	-
Deferred pension inflows	455,718	232,713	688,431	-
Deferred OPEB inflows	28,011	9,004	37,015	-
<b>Net cash provided by operating activities</b>	<b>\$ 3,500,984</b>	<b>\$ 661,931</b>	<b>\$ 4,162,915</b>	<b>\$ 5,418,618</b>

<b>Governmental Activities</b>		<b>Internal Service Funds</b>	
<b>2018</b>		<b>2017</b>	
\$	(462,952)	\$	(387,836)
	866,160		802,089
	2,893		(3,447)
	(161,052)		1,340
	137,916		643,457
	-		-
	152,182		-
	(23,588)		-
	81,939		24,438
	-		-
	(208,820)		-
	31,090		-
	99,656		-
	5,502		-
<b>\$</b>	<b>520,926</b>	<b>\$</b>	<b>1,080,041</b>

**City of Hurst, Texas**  
**Fiduciary Fund**  
**Statement of Fiduciary Net Position**  
**September 30, 2018**

	<u>OPEB Trust</u>
<b>Assets</b>	
Investments – equity mutual funds	<u>\$ 3,136,425</u>
<b>Total assets</b>	<u><u>\$ 3,136,425</u></u>
<b>Net Position</b>	
Restricted for other postemployment benefits	<u>\$ 3,136,425</u>
<b>Total net position</b>	<u><u>\$ 3,136,425</u></u>

**City of Hurst, Texas**  
**Fiduciary Fund**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended September 30, 2018**

	<b>OPEB Trust</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 877,112
Net investment income	413,998
Total additions	1,291,110
 <b>Deductions</b>	
Benefit payments	849,310
Administrative expenses	7,175
Total deductions	856,485
Change in net position	434,625
 <b>Net position, beginning of year, as previously reported</b>	 -
<b>Adjusted for correction of error</b>	2,701,800
<b>Net position, beginning of year, as restated</b>	2,701,800
<b>Net position, ending of year</b>	\$ 3,136,425





**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

**Note 1: Summary of Significant Accounting Policies**

The City of Hurst, Texas (City) Home Rule Charter was adopted December 19, 1956, pursuant to Resolution No. 100, adopted November 13, 1956. The City operates under a Council-Manager form of government and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, and water and sewer utilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. Significant City policies are described below.

***Reporting Entity***

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, in substance, are part of the City's operations.

The Hurst Community Services Development Corporation (HCDC) was incorporated in 1993 under the provisions of the Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended. HCDC operates under a seven member Board of Directors appointed by the City Council. The purpose of HCDC is to promote and finance projects required or suitable for athletic, entertainment, tourist, conventions, public parks, and related purposes. The Board of Directors of HCDC is substantially the same as the City Council and the City will ultimately bear the benefit or burden. HCDC has been incorporated into these basic financial statements as a blended component unit, reported as the HCDC Fund. Separate financial statements for HCDC are not released.

The Hurst Crime Control and Prevention District (HCCPD) was authorized by voter referendum on September 9, 1995 for five years under the provisions of the Crime Control and Prevention District Act, Article 2370c-4, Section 3.01, Vernon Civil Statutes, as amended. The district was renewed by voter referendum on August 12, 2000 for ten years and again on May 8, 2010 for twenty years. The HCCPD operates under a seven member Board of Directors appointed by the City Council. The purpose of the HCCPD is to provide relief to the General Fund for expanded crime prevention and enforcement activities. The Board of Directors of the HCCPD is substantially the same as the City Council and the City will ultimately bear the benefit or burden. The HCCPD has been incorporated into these basic financial statements as a blended component unit, reported as the Anti-crime Fund. Separate financial statements for HCCPD are not released.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

***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 of the activities of the primary government. These financial statements include the financial activities of the overall government except the agency fund. 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.

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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

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 presented as general revenues.

Net position should be reported as restricted when constraints placed on asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their asset use. Separate financial statements are provided for governmental funds, proprietary funds, internal service funds, and fiduciary fund. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

***Fund Financial Statements***

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds 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.

**Governmental Funds**

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. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues susceptible to accrual as available if they are collected within 60 days after year-end.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise taxes, fines, interest, and charges for services. Licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The major governmental funds are:

**General Fund:** 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. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. General operating and capital expenditures not paid through other funds are paid from the General Fund.

**HCDC Fund** – To account for the sales and use tax levied by the City on behalf of HCDC.

**Anti-crime Fund** – To account for the sales and use tax levied by the City on behalf of HCCPD.

**Special Projects Fund** – To account for the purchase or construction of building improvements, computer equipment, and office machinery and equipment. Financing is provided primarily by operating transfers from the General Fund.

**Internal Service Funds**

The internal service funds account for the financing of goods or services provided by one department to other departments of the City on a user charge basis.

**Fleet Service Fund** – To account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of vehicles. Operations are financed by charges to the user departments based on vehicle usage.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

The Loss Reserve Fund – To account for the City’s partially self-insured health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

Information Services Fund – To account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

Proprietary Funds

The Water and Sewer Enterprise Fund accounts for providing water and sewer to residential and commercial users and is accounted for using the accrual basis of accounting. This fund accounts for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

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 Water and Sewer Enterprise Fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

The other postemployment benefit trust fund is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions. The City utilizes a trust to hold required contributions for other postemployment benefits. Plan trustees must act in accordance with the specific purposes and terms of the OPEB plan. For years prior to 2018, the City incorrectly reported the trust fund as an agency fund. Correcting the fund type resulted in a restatement of beginning fiduciary net position as of October 1, 2017 of \$2,701,800 to report the fund as a trust fund rather than as an agency fund. The accompanying statement of fiduciary net position and statement of changes in fiduciary net position are presented as of and for the year ended December 31, 2017, the Plan’s year-end, in accordance with GASB Statement No. 74.

***Cash and Cash Equivalents***

For purposes of reporting cash flows, the City considers cash and investments with an initial maturity of less than three months as cash and cash equivalents.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

***Accounts Receivable***

Accounts receivable consist primarily of amounts due from citizens for various services provided by the City as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

***Investments***

Certificates of deposit are stated at cost with interest accrued as earned for government-wide presentation. Investments in external investment pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

***Inventories***

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method). General fund inventories are recognized as expenditures when consumed.

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure such as roads, bridges, drainage systems, and lighting systems are reported at historical cost. Donated capital assets, donated works of art, and similar items are reported at acquisition value on the date donated. 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. The minimum capitalization threshold is any item with a total cost greater than \$5,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

<b>Assets</b>	
Buildings	20 – 40 Years
Infrastructure	20 – 30 Years
Water and sewer system	50 Years
Improvements	10 – 20 Years
Machinery and equipment	3 – 17 Years

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

***Compensated Absences***

Vested vacation leave (unpaid to employees terminated before year-end) that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The long-term portion of compensated absences for governmental funds is reflected in the statement of net position. Vested or accumulated vacation leave within proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvested accumulating rights to receive sick pay benefits.

***Defined Benefit Pension Plan***

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' 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.

Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

***Defined Benefit Other Postemployment Benefit Plan***

The City has an agent multiple-employer defined benefit other postemployment (benefit) OPEB plan (Plan). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

**City of Hurst**  
**Notes to Basic Financial Statements**  
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***Interfund Transactions***

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable fund balance, is employed by the City. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities. The City allows encumbrances to lapse leaving no reservation of fund balance at September 30, 2018.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future reporting 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 loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability or increase in net pension asset in the year subsequent to their deferral.
- OPEB benefit and premium payments after measurement date – These benefit payments are deferred and reported as a reduction in total OPEB liability in the year subsequent to their deferral.
- Experience difference – Pensions – These amounts represent the differences between expected and actual pension experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Assumption changes – Pensions and OPEB – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

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

- Unavailable revenue – This amount represents uncollected property taxes and municipal court fees. This amount is deferred and recognized once payments are received in the following fiscal year.
- Experience difference – OPEB – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Investment difference – Pensions – These amounts represent the difference in projected and actual earnings on pension plan assets. These differences are deferred and amortized over a closed five-year period.

***Minimum Fund Balance***

City management must institute a plan to achieve and maintain an unassigned fund balance in the general fund equal to no less than 90 days of operating expenditures. The City considers a balance of less than 90 days of operating expenditures to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the goal or has a deficiency, the City will enact its fiscal management plan. The fiscal management plan provides specific language to guide expenditure reduction and/or revenue enhancement actions.

***Fund Balance Classifications and Uses***

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments; or by enabling legislation of the City Council. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. Assigned fund balances are constrained by intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by City management based on Council direction. Unassigned fund balances include residual positive fund balances within the General Fund that had not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.



**City of Hurst**  
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A description of the purposes of the restricted, committed, and assigned governmental fund balances at September 30, 2018 and 2017, as restated follows:

	2018					2017 <i>As Restated</i>	
	General Fund	HCDC	Anti-Crime	Special Projects	Nonmajor Governmental Funds	Total Governmental Funds	Total Governmental Funds
Nonspendable: inventory	\$ 2,401	\$ -	\$ -	\$ -	\$ -	\$ 2,401	\$ 1,883
Restricted for							
Capital projects	-	-	-	-	3,259,155	3,259,155	3,583,981
Community Development	5,158	3,936,516	-	-	-	3,941,674	4,066,838
Public safety	372,710	-	5,735,052	-	-	6,107,762	6,405,831
Debt service	-	-	-	-	1,362,037	1,362,037	1,059,872
Municipal court	573,857	-	-	-	-	573,857	568,555
Parks	456,081	-	-	-	-	456,081	474,002
Traffic safety	898,884	-	-	-	-	898,884	671,924
Tourism, convention center, arts	2,008,278	-	-	-	-	2,008,278	1,682,258
Urban transit	1,053,065	-	-	-	-	1,053,065	918,221
Other	78,071	-	-	-	-	78,071	169,011
Assigned							
Capital and special projects	-	-	-	18,887,440	-	18,887,440	18,295,467
Other	18,254	-	-	-	-	18,254	14,693
Unassigned	8,989,839	-	-	-	-	8,989,839	9,053,877
<b>Total Fund Balance</b>	<b>\$ 14,456,598</b>	<b>\$ 3,936,516</b>	<b>\$ 5,735,052</b>	<b>\$ 18,887,440</b>	<b>\$ 4,621,192</b>	<b>\$ 47,636,798</b>	<b>\$ 46,966,413</b>

**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 debt proceeds. Net position is reported as restricted when there are limitations imposed on its 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.

**Prior-Year Comparative Information**

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements for the year ended September 30, 2017.

**Net Position Revision**

Fiscal year 2017 has been revised for a misclassification in ending net position and fund balance classifications. The revision impacted Governmental, Business-type Activities and Governmental Funds and had no impact on total net position.

**City of Hurst**  
**Notes to Basic Financial Statements**  
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The following financial statement line items for fiscal year 2017 were affected by the revision.

	<b>Business-type Activities</b>		
	<b>As Previously Reported</b>	<b>As Revised</b>	<b>Effective Change</b>
Net investment in capital assets	\$ 38,497,026	\$ 38,973,677	\$ 476,651
Restricted	14,353,055	-	(14,353,055)
Unrestricted	<u>(927,314)</u>	<u>12,949,090</u>	<u>13,876,404</u>
Net position at September 30, 2017	<u>\$ 51,922,767</u>	<u>\$ 51,922,767</u>	<u>\$ -</u>

	<b>Water and Sewer Fund</b>		
	<b>As Previously Reported</b>	<b>As Revised</b>	<b>Effective Change</b>
Net investment in capital assets	\$ 34,868,585	\$ 35,345,236	\$ 476,651
Restricted	14,353,055	-	(14,353,055)
Unrestricted	<u>(1,348,314)</u>	<u>12,528,090</u>	<u>13,876,404</u>
Net position at September 30, 2017	<u>\$ 47,873,326</u>	<u>\$ 47,873,326</u>	<u>\$ -</u>

	<b>Governmental Activities</b>		
	<b>As Previously Reported</b>	<b>As Revised</b>	<b>Effective Change</b>
Net investment in capital assets	\$ 113,111,656	\$ 114,347,361	\$ 1,235,705
Restricted for: Debt service	18,464,010	16,117,137	(2,346,873)
Unrestricted	<u>22,820,829</u>	<u>23,931,997</u>	<u>1,111,168</u>
Net position at September 30, 2017	<u>\$ 154,396,495</u>	<u>\$ 154,396,495</u>	<u>\$ -</u>

**City of Hurst**  
**Notes to Basic Financial Statements**  
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Effective changes in governmental funds fund balance only impacted the General fund; see table below:

Funds - Totals	Governmental Funds		
	Reported	As Revised	Effective Change
Nonspendable			
Inventory	\$ 1,883	\$ 1,883	\$ -
Restricted for			
Capital projects	3,582,904	3,583,981	1,077
Community Development	5,743,939	4,066,838	(1,677,101)
Public safety	6,146,436	6,405,831	259,395
Debt service	1,059,872	1,059,872	-
Municipal court	-	568,555	568,555
Parks	-	474,002	474,002
Traffic safety	671,924	671,924	-
Tourism, Convention Center, Arts	-	1,682,258	1,682,258
Urban transit	918,221	918,221	-
Other	340,714	169,011	(171,703)
Committed			
Parks	474,002	-	(474,002)
Assigned			
Capital and special projects	18,295,467	18,295,467	-
Municipal court	568,555	-	(568,555)
Other	-	14,693	14,693
Unassigned	9,162,496	9,053,877	(108,619)
Total Fund Balance	<u>\$ 46,966,413</u>	<u>\$ 46,966,413</u>	<u>\$ -</u>

***New Financial Reporting Requirements***

Effective for fiscal year 2018, the City's other postemployment benefit (OPEB) plan implemented GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

**City of Hurst**  
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Adoption of GASB 74 had no effect on net position of the financial statements or on net increase (decrease) in net position. It did however, change the requirements for information disclosed in the footnotes to the financial statements and information required to be presented as required supplementary information.

Effective for fiscal year 2018, the City implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 75 requires governments to report a liability on the face of the financial statements. GASB 75 requires more extensive note disclosures and required supplementary information (RSI) about the OPEB liabilities.

Adoption of GASB 75 resulted in the following adjustments to beginning net position at October 1, 2017:

	<b>Government-wide Statement of Activities</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Net position at October 1, 2017, as previously reported	\$ 154,396,495	\$ 51,922,767
Reversal of net OPEB asset as of October 1, 2017	(162,933)	-
Recording of net OPEB liability as of October 1, 2017	(12,107,485)	(3,078,879)
Deferral for OPEB contributions made after the measurement date	498,661	126,808
Net position at October 1, 2017, as restated	\$ 142,624,738	\$ 48,970,696

The adoption of GASB Statement No. 75 had the same impact on the proprietary fund financial statements as the business-type activities at the government-wide level.

**Note 2: Budgetary Data and Stewardship**

The City is required to annually adopt budgets for the General, Special Revenue, and Debt Service Funds on a basis consistent with GAAP. Budgeted amounts are originally adopted by the City Council for the 2017-2018 budget. There were no individual amendments to the original appropriations. Such appropriations lapse at year-end.

- 1) The City follows these procedures in establishing budgetary data reflected in the basic financial statements.
- 2) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

**City of Hurst**  
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- 3) Public hearings are conducted to obtain taxpayer comments.
- 4) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- 5) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council, after public hearings.
- 6) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Debt Service Funds.
- 7) Budgetary data for the Capital Projects Funds have not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Fund is not employed, and comparison of actual results of operations to budgetary data for such funds is not presented.

For the year ended September 30, 2018 no funds incurred expenditures in excess of appropriations.

**Note 3: Deposits and Investments**

The City's deposit and investment policies are governed by State statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions, and depositories must fully collateralize all deposits in excess of FDIC insurance limits.

External Investment Pools – The City's pool investments as of September 30, 2018 were invested in TexPool and TexSTAR (Texas Short Term Asset Reserve program).

Federated Investors is the full service provider for the TexPool program. As the provider, the responsibilities include managing the assets, providing participant services, and arranging for all custody and other functions in support of the operations under a contract with the State Comptroller of Public Accounts. JPMorgan Investment Management (JPMIM) and Hilltop Securities, Inc. (HSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMIM provides investment management, fund accounting, transfer agency and services.

The assets are safe kept in a separate custodial account at the Federal Reserve Bank in the name of TexSTAR and HSAM provides administrative, marketing and participant services.

TexPool and TexSTAR are not registered with the Securities and Exchange Commission (SEC) as investment companies. TexPool and TexSTAR are investment pools that have been 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.

The government investment pool, TexPool, is carried at amortized cost. TexSTAR is carried at net asset value.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

Investments – The City’s investments are registered or held by the City or its agent in the City’s name at September 30, 2018 and are as follows:

	<b>Value</b>	<b>Weighted Average</b>
Certificates of deposit	\$ 10,200,000	1.33
Investment pools	10,025,745	0.09
U.S. Treasury Obligations	43,201,339	1.49
Federal Agency Securities	5,963,481	1.12
Portfolio weighted average maturity	\$ 69,390,565	1.23

Interest Rate Risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Statutes authorize the City to invest in obligations of the United States of America, its agencies and instrumentalities, in obligations of the State of Texas and related agencies, in obligations of states, agencies, counties, cities and other political subdivisions of any state rated “A” or above by Standard & Poor’s or Moody’s, repurchase agreements and designated investment pools. The City’s investment in TexPool and TexSTAR are both rated AAA by Standard & Poor’s.

Custodial Credit Risk – The City invests in certificates of deposit at a bank with initial maturities greater than three months. These certificates of deposit are collateralized by securities held in the City’s name by pledging financial institutions.

OPEB Trust Fund Investments – The City has contracted with Public Agency Retirement Services (PARS) for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. PARS provides its participants a range of investment strategies, and the City has selected the PARS Balanced HighMark Plus Portfolio. The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay present and future obligations to the Plan. The Balanced Portfolio's goal is to provide growth of both principal and income. The Plan's underlying investments are allocated between equity, fixed income securities, and cash. The OPEB Plan does not have a formal policy for custodial credit risk. As of December 31, 2017 all investments are registered in the name of the OPEB Plan’s custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of \$3,136,425 as of December 31, 2017. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust’s funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

**City of Hurst**  
**Notes to Basic Financial Statements**  
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Fair Value of Assets – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Recurring Measurements**

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
U.S. Treasury Securities	\$ 43,201,339	\$ -	\$ 43,201,339	\$ -
U.S. Agency Securities	5,963,481	-	5,963,481	-
Investment in Master Trust	3,136,425	-	-	3,136,425
<i>Total investments by fair value level</i>	<u>52,301,245</u>	<u>-</u>	<u>49,164,820</u>	<u>3,136,425</u>
<b>Investments measured at net asset value – TexSTAR</b>	4,508,754			
<b>Investments measured at amortized cost – TexPool</b>	5,516,991			
<b>Non-negotiable certificates of deposit</b>	10,200,000			
<i>Total investments</i>	<u>\$ 72,526,990</u>			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

*Investments*

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

*Investment in State Investment Pools*

During the year, the City invested in two public fund investment pools, including TexSTAR and TexPool. The fair value of the position of TexSTAR is measured at net asset value, and the fair value of the position of TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

**Note 4: Property Tax**

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located in the City. The total assessed value upon which the fiscal 2018 levy is based is approximately \$3,736,765,000. Such assessed value is computed based on 100% appraised values.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation and by the City's Home Rule Charter to \$1.50 per \$100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2018 is \$0.58094 per \$100 of assessed valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are due by January 31 following the levy date. Current tax collections for the year ended September 30, 2018 are approximately 99% of the tax levy.



