



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2017



CARROLLTON
T E X A S

CITY OF CARROLLTON, TEXAS

Comprehensive Annual Financial Report
For the Year Ended September 30, 2017



(L-R): Councilmember Doug Hrbacek, Councilmember James Lawrence, Councilmember Mike Hennefer, City Manager Erin Rinehart, Mayor Kevin Falconer, Councilmember Frances Cruz, Mayor Pro Tem Glen Blascet, Councilmember Young Sung, Deputy Mayor Pro Tem John Sutter

City Manager
Erin Rinehart

**Assistant City Manager/
Chief Financial Officer**
Robert B. Scott, CPA

Prepared by
Finance Department
Pamela Hodges, CPA
Controller

CITY OF CARROLLTON, TEXAS

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January 31, 2018

The Honorable Mayor and Members of the City Council
City of Carrollton
Carrollton, Texas

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of Carrollton, Texas for the fiscal year ended September 30, 2017.

This report provides the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Grant Thornton LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

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

CITY PROFILE

Location

Located in northwest Dallas, southeast Denton, and southwest Collin counties, Carrollton is only 14 miles from downtown Dallas and 10 miles northeast of the Dallas-Fort Worth International Airport. Carrollton is readily accessible via Interstate 35E on the west, the Dallas North Tollway on the east, the President George Bush Turnpike and State Highway 121. Interstate Highway 635 is only two miles south of the city limits. The City encompasses approximately 37 square miles with 34 square miles of developable land which is approximately 98% developed.

The City is a home rule city operating under the Council-Manager form of government. The City Council is comprised of the Mayor and seven Council members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standard Board. Based on these criteria, no other governmental organizations are included in this report.

Services Provided

The City provides to its citizens those services that have proven to be necessary and meaningful and which the City at the least cost can provide. Major services provided under general government and enterprise functions are: police and fire protection, emergency ambulance service, water and sewer services, sanitation services, park and recreational facilities, library services, street improvements and general administrative services. The City also offers a 36-hole golf course and an aggressive economic development service. Internal services of the City, accounted for on a cost reimbursement basis, are fleet services, risk management, and employee health and disability coverage.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, (2) the evaluation of costs and benefits requires estimates and judgments by management and (3) The preciseness of estimates must be balanced with the timeliness of financial reporting.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City charter provides that the City Council shall adopt the annual budget prepared by City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that increase the total appropriations of any fund must be approved by the City Council.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item, and are posted electronically monthly for City departmental and divisional management.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Regional Economy

The Dallas-Fort Worth Metroplex (DFW) economy continued to grow at a strong pace in October and employment rate to be above the state and nation rate. The Federal Reserve Bank of Dallas reported in their November 2017 Dallas-Fort Worth Economic Indicators update:

“The Dallas-Fort Worth economy continued to expand in October, with business-cycle posting above-trend growth and payroll employment climbing in both metros. Unemployment in Dallas fell to its lowest level in nearly 17 years, pointing to further tightening in the labor market. Continued healthy job creation has been the driver for the DFW office and industrial markets.”

Oxford Economics projected Denton and Collin counties to be the top fastest growing economies in the nation over the next five years. Economic growth was projected for Denton and Collin counties at a 4% and 4.1% compound annual growth rate, respectively. CBS news reported in August 2017:

“Over the next five years, suburban counties are likely to have a greater share of millennials, which means the suburbs are likely to grow faster than the cores of metropolitan areas. Paying heed to such trends can help real estate investors and businesses make decision about where to put their money.”

Carrollton’s Position in the Region

Carrollton is home to a diversified group of manufacturing and distribution firms. Products manufactured range from oil well equipment to high tech components. Distribution and service operations are equally diversified. This diversification is evident in the fact that the top ten taxpayers represent less than 5% of assessed valuation in the City.

The City also benefits from a well-educated and affluent workforce. According to U.S. Census Bureau’s 2016 American Community Survey, Carrollton’s median household income of \$70,673

compares favorably to \$62,545 for DFW and \$56,565 for Texas. Also according to the survey, the workforce is educated with 37.3% of the population having a bachelor’s degree or more, compared to 33.0% for DFW and 28.9% for Texas.

The following facts reflect Carrollton's economic condition and outlook:

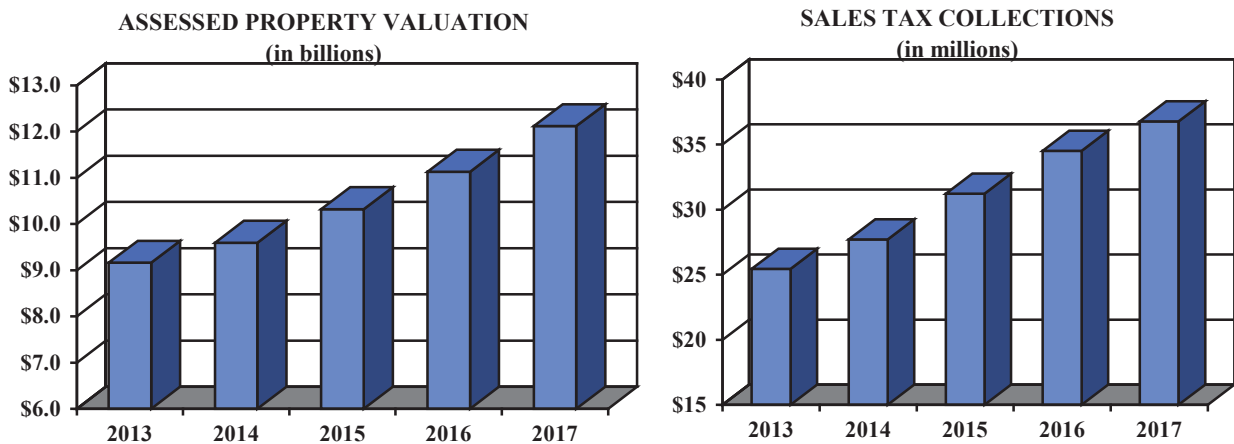
Carrollton ranks as one of the top cities in the region in corporate investment, job creation, and population growth. Its central location within the region, its proximity to the DFW Airport, Love Field, Downtown Dallas, and the connectivity created by its three DART stations, make Carrollton a preferred location to live, work, and play. Carrollton’s City Council has cut property taxes for four years in a row while maintaining one of the highest ratings in the delivery of municipal services in the DFW Metroplex. Carrollton’s 43-million square feet of manufacturing and distribution space generates consistently increasing property and business-to-business sale tax revenue for the City, resulting in a well-balanced business-to-residential tax base.

Carrollton ranks high in the state for a quality of work environment. As of September 2017, with unemployment at 4.2% nationally, 4.0% statewide and 3.4% in Dallas-Fort Worth, Carrollton’s unemployment was 3.8%.

Carrollton has five major business parks - Valwood Industrial Park, Frankford Trade Center, Austin Ranch, International Business Park and Trinity Mills Industrial Park. Valwood Industrial Park and the Frankford Trade Center are among the premier industrial parks in the Dallas/Fort Worth area.

Total certified taxable value, not including estimated value for property under protest, for all residential and commercial property in the City was approximately \$12.1 billion for fiscal year 2017, an 8.8% increase from the previous year.

Sales tax collections totaled \$36,782,925 in fiscal year 2017, a 6.6% increase from the previous year.



Future Economic Outlook

Through December, fiscal year 2018 sales taxes have increased by 5.1% compared to the same period in fiscal year 2017. While benefiting from the increases, the City also recognized its exposure to decreases and adopted a sales tax mitigation strategy whereby a portion of sales tax is dedicated to non-recurring capital expenditures. For fiscal year 2018, property valuations increased 8.6%, with a 10.9% increase in residential property and 6.7% increase in commercial and industrial properties.

Carrollton has approximately 751 acres of vacant land ready for future development with 374 of those acres currently zoned for commercial and industrial use. This bodes well for the City as these uses generally require a lower level of City services while providing a higher level of revenue to the City as compared to the typical residential development.

Carrollton's economic future is not without challenges. The City is no longer an outer ring suburb that can simply rely on construction on vacant land to fuel growth in tax base and the economy. As it approaches single family residential build out and vacant commercial tracts become scarce, the City must invest more heavily than ever to keep Carrollton an attractive place to live and work. The City Council, recognizing these trends, has adopted strategic goals that create a vision for the City's future. To obtain this vision the City has:

- Dramatically reduced its workforce from 1,016 full time authorized positions in fiscal year 2001 to 827 for fiscal year 2017 by eliminating duplicate positions, leveraging technology, outsourcing non-core services that can be performed more efficiently by the private sector and implementing a managed competition program to improve efficiency.
- The savings from this restructuring has been reinvested in the community through increased capital expenditures, increased code enforcement and neighborhood reinvestment programs.
- Aggressively pursued transit-oriented development related to light rail which arrived in the City in December 2010. Carrollton's multiple rail lines will allow it to eventually become one of three mass transit rail hubs in the Metroplex.
- Maintained conservative financial policies and strong financial position that will allow it to react quickly to development opportunities.

Long-term financial planning

The City Council has adopted a series of financial standards and policies for operating and debt management. Management of the City has made every effort to comply with these standards and policies and believe we are currently in compliance.

Fiscal year 2016 was most significantly impacted by a financial policy that limits the amount of sales tax that can be used in a given year for operating purposes. Sales tax is the City's second largest General Fund revenue and also one of its most volatile. It has been the City's experience that rapid increases in sales tax revenues are often followed by rapid declines. Creating a "cap" for the amount of sales tax that can be used in a given year for operating purposes allows the City to manage this volatility, promotes a healthy pay as you go infrastructure re-investment program and protects the city from rapid revenue declines during times of economic downturns. For fiscal year

2017, sales tax exceeded the “cap” for operating purposes by almost \$12 million. This excess will be used for one-time non-recurring purposes.

Annually a Multi-Year Budget is presented to the City Council as part of the budget process. This document forecasts the operating, debt service and fleet replacement fund operations for the upcoming three years. Additionally, a multi-year Capital Plan is prepared and presented to the City Council as part of the annual budget process.

Major budget initiatives in fiscal year 2017 included:

- Capital funding of over \$60 million for new capital projects funded from debt issuance, non-recurring sources and tax revenue.
- Reduction in the property tax rate by \$0.009175 due to strong growth in the tax base.

In addition, the City has recognized the long-term financial implications of its pension and retiree health benefits. Regarding pensions, it has adjusted benefits and significantly stepped up funding to ensure the long-term sustainability of the plan. For retiree health care, it has implemented a defined contribution structure for any employees with less than 20 years of service as of January 1, 2009. These changes were designed to provide a highly competitive but sustainable benefit to our employees without shifting costs to future tax payers.

OTHER INFORMATION

Independent Audit

Article II, Section 2.18 of the City Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with, and the Report of the Independent Certified Public Accountants has been included in this report.

Additionally, the City has a Finance/Audit Committee as a sub-committee of the City Council which functions as an audit committee and hears and reviews all recommendations made by the independent auditors.

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 for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

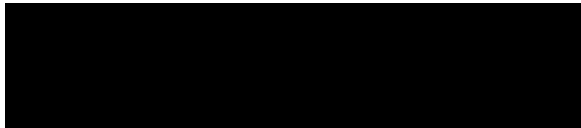
A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 28 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

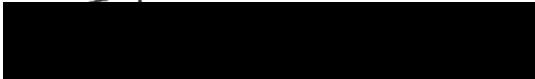
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

We would like to thank the members of the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

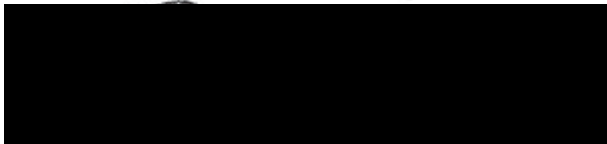
Respectfully submitted,



Erin Rinehart
City Manager



Robert B. Scott, CPA
Assistant City Manager/Chief Financial Officer



Controller

CITY OF CARROLLTON, TEXAS

City Council

Kevin Falconer, Mayor

Glen Blanscet, Mayor Pro Tem, Place 5

John Sutter, Deputy Mayor Pro Tem, Place 7

James Lawrence
- Place 1

Mike Hennefer
- Place 2

Doug Hrbacek
- Place 3

Frances Cruz
- Place 4

Young Sung
- Place 6

City Manager

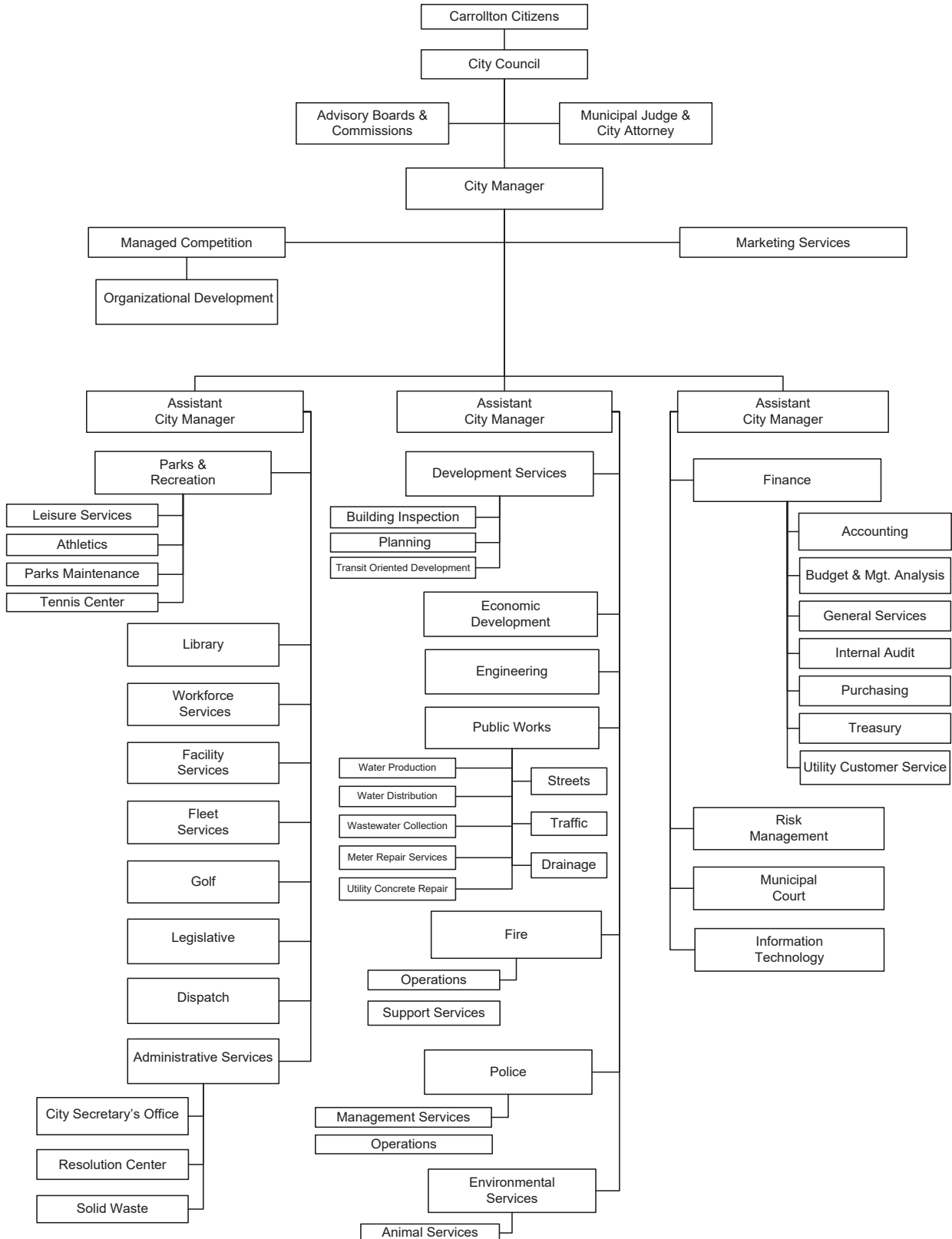
Erin Rinehart

Assistant City Manager/Chief Financial Officer

Robert B. Scott, CPA

CITY OF CARROLLTON, TEXAS

Organizational Chart September 30, 2017





Government Finance Officers Association

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

Presented to

**City of Carrollton
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor, City Council, and City Manager
The City of Carrollton, Texas

Grant Thornton LLP
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Dallas, TX 75201-4667
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twitter.com/GrantThorntonUS

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 Carrollton, Texas (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City'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 City'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 City'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 of Carrollton, Texas as of September 30, 2017, 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.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 16, the Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios on page 63, the Texas Municipal Retirement System Schedule of Contributions on pages 64 through 65, and the Retiree Health Plan Schedule of Funding Progress on page 66, be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures 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.

Supplementary information

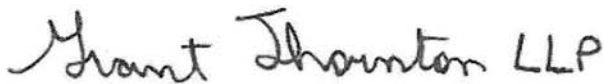
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements, individual non-major fund financial statements, and individual fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The introductory section, statistical section, and continuing financial disclosure tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 31, 2018, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dallas, Texas
January 31, 2018

CITY OF CARROLLTON, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2017

Amounts in Thousands Unless Stated Otherwise
(Unaudited)

January 31, 2018

As management of the City of Carrollton, we offer this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2017. In the broadest context, the financial well being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets and the City's desirability will be maintained not just for the current year but well into the future. Financial reporting is limited in its ability to provide this "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and or expenses/expenditures higher or lower than the previous year? Has net position (containing both short and long term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, (pages i-vii of this report) and the statistical section (pages 111-134 of this report) as well as information on the City's Council's Strategic Goals, the annual budget and other community information found on the City's website at www.cityofcarrollton.com. It should be noted that the Report of Independent Certified Public Accountants describes the auditors' association with the various sections of this report and that all of the additional information from the website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

IN BRIEF

- The net position of the City at the close of the most recent fiscal year was \$514,330. This number must be viewed in the context that the vast majority of the City's net position of \$364,953 (71.0%) is the net investment in capital assets and that most capital assets in a government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totals \$8,324 (1.6%). The remaining \$141,053 (27.4%) is the unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. Unrestricted net position increased by \$1,902 in fiscal year 2017.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$146,842. Within this total \$1,649 is non-spendable for other receivables and prepaid items, \$18,888 is restricted by specific legal requirements, such as by debt covenants and \$106,431 has been committed and assigned to specific types of expenditures. The remaining \$19,874 is unassigned fund balance in the General Fund and can be used for any lawful purpose.
- The City's long-term liabilities increased by \$3,729 due primarily to the issuance of bonds for capital improvements partially offset by existing debt retirements.