**City of Hurst**  
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**Note 5: Net Receivables**

Net receivables consist of the following at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Governmental activities:		
Taxes receivable	\$ 3,608,372	\$ 3,808,633
Contract receivables	600,000	600,000
Charges to users	951,191	1,364,807
Interest	172,835	202,190
Other	<u>620,587</u>	<u>462,726</u>
Total governmental activities net receivables	<u>5,952,985</u>	<u>6,438,356</u>
Business-type activities:		
Charges to users	3,455,294	3,250,410
Interest	79,853	124,531
Other	<u>321,592</u>	<u>98,510</u>
Total business-type activities net receivables	<u>3,856,739</u>	<u>3,473,451</u>
Total net receivables	<u>\$ 9,809,724</u>	<u>\$ 9,911,807</u>

**Note 6: Capital Assets**

A summary of changes in governmental activities capital assets is as follows:

	<u>Balance October 01, 2017</u>	<u>Additions</u>	<u>Disposals/ Reclassifications</u>	<u>Balance September 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 57,578,715	\$ 582,083	\$ -	\$ 58,160,798
Construction in progress	<u>3,945,616</u>	<u>3,527,834</u>	<u>(118,427)</u>	<u>7,355,023</u>
	<u>61,524,331</u>	<u>4,109,917</u>	<u>(118,427)</u>	<u>65,515,821</u>
Capital assets being depreciated:				
Buildings and improvements	92,335,294	105,073	188	92,440,555
Improvements other than buildings	159,588,637	328,466	118,427	160,035,530
Machinery and equipment	<u>30,447,865</u>	<u>392,853</u>	<u>(208,199)</u>	<u>30,632,519</u>
Total depreciable	<u>282,371,796</u>	<u>826,392</u>	<u>(89,584)</u>	<u>283,108,604</u>
Less accumulated depreciation for:				
Buildings and improvements	(33,394,897)	(3,981,414)	-	(37,376,311)
Improvements other than buildings	(120,883,463)	(3,656,225)	-	(124,539,688)
Machinery and equipment	<u>(22,436,523)</u>	<u>(1,820,024)</u>	<u>238,480</u>	<u>(24,018,067)</u>
Total accumulated depreciation	<u>(176,714,883)</u>	<u>(9,457,663)</u>	<u>238,480</u>	<u>(185,934,066)</u>
Total depreciable - net	<u>105,656,913</u>	<u>(8,631,271)</u>	<u>148,896</u>	<u>97,174,538</u>
Governmental activities capital assets, net	<u>\$ 167,181,244</u>	<u>\$ (4,521,354)</u>	<u>\$ 30,469</u>	<u>\$ 162,690,359</u>

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

	Balance October 01, 2016	Additions	Disposals/ Reclassifications	Balance September 30, 2017
Capital assets not being depreciated:				
Land	\$ 57,068,991	\$ -	\$ 509,724	\$ 57,578,715
Construction in progress	4,922,151	8,633,422	(9,609,957)	3,945,616
	<u>61,991,142</u>	<u>8,633,422</u>	<u>(9,100,233)</u>	<u>61,524,331</u>
Capital assets being depreciated:				
Buildings and improvements	89,030,756	-	3,304,538	92,335,294
Improvements other than buildings	154,422,004	265,990	4,900,643	159,588,637
Machinery and equipment	29,458,938	475,085	513,842	30,447,865
Total depreciable	<u>272,911,698</u>	<u>741,075</u>	<u>8,719,023</u>	<u>282,371,796</u>
Less accumulated depreciation for:				
Buildings and improvements	(29,870,918)	(3,523,979)	-	(33,394,897)
Improvements other than buildings	(117,302,111)	(3,581,352)	-	(120,883,463)
Machinery and equipment	(21,035,304)	(1,768,573)	367,354	(22,436,523)
Total accumulated depreciation	<u>(168,208,333)</u>	<u>(8,873,904)</u>	<u>367,354</u>	<u>(176,714,883)</u>
Total depreciable - net	<u>104,703,365</u>	<u>(8,132,829)</u>	<u>9,086,377</u>	<u>105,656,913</u>
Governmental activities capital assets, net	<u>\$ 166,694,507</u>	<u>\$ 500,593</u>	<u>\$ (13,856)</u>	<u>\$ 167,181,244</u>

Depreciation is charged to functions as follows:

	2018	2017
Governmental activities:		
General government	\$ 1,774,939	\$ 1,665,384
Public safety	2,153,542	2,020,618
Culture and recreation	2,519,816	2,364,284
Public works	3,009,366	2,823,618
Total governmental activities depreciation expense	<u>\$ 9,457,663</u>	<u>\$ 8,873,904</u>

Depreciation on capital assets held by the City's Internal Service Funds, which are predominantly related to governmental activities, is charged to various functions based on their usage of the assets and included in the amounts above.

Construction in progress consists of the following at September 30, 2018:

	Project Authorization	Expended Through September 30, 2018	Committed September 30, 2018
Community services improvements	\$ 4,850,692	\$ 1,330,419	\$ 3,520,273
Street improvements	6,486,491	3,954,085	2,532,406
Other	2,694,155	2,070,519	623,636
Total	<u>\$ 14,031,338</u>	<u>\$ 7,355,023</u>	<u>\$ 6,676,315</u>

The "project authorization" and "committed" amounts above are based on City estimates of total project costs.

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A summary of changes in business-type capital assets follows:

	<b>Balance</b>		<b>Disposals/</b>	<b>Balance</b>
	<b>October 01, 2017</b>	<b>Additions</b>	<b>Reclassifications</b>	<b>September 30, 2018</b>
Capital assets not being depreciated:				
Land	\$ 399,478	\$ 165,134	\$ -	\$ 564,612
Construction in progress	2,304,343	767,513	(1,548,774)	1,523,082
	<u>2,703,821</u>	<u>932,647</u>	<u>(1,548,774)</u>	<u>2,087,694</u>
Capital assets being depreciated:				
Utility plant in service	78,433,263	-	1,502,876	79,936,139
Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,265,763	121,738	45,898	3,433,399
Total depreciable	<u>82,208,288</u>	<u>121,738</u>	<u>1,548,774</u>	<u>83,878,800</u>
Less accumulated depreciation for:				
Utility plant in service	(33,226,762)	(1,551,674)	-	(34,778,436)
Buildings and improvements	(211,332)	(46,975)	-	(258,307)
Machinery and equipment	(2,452,737)	(189,829)	-	(2,642,566)
Total accumulated depreciation	<u>(35,890,831)</u>	<u>(1,788,478)</u>	<u>-</u>	<u>(37,679,309)</u>
Total depreciable - net	<u>46,317,457</u>	<u>(1,666,740)</u>	<u>1,548,774</u>	<u>46,199,491</u>
Business-type activities capital assets, net	<u>\$ 49,021,278</u>	<u>\$ (734,093)</u>	<u>\$ -</u>	<u>\$ 48,287,185</u>
	<b>Balance</b>		<b>Disposals/</b>	<b>Balance</b>
	<b>October 01, 2016</b>	<b>Additions</b>	<b>Reclassifications</b>	<b>September 30, 2017</b>
Capital assets not being depreciated:				
Land	\$ 399,478	\$ -	\$ -	\$ 399,478
Construction in progress	2,081,064	2,327,548	(2,104,269)	2,304,343
	<u>2,480,542</u>	<u>2,327,548</u>	<u>(2,104,269)</u>	<u>2,703,821</u>
Capital assets being depreciated:				
Utility plant in service	76,016,583	891,206	1,525,474	78,433,263
Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,117,851	33,948	113,964	3,265,763
Total depreciable	<u>79,643,696</u>	<u>925,154</u>	<u>1,639,438</u>	<u>82,208,288</u>
Less accumulated depreciation for:				
Utility plant in service	(31,817,850)	(1,591,410)	182,498	(33,226,762)
Buildings and improvements	(194,357)	(16,975)	-	(211,332)
Machinery and equipment	(2,290,233)	(183,391)	20,887	(2,452,737)
Total accumulated depreciation	<u>(34,302,440)</u>	<u>(1,791,776)</u>	<u>203,385</u>	<u>(35,890,831)</u>
Total depreciable - net	<u>45,341,256</u>	<u>(866,622)</u>	<u>1,842,823</u>	<u>46,317,457</u>
Business-type activities capital assets, net	<u>\$ 47,821,798</u>	<u>\$ 1,460,926</u>	<u>\$ (261,446)</u>	<u>\$ 49,021,278</u>

**City of Hurst**  
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Construction in progress consists of the following at September 30, 2018:

	Project Authorization	Expended Through September 30, 2018	Committed September 30, 2018
Water	\$ 288,500	\$ 53,699	\$ 234,801
Sewer	406,874	340,394	66,480
Other	2,340,584	1,128,989	1,211,595
Total	<u>\$ 3,035,958</u>	<u>\$ 1,523,082</u>	<u>\$ 1,512,876</u>

**Note 7: Long-term Debt**

The following is a summary of changes in long-term debt of the City for the years ended September 30, 2018 and 2017 (in thousands):

	October 01, 2017	Additions	Reductions	September 30, 2018	Current Portion
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds	\$ 37,415,000	\$ -	\$ (1,630,000)	\$ 35,785,000	\$ 2,120,000
Certificates of obligation	14,480,000	-	(1,085,000)	13,395,000	680,000
Sales tax revenue bonds	205,000	-	(100,000)	105,000	105,000
Tax Notes	1,180,000	-	(160,000)	1,020,000	160,000
Premium	3,933,422	-	(195,774)	3,737,648	248,115
Total bonds payable	<u>57,213,422</u>	<u>-</u>	<u>(3,170,774)</u>	<u>54,042,648</u>	<u>3,313,115</u>
Capital lease	453,872	-	(453,872)	-	-
Compensated absences	5,124,350	3,006,708	(2,042,075)	6,088,983	1,847,719
Governmental Activities Long-term Debt	<u>\$ 62,791,644</u>	<u>\$ 3,006,708</u>	<u>\$ (5,666,721)</u>	<u>\$ 60,131,631</u>	<u>\$ 5,160,834</u>

	October 01, 2016	Additions	Reductions	September 30, 2017	Current Portion
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds	\$ 37,735,000	\$ 1,500,000	\$ (1,820,000)	\$ 37,415,000	\$ 1,730,000
Certificates of obligation	16,860,000	-	(2,380,000)	14,480,000	1,085,000
Sales tax revenue bonds	445,000	-	(240,000)	205,000	100,000
Tax Notes	-	1,180,000	-	1,180,000	160,000
Premium	2,320,211	1,871,800	(258,589)	3,933,422	248,115
Total bonds payable	<u>57,360,211</u>	<u>4,551,800</u>	<u>(4,698,589)</u>	<u>57,213,422</u>	<u>3,323,115</u>
Capital lease	895,596	-	(441,724)	453,872	453,872
Compensated absences	5,670,762	1,527,871	(2,074,283)	5,124,350	1,847,719
Governmental Activities Long-term Debt	<u>\$ 63,926,569</u>	<u>\$ 6,079,671</u>	<u>\$ (7,214,596)</u>	<u>\$ 62,791,644</u>	<u>\$ 5,624,706</u>

**City of Hurst**  
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	October 01, 2017	Additions	Reductions	September 30, 2018	Current Portion
<b>Business-type Activities</b>					
Bonds Payable					
General obligation bonds	\$ 8,860,000	\$ -	\$ (1,080,000)	\$ 7,780,000	\$ 1,020,000
Certificates of obligation	1,925,000	1,360,000	(320,000)	2,965,000	295,000
Premium	635,358	-	(74,628)	560,730	69,047
Total bonds payable	<u>11,420,358</u>	<u>1,360,000</u>	<u>(1,474,628)</u>	<u>11,305,730</u>	<u>1,384,047</u>
Compensated absences	249,676	244,629	(250,577)	243,728	4,803
Business-type Activities Long-term Debt	<u>\$ 11,670,034</u>	<u>\$ 1,604,629</u>	<u>\$ (1,725,205)</u>	<u>\$ 11,549,458</u>	<u>\$ 1,388,850</u>

	October 01, 2016	Additions	Reductions	September 30, 2017	Current Portion
<b>Business-type Activities</b>					
Bonds Payable					
General obligation bonds	\$ 7,455,000	\$ 2,350,000	\$ (945,000)	\$ 8,860,000	\$ 1,080,000
Certificates of obligation	4,515,000	-	(2,590,000)	1,925,000	320,000
Premium	569,661	140,325	(74,628)	635,358	74,728
Total bonds payable	<u>12,539,661</u>	<u>2,490,325</u>	<u>(3,609,628)</u>	<u>11,420,358</u>	<u>1,474,728</u>
Compensated absences	195,898	389,691	(335,913)	249,676	78,523
Business-type Activities Long-term Debt	<u>\$ 12,735,559</u>	<u>\$ 2,880,016</u>	<u>\$ (3,945,541)</u>	<u>\$ 11,670,034</u>	<u>\$ 1,553,251</u>

Substantially all vacation and sick leave is paid by the General Fund. Accrued vacation and sick pay are reported in governmental funds only if termination has occurred and the balance is due at year-end.

**Governmental Activities:**

	Outstanding	Due next year
<b>Sales Tax Revenue Bonds:</b>		
\$3,505,000 Series 2011 Sales Tax Refunding Bonds due in annual installments of \$105,000 to \$670,000 through August 2019, plus interest at 2.40%	<u>\$ 105,000</u>	<u>\$ 105,000</u>
<b>Tax Notes:</b>		
\$1,180,000 Series 2017 Tax Notes due in annual installments of \$160,000 to \$180,000 through August 2024, plus interest at 1.790%	<u>\$ 1,020,000</u>	<u>\$ 160,000</u>

**City of Hurst**  
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**Tax and Water and Sewer (Limited Pledge)**

**Certificates of Obligation:**

	<b>Outstanding</b>	<b>Due next year</b>
\$2,030,000 Series 2009 Certificates of Obligation due in annual installments of \$60,000 to \$145,000 through August 2029, plus interest at 2.00% to 4.625%, partially refunded in July 2017	\$ 300,000	\$ 95,000
\$7,355,000 Series 2014 Certificates of Obligation due in annual installments of \$265,000 to \$495,000 through August 2034, plus interest at 3.00% to 3.75%	6,205,000	305,000
\$3,750,000 Series 2015 Certificates of Obligation due in annual installments of \$95,000 to \$185,000 through August 2035, plus interest at 2.00% to 4.00%	2,335,000	100,000
\$4,905,000 Series 2016 Certificates of Obligation due in annual installments of \$175,000 to \$345,000 through August 2036, plus interest at 2.00% to 4.00%	4,555,000	180,000
<b>Certificates of Obligation</b>	\$ 13,395,000	\$ 680,000

**City of Hurst**  
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**Tax and Water and Sewer (Limited Pledge)**  
**General Obligation:**

	<u>Outstanding</u>	<u>Due next year</u>
\$2,960,000 Series 2011 General Obligation Refunding Bonds due in annual installments of \$125,000 to \$350,000 through August 2022, plus interest at 2.00% to 4.00%	\$ 1,140,000	\$ 325,000
\$15,565,000 Series 2012 General Obligation Improvement Bonds due in annual installments of \$255,000 to \$870,000 through August 2042, plus interest at 2.00% to 3.375%	13,895,000	345,000
\$1,810,000 Series 2012 General Obligation Refunding Bonds due in annual installments of \$100,000 to \$205,000 through August 2023, plus interest at 2.00% to 4.00%	935,000	170,000
\$5,705,000 Series 2013 General Obligation Refunding Bonds due in annual installments of \$290,000 to \$585,000 through August 2026, plus interest at 2.00% to 3.50%	4,220,000	490,000
\$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of \$10,000 to \$370,000 through August 2027, plus interest at 2.00% to 4.00%	2,935,000	285,000
\$1,345,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$5,000 to \$160,000 through September 2028, plus interest at 2.00% to 4.00%	1,340,000	110,000
\$4,945,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$15,000 to \$340,000 through September 2038, plus interest at 2.00% to 4.00%	4,915,000	170,000
\$4,950,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$15,000 to \$340,000 through September 2038, plus interest at 2.00% to 4.00%	4,920,000	170,000
\$1,500,000 Series 2017 General Obligation Refunding Bonds due in annual installments of \$15,000 to \$190,000 through August 2029, plus interest at 2.190%	1,485,000	55,000
<b>General obligation</b>	<u>\$ 35,785,000</u>	<u>\$ 2,120,000</u>

**City of Hurst**  
**Notes to Basic Financial Statements**  
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**Business-type Activities:**

<b>Certificates of Obligation with revenues pledged:</b>	<u>Outstanding</u>	<u>Due next year</u>
\$4,070,000 Series 2009 Certificates of Obligation due in annual installments of \$120,000 to \$290,000 through August 2029, plus interest at 2.00% to 4.625%, partially refunded in July 2017	\$ 600,000	\$ 190,000
\$3,750,000 Series 2015 Certificates of Obligation due in annual installments of \$40,000 to \$80,000 through August 2035, plus interest at 2.00% to 4.00%	1,005,000	45,000
\$1,360,000 Series 2018 Certificates of Obligation due in annual installments of \$60,000 to \$75,000 through August 2038, plus interest at 0.13% to 1.53%	1,360,000	60,000
<b>Total certificates of obligation</b>	<u>\$ 2,965,000</u>	<u>\$ 295,000</u>
<b>General Obligation Bonds used to refund revenue bonds:</b>		
\$2,435,000 Series 2009 General Obligation refunding bonds due in annual installments of \$100,000 to \$305,000 through August 2019, plus interest at 2.00% to 3.875%	\$ 100,000	\$ 100,000
\$2,395,000 Series 2011 General Obligation Refunding Bonds due in annual installments of \$40,000 to \$285,000 through August 2022, plus interest at 2.00% to 4.00%	955,000	265,000
\$1,215,000 Series 2012 General Obligation Refunding Bonds due in annual installments of \$100,000 to \$135,000 through August 2023, plus interest at 2.00% to 4.00%	605,000	110,000
\$2,125,000 Series 2013 General Obligation Refunding Bonds due in annual installments of \$160,000 to \$315,000 through August 2026, plus interest at 2.00% to 3.50%	1,280,000	170,000
\$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of \$5,000 to \$160,000 through August 2027, plus interest at 2.00% to 4.00%	1,445,000	230,000
\$1,070,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$90,000 to \$125,000 through September 2028, plus interest at 2.00% to 4.00%	1,070,000	90,000
\$2,350,000 Series 2017 General Obligation Refunding Bonds due in annual installments of \$25,000 to \$285,000 through August 2029, plus interest of 2.190%	2,325,000	55,000
<b>Total general obligation bonds used to refund revenue bonds</b>	<u>\$ 7,780,000</u>	<u>\$ 1,020,000</u>



**City of Hurst**  
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Certain bond issues contain a provision that allows the City to prepay or call the bonds at no premium.

In 2013, the City constructed a new Senior Citizens Activity Center in Heritage Village Plaza. A limited liability company, HVSL Venture, LLC (Developer), opened an independent living facility adjacent to the Senior Center. The City and the Developer entered into an Economic Development Program Agreement pursuant to Chapter 380 of the Texas Local Government Code. The agreement was reached to encourage private development and conditions of the agreement call for the City to be a guarantor of one of the Developer’s loans in the amount of \$1.2 million. The lender is Veritex Bank located in the City. The Developers are responsible for all costs of obtaining and servicing the loan, including interest and principal payments. The City, the Developer, and Veritex Bank agree that in the event the City pays all or a portion of the Developer’s loan pursuant to the subject guaranty, the City shall receive all of the Developer’s and lender’s right, title, and interest to the extent of such interest, if any.

The annual requirements including interest to amortize all bonds outstanding at September 30, 2018, follow:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 3,065,000	\$ 1,850,788	\$ 1,315,000	\$ 328,810
2020	3,080,000	1,753,269	1,250,000	282,818
2021	3,185,000	1,648,761	1,175,000	240,731
2022	3,040,000	1,550,604	1,035,000	202,339
2023	3,010,000	1,442,938	945,000	170,166
2024-2028	13,040,000	5,596,054	3,545,000	460,419
2029-2033	10,135,000	3,437,825	955,000	119,014
2034-2038	8,475,000	1,596,369	525,000	26,085
2039-2043	3,275,000	356,700	-	-
Total	<u>\$ 50,305,000</u>	<u>\$ 19,233,308</u>	<u>\$ 10,745,000</u>	<u>\$ 1,830,382</u>

**Note 8: Defined Benefit Pension Plans**

Plan Description – The City participates as one of over 880 plans in the nontraditional, joint contributory, agent multiple-employer defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’ defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

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

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

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 years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity increase to retirees*	30% of CPI-U

\*TMRS allows cities to calculate Cost of Living Adjustments (COLAs) for retirees on an annual or ad hoc basis. The City has opted for the ad hoc basis calculation.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	264
Inactive employees entitled to but not yet receiving benefits	173
Active employees	399
	836

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

**City of Hurst**  
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Employees for the City of Hurst were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Hurst were 10.75% and 10.45% in calendar years 2018 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$2,763,959, and were equal to the required contributions.