CITY OF CARROLLTON, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2017

Amounts in Thousands Unless Stated Otherwise
(Unaudited)

- The City has continued to see a consistent and robust growth in its revenues. The Economic Factors and Next Year's Budget section on the last page of this discussion provide additional information on the subject.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information which includes this management's discussion and analysis and multi-year funding progress on the City's pension plan and retiree health plan. In addition to the basic financial statements, this report also contains other supplementary information as listed in the Table of Contents.

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

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

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

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, development services, and cultural and recreation. The business-type activities of the City include Water and Sewer, Golf Course and Sanitation operations. The government-wide financial statements can be found on pages 17-18 of this report.

Fund financial statements - A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal

CITY OF CARROLLTON, TEXAS

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requirements. Funds are also the primary focus of the annual budget process. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Non-financial assets such as governmental buildings, roads, drainage ways, park land and long-term liabilities such as bonds payable or long term liabilities that will not be paid with current assets are excluded. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 11 governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Debt Service, Streets and Drainage, and General and Public Facilities funds, all of which are considered to be major funds. Data from the other seven funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the Comprehensive Annual Financial Report. The basic governmental funds financial statements can be found on pages 19-23.

Proprietary Funds - The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, golf and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its fleet services, risk management and employee health and disability programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Golf Course, and Sanitation funds, since all are considered to be major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in the Comprehensive Annual Financial Report. The basic proprietary fund financial statements can be found on pages 24-27 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-62.

Other Information – In addition to the basic financial statements and accompanying notes, the basic financial statements contain required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension and retiree health benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. The City's net position was \$514,330 as of September 30, 2017.

The largest portion of the City's net position \$364,953 (71.0%) reflects its investments in capital assets (e.g., land, building, equipment, improvements and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending, and with exception of business type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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An additional portion of the City's net position of \$8,324 (1.6%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$141,053 (27.4%) may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF CARROLLTON'S NET POSITION

(Amounts in Thousands)

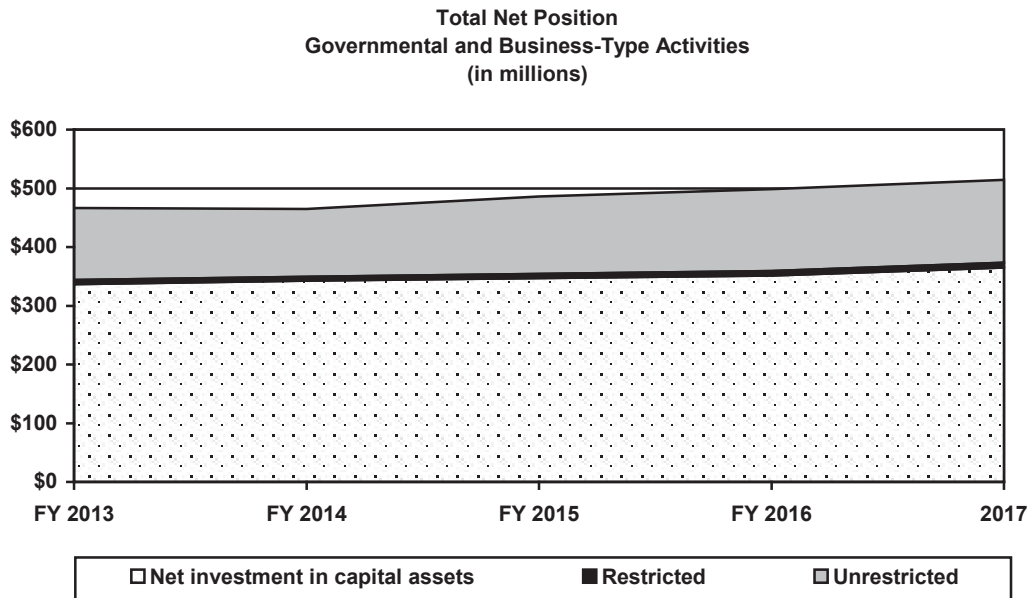
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Current and other assets	\$ 172,982	\$ 180,359	\$ 33,060	\$ 33,637	\$ 206,042	\$ 213,996
Capital assets, net	400,818	425,749	127,769	122,635	528,587	548,384
Total Assets	<u>573,800</u>	<u>606,108</u>	<u>160,829</u>	<u>156,272</u>	<u>734,629</u>	<u>762,380</u>
Deferred outflows of resources	<u>31,083</u>	<u>24,046</u>	<u>1,439</u>	<u>1,168</u>	<u>32,522</u>	<u>25,214</u>
Long term liabilities	229,025	234,320	15,590	14,024	244,615	248,344
Other liabilities	<u>16,110</u>	<u>17,795</u>	<u>6,284</u>	<u>5,614</u>	<u>22,394</u>	<u>23,409</u>
Total Liabilities	<u>245,135</u>	<u>252,115</u>	<u>21,874</u>	<u>19,638</u>	<u>267,009</u>	<u>271,753</u>
Deferred inflows of resources	<u>1,674</u>	<u>1,442</u>	<u>73</u>	<u>69</u>	<u>1,747</u>	<u>1,511</u>
Net Position:						
Net investment in capital assets	236,475	253,790	114,891	111,163	351,366	364,953
Restricted	6,452	6,939	1,426	1,385	7,878	8,324
Unrestricted	<u>115,147</u>	<u>115,868</u>	<u>24,004</u>	<u>25,185</u>	<u>139,151</u>	<u>141,053</u>
Total Net Position	<u>\$ 358,074</u>	<u>\$ 376,597</u>	<u>\$ 140,321</u>	<u>\$ 137,733</u>	<u>\$ 498,395</u>	<u>\$ 514,330</u>

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As of September 30, 2017, the City has positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



The current and other assets increased in the Governmental activities by \$7,377 and in the Business-type activities by \$577. Increase in the Governmental activities assets is primarily due to unspent proceeds from issuance of debt and accumulation of other funds for future capital purchases. Increase in the Business-type activities is primarily due to the accumulation of pay as you go funds for on-going rehabilitation and replacement of water and sewer assets.

The City’s long-term liabilities increased by \$3,729 due primarily to the issuance of bonds for capital improvements partially offset by existing debt retirements.

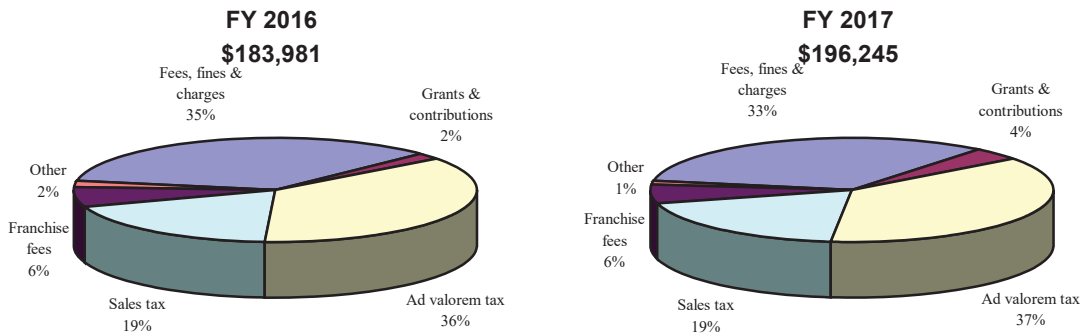
CITY OF CARROLLTON, TEXAS

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Analysis of the City’s Operations – Overall the City had an increase in net position of \$15,935 or 3.2%.

**Changes in Net Position
 Revenue by Major Category
 Governmental and Business-Type Activities**



Governmental Activities: Governmental activities net position increased by \$18,523. Net investment in capital assets increased by \$17,315 or 7.3%. Restricted net position increased \$487 or 7.5%. Unrestricted net position increased by \$721 or 0.6%.

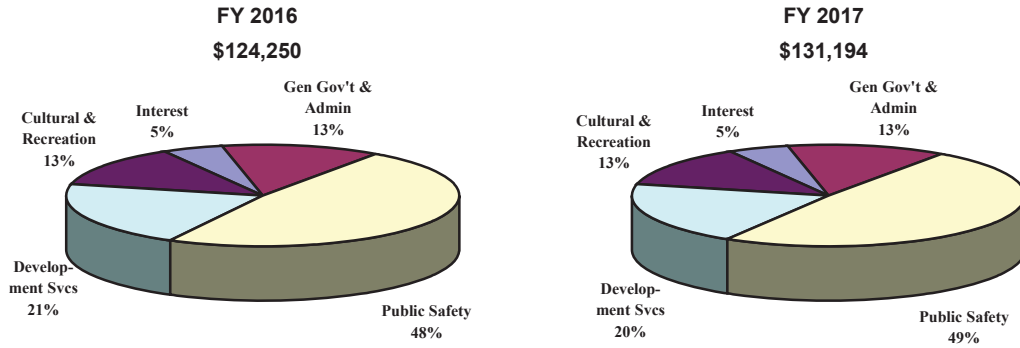
Excluding transfers from business-type activities, total revenues for governmental activities increased from the previous year by \$10,097. General revenue (excluding transfers) had a net increase of \$7,834 or 6.8%. In general revenues, ad valorem tax experienced an increase of \$5,136 due to an increase in assessed valuations from both new construction and increases in existing values. Additionally, an increase was seen in sales taxes of \$2,271. Other general revenues increased by \$427, primarily due to increased franchise fees and investment earnings. Program revenues had a \$2,263, or 12.2%, net increase primarily due to an increase in intergovernmental revenues for capital projects. Net transfers from the business type activities to governmental activities increased by \$1,050 from the previous year.