Net Pension Liability – The City's net pension liability (NPL) was measured as of December 31, 2017, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Inflation	2.50%
Overall payroll growth	3.50% at 10.50%, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustments are used, with slight adjustments.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates are based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.50%	4.55%
International equity	17.50%	6.35%
Core fixed income	10.00%	1.00%
Non-core fixed income	20.00%	3.90%
Real return	10.00%	3.80%
Real estate	10.00%	4.50%
Absolute return	10.00%	3.75%
Private equity	5.00%	7.50%
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Assets (b)	Net Pension Liability (a) - (b)
Balance at October 1, 2017	\$ 161,530,509	\$ 139,242,061	22,288,448
Changes for the year:			
Service cost	4,106,510	-	4,106,510
Interest	10,751,911	-	10,751,911
Difference between expected and actual experience	764,482	-	764,482
Contributions – employer	-	2,687,273	(2,687,273)
Contributions – employee	-	1,789,807	(1,789,807)
Net investment income	-	19,293,284	(19,293,284)
Benefit payments, including refunds of employee contributions	(8,592,383)	(8,592,383)	-
Administrative expense	-	(100,013)	100,013
Other changes	-	(5,069)	5,069
Net changes	7,030,520	15,072,899	(8,042,379)
Balance at September 30, 2018	\$ 168,561,029	\$ 154,314,960	\$ 14,246,069

**City of Hurst**  
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**September 30, 2018**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
City's net pension liability (asset)	\$ 36,434,599	\$ 14,246,069	\$ (4,118,635)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended September 30, 2018, the City recognized pension expense of \$4,420,682.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 921,387	\$ 385,818
Changes of assumptions	974,713	-
Net difference between projected and actual earnings on pension plan investments	-	3,844,702
Contributions subsequent to the measurement date	2,102,096	-
Total	\$ 3,998,196	\$ 4,230,520

\$2,102,096 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended September 30,</b>		
2019	\$	645,826
2020		455,659
2021		(1,639,242)
2022		(1,824,652)
2023		27,989
Total	\$	(2,334,420)

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

**Note 9: Interfund Balances**

Interfund Due To/Due From balances are primarily used to recognize: (1) internal allocations to internal service funds from other funds receiving services, (2) services provided by the General Fund to the Water and Sewer Enterprise Fund, (3) street rental fees from the Water and Sewer Enterprise Fund due to the General Fund, and (4) services provided by the General Fund to the Anti-Crime Special Revenue and HCDC Special Revenue Funds. These interfund balances are typically paid in the following fiscal year. At September 30, 2018, the respective interfund balances follow:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 6,428,144	\$ 4,745,116
HCDC Special Revenue Fund	895,271	682,400
Anti-crime Special Revenue Fund	800,724	1,762,314
Water and Sewer Enterprise Fund	906,134	3,936,957
Special Projects Capital Project Fund	1,986,045	-
Nonmajor proprietary funds	-	83,856
Internal service funds	443,988	249,663
	<u>\$ 11,460,306</u>	<u>\$ 11,460,306</u>

A summary of interfund transfers for the year ended September 30, 2018, follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,256	\$ 2,564,026
HCDC Special Revenue Fund	-	1,333,835
Water and Sewer Enterprise Fund	1,763,004	1,988,004
Special Projects Capital Project Fund	2,087,045	19,050
Nonmajor governmental funds	1,696,618	-
Internal service funds	350,992	-
	<u>\$ 5,904,915</u>	<u>\$ 5,904,915</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

The HCDC Special Revenue Fund transferred funds to the HCDC Debt Service Fund so that required debt service payments are funded.

The General Fund transferred an excess of revenues over expenditures to the Special Projects Capital Projects Fund in order to provide funds for unfunded needs as well as one-time capital expenditures. The General Fund also transferred funds to the Loss Reserve fund to provide funds for underfunded healthcare costs.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

**Note 10: Indirect Cost/Street Rental Fees**

The General Fund provides certain general and administrative services and use of the City's streets to the proprietary fund types. Charges for such services totaled \$6,428,144 in 2018 and \$6,448,658 in 2017 and are reflected as reductions of expenditures in the General Fund and as expenses in the proprietary fund types.

**Note 11: Water and Sewer Contracts**

On May 9, 2017, the City entered into a 20-year contract with the City of Fort Worth for the transportation, treatment, and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. Sewer charges for 2018 under this contract were approximately \$2,386,000

On November 16, 2010, the City entered into a 20-year contract with the City of Fort Worth for the purchase of water. The City is obligated to pay varying amounts based on annual consumption and new rates established under the terms of the contract. During 2018, water purchases under the contract cost approximately \$5,079,000.

In 1969, the City entered into a 30-year contract with the Trinity River Authority of Texas (Authority) for the transportation, treatment, and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. The Authority wastewater transportation contracts expired January 1, 2000; however, operations have continued under the previous agreement by mutual consent pending development of a new contract.

In 1975, the City entered into another contract expiring in 2023 with the Authority for the construction of a wastewater collection point on the Authority's system. The contract enables the City to utilize the Authority's system for disposal of wastewater. Under the terms of the contract, the City is obligated to share in the cost of the operation and maintenance of the system based on sewage actually discharged. Wastewater treatment charges incurred during 2018 under the 1969 and 1975 contracts with the Authority approximates \$1,500,000.

**Note 12: Contingent Liabilities**

Grant Programs

The City participates 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.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position. The amount of ultimate loss, if any, could differ materially.

**Note 13: Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To transfer some of the financial risk that would occur from these exposures, the City obtained liability insurance for claims arising from its general operations, police functions, and public officials' errors and omissions, subject to a \$100,000 deductible. Property losses are insured on an "all-risk" basis with a basic \$10,000 deductible. The City also purchased fidelity bonds and insurance to protect the City from employee dishonesty and theft by others.

The City established a Loss Reserve Fund (an internal service fund) to account for and finance its uninsured risks of loss for the City's largest uninsured category, employee health care benefits. Under this program, the fund pays for medical claims and administrative costs to the health care provider. The administrative costs include an annual amount for coverage of claims exceeding \$100,000 per covered person, a cost for potential claims after an attachment point of approximately \$5,800,000 per year and costs of administering the program, about \$1,500 per employee. During the twenty years of the program, the attachment point for aggregate claims has never been reached.

All operating funds of the City make payments to the Loss Reserve Fund based on estimates of the amounts needed to pay prior and current year claims and to adjust a reserve for catastrophic losses. A consulting firm provides an analysis. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Accrued claims payable, including claims that are incurred but not reported, are recorded as fund liabilities. The provision for claims is determined by estimating the amount which will ultimately be paid based on the City's experience.



**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

Changes in the Funds' claims liability amount and administrative service amounts in fiscal years 2018 and 2017 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>		<u>Claims Payments</u>	<u>End of Fiscal Year Liability</u>
Loss Reserve Fund					
2016-2017	\$ 457,996	\$ 4,599,180	Claims	\$ 4,657,181	\$ 399,995
			ASO	1,093,067	
2017-2018	399,995	4,646,236	Claims	4,642,384	403,847
			ASO	1,155,410	
	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>		<u>Claims Payments</u>	<u>Balance at Fiscal Year end</u>
General Fund – General Liability					
2016-2017	\$ 100,000	\$ 125,291		\$ 125,291	\$ 100,000
2017-2018	100,000	85,275		85,275	\$ 100,000

The City fully insures its building structures, contents, and equipment with purchase of commercial insurance in an all-risk blanket property insurance policy. The coverage limits have remained the same for the past several years with the following deductibles per occurrence: \$10,000 for auto, \$5,000 for mobile equipment, \$25,000 for earthquake and flood, \$10,000 for boiler and machinery.

**Note 14: Other Postemployment Benefit (OPEB) Plan**

*Plan Description*

The City offers retired employees and their dependents the option to retain health and dental insurance coverage under the City's plan through a single-employer defined benefit OPEB plan administered by the City of Hurst Post-Retirement Health Care Plan Trust. Public Agency Retirement Services (PARS) is the Trust Administrator. The governing body of the Trust is composed of a coalition of member public agencies. Each member public agency appoints its individual plan administrator to serve as a member of the governing body. Certain provisions of the Trust may be changed by a two-thirds vote of the members of the governing body. A more detailed description of the plan is as follows:

*Eligibility*

The benefit is available to retirees and their spouses.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

An employee must resign and satisfy the requirements for service retirement under the Texas Municipal Retirement System with at least 10 years of consecutive full-time service with the City immediately prior to retirement or, effective 4/1/2002, have a minimum of 25 years of full-time service with the City including a minimum of eight consecutive years of full-time service with the City immediately prior to retirement.

A retiree or his/her spouse is INELIGIBLE for coverage if he or she is eligible for any other group coverage through employment and will be required to certify this information.

A retiree/spouse who is not eligible when the employee retires is not eligible to rejoin at a later date. And if an eligible retiree/spouse waives coverage at any time, they are not eligible for reinstatement in the future.

**Benefits Provided**

**AFTER AGE 65** – Enroll in Medicare Advantage Plan, currently Humana. For each qualified retiree/spouse the City will contribute to the cost of a Group Medicare Advantage Plan for the eligible retiree/spouse in lieu of coverage through the City of Hurst Retiree Health Plan (retiree/spouse must be eligible to enroll). Eligible participating retirees and spouses age 65+ have the option to select a supplementary medigap policy or another Medicare Advantage plan of their choice and the City will reimburse the retiree and/or spouse what the City would have contributed for the retiree and/or spouse to the currently provided Medicare Advantage plan with documentation of the retiree's and/or spouse's monthly payment for the alternative policy/plan. The retiree and/or spouse will be responsible for the remainder of the premium. Eligible retirees/spouses must enroll in Medicare once eligible and pay the Medicare premiums.

**BEFORE AGE 65** – Enroll in the City's Retiree Health Plan. The City will contribute to the cost of the eligible retiree/spouse/dependent coverage. The eligible retiree will also contribute towards this coverage and the cost will vary based on the eligible retiree's years of consecutive full-time service to the City immediately prior to

TMRS service retirement and level of coverage. Upon reaching the age of 65, the retiree/spouse will have the After Age 65 options listed above.

*Surviving Dependents*

If an eligible retiree and his/her eligible dependents are covered by the City of Hurst Retiree Health Plan and the retiree dies:

The surviving spouse may continue as a survivor under the plan up to age 65. He/she may continue eligible dependent coverage with the City's plan by paying the applicable retiree/dependent cost based on the retiree's years of consecutive service with the City of Hurst immediately prior to the eligible retiree's TMRS service retirement. Surviving spouses/dependents must continue to meet eligibility requirements.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

At age 65, the surviving spouse may be covered by the City’s Medicare Advantage plan in effect at the time by paying 100% of the Medicare Advantage premium as long as he/she continues to meet eligibility requirements. Retiree reimbursement option is not available to surviving spouses.

*Life Insurance*

Effective for employees retiring 10/1/1997 or later, the City continues life insurance for the retiree at 50% of the City provided life insurance the retiree had as an active employee at no cost to the retiree. Effective 10/1/11, the maximum retiree life insurance is \$75,000. The amount of retiree life insurance coverage is subject to the same percentage reductions as active employees at age 70 or older.

*Dental*

Eligible retirees may continue the dental coverage they had for themselves and their eligible dependents on their date of retirement by paying 100% of the premium. There is no City contribution.

**IMPORTANT NOTICE: THE CITY RESERVES THE RIGHT TO AMEND, MODIFY, AND/OR TERMINATE ITS PARTICIPATION WITH RETIREE COVERAGE AT ANY TIME. NO PERSON SHALL BE VESTED IN ANY RIGHT UNDER THIS POLICY OF RETIREE COVERAGE.**

A measurement date of December 31, 2017, was used for the September 30, 2018, liability and expense. The information that follows was determined as of a valuation date of December 31, 2017.

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	154
Inactive employees entitled to but not yet receiving benefits	-
Active employees	352
Total employees	506

The City Manager has the authority to establish and amend the benefit terms of the OPEB plan. Though the City has established a trust under the OPEB plan, the City employs a pay-as-you-go method for funding annually required benefit payments.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

Investments

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized in the Asset Class table below.

*Investment policy*

The plan’s policy in regard to the allocation of invested assets is established by the City. The current asset allocation policy at the end of 2018 is as follows:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Equity	60.00%	5.75%
Fixed Income	35.00%	3.56%
Cash	5.00%	75.00%
Total	<u>100.00%</u>	<u>84.31%</u>

*Concentrations*

All of the Plan’s investments are held with Public Agency Retirement Services in the Balanced Strategy Growth Fund.

*Rate of return*

For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 15.64 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability – The City’s net OPEB liability of \$16,217,979 (\$12,929,952 governmental activities and \$3,288,027 business-type activities) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

Actuarial Assumptions – The total OPEB liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	5.18% as of December 31, 2017 (5.51% as of December 31, 2016)
Inflation	2.50%
Salary Increase	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.00% after 15 years
Participation Rates	Participation rates vary based on years of City service. For employees with over 20 years of City service, participation rates vary from 35% to 95%.

Discount Rate – Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of developing the single discount rate, the City’s future contributions were based on a 30-year, open amortization. Based on this funding policy, the last year in the single discount rate projection period for which projected benefit payments were fully funded was 2045.

For the purpose of the December 31, 2017 valuation, the expected rate of return on OPEB plan investments is 6.85%; the municipal bond rate is 3.31% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”); and the resulting Single Discount Rate is 5.18%.

The annual money-weighted rate of return for the OPEB Plan was 15.64% for fiscal year 2018. A money-weighted return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

Changes in the Net OPEB Liability:

<b>Change in the Net OPEB Liability</b>	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balance at December 31, 2016	\$ 17,888,164	\$ 2,701,800	\$ 15,186,364
Changes for the year:			
Service cost	689,481	-	689,481
Interest	981,235	-	981,235
Changes of assumptions	644,834	-	644,834
Contributions – employer	-	877,112	(877,112)
Net investment income	-	413,998	(413,998)
Benefit payments	(849,310)	(849,310)	-
Administrative expense	-	(7,175)	7,175
Net changes	<u>1,466,240</u>	<u>434,625</u>	<u>1,031,615</u>
Balance at December 31, 2017	<u>\$ 19,354,404</u>	<u>\$ 3,136,425</u>	<u>\$ 16,217,979</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates – The net OPEB liability of the City has been calculated using a discount rate of 5.18%. The following presents the net OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	<b>1% Decrease in Discount Rate (4.18%)</b>	<b>Current Discount Rate Assumption (5.18%)</b>	<b>1% Increase in Discount Rate (6.18%)</b>
Net OPEB liability	<u>\$ 18,357,917</u>	<u>\$ 16,217,979</u>	<u>\$ 14,331,420</u>

The net OPEB liability of the City has been calculated using the assumed health care cost trend rates of 7.00% decreasing to 4.00%. The following presents the net OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Net OPEB liability	<u>\$ 14,607,821</u>	<u>\$ 16,217,979</u>	<u>\$ 18,145,292</u>

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended September 30, 2018, the City recognized OPEB expense of \$1,535,225. At September 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 556,076	\$ -
Difference between expected and actual experience	-	182,574
Contributions subsequent to the measurement date	852,148	-
Total	\$ 1,408,224	\$ 182,574

Contributions subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2019.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended September 30,</b>			
2019	\$	43,114	
2020		43,114	
2021		43,114	
2022		43,116	
2023		88,758	
Thereafter		112,286	
Total	\$	373,502	

**Note 15: Tax Abatement Disclosures**

As of September 30, 2018, the City of Hurst offers tax incentives under Chapter 380 of the Texas Local Government Code. Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services to promote state and local economic development and to stimulate business and commercial activity. There are no other economic development programs that provide for tax incentives currently offered by the City of Hurst.

**City of Hurst**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

In 1987 Texas voters approved a constitutional amendment allowing for public expenditures to support economic development activities. The amendment explicitly provides for programs that use public funds for the purposes of development and diversification of the state’s economy. Then in 1989, Chapter 380 of the Local Government code greatly expanded this by enabling municipalities to also engage in using public funds to support economic development. Chapter 380 agreements do not require a year limit and allows municipalities to provide monies, loans, city personnel, and city services for the promotion and encouragement of economic development. Although Chapter 380 provides for broad use of city resources, the City of Hurst closely evaluates each proposed 380 agreements on a case by case basis.

While Hurst typically places a hard cap on years and financial support, whichever occurs first, we do have one agreement that does not cap the number of years and only expires when the total financial support is met. The year and financial caps are negotiated in each distinct agreement.

The City of Hurst has five active 380 agreements covering retail, hospitality, and entertainment. In each case a combination of tax incentives was used in the negotiations, including property, sales, and hotel occupancy tax. Under the 380 agreements, tax incentives are considered a “tax sharing” agreement. This means that no taxes are actually abated, rather all taxes must be paid in full to the City and the city will provide a payment to the entity each year equal to the amount authorized in their respective contracts. Through sharing revenue under chapter 380, the City is able to verify that the entity has completed their requirements as outlined in their contract.

For the year ended September 30, 2018, the City rebated (abated) \$1,373,438 in property and sales taxes. The table below summarizes the tax sharing agreements in place as of September 30, 2018:

<b>Company</b>	<b>% of Property Taxes Abated</b>	<b>% of Sales Taxes Abated</b>	<b>% of Hotel Occupancy Taxes Abated</b>	<b>Total Taxes Abated</b>
Simon Properties	N/A	70%	N/A	\$ 1,181,464
Hurst One, LLC	50%	85%	N/A	118,790
Sky Group Investments	60%	0%	N/A	14,148
CN Churchill IV LLC	100%	N/A	100%	59,036
EREP Sprouts Crossing I, LLC	0%	0%	N/A	-

Of the five active 380 agreements, the City of Hurst did not rebate any taxes to EREP Sprouts Crossing I, LLC as they did not meet their performance requirement to obtain certificates of occupancy for at least 9,000 square feet of retail space in their proposed development. Additionally, Sky Group Investments met their annual sales requirements making them eligible for an additional \$5,000 grant to support their marketing efforts.



## **Required Supplementary Information**



**City of Hurst, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in The City's Net Pension Liability and Related Ratios – TMRs**  
**Last 10 Years\***  
**(Unaudited)**

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017
<b>Total Pension Liability</b>				
Service cost	\$ 3,237,732	\$ 3,659,696	\$ 3,973,289	\$ 4,106,510
Interest (on the Total Pension Liability)	9,694,314	10,074,733	10,295,405	10,751,911
Difference between expected and actual experience	(1,004,246)	(346,324)	502,382	764,482
Change of assumptions	-	2,268,583	-	-
Benefit payments, including refunds of employee contributions	(6,537,857)	(6,870,568)	(7,556,886)	(8,592,383)
<b>Net Change in Total Pension Liability</b>	<u>5,389,943</u>	<u>8,786,120</u>	<u>7,214,190</u>	<u>7,030,520</u>
<b>Total Pension Liability - Beginning</b>	<u>140,140,256</u>	<u>145,530,199</u>	<u>154,316,319</u>	<u>161,530,509</u>
<b>Total Pension Liability - Ending (a)</b>	<u>145,530,199</u>	<u>154,316,319</u>	<u>161,530,509</u>	<u>168,561,029</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	2,402,228	2,450,163	2,376,553	2,687,273
Contributions - employee	1,570,083	1,688,782	1,727,426	1,789,807
Net investment income	7,524,651	201,292	9,037,883	19,293,284
Benefit payments, including refunds of employee contributions	(6,537,857)	(6,870,568)	(7,556,886)	(8,592,383)
Administrative expense	(78,569)	(122,612)	(102,096)	(100,013)
Other	(6,459)	(6,056)	(5,503)	(5,069)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>4,874,077</u>	<u>(2,658,999)</u>	<u>5,477,377</u>	<u>15,072,899</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>131,549,606</u>	<u>136,423,683</u>	<u>133,764,684</u>	<u>139,242,061</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>136,423,683</u>	<u>133,764,684</u>	<u>139,242,061</u>	<u>154,314,960</u>
<b>City's Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 9,106,516</u>	<u>\$ 20,551,635</u>	<u>\$ 22,288,448</u>	<u>\$ 14,246,069</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	93.74%	86.68%	86.20%	91.55%
<b>Covered Payroll</b>	\$ 22,349,232	\$ 23,504,794	\$ 24,663,496	\$ 25,553,888
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	40.75%	87.44%	90.37%	55.75%

Other Information:

The discount rate changed from 7.00% to 6.75% for the 2015 valuation; there were no other changes in assumptions.