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Expenses by Type Governmental Activities



Total expenses for governmental activities increased \$6,944 or 5.6 % primarily due to increases in Public Safety activities. Increase in Public Safety activities is primarily due to personal services costs from staffing additions and depreciation on a new police station completed in fiscal year 2017.

Business-type Activities: Net position from business-type activities decreased by \$2,588 or 1.8% from \$140,321 to \$137,733. Net investment in capital assets decreased by \$3,728 or 3.2% due to capital asset depreciation partially offset by capital additions and retirement of related debt. Restricted net position decreased by \$41 due to reduction in the required reserve for revenue bonds. Unrestricted net position increased by \$1,181 or 4.9%.

CITY OF CARROLLTON, TEXAS

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The following table provides a summary of the City's operations for year ended September 30, 2017 with comparative totals for year ended September 30, 2016.

CITY OF CARROLLTON'S CHANGES IN NET POSITION (Amounts in Thousands)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Revenues:						
Program Revenues:						
Fees, fines and charges for services	\$ 15,913	\$ 14,728	\$ 47,830	\$ 50,601	\$ 63,743	\$ 65,329
Operating grants and contributions	325	144	-	-	325	144
Capital grants and contributions	2,317	5,946	1,561	965	3,878	6,911
General revenues:						
Ad valorem taxes	66,691	71,827	-	-	66,691	71,827
Sales tax	34,512	36,783	-	-	34,512	36,783
Occupancy tax	244	293	-	-	244	293
Franchise fees	11,779	12,070	-	-	11,779	12,070
Investment earnings net of change in fair value of investments	1,280	1,481	186	201	1,466	1,682
Gain on sale of capital assets	123	113	37	22	160	135
Miscellaneous	978	874	205	197	1,183	1,071
Total revenues	<u>134,162</u>	<u>144,259</u>	<u>49,819</u>	<u>51,986</u>	<u>183,981</u>	<u>196,245</u>
Expenses:						
General government and administration	15,894	17,122	-	-	15,894	17,122
Public safety	59,993	64,012	-	-	59,993	64,012
Development services	26,751	27,012	-	-	26,751	27,012
Cultural and recreational	15,487	16,755	-	-	15,487	16,755
Interest on long term debt	6,125	6,293	-	-	6,125	6,293
Water and Sewer	-	-	38,169	40,370	38,169	40,370
Golf	-	-	1,770	951	1,770	951
Sanitation	-	-	7,397	7,795	7,397	7,795
Total expenses	<u>124,250</u>	<u>131,194</u>	<u>47,336</u>	<u>49,116</u>	<u>171,586</u>	<u>180,310</u>
Increase (decrease) in net position before transfers	9,912	13,065	2,483	2,870	12,395	15,935
Transfers	4,408	5,458	(4,408)	(5,458)	-	-
Increase (decrease) in net position	<u>14,320</u>	<u>18,523</u>	<u>(1,925)</u>	<u>(2,588)</u>	<u>12,395</u>	<u>15,935</u>
Net position October 1	343,754	358,074	142,246	140,321	486,000	498,395
Net position September 30	<u>\$ 358,074</u>	<u>\$ 376,597</u>	<u>\$ 140,321</u>	<u>\$ 137,733</u>	<u>\$ 498,395</u>	<u>\$ 514,330</u>

CITY OF CARROLLTON, TEXAS

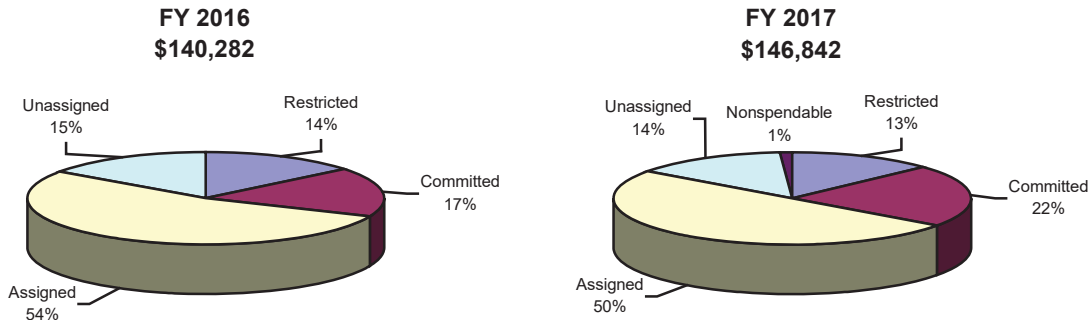
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FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Fund Balances by Type Governmental Funds



At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$146,842. Within this total \$1,649 is non-spendable for other receivables and prepaid items, \$18,888 is restricted by specific legal requirements, such as by debt covenants and \$106,431 has been committed and assigned to specific types of expenditures. The remaining \$19,874 is unassigned fund balance in the General Fund and can be used for any lawful purpose.

One of the City's financial policies is to maintain fund balance in the General Fund equal to 60 days expenditures and when those balances significantly exceed the 60 day target to transfer the excess to capital project funds to fund pay-as-you-go capital expenditures. In the General Fund, the City originally budgeted for a fund balance decrease in the current year of \$516. During the year, the City continued to experience an increase in its sales tax revenue, the General Fund's second largest revenue. The nature of sales tax in Texas is discussed in note 6 on pages 48-49 of this report. A majority of the increase is due to a general increase in economic activity across several sectors including construction supplies and equipment, on-line sales, and technology related sales and services. In order to manage this increase in a volatile revenue source, the city council adopted a financial policy to transfer sales tax received in excess of the amount budgeted for recurring purposes to capital projects funds to be used for one-time capital expenditures. The final budget included a decrease in the fund balance of \$3,207. Strong sales tax growth combined with the City's continued emphasis on expenditure control including close monitoring of expenditures in the final days of the fiscal year resulted in an actual budget basis decrease in fund balance of \$774. The fund

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balance exceeding the City's financial policy of 60 days will be addressed during the fiscal year 2018 budget deliberations.

Debt service fund balance increased in 2017 by \$127. Streets and Drainage Capital Projects fund balance increased by \$14,342 primarily due to the issuance of general obligation bonds and the receipt of transfers in from other funds offset by capital outlay expenditures. The General and Public Facilities Capital Projects fund balance decreased by \$15,740 primarily due to capital outlay expenditures partially offset by the receipt of net transfers in from other funds.

Proprietary funds - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective enterprise funds are \$24,018 for Water and Sewer, \$1,005 for Golf Course and \$430 for Sanitation. The total of all enterprise funds' unrestricted net position of \$25,453 is reduced by \$268 for the consolidation of the internal service fund activities related to enterprise funds to equal the total unrestricted net position for business-type activities in the entity-wide statements of \$25,185. Change in net position for enterprise funds in 2017 were (\$3,012) in the Water and Sewer Fund, \$435 in the Golf Course Fund and (\$17) in the Sanitation Fund.

General Fund Budgetary Highlights - The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in a decrease in budgeted expenditures from the original budget of 2.5% or \$2,457. Management's estimate of the General Fund's budgeted revenues increased \$770 or 0.7% from original budget based on year-to-date experience.

PENSIONS AND RETIREE HEALTHCARE

Pensions and retiree health care continue to receive negative media attention as governments around the nation struggle to fund these commitments. The City is committed to providing programs in these areas that are fair to both employees and taxpayers and that can be sustained over the long term.

Effective for fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous uniform measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second

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schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2017 of \$30,830 which is 59% of the City's annual covered payroll of \$52,035.

Retiree health care's actuarially accrued liability has been calculated in accordance with GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", to be \$10,925 as of December 31, 2015, an increase of \$6,125 from the previous biennial valuation. This increase is due to a catastrophic retiree claim that appears likely to require continued payments each year for the foreseeable future. The City's defined benefit retiree health plan is closed to new participants and liabilities should begin to decline as more current retirees leave the plan with fewer new retirees being eligible to participate.

CAPITAL ASSETS

The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$548,384 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, equipment, intangibles, improvements, and infrastructure and construction in progress. The total increase in the City's investment in capital assets, net of accumulated depreciation, for the current fiscal year was 3.7% (6.2% increase for governmental activities and 4.0% decrease in business-type activities.)

Capital Assets at Year-end Net of Accumulated Depreciation

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Land	\$ 102,489	\$ 102,542	\$ 2,378	\$ 2,378	\$ 104,867	\$ 104,920
Buildings	28,335	43,397	3,263	2,983	31,598	46,380
Equipment	20,637	21,434	3,109	2,975	23,746	24,409
Intangibles	331	412	109	92	440	504
Improvements	28,268	28,996	823	739	29,091	29,735
Infrastructure	211,373	228,358	118,087	113,351	329,460	341,709
Construction in Progress	9,385	610	-	117	9,385	727
Total	<u>\$ 400,818</u>	<u>\$ 425,749</u>	<u>\$ 127,769</u>	<u>\$ 122,635</u>	<u>\$ 528,587</u>	<u>\$ 548,384</u>

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Major capital asset events during the current fiscal year included the following:

- Acquisition of vehicles and equipment totaling \$5.6 million, including \$3.5 million of public safety equipment and vehicles and \$767 of public works equipment. The public safety equipment included a fire truck totaling \$1.39 million.
- Parks and recreation improvements totaling \$2.42 million, including \$659 for the new sprayground.
- Water and sewer system infrastructure improvements totaling \$2.1 million, including \$361 in developer contributions and \$393 for the Frankford Lift Station.
- Street and Alley Improvements of \$23.7 million, including \$729 in developer contributions and \$5.2 million in Old Denton Road improvements.
- Drainage Improvements of \$2.36 million including \$203 in developer contributions.