\*The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

**City of Hurst, Texas**  
**Required Supplementary Information**  
**Schedule of City Contributions – TMRS**  
**Last 10 Years\***  
**(Unaudited)**

	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2018</b>
Actuarially determined contribution	\$ 2,462,235	\$ 2,468,088	\$ 2,604,026	\$ 2,763,959
Contributions in relation to the actuarially determined contribution	<u>2,472,612</u>	<u>2,472,131</u>	<u>2,615,694</u>	<u>2,763,959</u>
<b>Contribution Deficiency (Excess)</b>	<b><u>\$ (10,377)</u></b>	<b><u>\$ (4,043)</u></b>	<b><u>\$ (11,668)</u></b>	<b><u>\$ -</u></b>
<b>Covered Payroll</b>	<b>\$ 23,982,153</b>	<b>\$ 25,292,040</b>	<b>\$ 25,399,155</b>	<b>\$ 26,669,986</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>10.31%</b>	<b>9.77%</b>	<b>10.30%</b>	<b>10.36%</b>

**Notes to Schedule:**

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	28 years
Asset Valuation Method	10-year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% 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 with scale BB

**Other Information:**

Notes  
Granted 30% ad hoc COLA.

\*The information in this schedule has been determined for the fiscal year end of the City and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

**City of Hurst, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in The City's Net OPEB Liability and Related Ratios**  
**Last 10 Years\***  
**(Unaudited)**

	<b>Measurement Year 2017</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 689,481
Interest (on the Total OPEB Liability)	981,235
Change of assumptions	644,834
Benefit payments, including refunds of employee contributions	(849,310)
<b>Net Change in Total OPEB Liability</b>	1,466,240
<b>Total OPEB Liability - Beginning</b>	17,888,164
<b>Total OPEB Liability - Ending (a)</b>	19,354,404
 <b>Plan Fiduciary Net Position</b>	
Employer contributions	877,112
Net investment income	413,998
Benefit payments	(849,310)
Administrative expense	(7,175)
<b>Net Change in Plan Fiduciary Net Position</b>	434,625
<b>Plan Fiduciary Net Position - Beginning</b>	2,701,800
<b>Plan Fiduciary Net Position - Ending (b)</b>	3,136,425
 <b>City's Net OPEB Liability - Ending (a) - (b)</b>	\$ 16,217,979
 <b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	16.21%
 <b>Covered-Employee Payroll</b>	\$ 25,094,883
 <b>City's Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>	64.63%

The discount rate changed to 5.18% from 5.51%.

\*The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions, only periods for which such information is available are presented.

**City of Hurst, Texas**  
**Required Supplementary Information**  
**Schedule of City Contributions – OPEB**  
**Last 10 Years\***  
**(Unaudited)**

	<b>Fiscal Year 2018</b>
Actuarially determined contribution	\$ 1,044,493
Contribution in relation to the actuarially determined contribution	1,103,792
<b>Contribution Deficiency (Excess)</b>	<b>\$ (59,299)</b>
<b>Covered-Employee Payroll</b>	<b>\$ 26,669,986</b>
<b>Contributions as a Percentage of Covered-Employee Payroll</b>	<b>4.14%</b>

**Notes to Schedule:**

Valuation Date: December 31, 2015

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level percentage of pay
Amortization Period	Open, 30-years
Asset Valuation Method	Market value
Inflation	2.5%
Healthcare Cost Trend Rates	Initial rate of 6.5% declining to an ultimate rate of 3.6% after 14 years
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	7.00%, net of investment expense, including inflation
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	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

\*The information in this schedule has been determined for the fiscal year end of the City and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions, only periods for which such information is available are presented.

**City of Hurst, Texas**  
**Required Supplementary Information**  
**Schedule of Investment Returns – OPEB**  
**Last 10 Years\***  
**(Unaudited)**

Year	Annual Money- Weighted Rate of Return
2017	15.64%

\*The information in this schedule has been determined as of the measurement date (December 31) of the City’s net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

**City of Hurst, Texas**  
**Required Supplementary Information**  
**General Fund – Schedule of Revenues, Expenditures and Changes in Fund**  
**Balance – Budget to Actual – GAAP Basis**  
**Year Ended September 30, 2018 With Comparative Actual For Year Ended**  
**September 30, 2017**

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
<b>Revenues:</b>					
Taxes:					
Property taxes	\$ 12,744,341	\$ 12,744,341	\$ 12,617,464	\$ (126,877)	\$ 11,852,648
Penalties and interest	65,000	65,000	69,431	4,431	73,806
City sales taxes	9,359,769	9,359,769	10,521,343	1,161,574	10,459,579
Mixed beverage taxes	138,000	138,000	148,603	10,603	135,581
Franchise taxes	2,923,000	2,923,000	2,975,917	52,917	2,961,774
	<u>25,230,110</u>	<u>25,230,110</u>	<u>26,332,758</u>	<u>1,102,648</u>	<u>25,483,388</u>
Licenses and permits:					
Building inspection	730,000	730,000	802,568	72,568	837,126
Paving inspection	5,000	5,000	4,767	(233)	21,486
Other	13,000	13,000	18,190	5,190	19,905
	<u>748,000</u>	<u>748,000</u>	<u>825,525</u>	<u>77,525</u>	<u>878,517</u>
Intergovernmental:					
Grants	444,061	444,061	1,045,223	601,162	802,036
	<u>444,061</u>	<u>444,061</u>	<u>1,045,223</u>	<u>601,162</u>	<u>802,036</u>
Fines and fees:					
Municipal court	2,594,600	2,594,600	2,375,759	(218,841)	2,399,699
Library	40,000	40,000	21,572	(18,428)	37,114
	<u>2,634,600</u>	<u>2,634,600</u>	<u>2,397,331</u>	<u>(237,269)</u>	<u>2,436,813</u>
Charges for services:					
Recreational activity fees	799,627	799,627	838,923	39,296	799,794
Aquatic fees	425,000	425,000	417,111	(7,889)	398,174
Ambulance fees	775,000	775,000	779,553	4,553	775,586
Other	100,350	100,350	90,713	(9,637)	91,623
	<u>2,099,977</u>	<u>2,099,977</u>	<u>2,126,300</u>	<u>26,323</u>	<u>2,065,177</u>
Miscellaneous:					
Interest income	92,000	92,000	245,996	153,996	94,490
Miscellaneous	276,000	276,000	332,647	56,647	341,266
	<u>368,000</u>	<u>368,000</u>	<u>578,643</u>	<u>210,643</u>	<u>435,756</u>
	<u>31,524,748</u>	<u>31,524,748</u>	<u>33,305,780</u>	<u>1,781,032</u>	<u>32,101,687</u>



**City of Hurst, Texas**  
**Required Supplementary Information**  
**General Fund – Schedule of Revenues, Expenditures and Changes in Fund**  
**Balance – Budget to Actual – GAAP Basis (Continued)**  
**Year Ended September 30, 2018 With Comparative Actual For Year Ended**  
**September 30, 2017**

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
<b>Expenditures:</b>					
General government:					
City Council	\$ 31,411	\$ 31,479	\$ 25,059	\$ 6,420	\$ 34,990
City Secretary	264,404	264,991	251,032	13,959	242,883
Administration (City Manager)	397,344	399,273	246,047	153,226	294,230
Judicial (municipal court)	718,308	718,308	674,502	43,806	675,816
Development	528,865	529,686	502,906	26,780	523,931
Personnel	284,366	284,739	286,557	(1,818)	277,860
Accounting (finance)	156,977	157,842	164,943	(7,101)	144,223
Nondepartmental	783,798	789,961	712,698	77,263	71,690
Information systems	-	-	-	-	3,901
Building maintenance	448,830	449,629	394,996	54,633	429,868
<b>Total general government</b>	<b>3,614,303</b>	<b>3,625,908</b>	<b>3,258,740</b>	<b>367,168</b>	<b>2,699,392</b>
Public safety:					
Ambulance	1,343,430	1,343,430	1,369,135	(25,705)	1,348,315
Police	9,674,235	9,699,768	9,600,405	99,363	9,640,951
Fire	6,902,256	6,895,000	7,143,578	(248,578)	7,107,845
<b>Total public safety</b>	<b>17,919,921</b>	<b>17,938,198</b>	<b>18,113,118</b>	<b>(174,920)</b>	<b>18,097,111</b>
Culture and recreation:					
Administration	301,668	303,162	307,192	(4,030)	346,760
Recreation	1,343,074	1,334,517	1,337,030	(2,513)	1,209,831
Aquatics	511,610	511,610	386,434	125,176	405,889
Parks	2,473,915	2,500,456	2,462,632	37,824	2,346,318
Library	1,762,522	1,754,561	1,661,541	93,020	1,680,980
Senior citizens	563,077	563,077	548,600	14,477	558,537
<b>Total culture and recreation</b>	<b>6,955,866</b>	<b>6,967,383</b>	<b>6,703,429</b>	<b>263,954</b>	<b>6,548,315</b>
Public works:					
Streets	1,530,987	1,542,643	1,299,333	243,310	1,331,624
Engineering community development	113,605	114,299	97,984	16,315	110,526
Code enforcement	692,278	692,278	638,785	53,493	667,634
<b>Total public works</b>	<b>2,336,870</b>	<b>2,349,220</b>	<b>2,036,102</b>	<b>313,118</b>	<b>2,109,784</b>
<b>Total expenditures</b>	<b>30,826,960</b>	<b>30,880,709</b>	<b>30,111,389</b>	<b>769,320</b>	<b>29,454,602</b>
<b>Excess of revenues over expenditures</b>	<b>697,788</b>	<b>644,039</b>	<b>3,194,391</b>	<b>2,550,352</b>	<b>2,647,085</b>

**City of Hurst, Texas**  
**Required Supplementary Information**  
**General Fund – Schedule of Revenues, Expenditures and Changes in Fund**  
**Balance – Budget to Actual – GAAP Basis (Continued)**  
**Year Ended September 30, 2018 With Comparative Actual For Year Ended**  
**September 30, 2017**

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
<b>Other financing sources (uses):</b>					
Transfers in	\$ -	\$ -	\$ 7,256	\$ 7,256	\$ 23,138
Transfers out	-	-	(2,564,026)	(2,564,026)	(1,981,414)
<b>Total other financing uses</b>	<u>-</u>	<u>-</u>	<u>(2,556,770)</u>	<u>(2,556,770)</u>	<u>(1,958,276)</u>
<b>Revenues over expenditures and other financing uses</b>	697,788	644,039	637,621	(6,418)	688,809
Fund balance , beginning of year	<u>13,818,977</u>	<u>13,818,977</u>	<u>13,818,977</u>	<u>-</u>	<u>13,224,542</u>
<b>Fund balance, end of year</b>	<u>\$ 14,516,765</u>	<u>\$ 14,463,016</u>	<u>\$ 14,456,598</u>	<u>\$ (6,418)</u>	<u>\$ 13,913,351</u>

# City of Hurst, Texas

## Required Supplementary Information

### Major Special Revenue Funds – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – GAAP Basis (Continued)

Year Ended September 30, 2018 With Comparative Actual For Year Ended  
September 30, 2017

	HCDC				
	Original Budget	Final Budget	2018 Actual	Variances	2017 Actual
<b>Revenues:</b>					
Sales taxes	\$ 4,810,752	\$ 4,810,752	\$ 4,975,008	\$ 164,256	\$ 4,928,877
Support from governmental entities	-	-	10,746	10,746	-
Interest	27,000	27,000	59,079	32,079	46,186
Miscellaneous	-	-	11,388	11,388	10,400
<b>Total revenues</b>	<b>4,837,752</b>	<b>4,837,752</b>	<b>5,056,221</b>	<b>218,469</b>	<b>4,985,463</b>
<b>Expenditures:</b>					
Public safety	-	-	-	-	-
Culture and recreation	3,370,126	3,353,455	3,374,995	(21,540)	3,401,889
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	13,000	13,000	472,555	(459,555)	672,576
<b>Total expenditures</b>	<b>3,383,126</b>	<b>3,366,455</b>	<b>3,847,550</b>	<b>(481,095)</b>	<b>4,074,465</b>
<b>Excess of revenues over expenditures</b>	<b>1,454,626</b>	<b>1,471,297</b>	<b>1,208,671</b>	<b>(262,626)</b>	<b>910,998</b>
<b>Other financing uses:</b>					
Transfers in	-	-	-	-	80,000
Transfers out	(1,331,753)	(1,331,753)	(1,333,835)	(2,082)	(1,473,425)
<b>Total other financing uses</b>	<b>(1,331,753)</b>	<b>(1,331,753)</b>	<b>(1,333,835)</b>	<b>(2,082)</b>	<b>(1,393,425)</b>
<b>Revenues over expenditures and other financing uses</b>	<b>122,873</b>	<b>139,544</b>	<b>(125,164)</b>	<b>(264,708)</b>	<b>(482,427)</b>
Fund balance - beginning of year	4,061,680	4,061,680	4,061,680	-	4,544,107
<b>Fund balance - end of year</b>	<b>\$ 4,184,553</b>	<b>\$ 4,201,224</b>	<b>\$ 3,936,516</b>	<b>\$ (264,708)</b>	<b>\$ 4,061,680</b>

**City of Hurst, Texas**  
**Required Supplementary Information**  
**Major Special Revenue Funds – Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance – Budget to Actual – GAAP Basis**  
**Year Ended September 30, 2018 With Comparative Actual For Year Ended**  
**September 30, 2017**

	Anti-Crime				
	Original Budget	Final Budget	2018 Actual	Variances	2017 Actual
<b>Revenues:</b>					
Sales taxes	\$ 5,279,876	\$ 5,279,876	\$ 5,290,203	\$ 10,327	\$ 5,225,540
Support from governmental entities	82,000	82,000	70,601	(11,399)	105,372
Interest	91,000	91,000	117,710	26,710	61,573
Miscellaneous	29,645	29,645	34,359	4,714	32,564
<b>Total revenues</b>	<b>5,482,521</b>	<b>5,482,521</b>	<b>5,512,873</b>	<b>30,352</b>	<b>5,425,049</b>
<b>Expenditures:</b>					
Public safety	5,578,230	5,572,111	5,303,781	268,330	5,507,949
Culture and recreation	-	-	-	-	-
Principal retirement	454,000	454,000	453,872	128	441,724
Interest and fiscal charges	12,481	12,481	12,481	-	24,629
Capital outlay	-	-	154,123	(154,123)	89,917
<b>Total expenditures</b>	<b>6,044,711</b>	<b>6,038,592</b>	<b>5,924,257</b>	<b>114,335</b>	<b>6,064,219</b>
<b>Deficiency of revenues under expenditures</b>	<b>(562,190)</b>	<b>(556,071)</b>	<b>(411,384)</b>	<b>144,687</b>	<b>(639,170)</b>
<b>Other financing sources:</b>					
Transfers in	-	-	-	-	63,444
Transfers out	-	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,444</b>
<b>Revenues and other financing sources under expenditures</b>	<b>(562,190)</b>	<b>(556,071)</b>	<b>(411,384)</b>	<b>144,687</b>	<b>(575,726)</b>
Fund balance - beginning of year	6,146,436	6,146,436	6,146,436	-	6,722,162
<b>Fund balance - end of year</b>	<b>\$ 5,584,246</b>	<b>\$ 5,590,365</b>	<b>\$ 5,735,052</b>	<b>\$ 144,687</b>	<b>\$ 6,146,436</b>

## **Combining Statements and Individual Fund Schedules**



# City of Hurst

## Fund Descriptions

### GENERAL FUND

**The General Fund** – Used to account for all revenues and expenditures not accounted for in other funds.

### NON MAJOR DEBT SERVICE FUNDS

**The Debt Service Fund** – To provide for the payment of general obligation bond principal and interest as they come due. Property tax is required to be computed and levied which will be sufficient to produce the money required to pay principal and interest and fiscal agent fees as they come due.

**The HCDC Debt Service Fund** – To account for the sales tax revenue required to pay principal and interest and fiscal agent fees related to sales tax revenue bonds.

**Hotel/Motel Debt Service Fund** – To provide for the payment of bond principal and interest for the Hotel/Motel portion of the general fund as they come due.

### NON MAJOR CAPITAL PROJECTS FUNDS

**Street/Drainage Improvements Fund** – To account for the financing and construction of various street and drainage projects. Financing was provided by general obligation bond proceeds and operating transfers from the General Fund.

**2006 C.O. Bond Capital Projects Fund** – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds and an operating transfer from the Debt Service Fund to cover costs of financing.

**2007 G.O. Bond Capital Projects Fund** – To account for the financing and construction of voter approved projects. Financing was provided by general obligation bond proceeds.

**2007 C.O. Bond Capital Projects Fund** – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

**2009 C.O. Bond Capital Projects Fund** – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

**2015 C.O. Bond Capital Projects Fund** – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

**2016 C.O. Bond Capital Projects Fund** – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

**Escrow Projects Capital Projects Fund** – To account for the construction of projects that are partially paid through escrow funds. Financing was provided by various sources including developer escrow funds.

## **City of Hurst**

### **Fund Descriptions (Continued)**

**Stormwater Fund** – Used to account for the collection of stormwater management service fees and the repair and maintenance of capital assets supported by this fee.

**Conference & Meeting Center Fund** – Used to account for the operations of the City’s conference and meeting center. Fees are charged for use of the center.

#### **INTERNAL SERVICE FUNDS**

**The Fleet Service Fund** – Used to account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of all vehicles. Operations are financed by charges to user departments based on vehicle usage.

**The Loss Reserve Fund** – Used to account for the City’s self-insurance health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

**The Information Services Fund** – Used to account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

#### **GOVERNMENTAL CAPITAL ASSETS**

**The Governmental Capital Assets** – Used to account for all capital assets not used in enterprise funds.



**City of Hurst, Texas**  
**General Fund**  
**Comparative Balance Sheets**  
**September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 1,050,446
Investments	13,265,466	7,993,937
Taxes receivable	1,103,438	1,912,246
Accounts receivable	1,974,949	389,366
Inventories and other	2,401	1,883
Due from other funds	6,428,144	6,448,658
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 22,774,398</b>	<b>\$ 17,796,536</b>
	<hr/>	<hr/>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable and accrued items	\$ 2,290,577	\$ 1,785,495
Deposits, bonds, and other liabilities	368,969	328,386
Due to other funds	4,745,116	1,752,198
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>7,404,662</b>	<b>3,866,079</b>
	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	913,138	111,480
	<hr/>	<hr/>
<b>Total deferred inflows of resources</b>	<b>913,138</b>	<b>111,480</b>
	<hr/>	<hr/>
Fund balance:		
Nonspendable:		
Inventory	2,401	1,883
Spendable:		
Restricted	5,446,104	3,612,041
Committed	-	474,002
Assigned	18,254	568,555
Unassigned	8,989,839	9,162,496
	<hr/>	<hr/>
<b>Total fund balance</b>	<b>14,456,598</b>	<b>13,818,977</b>
	<hr/>	<hr/>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 22,774,398</b>	<b>\$ 17,796,536</b>
	<hr/>	<hr/>

**City of Hurst, Texas**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2018 With Comparative**  
**Total For September 30, 2017**

	<b>Capital Projects</b>				
	<b>Debt Service</b>	<b>Street/ Drainage Improvements</b>	<b>2006 CO Bond</b>	<b>2007 GO Bond</b>	<b>2007 CO Bond</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 15,681	\$ 89,849	\$ 25	\$ 39,913	\$ 46,383
Investments	1,380,150	-	-	-	-
Receivables:					
Taxes	31,475	-	-	-	-
Other	-	1,644	-	-	-
<b>Total assets</b>	<u>\$ 1,427,306</u>	<u>\$ 91,493</u>	<u>\$ 25</u>	<u>\$ 39,913</u>	<u>\$ 46,383</u>
<b>Liabilities</b>					
Accounts payable and accrued items	\$ 38,783	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<u>38,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue	26,486	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>26,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
Restricted	1,362,037	91,493	25	39,913	46,383
<b>Total fund balances</b>	<u>1,362,037</u>	<u>91,493</u>	<u>25</u>	<u>39,913</u>	<u>46,383</u>
<b>Total liabilities and deferred inflows of resources and fund balances</b>	<u>\$ 1,427,306</u>	<u>\$ 91,493</u>	<u>\$ 25</u>	<u>\$ 39,913</u>	<u>\$ 46,383</u>

**Capital Projects**

2009 CO Bond	2015 CO Bond	2016 CO Bond	Escrow Projects	Totals	
				2018	2017
\$ 4,039	\$ 110,005	\$ 8,011	\$ 8,635	\$ 322,541	\$ 465,542
333,585	2,605,839	-	-	4,319,574	4,278,008
-	-	-	-	31,475	44,093
-	9,086	-	2,141	12,871	10,340
<u>\$ 337,624</u>	<u>\$ 2,724,930</u>	<u>\$ 8,011</u>	<u>\$ 10,776</u>	<u>\$ 4,686,461</u>	<u>\$ 4,797,983</u>
\$ -	\$ -	\$ -	\$ -	\$ 38,783	\$ 126,347
-	-	-	-	38,783	126,347
-	-	-	-	26,486	27,783
-	-	-	-	26,486	27,783
337,624	2,724,930	8,011	10,776	4,621,192	4,643,853
<u>337,624</u>	<u>2,724,930</u>	<u>8,011</u>	<u>10,776</u>	<u>4,621,192</u>	<u>4,643,853</u>
<u>\$ 337,624</u>	<u>\$ 2,724,930</u>	<u>\$ 8,011</u>	<u>\$ 10,776</u>	<u>\$ 4,686,461</u>	<u>\$ 4,797,983</u>

**City of Hurst, Texas**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended September 30, 2018 With Comparative**  
**Total For Year Ended September 30, 2017**

	Debt Service	Capital Projects			
		Street/ Drainage Improvements	2006 CO Bond	2007 GO Bond	2007 CO Bond
Revenues:					
Taxes, penalty and interest	\$ 3,471,744	\$ -	\$ -	\$ -	\$ -
Interest	50,229	1,644	-	-	-
Miscellaneous	7,193	-	-	-	-
<b>Total revenues</b>	<u>3,529,166</u>	<u>1,644</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Bond principal payments	2,975,000	-	-	-	-
Bond issue costs/interest	1,948,619	-	-	-	-
General government	-	-	-	-	-
Capital outlay	-	-	-	-	4,950
<b>Total expenditures</b>	<u>4,923,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,950</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,394,453)	1,644	-	-	(4,950)
Other financing sources (uses):					
Debt proceeds	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-
Transfers in	1,696,618	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>1,696,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents, end of year</b>	302,165	1,644	-	-	(4,950)
Fund balances, beginning	<u>1,059,872</u>	<u>89,849</u>	<u>25</u>	<u>39,913</u>	<u>51,333</u>
<b>Fund balances, ending</b>	<u>\$ 1,362,037</u>	<u>\$ 91,493</u>	<u>\$ 25</u>	<u>\$ 39,913</u>	<u>\$ 46,383</u>

**Capital Projects**

2009 CO Bond	2015 CO Bond	2016 CO Bond	Escrow Projects	Totals	
				2018	2017
\$ -	\$ -	\$ -	\$ -	\$ 3,471,744	\$ 3,262,645
6,693	36,990	-	-	95,556	45,879
-	-	-	-	7,193	12,443
<u>6,693</u>	<u>36,990</u>	<u>-</u>	<u>-</u>	<u>3,574,493</u>	<u>3,320,967</u>
-	-	-	-	2,975,000	3,025,000
-	-	-	-	1,948,619	2,094,391
-	-	-	-	-	6,989
<u>356,203</u>	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>370,153</u>	<u>6,977,679</u>
<u>356,203</u>	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>5,293,772</u>	<u>12,104,059</u>
(349,510)	27,990	-	-	(1,719,279)	(8,783,092)
-	-	-	-	-	1,180,000
-	-	-	-	-	1,500,000
-	-	-	-	-	(1,478,363)
-	-	-	-	1,696,618	1,845,296
-	-	-	-	-	(16,669)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696,618</u>	<u>3,030,264</u>
(349,510)	27,990	-	-	(22,661)	(5,752,828)
<u>687,134</u>	<u>2,696,940</u>	<u>8,011</u>	<u>10,776</u>	<u>4,643,853</u>	<u>10,396,681</u>
<u>\$ 337,624</u>	<u>\$ 2,724,930</u>	<u>\$ 8,011</u>	<u>\$ 10,776</u>	<u>\$ 4,621,192</u>	<u>\$ 4,643,853</u>

**City of Hurst, Texas**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**September 30, 2018 With Comparative**  
**Total for September 30, 2017**

	Debt	HCDC	Hotel/Motel	Totals	
	Service Fund	Debt Service Fund	Debt Service Fund	2018	2017
<b>Assets</b>					
Cash and cash equivalents	\$ 11,930	\$ -	\$ 3,751	\$ 15,681	\$ 66,238
Investments	647,742	732,408	-	1,380,150	1,010,971
Delinquent taxes, net of allowance for uncollectible accounts of \$101,722 in 2018 and \$87,752 in 2017	31,475	-	-	31,475	44,093
Other receivables	-	-	-	-	5,136
<b>Total assets</b>	<u>\$ 691,147</u>	<u>\$ 732,408</u>	<u>\$ 3,751</u>	<u>\$ 1,427,306</u>	<u>\$ 1,126,438</u>
<b>Liabilities Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable and accrued items	\$ 12,186	\$ 26,597	\$ -	\$ 38,783	\$ 38,783
<b>Total liabilities</b>	<u>12,186</u>	<u>26,597</u>	<u>-</u>	<u>38,783</u>	<u>38,783</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue	26,486	-	-	26,486	27,783
<b>Total deferred inflows of resources</b>	<u>26,486</u>	<u>-</u>	<u>-</u>	<u>26,486</u>	<u>27,783</u>
Restricted fund balances	652,475	705,811	3,751	1,362,037	1,059,872
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 691,147</u>	<u>\$ 732,408</u>	<u>\$ 3,751</u>	<u>\$ 1,427,306</u>	<u>\$ 1,126,438</u>

# City of Hurst, Texas

## Debt Service Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2018 With Comparative

Total For Year Ended September 30, 2017

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals	
				2018	2017
<b>Revenues:</b>					
Taxes, penalty, and interest	\$ 3,471,744	\$ -	\$ -	\$ 3,471,744	\$ 3,262,645
Interest	32,275	17,146	808	50,229	17,897
Miscellaneous	7,193	-	-	7,193	8,943
<b>Total revenues</b>	<u>3,511,212</u>	<u>17,146</u>	<u>808</u>	<u>3,529,166</u>	<u>3,289,485</u>
<b>Expenditures:</b>					
Principal retirement	2,070,000	740,000	165,000	2,975,000	3,025,000
Interest and fiscal charges	1,158,396	592,723	197,500	1,948,619	2,064,391
<b>Total expenditures</b>	<u>3,228,396</u>	<u>1,332,723</u>	<u>362,500</u>	<u>4,923,619</u>	<u>5,089,391</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	282,816	(1,315,577)	(361,692)	(1,394,453)	(1,799,906)
<b>Other financing sources (uses):</b>					
Refunding bonds issued	-	-	-	-	1,500,000
Payment to bonds escrow agent	-	-	-	-	(1,478,363)
Transfers in	-	1,333,835	362,783	1,696,618	1,844,219
<b>Total other financing sources</b>	<u>-</u>	<u>1,333,835</u>	<u>362,783</u>	<u>1,696,618</u>	<u>1,865,856</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	282,816	18,258	1,091	302,165	65,950
Fund balances - beginning of year	369,659	687,553	2,660	1,059,872	993,922
<b>Fund balances - end of year</b>	<u>\$ 652,475</u>	<u>\$ 705,811</u>	<u>\$ 3,751</u>	<u>\$ 1,362,037</u>	<u>\$ 1,059,872</u>

**City of Hurst, Texas**  
**Debt Service Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Year Ended September 30, 2018 With Comparative**  
**Actual For Year Ended September 30, 2017**

	Debt Service			
	2018			2017
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Taxes, penalty and interest	\$ -	\$ 3,471,744	\$ 3,471,744	\$ 3,262,645
Interest	-	32,275	32,275	11,153
Miscellaneous	-	7,193	7,193	744
<b>Total revenues</b>	<b>-</b>	<b>3,511,212</b>	<b>3,511,212</b>	<b>3,274,542</b>
<b>Expenditures:</b>				
Principal retirement	2,070,000	2,070,000	-	2,005,000
Interest and fiscal charges	1,159,989	1,158,396	1,593	1,255,551
<b>Total expenditures</b>	<b>3,229,989</b>	<b>3,228,396</b>	<b>1,593</b>	<b>3,260,551</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,229,989)</b>	<b>282,816</b>	<b>3,512,805</b>	<b>13,991</b>
<b>Other financing sources (uses):</b>				
Refunding bonds issued	-	-	-	1,500,000
Payment to bonds escrow agent	-	-	-	(1,478,363)
Operating transfers in	-	-	-	6,364
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,001</b>
<b>Revenues and other financing sources over (under) expenditures other financing uses</b>	<b>(3,229,989)</b>	<b>282,816</b>	<b>3,512,805</b>	<b>41,992</b>
Fund balance - beginning of year	369,659	369,659	-	327,667
<b>Fund balance - end of year</b>	<b>\$ (2,860,330)</b>	<b>\$ 652,475</b>	<b>\$ 3,512,805</b>	<b>\$ 369,659</b>



**City of Hurst, Texas**  
**Debt Service Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual (Continued)**  
**Year Ended September 30, 2018 With Comparative**  
**Actual For Year Ended September 30, 2017**

	HCDC Debt Service			
	2018			2017
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Interest	\$ -	\$ 17,146	\$ 17,146	\$ 6,744
Miscellaneous	-	-	-	5,457
<b>Total revenues</b>	<u>-</u>	<u>17,146</u>	<u>17,146</u>	<u>12,201</u>
<b>Expenditures:</b>				
Principal retirement	740,000	740,000	-	865,000
Interest and fiscal charges	594,082	592,723	1,359	609,413
<b>Total expenditures</b>	<u>1,334,082</u>	<u>1,332,723</u>	<u>1,359</u>	<u>1,474,413</u>
<b>Deficiency of revenues under expenditures</b>	(1,334,082)	(1,315,577)	18,505	(1,462,212)
<b>Other financing sources:</b>				
Transfers in	1,331,753	1,333,835	2,082	1,483,730
<b>Total other financing sources</b>	<u>1,331,753</u>	<u>1,333,835</u>	<u>2,082</u>	<u>1,483,730</u>
<b>Revenues and other financing sources over expenditures</b>	(2,329)	18,258	20,587	21,518
Fund balance - beginning of year	687,553	687,553	-	666,035
<b>Fund balance, end of year</b>	<u>\$ 685,224</u>	<u>\$ 705,811</u>	<u>\$ 20,587</u>	<u>\$ 687,553</u>

(Continued)

**City of Hurst, Texas**  
**Debt Service Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual (Continued)**  
**Year Ended September 30, 2018 With Comparative**  
**Actual For Year Ended September 30, 2017**

	Hotel/Motel Debt Service			
	2018			2017
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Interest	\$ -	\$ 808	\$ 808	\$ -
Miscellaneous	-	-	-	2,742
<b>Total revenues</b>	-	808	808	2,742
<b>Expenditures:</b>				
Principal retirement	165,000	165,000	-	155,000
Interest and fiscal charges	197,783	197,500	283	199,427
<b>Total expenditures</b>	362,783	362,500	283	354,427
<b>Deficiency of revenues under expenditures</b>	(362,783)	(361,692)	1,091	(351,685)
<b>Other financing sources:</b>				
Refunding bonds issued	-	-	-	-
Premium on bond issuance	-	-	-	-
Payment to bonds escrow agent	-	-	-	-
Transfers in	362,200	362,783	(583)	354,125
<b>Total other financing sources</b>	362,200	362,783	(583)	354,125
<b>Revenues and other financing sources over expenditures</b>	(583)	1,091	(1,674)	2,440
Fund balance - beginning of year	2,660	2,660	-	220
<b>Fund balance - end of year</b>	<u>\$ 2,077</u>	<u>\$ 3,751</u>	<u>\$ (1,674)</u>	<u>\$ 2,660</u>

**City of Hurst, Texas**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Net Position**  
**September 30, 2018 With Comparative**  
**Total For September 30, 2017**

	Conference & Meeting		Totals	
	Stormwater	Center	2018	2017
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 205,743	\$ 1,273,166	\$ 1,478,909	\$ 1,224,413
Investments	1,307,261	-	1,307,261	1,050,171
Accounts receivable	140,949	204,808	345,757	225,197
Other receivables	3,425	-	3,425	11,224
Inventory of materials and supplies, at cost	-	24,572	24,572	24,868
Prepays and other assets	-	2,781	2,781	1,574
<b>Total current assets</b>	<u>1,657,378</u>	<u>1,505,327</u>	<u>3,162,705</u>	<u>2,537,447</u>
Noncurrent assets:				
Capital assets, at cost	4,211,834	81,366	4,293,200	3,961,764
Accumulated depreciation	(478,859)	(4,488)	(483,347)	(333,323)
<b>Total noncurrent assets</b>	<u>3,732,975</u>	<u>76,878</u>	<u>3,809,853</u>	<u>3,628,441</u>
<b>Total assets</b>	<u>5,390,353</u>	<u>1,582,205</u>	<u>6,972,558</u>	<u>6,165,888</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension outflows	36,209	116,818	153,027	370,440
Deferred OPEB outflows	19,290	50,156	69,446	-
<b>Total deferred outflows</b>	<u>55,499</u>	<u>166,974</u>	<u>222,473</u>	<u>370,440</u>
<b>Total assets and deferred outflows</b>	<u>\$ 5,445,852</u>	<u>\$ 1,749,179</u>	<u>\$ 7,195,031</u>	<u>\$ 6,536,328</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued items	\$ 28,976	\$ 205,941	\$ 234,917	\$ 136,237
Due to other funds	83,856	-	83,856	81,987
Unearned revenue	-	400,047	400,047	519,416
Current portion of net OPEB liability	11,108	28,881	39,989	-
Current portion of compensated absences	3,327	12,227	15,554	14,634
<b>Cash and cash equivalents, beginning of year</b>	<u>127,267</u>	<u>647,096</u>	<u>774,363</u>	<u>752,274</u>
Cash and cash equivalents, end of year	140,584	\$ 393,482	\$ 534,066	\$ 907,304
Net OPEB liability, net of current portion	211,056	548,745	759,801	-
Compensated absences, net of current portion	7,654	28,125	35,779	26,148
<b>Total liabilities</b>	<u>486,561</u>	<u>1,617,448</u>	<u>2,104,009</u>	<u>1,685,726</u>
<b>Deferred Inflows of Resources</b>				
Deferred pension inflows	40,675	193,909	234,584	1,871
Deferred OPEB inflows	2,501	6,503	9,004	-
<b>Total deferred inflows</b>	<u>43,176</u>	<u>\$ 200,412</u>	<u>\$ 243,588</u>	<u>\$ 1,871</u>
<b>Net Position</b>				
Net investment in capital assets	3,732,975	76,878	3,809,853	3,628,441
Unrestricted	1,183,140	(145,559)	1,037,581	1,220,290
<b>Total net position</b>	<u>4,916,115</u>	<u>(68,681)</u>	<u>4,847,434</u>	<u>4,848,731</u>
<b>Total liabilities, deferred inflows and net position</b>	<u>\$ 5,445,852</u>	<u>\$ 1,749,179</u>	<u>\$ 7,195,031</u>	<u>\$ 6,536,328</u>

**City of Hurst, Texas**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended September 30, 2018 With Comparative**  
**Total For Year Ended September 30, 2017**

	Stormwater	Conference & Meeting Center	Totals	
			2018	2017
<b>Operating revenues:</b>				
Storm drainage utility fee	\$ 1,088,337	\$ -	\$ 1,088,337	\$ 1,101,592
Event fees	-	3,147,745	3,147,745	2,811,704
Other	20,592	-	20,592	284,533
<b>Total operating revenues</b>	<u>1,108,929</u>	<u>3,147,745</u>	<u>4,256,674</u>	<u>4,197,829</u>
<b>Operating expenses:</b>				
Personnel services	361,652	1,335,268	1,696,920	1,783,953
Repairs and maintenance	195,365	108,896	304,261	325,338
Materials and supplies	3,431	198,323	201,754	50,692
Depreciation and amortization	147,419	2,606	150,025	122,778
Indirect cost/street rental fees	83,856	-	83,856	81,987
Other	144,385	1,131,992	1,276,377	1,304,414
<b>Total operating expenses</b>	<u>936,108</u>	<u>2,777,085</u>	<u>3,713,193</u>	<u>3,669,162</u>
<b>Operating income</b>	<u>172,821</u>	<u>370,660</u>	<u>543,481</u>	<u>528,667</u>
<b>Non-operating revenues:</b>				
Interest revenue	16,293	-	16,293	10,456
Gain on sale of assets	2,000	-	2,000	-
<b>Total non-operating revenues</b>	<u>18,293</u>	<u>-</u>	<u>18,293</u>	<u>10,456</u>
<b>Income before transfers</b>	<u>191,114</u>	<u>370,660</u>	<u>561,774</u>	<u>539,123</u>
Contributions	155,000	-	155,000	455,840
Transfers out	-	-	-	(11,307)
<b>Change in net position</b>	<u>346,114</u>	<u>370,660</u>	<u>716,774</u>	<u>983,656</u>
<b>Net position, as previously reported</b>	<u>4,769,465</u>	<u>79,266</u>	<u>4,848,731</u>	<u>3,865,075</u>
<b>Adjustment for adoption of GASB 75</b>	<u>(199,464)</u>	<u>(518,607)</u>	<u>(718,071)</u>	<u>-</u>
<b>Net position, beginning of year, as adjusted</b>	<u>4,570,001</u>	<u>(439,341)</u>	<u>4,130,660</u>	<u>3,865,075</u>
<b>Net position, end of year</b>	<u>\$ 4,916,115</u>	<u>\$ (68,681)</u>	<u>\$ 4,847,434</u>	<u>\$ 4,848,731</u>

**City of Hurst, Texas**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Cash Flows**  
**Year Ended September 30, 2018 With Comparative**  
**Total For Year Ended September 30, 2017**

	Stormwater	Conference & Meeting Center	Totals	
			2018	2017
<b>Cash flow from operating activities:</b>				
Receipts from customers and users	\$ 1,119,017	\$ 3,007,406	\$ 4,126,423	\$ 4,340,200
Payments to suppliers	(355,090)	(1,430,902)	(1,785,992)	(1,840,592)
Payments on behalf of employees	(338,545)	(1,257,968)	(1,596,513)	(1,608,635)
Payments for interfund services used	(81,987)	-	(81,987)	(82,566)
<b>Net cash provided by operating activities</b>	<u>343,395</u>	<u>318,536</u>	<u>661,931</u>	<u>808,407</u>
<b>Noncapital financing activities:</b>				
Transfers to other funds	-	-	-	(11,307)
<b>Net cash used in noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,307)</u>
<b>Capital and related financing activities:</b>				
Purchases of property and equipment	(100,716)	(75,721)	(176,437)	(509,210)
Proceeds from sale of property and equipment	2,000	-	2,000	-
<b>Net cash used in capital and related financing activities</b>	<u>(98,716)</u>	<u>(75,721)</u>	<u>(174,437)</u>	<u>(509,210)</u>
<b>Investing activities:</b>				
Proceeds from sale/maturity of investments	1,232,695	-	1,232,695	320,000
Purchase of investments	(1,489,785)	-	(1,489,785)	(200,171)
Interest received on investments	24,092	-	24,092	7,928
<b>Net cash provided by investing activities</b>	<u>(232,998)</u>	<u>-</u>	<u>(232,998)</u>	<u>127,757</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	11,681	242,815	254,496	415,647
Cash and cash equivalents, beginning of year	194,062	1,030,351	1,224,413	808,766
<b>Cash and cash equivalents, end of year</b>	<u>\$ 205,743</u>	<u>\$ 1,273,166</u>	<u>\$ 1,478,909</u>	<u>\$ 1,224,413</u>
<b>Noncash activity:</b>				
Capital contributions received in-kind	<u>\$ 155,000</u>	<u>\$ -</u>	<u>\$ 155,000</u>	<u>\$ 455,840</u>

(Continued)

**City of Hurst, Texas**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Cash Flows**  
**Year Ended September 30, 2018 With Comparative (Continued)**  
**Total For Year Ended September 30, 2017**