Additional information on the City’s capital assets can be found in note 4 on pages 42-43 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total bonded debt of \$196,906. Of this amount, \$184,737 comprises bonded debt backed by the full faith and credit of the government and \$12,169 represents bonds secured solely by water and sewer revenues.

**Outstanding Debt at Year End
Bonds and Notes Payable**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
General Obligation						
Bonds	\$ 178,955	\$ 184,737	\$ -	\$ -	\$ 178,955	\$ 184,737
Revenue Bonds	-	-	13,578	12,169	13,578	12,169
Total	<u>\$ 178,955</u>	<u>\$ 184,737</u>	<u>\$ 13,578</u>	<u>\$ 12,169</u>	<u>\$ 192,533</u>	<u>\$ 196,906</u>

During the fiscal year, the City’s total debt increased by \$4,373 or 2.3% due to issuance of \$21,367 (including premium) of a new General Obligation Bond new money issue offset by existing debt retirements of \$16,994.

As a water distribution and sewer collection utility, the City does not have any debt outstanding related to water and sewer treatment. However, it does have long-term contracts with its regional suppliers that have outstanding debt related to the provision of these services. Table 14 “Direct and Contractually

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Obligated - Property Tax and Revenue Debt" found on page 127 lists the City's pro-rata share of debt that is contractually obligated.

The City's General Obligation and Waterworks and Sewer System Revenue Bond ratings are listed below.

	Standard & Poor's	Fitch
General Obligation Bonds	AAA	AAA
Revenue Bonds	AAA	AAA

Additionally, several of the City's Bonds are insured. Additional information on the City's long term-debt can be found in footnote 5 on pages 44-47 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In the fiscal year 2018 Budget, General Fund revenues are budgeted to increase by 5.5% from the fiscal year 2017 final budget with ad valorem taxes making up 40.2% of General Fund budgeted revenues. Certified assessed valuations, including estimated values on properties under protest, increased 8.6% for the fiscal year 2018 budget compared to an 8.8% increase in the previous year's budget. In response to this growth, the City Council reduced the tax rate by 0.7%. Sales taxes are budgeted to increase by 2% from the fiscal year 2017 final budget and actual receipts through December 2017 are 5.1% ahead of the same period in fiscal year 2017.

In this coming fiscal year, the City's budget continues to benefit from the strong economy. The City continues to develop commercially and is aggressively pursuing Transit Oriented Development opportunities near the City's three light rail stations.

The Water and Sewer Operating Fund is budgeted in fiscal year 2018 to operate at a net deficit of \$731 based on available fund balance exceeding financial standards. Rates increases averaging 12.1% are projected to be necessary in the fiscal year 2018.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance, Attn: Controller, at P.O. Box 110535, Carrollton, Texas 75011-0535, e-mail at controller@cityofcarrollton.com or call (972) 466-3110.

CITY OF CARROLLTON, TEXAS

Government-wide Statement of Net Position
September 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash, cash equivalents and investments	\$ 142,174,725	\$ 22,631,595	\$ 164,806,320
Receivables (net of allowance for doubtful accounts):			
Ad valorem taxes	114,351	-	114,351
Sales taxes	2,946,120	-	2,946,120
Franchise fees	3,218,399	-	3,218,399
Accounts	-	5,638,554	5,638,554
Accrued interest	449,814	66,103	515,917
Other	1,647,975	111,201	1,759,176
Due from other governments	491,874	555,516	1,047,390
Internal balances	267,930	(267,930)	-
Inventories	64,224	-	64,224
Prepaid items	807,643	-	807,643
Equity interest in joint venture	1,420,879	-	1,420,879
Land held for redevelopment	3,722,448	-	3,722,448
Restricted assets:			
Cash, cash equivalents and investments	23,032,891	4,902,137	27,935,028
Capital assets:			
Land	102,541,908	2,377,918	104,919,826
Buildings	85,038,055	19,648,327	104,686,382
Equipment	46,059,186	7,792,858	53,852,044
Intangibles	6,535,190	868,612	7,403,802
Improvements	49,456,634	11,900,768	61,357,402
Infrastructure	316,034,320	241,715,945	557,750,265
Construction in progress	610,347	117,497	727,844
Accumulated depreciation	(180,526,652)	(161,786,955)	(342,313,607)
Total assets	606,108,261	156,272,146	762,380,407
Deferred outflows of resources			
Deferred charges on refundings	1,690,969	130,395	1,821,364
Pension contributions after measurement date	4,841,323	266,097	5,107,420
Difference in projected and actual earnings on pension assets	15,372,773	676,452	16,049,225
Changes in actuarial assumptions used to determine pension liability	2,141,450	94,585	2,236,035
Total deferred outflows of resources	24,046,515	1,167,529	25,214,044
Liabilities			
Accounts payable	16,002,109	2,664,446	18,666,555
Customer deposits payable	-	2,753,862	2,753,862
Accrued interest	861,349	196,084	1,057,433
Unearned revenue	931,509	-	931,509
Noncurrent liabilities:			
Due within one year	18,490,794	1,524,496	20,015,290
Due in more than one year	215,829,556	12,499,107	228,328,663
Total liabilities	252,115,317	19,637,995	271,753,312
Deferred inflows of resources			
Difference in expected and actual pension experience	1,442,142	68,559	1,510,701
Net position			
Net investment in capital assets	253,789,783	111,162,794	364,952,577
Restricted for:			
Debt service	3,957,847	1,385,524	5,343,371
Capital projects	879,143	-	879,143
Special revenue	2,102,688	-	2,102,688
Unrestricted	115,867,856	25,184,803	141,052,659
Total net position	\$ 376,597,317	\$ 137,733,121	\$ 514,330,438

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Government-wide Statement of Activities
For the Year Ended September 30, 2017

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government and administration	\$ 17,122,310	\$ 136,535	\$ -	\$ -	\$ (16,985,775)	\$ -	\$ (16,985,775)
Public safety	64,012,046	9,695,265	140,871	39,404	(54,136,506)	-	(54,136,506)
Development services	27,011,842	2,177,917	-	5,906,293	(18,927,632)	-	(18,927,632)
Cultural and recreational	16,754,985	2,718,579	2,737	-	(14,033,669)	-	(14,033,669)
Interest on long-term debt	6,293,033	-	-	-	(6,293,033)	-	(6,293,033)
Total governmental activities	<u>131,194,216</u>	<u>14,728,296</u>	<u>143,608</u>	<u>5,945,697</u>	<u>(110,376,615)</u>	<u>-</u>	<u>(110,376,615)</u>
Business-type activities:							
Water and sewer	40,370,208	39,630,140	-	965,092	-	225,024	225,024
Golf	951,127	1,131,464	-	-	-	180,337	180,337
Sanitation	7,794,237	9,839,216	-	-	-	2,044,979	2,044,979
Total business-type activities	<u>49,115,572</u>	<u>50,600,820</u>	<u>-</u>	<u>965,092</u>	<u>-</u>	<u>2,450,340</u>	<u>2,450,340</u>
Total government	<u>\$ 180,309,788</u>	<u>\$ 65,329,116</u>	<u>\$ 143,608</u>	<u>\$ 6,910,789</u>	<u>(110,376,615)</u>	<u>2,450,340</u>	<u>(107,926,275)</u>
General revenues:							
Taxes:							
Ad valorem					71,827,346	-	71,827,346
Sales					36,782,925	-	36,782,925
Occupancy					292,908	-	292,908
Franchise fees based upon gross receipts					12,069,944	-	12,069,944
Investment earnings net of change in fair value of investments					1,480,990	201,448	1,682,438
Gain on sale of capital assets					113,009	21,514	134,523
Miscellaneous					874,112	197,032	1,071,144
Transfers					5,458,431	(5,458,431)	-
Total general revenues and transfers					<u>128,899,665</u>	<u>(5,038,437)</u>	<u>123,861,228</u>
Change in net position					18,523,050	(2,588,097)	15,934,953
Net position at beginning of year					358,074,267	140,321,218	498,395,485
Net position at end of year					<u>\$ 376,597,317</u>	<u>\$ 137,733,121</u>	<u>\$ 514,330,438</u>

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Balance Sheet
 Governmental Funds
 September 30, 2017