	Conference & Meeting		Totals	
	Stormwater	Center	2018	2017
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 172,821	\$ 370,660	\$ 543,481	\$ 528,667
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	147,419	2,606	150,025	122,778
Change in assets and deferred outflows				
Accounts receivable	10,088	(130,648)	(120,560)	14,088
Prepays and other assets	-	(1,207)	(1,207)	1,461
Inventory of materials and supplies	-	296	296	20,994
Deferred pension outflows	49,032	168,381	217,413	-
Deferred OPEB outflows	(10,722)	(27,879)	(38,601)	-
Change in liabilities and deferred inflows				
Due to other funds	1,869	-	1,869	(579)
Accounts payable and other liabilities	(9,667)	118,898	109,231	(7,285)
Unearned revenue	-	(119,369)	(119,369)	128,283
Net pension liability	(72,585)	(300,653)	(373,238)	-
Net OPEB liability	14,132	36,742	50,874	-
Deferred pension inflows	38,507	194,206	232,713	-
Deferred OPEB inflows	2,501	6,503	9,004	-
<b>Net cash provided by operating activities</b>	<u>\$ 343,395</u>	<u>\$ 318,536</u>	<u>\$ 661,931</u>	<u>\$ 808,407</u>

**City of Hurst, Texas**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2018 With Comparative**  
**Total For September 30, 2017**

	Fleet Service	Loss Reserve	Information Services	Totals	
				2018	2017
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 235,206	\$ 1,334,237	\$ 698,846	\$ 2,268,289	\$ 2,129,528
Investments	3,695,579	2,685,831	2,144,371	8,525,781	8,255,369
Inventory of supplies, at cost	42,569	-	-	42,569	46,517
Due from other funds	112,046	331,942	-	443,988	579,008
Other receivables	20,071	9,307	7,510	36,888	64,163
Prepaid expenses	-	165,000	-	165,000	-
<b>Total current assets</b>	<b>4,105,471</b>	<b>4,526,317</b>	<b>2,850,727</b>	<b>11,482,515</b>	<b>11,074,585</b>
Property and equipment, at cost:					
Improvements other than buildings	433,451	-	-	433,451	433,451
Machinery and equipment	6,562,880	-	5,503,185	12,066,065	12,116,824
Construction in progress	45,278	-	550,180	595,458	110,400
Accumulated depreciation	(5,774,796)	-	(4,615,045)	(10,389,841)	(9,757,846)
<b>Total property and equipment</b>	<b>1,266,813</b>	<b>-</b>	<b>1,438,320</b>	<b>2,705,133</b>	<b>2,902,829</b>
<b>Total assets</b>	<b>5,372,284</b>	<b>4,526,317</b>	<b>4,289,047</b>	<b>14,187,648</b>	<b>13,977,414</b>
<b>Deferred Outflows of Resources</b>					
Deferred pension outflows	40,417	-	63,955	104,372	256,554
Deferred OPEB outflows	19,290	-	23,148	42,438	-
<b>Total deferred outflows</b>	<b>59,707</b>	<b>-</b>	<b>87,103</b>	<b>146,810</b>	<b>256,554</b>
<b>Total assets and deferred outflows</b>	<b>\$ 5,431,991</b>	<b>\$ 4,526,317</b>	<b>\$ 4,376,150</b>	<b>\$ 14,334,458</b>	<b>\$ 14,233,968</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued items	\$ 32,972	\$ 542,731	\$ 48,585	\$ 624,288	\$ 551,768
Due to other funds	249,663	-	-	249,663	246,767
Current portion of net OPEB liability	11,108	-	13,330	24,438	-
Current portion of compensated absences	8,913	-	11,628	20,541	17,246
<b>Total current liabilities</b>	<b>302,656</b>	<b>542,731</b>	<b>73,543</b>	<b>918,930</b>	<b>815,781</b>
Cash and cash equivalents, beginning of year					
Net pension liability	132,058	-	228,408	360,466	569,286
Cash and cash equivalents, end of year	211,056	-	253,267	464,323	-
Compensated absences	16,554	-	21,596	38,150	32,026
<b>Total liabilities</b>	<b>662,324</b>	<b>542,731</b>	<b>576,814</b>	<b>1,781,869</b>	<b>1,417,093</b>
<b>Deferred Inflows of Resources</b>					
Deferred pension inflows	48,714	-	58,389	107,103	7,447
Deferred OPEB inflows	2,501	-	3,001	5,502	-
<b>Total deferred inflows</b>	<b>51,215</b>	<b>-</b>	<b>61,390</b>	<b>112,605</b>	<b>7,447</b>
<b>Net position</b>					
Net investment in capital assets	1,266,813	-	1,438,320	2,705,133	2,902,829
Unrestricted	3,451,639	3,983,586	2,299,626	9,734,851	9,906,599
<b>Total net position</b>	<b>4,718,452</b>	<b>3,983,586</b>	<b>3,737,946</b>	<b>12,439,984</b>	<b>12,809,428</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 5,431,991</b>	<b>\$ 4,526,317</b>	<b>\$ 4,376,150</b>	<b>\$ 14,334,458</b>	<b>\$ 14,233,968</b>

**City of Hurst, Texas**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**September 30, 2018 With Comparative**  
**Total For September 30, 2017**

	Fleet Service	Loss Reserve	Information Services	Totals	
				2018	2017
<b>Operating revenues:</b>					
Service fees	\$ 1,753,432	\$ 5,408,276	\$ 1,984,669	\$ 9,146,377	\$ 9,092,782
Other	72,949	48,351	3,494	124,794	56,915
<b>Total operating revenues</b>	<b>1,826,381</b>	<b>5,456,627</b>	<b>1,988,163</b>	<b>9,271,171</b>	<b>9,149,697</b>
<b>Operating expenses:</b>					
Personnel services	390,866	6,033,410	572,559	6,996,835	6,827,299
Contractual services	-	-	196,063	196,063	118,711
Repairs and maintenance	70,351	-	353,208	423,559	555,303
Materials and supplies	731,852	-	519,654	1,251,506	1,234,131
Depreciation and amortization	537,338	-	328,822	866,160	802,089
<b>Total operating expenses</b>	<b>1,730,407</b>	<b>6,033,410</b>	<b>1,970,306</b>	<b>9,734,123</b>	<b>9,537,533</b>
<b>Operating income (loss)</b>	<b>95,974</b>	<b>(576,783)</b>	<b>17,857</b>	<b>(462,952)</b>	<b>(387,836)</b>
<b>Non-operating revenues:</b>					
Interest	44,940	37,895	34,032	116,867	71,091
Gain (loss) on sale of property and equipment	64,470	-	-	64,470	55,850
<b>Total non-operating revenues</b>	<b>109,410</b>	<b>37,895</b>	<b>34,032</b>	<b>181,337</b>	<b>126,941</b>
Transfers in	19,050	331,942	-	350,992	764,451
Transfers out	-	-	-	-	(80,000)
<b>Change in net position</b>	<b>224,434</b>	<b>(206,946)</b>	<b>51,889</b>	<b>69,377</b>	<b>423,556</b>
<b>Net position, as previously reported</b>	<b>4,693,482</b>	<b>4,190,532</b>	<b>3,925,414</b>	<b>12,809,428</b>	<b>12,385,872</b>
<b>Adjustment for adoption of GASB 75</b>	<b>(199,464)</b>	<b>-</b>	<b>(239,357)</b>	<b>(438,821)</b>	<b>-</b>
<b>Net position, beginning of year, as adjusted</b>	<b>4,494,018</b>	<b>4,190,532</b>	<b>3,686,057</b>	<b>12,370,607</b>	<b>12,385,872</b>
<b>Net position, end of year</b>	<b>\$ 4,718,452</b>	<b>\$ 3,983,586</b>	<b>\$ 3,737,946</b>	<b>\$ 12,439,984</b>	<b>\$ 12,809,428</b>



**City of Hurst, Texas**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year Ended September 30, 2018 With Comparative**  
**Total For Year Ended September 30, 2017**

	Fleet Service	Loss Reserve	Information Services	Totals	
				2018	2017
<b>Cash flow from operating activities:</b>					
Receipts from customers and users	\$ 75,842	\$ 48,351	\$ (37,548)	\$ 86,645	\$ 53,468
Receipts from interfund services provided	1,750,146	5,549,478	1,984,669	9,284,293	9,736,239
Payments on behalf of suppliers	(810,759)	(62,732)	(1,068,925)	(1,942,416)	(1,909,622)
Payments on behalf of employees	(361,739)	(6,009,612)	(536,245)	(6,907,596)	(6,800,044)
<b>Net cash provided by (used in) operating activities</b>	<b>653,490</b>	<b>(474,515)</b>	<b>341,951</b>	<b>520,926</b>	<b>1,080,041</b>
<b>Noncapital financing activities:</b>					
Transfers to other funds	-	-	-	-	(80,000)
Transfers from other funds	19,050	331,942	-	350,992	764,451
<b>Net cash provided by noncapital financing activities</b>	<b>19,050</b>	<b>331,942</b>	<b>-</b>	<b>350,992</b>	<b>684,451</b>
<b>Capital and related financing activities:</b>					
Proceeds from sale of property and equipment	64,470	-	-	64,470	73,365
Purchases of property and equipment	(229,739)	-	(438,725)	(668,464)	(732,529)
<b>Net cash used in capital and related financing activities</b>	<b>(165,269)</b>	<b>-</b>	<b>(438,725)</b>	<b>(603,994)</b>	<b>(659,164)</b>
<b>Investing activities:</b>					
Proceeds from sale/maturity of investments	1,894,804	1,547,258	1,931,129	5,373,191	3,430,959
Purchase of investments	(2,666,785)	(1,487,033)	(1,489,785)	(5,643,603)	(3,803,224)
Interest received on investments	44,940	58,064	38,245	141,249	65,256
<b>Net cash provided by (used in) investing activities</b>	<b>(727,041)</b>	<b>118,289</b>	<b>479,589</b>	<b>(129,163)</b>	<b>(307,009)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(219,770)</b>	<b>(24,284)</b>	<b>382,815</b>	<b>138,761</b>	<b>798,319</b>
Cash and cash equivalents - beginning of year	454,976	1,358,521	316,031	2,129,528	1,331,209
<b>Cash and cash equivalents - end of year</b>	<b>235,206</b>	<b>1,334,237</b>	<b>698,846</b>	<b>2,268,289</b>	<b>2,129,528</b>
<b>Reconciliation of operating income (loss) to net cash and cash equivalents, end of year</b>					
Operating income (loss)	95,974	(576,783)	17,857	(462,952)	(387,836)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	537,338	-	328,822	866,160	802,089
Change in assets and deferred outflows:					
Other receivables	2,893	-	-	2,893	(3,447)
Due from other funds	(6,182)	-	-	(6,182)	-
Inventory of supplies	3,948	(165,000)	-	(161,052)	1,340
Deferred pension outflows	\$ 57,959	\$ -	\$ 94,223	\$ 152,182	-
Deferred OPEB outflows	(10,722)	-	(12,866)	(23,588)	-
Change in liabilities and deferred inflows:					
Due to other funds	2,896	141,202	-	144,098	643,457
Accounts payable and other liabilities	(6,996)	126,066	(37,131)	81,939	24,438
Net pension liability	(85,962)	-	(122,858)	(208,820)	-
Net OPEB liability	14,132	-	16,958	31,090	-
Deferred pension inflows	45,711	-	53,945	99,656	-
Deferred OPEB inflows	2,501	-	3,001	5,502	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 653,490</b>	<b>\$ (474,515)</b>	<b>\$ 341,951</b>	<b>\$ 520,926</b>	<b>\$ 1,080,041</b>



**Statistical Section (Unaudited)**



*This part of the City of Hurst's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.*

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>103</b>
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	<b>114</b>
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
<b>Debt Capacity</b>	<b>121</b>
<i>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.</i>	
<b>Demographic and Economic Information</b>	<b>129</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
<b>Operating Information</b>	<b>131</b>
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

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

**City of Hurst, Texas**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Governmental activities				
Net investment in capital assets	\$ 115,265,327	\$ 123,682,675	\$ 123,412,159	\$ 121,727,955
Restricted	16,181,125	23,953,817	19,722,460	19,694,881
Unrestricted	36,438,025	23,437,822	28,479,875	31,841,636
Total governmental activities net position	<u>\$ 167,884,477</u>	<u>\$ 171,074,314</u>	<u>\$ 171,614,494</u>	<u>\$ 173,264,472</u>
Business-type activities				
Net investment in capital assets	\$ 24,262,729	\$ 25,423,579	\$ 27,468,477	\$ 27,973,330
Restricted	3,150,747	4,442,197	5,823,608	7,231,573
Unrestricted	13,170,017	9,886,405	9,724,120	10,649,487
Total business-type activities net position	<u>\$ 40,583,493</u>	<u>\$ 39,752,181</u>	<u>\$ 43,016,205</u>	<u>\$ 45,854,390</u>
Primary government				
Net investment in capital assets	\$ 139,528,056	\$ 149,106,254	\$ 150,880,636	\$ 149,701,285
Restricted	19,331,872	28,396,014	25,546,068	26,926,454
Unrestricted	49,608,042	33,324,227	38,203,995	42,491,123
Total primary government net position	<u>\$ 208,467,970</u>	<u>\$ 210,826,495</u>	<u>\$ 214,630,699</u>	<u>\$ 219,118,862</u>

**Notes:** (a) Beginning amounts for 2018 were restated as per GASB 75

**TABLE A-1**

Fiscal Year Ended						
2013	2014	2015	2016	2017	2018 (a)	
\$ 121,033,272	\$ 117,648,033	\$ 120,518,416	\$ 116,996,558	\$ 114,347,361	\$ 113,020,392	
18,778,425	25,403,597	21,707,954	24,767,252	16,117,137	16,581,980	
31,971,587	28,731,273	23,104,601	16,858,946	23,931,997	9,991,473	
<u>\$ 171,783,284</u>	<u>\$ 171,782,903</u>	<u>\$ 165,330,971</u>	<u>\$ 158,622,756</u>	<u>\$ 154,396,495</u>	<u>\$ 139,593,845</u>	
\$ 32,065,030	\$ 32,606,567	\$ 33,786,264	\$ 36,190,346	\$ 38,973,677	\$ 40,834,276	
8,680,903	10,031,203	11,358,914	12,911,394	-	-	
7,565,755	6,500,430	3,816,191	468,067	12,949,090	10,738,394	
<u>\$ 48,311,688</u>	<u>\$ 49,138,200</u>	<u>\$ 48,961,369</u>	<u>\$ 49,569,807</u>	<u>\$ 51,922,767</u>	<u>\$ 51,572,670</u>	
\$ 153,098,302	\$ 150,254,600	\$ 154,304,680	\$ 153,186,904	\$ 153,321,038	\$ 153,854,668	
27,459,328	35,434,800	33,066,868	37,678,646	16,117,137	16,581,980	
39,537,342	35,231,703	26,920,792	17,327,013	36,881,087	20,729,867	
<u>\$ 220,094,972</u>	<u>\$ 220,921,103</u>	<u>\$ 214,292,340</u>	<u>\$ 208,192,563</u>	<u>\$ 206,319,262</u>	<u>\$ 191,166,515</u>	

**City of Hurst, Texas**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,020,816	\$ 2,801,900	\$ 4,526,058	\$ 3,126,927
Public safety	20,093,482	20,382,533	20,844,894	20,466,809
Culture and recreation	9,631,448	9,604,717	10,236,270	10,304,959
Public works	4,878,025	4,944,232	5,044,657	4,592,603
Interest expense	2,118,058	1,984,840	2,051,488	1,707,178
Total governmental activities expenses	<u>39,741,829</u>	<u>39,718,222</u>	<u>42,703,367</u>	<u>40,198,476</u>
Business-type activities:				
Water and sewer	16,298,745	17,642,853	17,391,811	17,502,966
Stormwater management services	-	560,894	602,273	610,975
Conference and meeting center	-	543,330	1,611,672	1,850,420
Total business-type activities expenses	<u>16,298,745</u>	<u>18,747,077</u>	<u>19,605,756</u>	<u>19,964,361</u>
Total primary government expenses	<u><u>56,040,574</u></u>	<u><u>58,465,299</u></u>	<u><u>62,309,123</u></u>	<u><u>60,162,837</u></u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	9,120	175,655	39,950	11,140
Public safety	2,943,118	3,016,775	3,195,869	2,877,874
Culture and recreation	1,134,616	1,167,016	1,261,039	1,226,934
Public works	507,806	511,549	596,443	629,575
Operating grants and contributions	862,012	2,271,486	1,532,532	1,550,145
Capital grants and contributions	-	168,744	728,462	435,849
Total governmental activities program revenues	<u>5,456,672</u>	<u>7,311,225</u>	<u>7,354,295</u>	<u>6,731,517</u>
Business-type activities:				
Charges for services:				
Water and sewer services	16,628,683	16,009,016	20,380,121	19,232,852
Stormwater management services	-	1,090,340	1,093,535	1,076,413
Conference and meeting center	-	74,458	1,300,577	1,675,759
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>16,628,683</u>	<u>17,173,814</u>	<u>22,774,233</u>	<u>21,985,024</u>
Total primary government program revenues	<u><u>\$ 22,085,355</u></u>	<u><u>\$ 24,485,039</u></u>	<u><u>\$ 30,128,528</u></u>	<u><u>\$ 28,716,541</u></u>



**TABLE A-2**

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 4,230,124	\$ 4,337,097	\$ 5,256,773	\$ 8,168,344	\$ 5,503,950	\$ 8,330,340	
21,410,618	21,306,312	23,039,603	24,614,274	26,946,144	25,445,464	
10,890,525	10,845,533	11,142,994	12,112,717	12,554,825	12,836,977	
4,873,864	4,655,157	4,756,586	5,174,276	4,928,786	3,869,464	
2,099,507	1,980,775	2,146,970	2,328,484	1,888,355	2,042,840	
<u>43,504,638</u>	<u>43,124,874</u>	<u>46,342,926</u>	<u>52,398,095</u>	<u>51,822,060</u>	<u>52,525,085</u>	
18,163,625	18,757,469	19,752,412	20,384,872	20,090,660	20,542,607	
653,428	730,385	689,554	879,123	1,015,099	936,108	
2,118,967	2,024,417	2,004,236	2,362,568	2,654,063	2,777,085	
<u>20,936,020</u>	<u>21,512,271</u>	<u>22,446,202</u>	<u>23,626,563</u>	<u>23,759,822</u>	<u>24,255,800</u>	
<u>64,440,658</u>	<u>\$ 64,637,145</u>	<u>\$ 68,789,128</u>	<u>\$ 76,024,658</u>	<u>\$ 75,581,882</u>	<u>\$ 76,780,885</u>	
14,015	\$ 14,900	\$ 22,670	\$ 18,470	\$ 19,165	\$ 135,242	
3,520,712	3,150,918	3,278,888	3,551,541	3,229,547	2,894,515	
1,151,018	1,144,472	1,004,909	1,156,952	1,244,593	1,256,034	
655,304	657,700	630,248	682,420	780,953	802,568	
844,446	669,691	738,969	862,969	1,613,979	1,960,737	
78,548	78,875	28,803	218,830	265,990	111,051	
<u>6,264,043</u>	<u>5,716,556</u>	<u>5,704,487</u>	<u>6,491,182</u>	<u>7,154,227</u>	<u>7,160,147</u>	
19,814,150	19,031,909	19,609,118	19,892,629	21,183,069	22,394,948	
1,081,300	1,086,935	1,094,476	1,098,287	1,375,194	1,104,982	
2,031,709	2,003,045	1,927,152	2,553,445	2,811,704	3,147,745	
-	-	-	44,622	10,931	5,947	
616,666	114,148	680,309	693,753	811,985	179,560	
<u>23,543,825</u>	<u>22,236,037</u>	<u>23,311,055</u>	<u>24,282,736</u>	<u>26,192,883</u>	<u>26,833,182</u>	
<u>\$ 29,807,868</u>	<u>\$ 27,952,593</u>	<u>\$ 29,015,542</u>	<u>\$ 30,773,918</u>	<u>\$ 33,347,110</u>	<u>\$ 33,993,329</u>	

**City of Hurst, Texas**  
**Changes in Net Position, Last Ten Fiscal Years (Continued)**  
*(accrual basis of accounting)*