	General	Debt Service	Streets and Drainage	General and Public Facilities	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 20,225,127	\$ 4,802,973	\$ 66,601,288	\$ 27,468,708	\$ 30,083,530	\$ 149,181,626
Receivables (net, where applicable, of allowance for doubtful accounts):						
Ad valorem taxes	78,382	35,969	-	-	-	114,351
Sales taxes	2,946,120	-	-	-	-	2,946,120
Franchise fees	3,139,292	-	-	79,107	-	3,218,399
Accrued interest	175,833	-	130,686	67,107	39,138	412,764
Other	593,947	-	-	1,012,080	-	1,606,027
Due from other funds	11,975	-	-	-	-	11,975
Due from other governments	40,723	-	218,149	-	233,002	491,874
Prepaid items	637,076	-	-	-	58,200	695,276
Land held for redevelopment	-	-	-	3,722,448	-	3,722,448
Total assets	\$ 27,848,475	\$ 4,838,942	\$ 66,950,123	\$ 32,349,450	\$ 30,413,870	\$ 162,400,860
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 7,077,728	\$ 19,746	\$ 3,402,668	\$ 3,383,490	\$ 931,316	\$ 14,814,948
Due to other funds	-	-	-	-	11,975	11,975
Unearned revenue	10,587	-	570,007	-	150,915	731,509
Total liabilities	7,088,315	19,746	3,972,675	3,383,490	1,094,206	15,558,432
Fund balances:						
Nonspendable for:						
Other receivables	-	-	-	1,012,080	-	1,012,080
Prepaid items	637,076	-	-	-	-	637,076
Restricted for:						
Debt service	-	4,819,196	-	-	-	4,819,196
Streets and drainage	-	-	10,002,200	-	-	10,002,200
Public facilities	-	-	-	723,553	-	723,553
Other capital projects	-	-	-	-	1,240,675	1,240,675
Other purposes	-	-	-	-	2,102,688	2,102,688
Committed to:						
Street rehabilitation	-	-	23,893,942	-	-	23,893,942
Other capital projects	-	-	-	-	8,337,252	8,337,252
Assigned to:						
Streets and drainage	-	-	29,081,306	-	-	29,081,306
Public facilities	-	-	-	27,230,327	-	27,230,327
Other capital projects	-	-	-	-	17,222,929	17,222,929
Other purposes	249,535	-	-	-	416,120	665,655
Unassigned	19,873,549	-	-	-	-	19,873,549
Total fund balances	20,760,160	4,819,196	62,977,448	28,965,960	29,319,664	146,842,428
Total liabilities and fund balances	\$ 27,848,475	\$ 4,838,942	\$ 66,950,123	\$ 32,349,450	\$ 30,413,870	\$ 162,400,860

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position
September 30, 2017

Total fund balance - total governmental funds \$ 146,842,428

Amounts reported for governmental activities in the statement of net position are different because:

Equity investment in Joint Venture is not a current financial resource and therefore is not reported in the governmental funds balance sheet. 1,420,879

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. Includes capital assets of Internal Service Funds. 425,748,988

Deferred outflows of resources are not reported in the governmental funds:

Deferred charges on refundings	1,690,969	
Pension contributions after measurement date	4,841,323	
Difference in projected and actual earnings on pension assets	15,372,773	
Changes in actuarial assumptions used to determine pension liability	<u>2,141,450</u>	24,046,515

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 statement of net position (net of amount allocated to business-type activities, capital assets and long term liabilities).

Internal Service Fund balances not included in other reconciling items:

Current assets	\$ 16,281,579	
Accounts payable	(1,187,161)	
Unearned revenue	(200,000)	
Net amount allocated to business-type activities	<u>267,930</u>	15,162,348

Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the governmental funds balance sheet. (861,349)

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. Includes Internal Service Funds' non-current liabilities.

Due within one year	\$ 18,490,794	
Due in more than one year	215,829,556	(234,320,350)

Deferred inflows of resources are not reported in the governmental funds:

Difference in expected and actual pension experience	<u>(1,442,142)</u>
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Net position of governmental activities \$ 376,597,317

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended September 30, 2017

	General	Debt Service	Streets and Drainage	General and Public Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Ad valorem	\$ 41,533,063	\$ 21,539,095	\$ 3,977,918	\$ -	\$ 4,419,709	\$ 71,469,785
Penalty and interest	286,197	71,364	-	-	-	357,561
Sales	36,782,925	-	-	-	-	36,782,925
Occupancy	-	-	-	-	292,908	292,908
Franchise fees	11,743,863	-	-	326,081	-	12,069,944
Assessments	-	-	-	-	119,602	119,602
Charges for services	6,158,205	-	-	-	245,745	6,403,950
Intergovernmental	111,646	-	3,961,179	28,214	1,055,425	5,156,464
Licenses and permits	2,525,756	-	-	-	8,880	2,534,636
Fines and forfeitures	4,994,567	-	-	122,590	552,951	5,670,108
Investment earnings net of change in fair value of investments	650,967	(13,541)	351,754	266,652	110,521	1,366,353
Miscellaneous	461,549	-	-	315,156	97,407	874,112
Total revenues	105,248,738	21,596,918	8,290,851	1,058,693	6,903,148	143,098,348
Expenditures:						
Current:						
General government and administration	15,321,401	-	-	-	-	15,321,401
Public safety	55,619,820	-	-	-	332,177	55,951,997
Development services	10,391,297	-	-	-	-	10,391,297
Cultural and recreational	12,172,177	-	-	-	572,265	12,744,442
Capital outlay	-	-	22,377,976	17,786,426	7,822,910	47,987,312
Debt service:						
Principal retirement	-	14,535,000	-	-	-	14,535,000
Interest and fiscal charges	-	7,097,030	-	-	-	7,097,030
Total expenditures	93,504,695	21,632,030	22,377,976	17,786,426	8,727,352	164,028,479
Excess (deficiency) of revenues over expenditures	11,744,043	(35,112)	(14,087,125)	(16,727,733)	(1,824,204)	(20,930,131)
Other financing sources (uses):						
Bonds issued	-	-	17,390,000	-	2,160,000	19,550,000
Premium on bonds issued	-	162,548	1,655,189	-	-	1,817,737
Sale of capital assets	279,160	-	-	43,920	-	323,080
Transfers in	5,203,510	-	9,634,246	6,990,953	8,290,402	30,119,111
Transfers out	(18,021,569)	-	(250,000)	(6,047,334)	-	(24,318,903)
Total other financing sources (uses)	(12,538,899)	162,548	28,429,435	987,539	10,450,402	27,491,025
Net change in fund balances	(794,856)	127,436	14,342,310	(15,740,194)	8,626,198	6,560,894
Fund balances at beginning of year	21,555,016	4,691,760	48,635,138	44,706,154	20,693,466	140,281,534
Fund balances at end of year	\$ 20,760,160	\$ 4,819,196	\$ 62,977,448	\$ 28,965,960	\$ 29,319,664	\$ 146,842,428

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017

Net change in fund balances - total governmental funds \$ 6,560,894

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period. 40,151,832

The net effect of various transactions involving capital assets.

Capital contributions	\$ 932,841	
Asset retirements/disposals	(741,898)	190,943

Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (17,924,351)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bonds issued	\$ (19,550,000)	
Premium on bonds issued	(1,817,737)	
Payment to refunding bond escrow agent	-	
Bond principal retirement	14,535,000	
Accrued interest on Bonds Payable	(25,748)	
Amortization of bond premiums/discounts	1,049,696	
Amortization of deferred charges on refundings	(219,951)	(6,028,740)

Expenditures are recognized in the governmental funds when paid or due for items not normally paid with available financial resources. However, the Statement of Activities is presented on a accrual basis and expenses are reported when incurred. This amount is the net effect of these differences.

Compensated absences expenses	(428,095)	
Pollution remediation obligation costs	58,590	
Pension costs, net	(5,243,189)	(5,612,694)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities net of amount allocated to business-type activities and depreciation expense.

Change in net position	\$ (699,828)	
Net of amount allocated to business activities	(6,687)	
Depreciation expense	1,891,681	1,185,166

Change in net position of governmental activities \$ 18,523,050

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
Revenues:						
Taxes:						
Ad valorem	\$ 40,905,817	\$ 41,540,063	\$ 41,533,063	\$ -	\$ 41,533,063	\$ (7,000)
Penalty and interest	250,000	250,000	286,197	-	286,197	36,197
Sales	35,814,233	37,120,707	36,782,925	-	36,782,925	(337,782)
Franchise fees	11,259,215	11,436,115	11,743,863	-	11,743,863	307,748
Charges for services	5,790,839	5,985,695	6,158,205	-	6,158,205	172,510
Intergovernmental	-	-	111,646	-	111,646	111,646
Licenses and permits	3,043,206	2,517,079	2,525,756	-	2,525,756	8,677
Fines and forfeitures	5,973,903	4,897,212	4,994,567	-	4,994,567	97,355
Investment earnings net of change in fair value of investments	455,350	636,900	650,967	57,145	708,112	71,212
Miscellaneous	760,205	638,879	461,549	-	461,549	(177,330)
Total revenues	104,252,768	105,022,650	105,248,738	57,145	105,305,883	283,233
Expenditures:						
Current:						
General government and administration	19,185,882	16,317,342	15,321,401	71,425	15,392,826	924,516
Public safety	54,421,066	55,716,596	55,619,820	(23,078)	55,596,742	119,854
Development services	11,388,059	10,859,987	10,391,297	3,649	10,394,946	465,041
Cultural and recreational	12,522,117	12,165,714	12,172,177	(15,547)	12,156,630	9,084
Total expenditures	97,517,124	95,059,639	93,504,695	36,449	93,541,144	1,518,495
Excess (deficiency) of revenues over expenditures	6,735,644	9,963,011	11,744,043	20,696	11,764,739	1,801,728
Other financing sources (uses):						
Sale of capital assets	-	-	279,160	-	279,160	279,160
Transfers in	5,319,075	5,326,284	5,203,510	373,661	5,577,171	250,887
Transfers out	(12,570,292)	(18,495,995)	(18,021,569)	(373,661)	(18,395,230)	100,765
Total other financing sources (uses)	(7,251,217)	(13,169,711)	(12,538,899)	-	(12,538,899)	630,812
Net change in fund balances	(515,573)	(3,206,700)	(794,856)	20,696	(774,160)	2,432,540
Fund balances at beginning of year	21,339,746	21,339,746	21,555,016	(215,270)	21,339,746	-
Fund balances at end of year	\$ 20,824,173	\$ 18,133,046	\$ 20,760,160	\$ (194,574)	\$ 20,565,586	\$ 2,432,540

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Statement of Net Position
 Proprietary Funds
 September 30, 2017

	Business Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	Golf Course	Sanitation	Total	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 21,995,092	\$ 351,941	\$ 284,562	\$ 22,631,595	\$ 16,025,990
Receivables (net where applicable of allowance for doubtful accounts)					
Accounts	4,541,716	-	1,096,838	5,638,554	-
Accrued interest	61,785	-	4,318	66,103	37,050
Other	-	111,201	-	111,201	41,948
Due from other governments	-	555,516	-	555,516	-
Inventories	-	-	-	-	64,224
Prepaid items	-	-	-	-	112,367
Restricted assets:					
Cash and cash equivalents	3,516,613	-	-	3,516,613	-
Total current assets	30,115,206	1,018,658	1,385,718	32,519,582	16,281,579
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	1,385,524	-	-	1,385,524	-
Capital assets:					
Land	1,382,918	995,000	-	2,377,918	-
Buildings	18,038,700	1,609,627	-	19,648,327	176,409
Equipment	5,102,721	1,229,834	1,460,303	7,792,858	22,642,569
Intangibles	868,612	-	-	868,612	104,714
Improvements	-	11,900,768	-	11,900,768	-
Infrastructure	241,715,945	-	-	241,715,945	-
Construction in progress	117,497	-	-	117,497	-
Accumulated depreciation	(146,879,329)	(13,461,010)	(1,446,616)	(161,786,955)	(13,804,633)
Total capital assets, net of accumulated depreciation	120,347,064	2,274,219	13,687	122,634,970	9,119,059
Total noncurrent assets	121,732,588	2,274,219	13,687	124,020,494	9,119,059
Total assets	151,847,794	3,292,877	1,399,405	156,540,076	25,400,638
Deferred outflows of resources					
Deferred charges on refundings	130,395	-	-	130,395	-
Pension contributions after measurement date	266,097	-	-	266,097	-
Difference in projected and actual earnings on pension assets	676,452	-	-	676,452	-
Changes in actuarial assumptions used to determine pension liability	94,585	-	-	94,585	-
Total deferred outflows of resources	1,167,529	-	-	1,167,529	-
Liabilities					
Current liabilities:					
Accounts payable	1,694,798	13,555	956,093	2,664,446	1,187,161
Estimated health claims payable	-	-	-	-	1,300,000
Customer deposits payable	2,753,862	-	-	2,753,862	-
Revenue bonds payable	1,459,120	-	-	1,459,120	-
Compensated absences	65,376	-	-	65,376	-
Unearned revenue	-	-	-	-	200,000
Accrued interest	196,084	-	-	196,084	-
Total current liabilities	6,169,240	13,555	956,093	7,138,888	2,687,161
Noncurrent liabilities:					
Revenue bonds payable	10,710,117	-	-	10,710,117	-
Net pension liability	1,272,440	-	-	1,272,440	-
Compensated absences	516,550	-	-	516,550	37,465
Other post employment benefits obligation	-	-	-	-	2,032,574
Long-term risk liability	-	-	-	-	1,547,691
Total noncurrent liabilities	12,499,107	-	-	12,499,107	3,617,730
Total liabilities	18,668,347	13,555	956,093	19,637,995	6,304,891
Deferred inflow of resources					
Difference in expected and actual pension experience	68,559	-	-	68,559	-
Net Position					
Net investment in capital assets	108,874,888	2,274,219	13,687	111,162,794	9,119,059
Restricted for:					
Revenue bond retirement	1,385,524	-	-	1,385,524	-
Unrestricted	24,018,005	1,005,103	429,625	25,452,733	9,976,688
Total net position	\$ 134,278,417	\$ 3,279,322	\$ 443,312	138,001,051	\$ 19,095,747
Reconciliation to government-wide statement of net position:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(267,930)	
Net position of business-type activities				\$ 137,733,121	

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended September 30, 2017

	Business Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	Golf Course	Sanitation	Total	
Operating revenues:					
Charges for services	\$ 39,630,140	\$ 1,131,464	\$ 9,839,216	\$ 50,600,820	\$ 18,209,415
Miscellaneous	197,032	-	-	197,032	-
Total operating revenues	<u>39,827,172</u>	<u>1,131,464</u>	<u>9,839,216</u>	<u>50,797,852</u>	<u>18,209,415</u>
Operating expenses:					
Personal services	3,989,218	-	-	3,989,218	192,854
Supplies and services	26,175,701	652,356	7,671,627	34,499,684	16,624,544
Utilities	946,111	97,616	-	1,043,727	30,398
Allocations	1,222,871	10,395	86,425	1,319,691	55,635
Depreciation	7,595,388	193,392	54,953	7,843,733	1,891,681
Total operating expenses	<u>39,929,289</u>	<u>953,759</u>	<u>7,813,005</u>	<u>48,696,053</u>	<u>18,795,112</u>
Income (loss) from operations	<u>(102,117)</u>	<u>177,705</u>	<u>2,026,211</u>	<u>2,101,799</u>	<u>(585,697)</u>
Nonoperating revenues (expenses):					
Investment earnings net of change in fair value of investments	187,616	(964)	14,796	201,448	114,637
Gain on sale/retirement of capital assets	21,514	-	-	21,514	113,009
Interest expense	(426,206)	-	-	(426,206)	-
Total nonoperating revenues (expenses)	<u>(217,076)</u>	<u>(964)</u>	<u>14,796</u>	<u>(203,244)</u>	<u>227,646</u>
Income (loss) before contributions and transfers	<u>(319,193)</u>	<u>176,741</u>	<u>2,041,007</u>	<u>1,898,555</u>	<u>(358,051)</u>
Capital contributions	965,092	-	-	965,092	-
Transfers in	-	602,048	-	602,048	-
Transfers out	<u>(3,658,286)</u>	<u>(343,842)</u>	<u>(2,058,351)</u>	<u>(6,060,479)</u>	<u>(341,777)</u>
Change in net position	<u>(3,012,387)</u>	<u>434,947</u>	<u>(17,344)</u>	<u>(2,594,784)</u>	<u>(699,828)</u>
Net position at beginning of year	<u>137,290,804</u>	<u>2,844,375</u>	<u>460,656</u>		<u>19,795,575</u>
Net position at end of year	<u>\$ 134,278,417</u>	<u>\$ 3,279,322</u>	<u>\$ 443,312</u>		<u>\$ 19,095,747</u>
Reconciliation to government-wide statement of activities:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				6,687	
Change in net position of business-type activities				<u>\$ (2,588,097)</u>	

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended September 30, 2017

	Business -Type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds	
	Water and Sewer	Golf Course	Sanitation		Total
Cash flows from operating activities:					
Cash received from customers for services	\$ 39,589,446	\$ 1,178,677	\$ 9,765,381	\$ 50,533,504	\$ -
Cash received from employees for services	-	-	-	-	1,717,739
Cash received from other funds for services	-	-	-	-	16,499,160
Cash received from loss claim recoveries	-	-	-	-	1,246,485
Other operating cash receipts	197,032	-	-	197,032	-
Cash payments to suppliers for goods and services	(27,409,114)	(872,453)	(8,106,996)	(36,388,563)	(4,283,492)
Cash payments to employees for services	(3,274,194)	-	-	(3,274,194)	(177,258)
Cash payment for loss claims	-	-	-	-	(12,398,059)
Cash payments to other funds for services	(1,414,515)	(11,355)	(74,136)	(1,500,006)	(65,267)
Net cash provided by operating activities	<u>7,688,655</u>	<u>294,869</u>	<u>1,584,249</u>	<u>9,567,773</u>	<u>2,539,308</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	-	602,048	-	602,048	-
Transfers to other funds	(3,658,286)	(343,842)	(2,058,351)	(6,060,479)	(341,777)
Net cash provided (used) by noncapital and related financing activities	<u>(3,658,286)</u>	<u>258,206</u>	<u>(2,058,351)</u>	<u>(5,458,431)</u>	<u>(341,777)</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(2,316,894)	(264,330)	-	(2,581,224)	(2,369,069)
Proceeds from sale of capital assets	21,514	-	-	21,514	133,648
Interest paid on bonds	(524,378)	-	-	(524,378)	-
Retirement of bonds	(1,310,000)	-	-	(1,310,000)	-
Capital contributions	604,470	-	-	604,470	-
Net cash used by capital and related financing activities	<u>(3,525,288)</u>	<u>(264,330)</u>	<u>-</u>	<u>(3,789,618)</u>	<u>(2,235,421)</u>
Cash flows from investing activities:					
Interest on cash and cash equivalents	<u>168,861</u>	<u>(964)</u>	<u>14,864</u>	<u>182,761</u>	<u>104,270</u>
Net increase (decrease) in cash and cash equivalents	673,942	287,781	(459,238)	502,485	66,380
Cash and cash equivalents, October 1	26,223,287	64,160	743,800	27,031,247	15,959,610
Cash and cash equivalents, September 30	<u>\$ 26,897,229</u>	<u>\$ 351,941</u>	<u>\$ 284,562</u>	<u>\$ 27,533,732</u>	<u>\$ 16,025,990</u>