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (34,285,157)	\$ (32,406,997)	\$ (35,349,072)	\$ (33,466,959)
Business-type activities	329,938	(1,573,263)	3,168,477	2,020,663
Total primary government net expense	<u>\$ (33,955,219)</u>	<u>\$ (33,980,260)</u>	<u>\$ (32,180,595)</u>	<u>\$ (31,446,296)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes, penalty and interest	\$ 12,580,510	\$ 12,325,131	\$ 12,533,019	\$ 12,393,133
Sales taxes	16,404,613	17,060,525	18,130,410	18,502,765
Franchise taxes	3,037,070	2,970,646	3,127,482	2,965,411
Occupancy taxes	477,539	485,037	550,589	589,551
Interest	2,374,027	883,025	632,620	417,154
Miscellaneous	238,641	2,390,790	657,629	800,643
Transfers	775,687	(518,320)	257,503	(512,570)
Total governmental activities	<u>\$ 35,888,087</u>	<u>\$ 35,596,834</u>	<u>\$ 35,889,252</u>	<u>\$ 35,156,087</u>
Business-type activities:				
Interest	\$ 478,868	\$ 214,231	\$ 183,569	\$ 141,843
Miscellaneous	439,075	9,400	169,481	123,959
Transfers	(775,687)	518,320	(257,503)	512,570
Total business-type activities	<u>142,256</u>	<u>741,951</u>	<u>95,547</u>	<u>778,372</u>
Total primary government	<u>\$ 36,030,343</u>	<u>\$ 36,338,785</u>	<u>\$ 35,984,799</u>	<u>\$ 35,934,459</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 1,602,930	\$ 3,189,837	\$ 540,180	\$ 1,689,128
Business-type activities	472,194	(831,312)	3,264,024	2,799,035
Total primary government	<u>\$ 2,075,124</u>	<u>\$ 2,358,525</u>	<u>\$ 3,804,204</u>	<u>\$ 4,488,163</u>

**TABLE A-2**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (37,240,595)	\$ (37,408,318)	\$ (40,638,439)	\$ (45,906,913)	\$ (44,667,833)	\$ (45,364,938)
2,607,805	723,766	864,853	656,173	2,433,061	2,577,382
\$ (34,632,790)	\$ (36,684,552)	\$ (39,773,586)	\$ (45,250,740)	\$ (42,234,772)	\$ (42,787,556)
\$ 13,191,743	\$ 13,545,880	\$ 14,087,316	\$ 13,982,919	\$ 14,814,146	\$ 15,383,521
18,419,603	19,376,108	20,716,458	20,685,644	20,043,791	20,935,157
2,953,568	3,088,049	3,038,771	2,967,123	2,961,774	2,975,917
593,921	565,970	646,284	716,281	705,786	768,618
396,545	318,888	275,954	385,477	430,170	799,902
784,102	513,042	1,172,033	280,870	1,251,454	1,245,930
38,331	-	76,667	180,384	234,451	225,000
\$ 36,377,813	\$ 37,407,937	\$ 40,013,483	\$ 39,198,698	\$ 40,441,572	42,334,045
\$ 117,280	\$ 102,566	\$ 104,120	\$ 132,649	\$ 154,350	\$ 249,592
-	-	-	-	-	-
(38,331)	-	(76,667)	(180,384)	(234,451)	(225,000)
78,949	102,566	27,453	(47,735)	(80,101)	24,592
\$ 36,456,762	\$ 37,510,503	\$ 40,040,936	\$ 39,150,963	\$ 40,361,471	\$ 42,358,637
\$ (862,782)	\$ (381)	\$ (624,956)	\$ (6,708,215)	\$ (4,226,261)	(3,030,893)
2,686,754	826,332	892,306	608,438	2,352,960	2,601,974
\$ 1,823,972	\$ 825,951	\$ 267,350	\$ (6,099,777)	\$ (1,873,301)	\$ (428,919)

**City of Hurst, Texas**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2009	2010	2011	2012
General Fund				
Nonspendable	\$ -	\$ 2,586	\$ 1,803	\$ 1,883
Restricted	-	1,267,140	1,259,818	1,601,639
Committed	-	323,735	380,220	335,771
Assigned	-	632,498	664,696	653,976
Unassigned	-	7,122,679	7,073,761	7,452,789
Unreserved	9,369,330	-	-	-
Total general fund	<u>\$ 9,369,330</u>	<u>\$ 9,348,638</u>	<u>\$ 9,380,298</u>	<u>\$ 10,046,058</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ 237,712	\$ 237,712	\$ -
Restricted	-	22,448,965	18,462,642	34,575,812
Committed	-	-	-	-
Assigned	-	16,971,027	17,475,636	19,607,928
Unassigned	-	-	-	-
Reserved	2,939,139	-	-	-
Unreserved, reported in:				
Special revenue funds	13,241,986	-	-	-
Capital projects funds	42,140,667	-	-	-
Total all other governmental funds	<u>\$ 58,321,792</u>	<u>\$ 39,657,704</u>	<u>\$ 36,175,990</u>	<u>\$ 54,183,740</u>

**Note:** The City changed the classifications used to report fund balances when it implemented GASB Statement 54 in fiscal year 2011 and applied retrospectively to the comparative information shown for fiscal year 2010.

**TABLE A-3**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$	1,883	\$ 1,883	\$ 1,883	\$ 1,883	\$ 1,883	\$ 2,401
	1,637,359	1,854,120	2,344,861	3,104,302	4,086,043	5,446,104
	255,713	198,349	305,069	365,042	-	-
	519,597	560,867	586,595	581,219	568,555	18,254
	7,616,609	8,389,715	9,049,255	9,172,096	9,162,496	8,989,839
	-	-	-	-	-	-
<b>\$</b>	<b>10,031,161</b>	<b>\$ 11,004,934</b>	<b>\$ 12,287,663</b>	<b>\$ 13,224,542</b>	<b>\$ 13,818,977</b>	<b>\$ 14,456,598</b>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	28,314,389	24,936,284	19,363,093	21,662,950	14,851,969	14,292,760
	-	-	-	-	-	-
	21,302,952	22,228,199	18,697,454	17,066,513	18,295,467	18,887,440
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
<b>\$</b>	<b>49,617,341</b>	<b>\$ 47,164,483</b>	<b>\$ 38,060,547</b>	<b>\$ 38,729,463</b>	<b>\$ 33,147,436</b>	<b>\$ 33,180,200</b>

**City of Hurst, Texas**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2009	2010	2011	2012
<b>Revenues</b>				
Taxes (see table A-5)	\$ 32,472,549	\$ 32,837,927	\$ 34,332,945	\$ 34,492,773
Licenses/permits	565,492	734,734	640,068	664,545
Support from governmental entities	862,012	2,440,230	2,241,677	1,977,424
Charges for services	1,899,484	1,913,155	1,927,918	1,836,085
Fines and fees	2,030,024	2,083,728	2,224,380	2,460,599
Interest	2,295,943	873,080	475,670	495,265
Miscellaneous	184,025	1,741,151	593,525	1,239,389
<b>Total revenues</b>	<b>40,309,529</b>	<b>42,624,005</b>	<b>42,436,183</b>	<b>43,166,080</b>
<b>Expenditures</b>				
General government	2,534,972	2,261,416	3,010,139	2,205,316
Public safety	19,365,968	19,194,093	19,690,902	19,206,211
Culture and recreation	7,738,575	7,857,643	8,329,136	8,346,440
Public works	1,983,242	1,892,440	1,656,102	1,513,196
Capital outlay	18,352,790	28,151,295	7,622,738	4,253,081
Debt service				
Principal	2,559,286	2,465,204	2,711,122	3,112,129
Interest	2,051,053	1,957,078	1,833,400	1,857,766
<b>Total expenditures</b>	<b>54,585,886</b>	<b>63,779,169</b>	<b>44,853,539</b>	<b>40,494,139</b>
Excess of revenues over (under) expenditures	(14,276,357)	(21,155,164)	(2,417,356)	2,671,941
<b>Other Financing Sources (Uses)</b>				
Capital lease	-	2,164,583	-	-
Proceeds from borrowing	2,030,000	-	-	15,565,000
Proceeds from refunding	2,600,000	-	6,465,000	1,810,000
Premium on bond issuance	34,757	-	214,911	1,355,339
Payments to escrow agent	(2,585,000)	-	(7,573,039)	(1,996,858)
Transfers in	6,397,466	5,619,616	4,514,611	4,382,005
Transfers out	(5,721,779)	(5,313,815)	(4,654,181)	(5,113,917)
<b>Total other financing sources (uses)</b>	<b>2,755,444</b>	<b>2,470,384</b>	<b>(1,032,698)</b>	<b>16,001,569</b>
<b>Net change in fund balances</b>	<b>\$ (11,520,913)</b>	<b>\$ (18,684,780)</b>	<b>\$ (3,450,054)</b>	<b>\$ 18,673,510</b>
Debt service as a percentage of noncapital expenditures	<u>12.53%</u>	<u>7.61%</u>	<u>12.22%</u>	<u>13.71%</u>

**TABLE A-4**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$	35,218,498	\$ 36,605,578	\$ 38,494,929	\$ 38,414,972	\$ 38,900,450	\$ 40,069,713
	713,052	725,334	707,089	782,782	878,517	825,525
	921,963	745,240	767,772	874,576	1,613,979	1,960,737
	2,003,246	1,893,181	1,699,806	2,035,396	2,065,177	2,126,300
	2,631,489	2,520,998	2,405,478	2,448,040	2,436,813	2,516,568
	384,411	261,494	218,049	313,953	412,492	774,577
	583,476	507,367	1,068,886	543,025	1,195,603	1,056,666
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	42,456,135	43,259,192	45,362,009	45,412,744	47,503,031	49,330,086
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,164,066	2,315,113	2,976,887	3,268,525	3,664,549	3,530,882
	19,999,125	20,214,409	20,798,447	21,506,049	23,618,438	23,094,089
	8,685,188	8,434,981	8,436,777	9,344,037	9,950,204	10,078,424
	1,753,187	1,540,946	1,754,088	2,095,586	2,109,784	2,036,102
	8,128,080	14,132,822	15,866,943	6,787,480	8,313,541	4,404,240
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,218,161	3,327,924	3,459,807	3,134,902	3,466,724	3,428,872
	2,162,350	2,089,622	2,206,311	2,287,885	2,119,020	1,961,100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	46,110,157	52,055,817	55,499,260	48,424,464	53,242,260	48,533,709
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(3,654,022)	(8,796,625)	(10,137,251)	(3,011,720)	(5,739,229)	796,377
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	490,105	-	-	-
	-	7,355,000	2,625,000	4,905,000	1,180,000	-
	-	5,705,000	3,235,000	11,240,000	1,500,000	-
	-	603,685	574,285	1,931,800	-	-
	-	(5,984,367)	(3,505,346)	(12,517,062)	(1,478,363)	-
	4,118,286	4,084,294	3,475,606	3,414,597	3,395,882	3,790,919
	(5,045,560)	(4,446,072)	(4,578,606)	(4,356,820)	(3,845,882)	(3,916,911)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(927,274)	7,317,540	2,316,044	4,617,515	751,637	(125,992)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$	(4,581,296)	\$ (1,479,085)	\$ (7,821,207)	\$ 1,605,795	\$ (4,987,592)	\$ 670,385
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>14.27%</u>	<u>14.13%</u>	<u>13.98%</u>	<u>12.93%</u>	<u>12.53%</u>	<u>13.51%</u>

**City of Hurst, Texas**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**TABLE A-5**

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales/ Occupancy</b>	<b>Mixed Beverage</b>	<b>Franchise</b>	<b>Total</b>
2009	\$ 12,553,327	\$ 16,784,404	\$ 97,748	\$ 3,037,070	\$ 32,472,549
2010	12,321,719	17,443,126	102,436	2,970,646	32,837,927
2011	12,524,464	18,572,224	108,775	3,127,482	34,332,945
2012	12,435,046	18,996,433	95,883	2,965,411	34,492,773
2013	13,251,406	18,921,380	92,144	2,953,568	35,218,498
2014	13,575,451	19,823,691	118,387	3,088,049	36,605,578
2015	14,093,416	21,219,368	143,374	3,038,771	38,494,929
2016	14,045,924	21,262,957	138,968	2,967,123	38,414,972
2017	15,189,099	20,613,996	135,581	2,961,774	38,900,450
2018	16,158,639	20,598,410	148,603	2,975,917	39,881,569

Change  
2009-2018



**City of Hurst, Texas**  
**Appraised Value of Property**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*

**TABLE B-1**

Fiscal Year Ended 30-Sep	Residential Property	Commercial Property	Industrial Property	Appraised Value	Tax-Exempt Property	Total Direct Tax Rate
2009	\$ 1,612,834	\$ 1,021,395	\$ 33,316	\$ 2,667,545	\$ 230,114	0.535
2010	1,606,422	993,369	33,263	2,633,054	232,761	0.535
2011	1,576,336	932,584	32,531	2,541,451	242,157	0.578
2012	1,572,194	932,314	31,484	2,535,992	244,648	0.578
2013	1,581,124	947,359	42,682	2,571,165	248,574	0.608
2014	1,607,262	988,250	36,291	2,631,803	246,939	0.608
2015	1,685,063	1,034,091	40,550	2,759,704	251,249	0.606
2016	1,587,424	975,963	34,254	2,597,641	238,300	0.611
2017	1,745,042	1,144,598	37,283	2,926,923	298,859	0.588
2018	1,867,873	1,249,125	44,304	3,161,302	368,576	0.581

**Source:** Tarrant County Appraisal District.

Assessed value is 100% of actual value

**City of Hurst, Texas**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*

**TABLE B-2**

Fiscal Year	City Direct Rates			Overlapping Rates <sup>a</sup>			
	Basic Rate	General Debt Service	Total Direct Rate	HEB School District	Tarrant County	Hospital	Tarrant County College
2009	0.405103	0.129897	0.535	1.29545	0.26400	0.22790	0.13796
2010	0.409791	0.125209	0.535	1.29545	0.26400	0.22790	0.13767
2011	0.445284	0.132716	0.578	1.28819	0.26400	0.22790	0.13764
2012	0.445369	0.132631	0.578	1.41400	0.26400	0.22790	0.14897
2013	0.445369	0.163128	0.608	1.40750	0.26400	0.22790	0.14897
2014	0.445369	0.163128	0.608	1.38750	0.26400	0.22790	0.14950
2015	0.460829	0.145171	0.606	1.37500	0.26400	0.22790	0.14950
2016	0.474277	0.136284	0.611	1.35000	0.26400	0.22790	0.14950
2017	0.461648	0.126252	0.588	1.31600	0.25400	0.22790	0.14473
2018	0.465042	0.115898	0.581	1.26300	0.24400	0.22443	0.14006

**Source:** Tarrant County Appraisal District.

**Notes:** The City's basic property tax rate must be set according to the State of Texas' Truth-in-Taxation and other applicable laws. Truth-in-Taxation requires an effective and rollback tax rate calculation to be performed and under certain conditions the rates must be published locally. If the City Council adopts a tax rate above the rollback rate (the calculated rate required to generate 8% more operating funds than earned in the previous year), then citizens can call for a rollback election to reduce the tax rate. Rates for debt service are not subject to rollback election and are set based on each year's requirements. The State of Texas does limit the City's overall tax rate to \$2.50 per \$100 valuation while the City's Charter limits the overall tax rate to \$1.50 per \$100 valuation.

<sup>a</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Hurst. Not all overlapping rates apply to all Hurst property owners. In fact, some Hurst property owners pay taxes to the Birdville or Grapevine-Colleyville Independent School Districts. HEB ISD is shown above as the vast majority of Hurst residents reside within HEB ISD's boundaries.

**City of Hurst, Texas**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

TABLE B-3

<u>Taxpayer</u>	2009			2018		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Melvin Simon & Assoc Inc	\$ 175,671,649	1	7.64%	\$ 141,901,901	1	5.16%
Shops at Northeast Mall LLC			-	63,350,000	2	2.31%
Westdale Hills 2013 LP			-	39,218,107	3	1.43%
Kelly Moore Paint Co Inc	15,810,899	10	0.69%	31,073,885	4	1.13%
Cooks creek 255 LLC			-	28,100,000	5	1.02%
Dillard's Properties Inc/Dillard Texas Central LLC	25,886,084	2	1.13%	24,552,744	6	0.89%
Wal Mart Real Estate Bus Trust	24,283,991	3	1.06%	22,252,840	7	0.81%
Mayfair Station LLC	23,050,000	4	1.00%	20,577,880	8	0.75%
Macy's Tx I Lp/Macy'S Retail Holdings Inc	17,428,612	7	0.76%	18,595,301	9	0.68%
Valley Oaks Apartment			-	18,443,717	10	0.67%
Krg Market Street Village	18,500,000	5	0.80%			
Somerset Village Partners LP	18,399,351	6	0.80%			
Hurst City Apt Partners Ltd	17,038,161	8	0.74%			
Oncor Electric Delivery	15,884,283	9	0.69%			
<b>Total</b>	<b>\$ 351,953,030</b>		<b>15.30%</b>	<b>\$ 408,066,375</b>		<b>14.85%</b>

Source: Tarrant Appraisal District

**City of Hurst, Texas**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

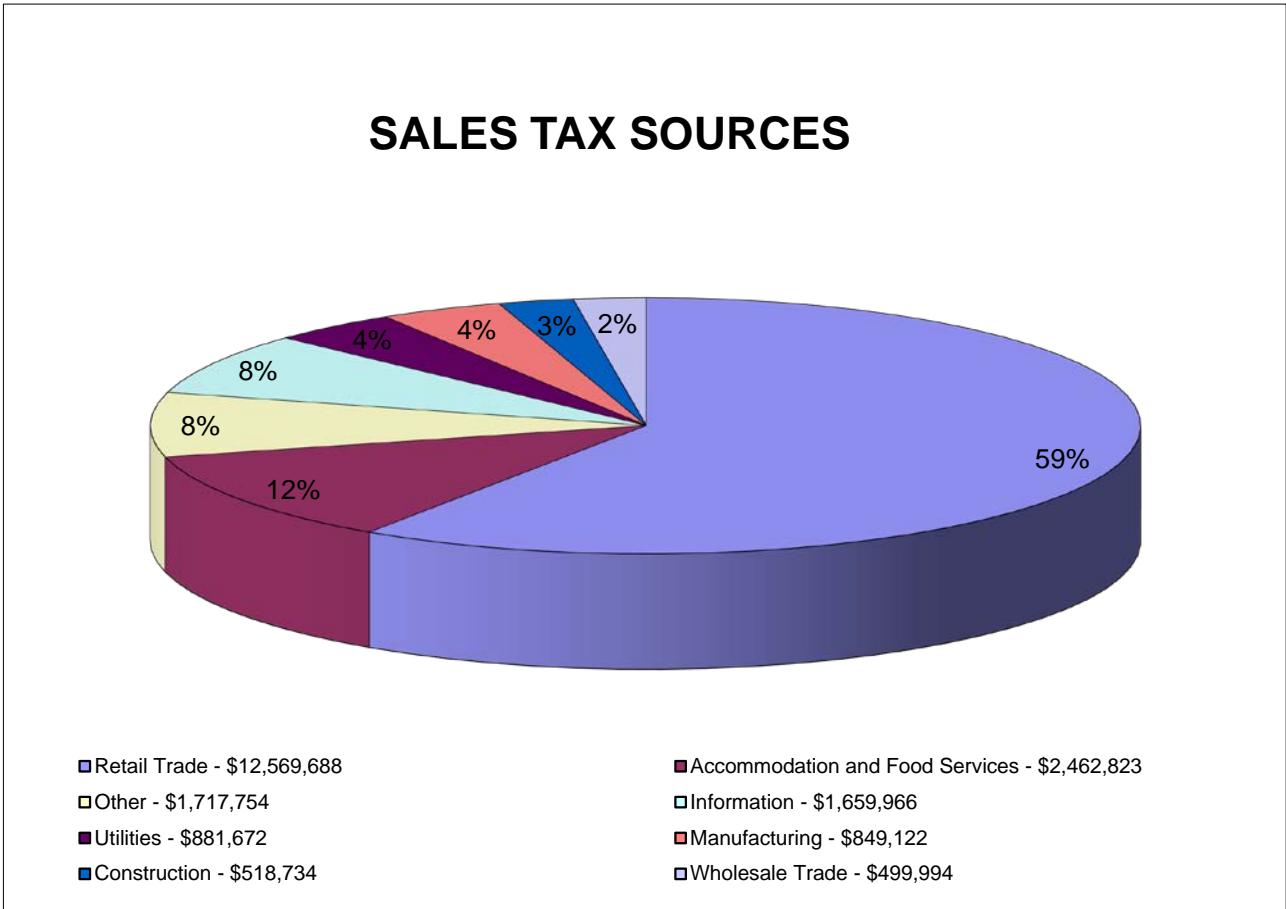
TABLE B-4

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 12,534,688	\$ 12,417,504	99.1%	\$ 47,072	\$ 12,464,576	99.4%
2010	12,323,931	12,198,061	99.0%	42,725	12,240,786	99.3%
2011	12,515,487	12,376,485	98.9%	68,729	12,445,214	99.4%
2012	12,355,434	12,248,093	99.1%	91,490	12,339,583	99.9%
2013	13,169,789	13,098,911	99.5%	69,952	13,168,863	100.0%
2014	13,492,137	13,408,082	99.4%	75,382	13,483,464	99.9%
2015	14,059,530	13,953,040	99.2%	61,963	14,015,003	99.7%
2016	14,079,556	13,951,219	99.1%	11,772	13,962,991	99.2%
2017	15,052,747	14,831,734	98.5%	199,103	15,030,837	99.9%
2018	16,103,519	15,993,536	99.3%	133,422	16,126,959	100.1%

Source: Tarrant County tax assessor and collector

**City of Hurst**  
**Sales Tax Sources by NAICS Code**  
**September 30, 2018**

**TABLE B-5**



**Note:** Information provided based on NAICS categories as reported by the State Comptroller. State law prohibits reporting of sales tax information associated with individual taxpayers.

**Note:** Other category includes Agriculture, Mining, Transportation, Finance, Real Estate, Professional, Management, Administrative and Support, Educational, Health Care, Arts, and Public Administration services.

**City of Hurst, Texas**  
**Sales Tax Rate & Sales Tax Revenue**  
**Last Ten Fiscal Years**

**TABLE B-6**

Fiscal Year Ended 30-Sep	Sales Tax Revenue General Fund	Sales Tax Sharing General Fund	Net Sales Tax Revenue General Fund	Net Sales Tax Revenue ACHCST Fund	Sales Tax Revenue CSHCST Fund	Sales Tax Sharing CSHCST Fund	Net Sales Tax Revenue CSHCST Fund
2009	\$ 9,295,998	\$ 1,468,459	\$ 7,827,539	\$ 4,565,444	\$ 4,648,112	\$ 734,230	\$ 3,913,882
2010	9,138,934	724,048	8,414,886	4,335,642	4,569,585	362,024	4,207,561
2011	9,548,273	676,706	8,871,567	4,714,199	4,774,222	338,353	4,435,869
2012	9,734,599	703,694	9,030,905	4,860,403	4,867,421	351,847	4,515,574
2013	9,713,270	726,364	8,986,906	4,839,025	4,864,710	363,182	4,501,528
2014	10,086,852	605,778	9,481,074	5,028,717	5,050,819	302,889	4,747,930
2015	10,756,525	630,372	10,126,153	5,358,521	5,387,596	315,186	5,072,410
2016	10,823,317	759,423	10,063,894	5,438,519	5,423,974	379,711	5,044,262
2017	10,521,878	768,090	9,753,788	5,225,540	5,261,090	332,210	4,928,880
2018	10,611,912	859,187	9,752,725	5,290,203	5,306,115	331,107	4,975,008

1.00% Local Sales Tax, Effective 7/1/1993

0.50% Community Services Half-Cent Sales Tax, Effective 7/1/1993

0.50% Anti-Crime Half-Cent Sales Tax, Effective 1/1/1996

2.00% Total Local Sales Tax Rate

ACHCST refers to the Anti-Crime Half-Cent Sales Tax Fund

CSHCST refers to the Community Services Half-Cent Sales Tax Fund

Note on Sales Tax Sharing: In August 1996, the City entered into agreements with Southeastern Simon, Inc. under Chapter 380, Texas Local Government Code, to promote new and expanded economic development. Per these agreements, the City will share a portion of the sales tax generated by such new and expanded business with Southeastern Simon, Inc. for a stipulated period of time. Sales tax sharing for the North East Mall expansion project began in fiscal year 2003 and covers a maximum of 20 years. Sales tax sharing for the Shops at North East Mall began in fiscal year 2002 and concluded in fiscal year 2009.

**City of Hurst, Texas**  
**Principal Water Customers**  
**September 30, 2018**

**TABLE B-7**

	<b>Consumption (1,000 Gallons)</b>	<b>Water Amount</b>	<b>Sewer Amount</b>	<b>Total Bill</b>
City of Hurst	69,955	\$ 500,734	\$ 90,507	\$ 591,241
Westdale Asset Mgr.	55,738	\$ 508,822	\$ 328,082	\$ 836,904
Tarrant County College	40,907	\$ 142,844	\$ 106,483	\$ 249,326
Brookwind Ltd.	23,823	\$ 220,985	\$ 156,782	\$ 377,767
Valley Oaks Apartments, LLC	18,802	\$ 160,108	\$ 125,003	\$ 285,111
Dcp 601 Brown Trail, LLC	17,784	\$ 137,023	\$ 95,988	\$ 233,011
Cooks creek 255, LLC DBA The Boulder	16,416	\$ 154,279	\$ 98,737	\$ 253,016
Whispering Run Apartments	15,994	\$ 128,459	\$ 90,247	\$ 218,705
Wellesley Park Apts	14,107	\$ 152,859	\$ 106,971	\$ 259,830
Barrington Crossing Apartments	12,493	\$ 99,557	\$ 72,774	\$ 172,331
<b>Total</b>	<b>286,019</b>	<b>\$ 2,205,669</b>	<b>\$ 1,271,573</b>	<b>\$ 3,477,241</b>

**City of Hurst, Texas**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(principal only; dollars in thousands, except per capita)*

Fiscal Year	Governmental Activities				Business-type Activities		
	General Obligation Bonds	Lease Obligation	Certificates of Obligation	Sales Tax Revenue Bonds	Water Revenue Bonds	Certificates of Obligation	Revenue & General Obligation Refunding
2009	12,410	-	27,729	5,130	-	15,206	5,370
2010	11,380	2,165	27,034	4,390	-	14,566	4,770
2011	13,210	2,165	23,095	2,875	-	11,460	6,490
2012	29,320	1,822	20,300	2,225	-	9,535	6,930
2013	29,404	1,544	19,584	1,555	-	9,013	6,360
2014	30,455	1,256	24,116	1,020	-	6,781	7,392
2015	27,945	1,325	24,425	680	-	6,030	7,440
2016	37,735	896	16,860	445	-	4,515	7,455
2017	37,415	454	15,660	205	-	1,925	8,860
2018	35,785	-	14,415	105	-	2,965	7,780

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

<sup>b</sup> See Table D-1 for personal income and population data.

Percentage of Personal Income is calculated using Total Primary Government divided by personal income.

Per Capita is calculated using Total Primary Government divided by population.



**TABLE C-1**

<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>b</sup></b>	<b>Per Capita <sup>b</sup></b>
65,845	6.22%	1,699
64,305	5.72%	1,610
59,295	3.11%	1,530
70,132	6.76%	1,877
67,460	6.01%	1,714
71,020	6.27%	1,788
67,845	6.23%	1,770
67,906	6.19%	1,769
64,519	5.63%	1,680
61,050	5.28%	1,589

**City of Hurst, Texas**  
**Ratios of Net General Bonded Debt to Assessed Value and**  
**Net Value Bonded Debt Per Capita**  
**Last Ten Fiscal Years**  
*(principal only; dollars in thousands, except per capita)*

<b>General Bonded Debt Outstanding</b>					
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Total</b>	<b>Less Debt Service Fund</b>	<b>Net Bonded Debt</b>
2009	12,410	17,333	29,743	507	29,236
2010	11,380	15,654	27,034	514	26,520
2011	13,210	14,959	28,169	496	27,673
2012	29,320	11,230	40,550	449	40,101
2013	29,320	20,300	49,620	1,182	48,438
2014	30,455	23,840	54,295	1,146	53,149
2015	27,945	24,425	52,370	1,084	51,286
2016	37,735	16,860	54,595	997	53,598
2017	37,415	15,660	53,075	1,048	52,027
2018	35,785	14,415	50,200	1,373	48,827

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements. This schedule includes General Bonded Debt Outstanding for Governmental Activities Only.

<sup>a</sup> See Table B-1 for property value data.

<sup>b</sup> Population data can be found in Table D-1

**TABLE C-2**

<b>Percentage of Appraised Value <sup>a</sup> of Property</b>	<b>Per Capita <sup>b</sup></b>
1.0538	706
1.0330	711
0.9808	669
0.9421	641
1.9348	1,252
1.8593	1,277
2.0311	1,338
1.8593	1,397
2.0633	1,355
1.54%	1,271

**City of Hurst, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2017**  
*(dollars in thousands)*

**TABLE C-3**

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct			
City of Hurst	\$ 48,827	100%	\$ 48,827
<b>Debt repaid with property taxes</b>			
Hurst-Eules-Bedford Independent School District	299,715 *	14.84%	44,478
Birdville Independent School District	253,562 *	11.14%	28,247
Grapevine/Colleyville Independent School District	415,917 *	0.61%	2,537
Tarrant County	294,500 *	1.69%	4,977
Tarrant County Hospital District	19,300 *	1.69%	326
Keller Independent School District	680,509 *	0.24%	1,633
Subtotal, overlapping debt			82,198
<b>Total direct and overlapping debt</b>			<b>\$ 131,025</b>

\* Gross Debt Outstanding

<sup>a</sup> Gross Debt Outstanding

**City of Hurst, Texas**  
**Legal Debt Margin Information**

**TABLE C-4**

The City of Hurst does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation, for cities operating under a Home Rule Charter. The City's Charter provides 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.

The City's tax margin for the year ended September 30, 2018 was:

Maximum rate per \$100 valuation under Article XI	\$ 2.500000
City of Hurst's 2017-18 rate	0.580940
Margin	<u>\$ 1.919060</u>

**City of Hurst, Texas**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Water Revenue Bonds						
Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	17,107,551	14,327,423	2,780,128	335,000	145,930	5.78
2010	17,387,284	16,538,863	848,421	-	-	-
2011	20,557,055	17,385,994	3,171,061	-	-	-
2012	19,365,425	17,463,816	1,901,609	-	-	-
2013	19,922,694	18,004,763	1,917,931	-	-	-
2014	19,125,902	18,556,729	569,173	-	-	-
2015	19,686,799	19,483,803	202,996	-	-	-
2016	20,145,243	20,259,538	(114,295)	-	-	-
2017	21,349,781	20,027,047	1,322,734	-	-	-
2018	22,628,247	20,466,468	2,161,779	-	-	-

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

<sup>a</sup> Sales tax revenue bonds are backed by the sales tax revenue produced by the Half-Cent Community Services Development Corporation (HCCSDC).

<sup>b</sup> Excludes one-time, pay-as-you-go capital project costs.

**TABLE C-5**

<b>Sales Tax Revenue Bonds <sup>a</sup></b>					
<b>HCCSDC</b>	<b>Less:</b>	<b>Net</b>	<b>Debt Service</b>		
<b>Sales Tax</b>	<b>Operating</b>	<b>Available</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
<b>Revenue</b>	<b>Expenses <sup>b</sup></b>	<b>Revenue</b>			
3,913,882	2,305,120	1,608,762	720,000	237,778	1.68
4,207,561	2,224,925	1,982,636	740,000	214,098	2.08
4,435,869	2,522,416	1,913,453	630,000	17,291	2.96
4,515,574	2,448,519	2,067,055	650,000	69,000	2.87
4,501,528	2,467,786	2,033,742	670,000	53,400	2.81
4,747,930	2,409,652	2,338,278	535,000	37,320	4.09
5,072,410	2,525,601	2,546,809	340,000	24,480	6.99
5,044,263	3,028,990	2,015,273	235,000	16,320	8.02
4,928,877	3,401,889	1,526,988	240,000	10,680	6.09
4,975,008	3,347,995	1,627,013	100,000	4,840	15.52

**City of Hurst, Texas**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

**TABLE D-1**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level in Years of Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2009	38,750	1,059,076	27,331	36.9	13.5	6,532	7.5%
2010	38,600	1,085,934	28,133	36.9	13.5	6,688	7.7%
2011	37,330	1,050,205	28,133	38.2	13.5	6,756	7.6%
2012	37,360	1,036,516	27,744	38.8	13.5	6,265	6.0%
2013	38,194	1,088,987	28,512	38.8	13.5	6,521	5.8%
2014	38,280	1,091,439	28,512	38.8	13.5	6,636	4.9%
2015	38,340	1,089,354	28,413	37.9	13.2	6,707	3.8%
2016	38,380	1,097,054	28,584	38.3	13.2	6,897	4.1%
2017	38,410	1,145,770	29,830	38.4	13.2	6,930	3.5%
2018	38,410	1,156,256	30,103	38.3	13.3	7,036	3.4%

**Sources:** Population provided by the North Central Texas Council of Governments. Median age, education level, and personal income data provided by CLARITAS. Unemployment data provided by Texas Workforce Commission. School enrollment data provided by Texas Education Agency.

**Note:** Personal income is in thousands



**City of Hurst, Texas**  
**Principal Employers**  
**Current Year and Nine Years Ago**

**TABLE D-2**

<u>Employer</u>	<u>2009</u>			<u>2018</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Bell Helicopter Textron, Inc.	4,000	1	20.19%	3,800	1	18.27%
North East Mall (Collective employment of stores other than major employers listed)	2,159	2	10.90%	1,706	2	8.20%
Shops at Northeast Mall (Outside)	720	3	3.63%	800	3	3.85%
HEB ISD	-		-	729	4	3.50%
Tarrant County College	479	5	2.42%	575	5	2.76%
Walmart Supercenter	575	4	2.90%	479	6	2.30%
City of Hurst	396	7	2.00%	423	7	2.03%
Dillard's Department Store	400	6	2.02%	338	8	1.62%
Macy's	231	8	1.17%	231	9	1.11%
J.C. Penney Company	210	10	1.06%	225	10	1.08%
Target Superstore	225	9	1.14%	-		-
<b>Total</b>	<b>9,395</b>		<b>47.42%</b>	<b>9,305</b>		<b>44.73%</b>

**Source:** City Economic Development Division/City Records

**City of Hurst, Texas**  
**Full-time Equivalents City Government Employees**  
**by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government					
Management services	7.0	7.0	7.0	7.0	8.5
Finance	11.0	11.0	10.0	10.0	10.0
Planning	3.0	3.0	3.0	6.0	6.0
Building	2.0	2.0	2.0	2.0	2.0
Other	27.0	28.0	25.0	23.5	26.5
Conference center	-	-	-	-	-
Police					
Officers	74.0	74.0	74.0	74.0	73.0
Civilians	49.5	51.3	51.3	51.3	52.5
Fire					
Firefighters and officers	56.0	56.0	56.0	55.0	60.0
Civilians	1.5	1.5	1.5	1.5	1.5
Other public works					
Engineering	10.5	10.5	10.5	7.5	9.0
Other	25.0	25.0	25.8	22.0	22.0
Parks and recreation	68.0	68.0	66.3	52.0	44.5
Library	29.0	29.0	30.0	31.0	28.5
Water	29.0	29.0	29.8	26.5	26.0
Wastewater	9.0	9.0	9.0	9.0	9.0
Total	<u>401.5</u>	<u>404.3</u>	<u>401.2</u>	<u>378.3</u>	<u>379.0</u>

**Source:** City Personnel Office.

**TABLE E-1**

Fiscal Year				
2014	2015	2016	2017	2018
8.5	8.7	7.0	8.0	8.0
10.0	10.0	9.0	9.0	9.0
6.0	6.0	6.0	6.0	6.0
2.0	3.0	2.0	2.0	2.0
26.5	38.2	42.0	36.5	34.2
30.0	21.3	24.2	24.2	21.7
72.0	75.0	75.0	75.0	75.0
48.5	54.5	49.5	48.5	48.5
60.0	56.0	56.0	56.0	56.0
1.5	1.9	1.6	1.6	1.5
9.0	8.7	9.2	9.2	9.2
22.0	19.6	19.8	23.9	23.9
44.5	67.2	69.2	66.1	70.2
28.5	27.5	26.7	26.7	28.3
26.0	23.7	23.5	19.0	19.0
9.0	9.0	9.0	10.0	10.0
<u>404.0</u>	<u>430.3</u>	<u>429.7</u>	<u>421.7</u>	<u>422.5</u>

**City of Hurst, Texas**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government				
Building permits issued				
Commercial				
Number issued	114	119	134	156
Estimated cost	\$41,935,742	\$18,889,983	\$15,979,899	\$20,436,524
Residential				
Number issued	135	144	121	92
Estimated cost	\$1,770,586	\$2,626,350	\$2,212,308	\$2,310,930
Public safety				
Police				
Physical arrests	3,731	3,623	3,353	3,250
Parking violations	196	258	469	421
Traffic violations	16,861	20,990	17,602	16,311
Fire/Emergency Medical Services				
Emergency responses	4,149	4,265	4,503	4,735
Patients transported	1,871	1,959	2,023	2,281
Fires extinguished	103	133	171	118
Average Response Time:				
Fire	4:46	4:43	4:47	5:03
EMS	4:46	4:51	4:45	4:45
Inspections	1,113	812	988	1463
Public Works				
Street resurfacing (miles)	11.7	17.8	17.8	7.6
Potholes repaired (sq. yards)	84,000	63,000	65,000	52,000
Culture and recreation				
Parks and recreation				
Athletic field reservations issued	141	86	129	184
Recreation center admissions	439,814	421,416	341,228	342,961
Library				
Volumes in collection	141,476	135,206	143,544	150,197
Total volumes borrowed	428,121	420,664	387,486	428,484
Water and sewer				
Water customer billings at 9/30	12,238	12,245	12,240	12,155
Water main breaks	34	28	36	38
Average daily consumption (millions of gallons)	5.32	5.90	5.92	5.63

**Sources:** Various city departments.

**TABLE E-2**

Fiscal Year					
2013	2014	2015	2016	2017	2018
165	136	111	123	136	132
\$53,890,287	\$14,761,218	\$34,515,346	\$35,918,137	\$24,515,873	\$14,936,691
141	144	128	191	158	124
\$3,994,351	\$4,787,971	\$3,111,349	\$4,831,284	\$3,514,922	\$5,161,297
3,088	2,857	2,897	2,592	2,607	2,351
186	141	197	152	168	148
14,161	17,894	15,996	15,327	14,942	13,581
4,597	4,468	4,702	4,811	4,873	4,996
2,209	2,170	2,040	2,267	2,216	2,065
106	91	86	112	100	122
4:36	5:11	5:01	5:06	4:35	5:07
4:43	5:06	5:03	4:28	4:59	5:09
1545	1,412	847	579	300	1584
9.3	5.32	8.37	6.9	6.9	6.4
43,000	26,000	11,537	12,200	6,612	4,540
120	88	92	87	60	51
368,034	296,719	290,380	281,861	270,356	240,979
160,844	161,608	142,851	145,474	142,751	135,659
444,705	434,205	405,826	378,417	348,932	416,395
11,526	12,237	12,226	12,257	12,327	12,193
38	56	84	40	27	41
5.65	5.16	4.96	4.90	5.02	5.23

**City of Hurst, Texas**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	Fiscal Year Ended				
	2009	2010	2011	2012	2013
Police					
Stations	1	1	1	1	1
Store fronts	2	2	2	2	2
Patrol units	26	28	26	29	30
Fire stations	3	3	3	3	3
Other public works					
Streets (miles)	140	141	146	146	146
Traffic signals	50	50	41	41	41
Parks and recreation					
Acreage	290	290	280	280	280
Playgrounds	15	16	16	16	16
Family aquatic centers	2	2	2	2	2
Water					
Water mains (miles)	199.70	200.00	211.00	202.50	204.00
Fire hydrants	1,260	1,269	1,268	1,196	1,268
Storage capacity (millions of gallons)	9.40	9.40	8.90	8.90	8.30
Wastewater					
Sanitary sewers (miles)	164.50	163.00	156.00	155.00	156.00
Storm sewers (miles)	77.00	86.00	86.00	86.00	86.00

**Sources:** Various city departments.

**TABLE E-3**

Fiscal Year Ended				
2014	2015	2016	2017	2018
1	1	1	1	1
2	3	2	2	2
30	27	26	28	28
3	3	3	3	3
146	146	148	148	148
55	55	56	56	56
280	290	280	280	280
16	16	16	16	16
2	2	2	2	2
199.00	201.11	204.00	205.00	205
1,205	1,233	1,226	1,235	1240
8.00	9.40	9.40	9.40	9.4
154.20	153.06	154.50	154.50	154.84
86.00	88.95	86.00	86.00	86