(Continued)

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended September 30, 2017

	Business -Type Activities- Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	Golf Course	Sanitation	Total	
Reconciliation of income (loss) from operations to net cash provided by operating activities:					
Income (loss) from operations	\$ (102,117)	\$ 177,705	\$ 2,026,211	\$ 2,101,799	\$ (585,697)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:					
Depreciation	7,595,388	193,392	54,953	7,843,733	1,891,681
Provision for doubtful accounts	39,523	-	12,289	51,812	-
Change in assets and liabilities:					
Increase in accounts receivable	(130,410)	-	(73,835)	(204,245)	-
Decrease in other receivables	-	45,657	-	45,657	77,720
Decrease in due from other governments	-	1,556	-	1,556	-
(Increase) decrease in inventories	-	55,032	-	55,032	(14,730)
Decrease in prepaid items	-	910	-	910	13,000
Decrease in pension related deferred outflows	247,886	-	-	247,886	-
Increase (decrease) in accounts payable	110,092	(179,383)	(435,369)	(504,660)	731,758
Increase in estimated health claims payable	-	-	-	-	262,000
Increase in customer deposits payable	89,716	-	-	89,716	-
Decrease in net pension liability	(73,732)	-	-	(73,732)	-
Increase (decrease) in liability for compensated absences	(83,699)	-	-	(83,699)	4,859
Decrease in long-term risk liability	-	-	-	-	(37,953)
Increase in other post employment benefits obligation	-	-	-	-	196,670
Decrease in pension related deferred inflows	(3,992)	-	-	(3,992)	-
Net cash provided by operating activities	<u>\$ 7,688,655</u>	<u>\$ 294,869</u>	<u>\$ 1,584,249</u>	<u>\$ 9,567,773</u>	<u>\$ 2,539,308</u>

Noncash investing, capital and financing activities:

During the past year, the Enterprise Funds received \$360,622 of noncash capital contributions from developers consisting of water and sewer infrastructure.

Reconciliation of total cash and cash equivalents:

Current assets:					
Cash and cash equivalents	\$ 21,995,092	\$ 351,941	\$ 284,562	\$ 22,631,595	\$ 16,025,990
Restricted assets - cash and cash equivalents	3,516,613	-	-	3,516,613	-
Noncurrent assets:					
Restricted assets - cash and cash equivalents	1,385,524	-	-	1,385,524	-
Total cash and cash equivalents	<u>\$ 26,897,229</u>	<u>\$ 351,941</u>	<u>\$ 284,562</u>	<u>\$ 27,533,732</u>	<u>\$ 16,025,990</u>

(Concluded)

See accompanying notes to basic financial statements.



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CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

Incorporated on June 14, 1913, the City of Carrollton operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, development services, culture, recreation and waterworks.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate organizations as component units within the City's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). Based on this criterion, the City has no component units.

C. Basis of Presentation

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges from the City's water, sewer and sanitation functions and various other functions. Elimination of these charges would distort the direct costs reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

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

General Fund-

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund-

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Streets and Drainage Fund-

Streets and Drainage Fund is used to account for funds received and expended for the construction and renovation of thoroughfares, arterial streets and drainage improvements in the City.

General and Public Facilities Fund-

General and Public Facilities Fund is used to account for funds received and expended for construction, renovation, expansion and major improvement of various City facilities, acquisition of land and other large nonrecurring projects.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

Water and Sewer Fund-

Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Golf Course Fund-

Golf Course Fund is used to account for payments received from the contractor and improvements made to the City's golf course, including administration, operation and maintenance.

Sanitation Fund-

Sanitation Fund is used to account for billing, collection and payment for solid waste collection and disposal services. All costs are financed through charges to sanitation customers.

Additionally, the City reports the Internal Service Funds which are used to account for the fleet management services, self-funded property and casualty insurance provided to departments of the City and self funded health and disability insurance provided to employees of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) and all deferred inflows and outflows of resources are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned,

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means 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 revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

E. Budgetary Control

Annual budgets are adopted for all governmental funds except for the capital projects funds, which adopt project-length budgets.

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 1.

Upon receipt of the budget estimates, the Council holds a public hearing on the proposed budget. Information about the Budget Ordinance is then published in the official newspaper of the City.

At least ten days prior to October 1, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were adopted.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are adjusted to the actual results for this comparison.

F. Cash, Cash Equivalents and Investments

Cash of all funds, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's equity in the pooled cash accounts is available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with maturity of ninety days or less are also considered to be "cash equivalents". Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Investments in government pools are recorded at amortized cost. All other investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

G. Interfund Receivables and Payables

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

H. Inventories

The inventories in the Internal Service Funds consist of fuel supplies and are recorded at cost using the first-in/first-out method.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

I. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year.

J. Equity Interest in Joint Venture and Shared Radio System

During Fiscal Year 2014, the Town of Addison, City of Carrollton, City of Coppell and City of Farmers Branch (the “Cities”) formed a joint venture, the North Texas Emergency Communications Center, Inc. (NTECC), to establish and operate a joint public safety dispatch center. The Cities are responsible for funding capital and operating costs of NTECC. The City of Carrollton’s equity interest in NTECC of \$1,420,879 as of September 30, 2017 is recorded as Equity Interest in Joint Venture in the Governmental Activities on the Government-wide Statement of Net Position. Audited financial statements for NTECC can be obtained from the Finance Department at 1945 E. Jackson Rd, Carrollton, TX 75006, by calling 972-466-3110 or by email at controller@cityofcarrollton.com.

Additionally, the Cities have also entered into an interlocal agreement to jointly procure a public safety radio system. While this agreement did not include the formation of a separate legal joint venture entity, it is possible that this system may be consolidated into NTECC in the future. The Cities are each responsible for funding a portion of the radio system. The City of Carrollton’s portion of the system costs as of September 30, 2017 of \$4,407,969 is capitalized as equipment in the Governmental Activities on the Government-wide Statement of Net Position.

K. Land Held for Redevelopment

Land held for resale in the General and Public Facilities Capital Project Fund is held for redevelopment and is valued at the estimated realizable value or historical acquisition cost, whichever is less.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

L. Restricted Assets

Certain cash and investments balances are restricted by various legal and contractual obligations.

The following table summarizes the restricted cash and investments:

Governmental activities:	
Debt Service Fund	\$ 4,802,973
Bond construction account	14,685,463
Other Capital Project Funds	1,252,485
Special Revenue Funds	2,291,970
	<u>23,032,891</u>
Business-type activities	
Revenue bond accrued interest payable	196,084
Current maturities of revenue bonds	566,667
Reserve for revenue bond retirement	1,385,524
Customer deposits	2,753,862
	<u>4,902,137</u>
Total Restricted cash and investments	<u>\$ 27,935,028</u>

M. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Outlays for capital assets are capitalized as projects are constructed. Infrastructure assets begin depreciating at the end of year in which costs are incurred. Other constructed capital assets begin depreciating when the asset is placed in service.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of \$250,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 – 50 Years
Equipment	3 – 10 Years
Intangibles	4 – 20 Years
Improvements	10 – 40 Years
Infrastructure	20 – 40 Years

N. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. 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 GASB Codification Section P20 – Pension Activities.

O. Compensated Absences

The City's policy allows employees to accumulate unused sick leave on an unlimited basis and vacation leave up to 432 hours for Fire Shift Civil Service employees and up to 288 hours for all other employees. Upon termination employees are entitled to be paid for accumulated leave as follows:

Vacation Leave:

- Civil Service employees who have completed six full months of service and Non-Civil Service employees hired on or before January 1, 2011 will be paid any accumulated vacation leave.
- Non-Civil Service employees hired after January 1, 2011 who have completed six full months of service will be paid for accumulated vacation leave up to a maximum of 120 hours.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

Sick Leave:

- Civil Service Fire Shift employees who have completed one full year of service will be paid for accumulated sick leave up to 1,440 hours.
- All other Civil Service employees who have completed one full year of service and Non-Civil Service employees hired on or before January 1, 2010 will be paid for accumulated sick leave up to 960 hours.
- Non-Civil Service employees hired after January 1, 2010 will not be paid for accumulated sick leave.

P. Nature and Purpose of Classifications of Fund Equity

Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted or committed. Assignments are made by City management based on Council direction.

For the classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net position restricted for revenue bond retirement in the Water and Sewer Fund is a reserve required by revenue bond covenants.

Q. Minimum Fund Balance Policy

It is the desire of the City to maintain adequate General Fund fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 60 days of budgeted expenditures.

R. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the proprietary funds and in the government-wide statements. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

S. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Proprietary funds an indirect cost percentage of administrative services for those funds but paid through the General Fund along with other indirect costs deemed necessary for their operations. During the year ended September 30, 2017, the City allocated \$2,664,013 as a transfer for such services.

T. Deferred Outflows/Inflows of Resources

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

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

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

(2) BUDGET BASIS OF ACCOUNTING:

The City prepares its annual budget on a basis (budget basis) which differs from a GAAP basis. The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General Fund to provide a meaningful comparison of actual results with the budget. The differences between budget and GAAP basis in the General Fund are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to an assignment of fund balance (GAAP), unrealized investment gain (loss) is recognized for GAAP basis only and interfund loan transactions treated as transfers for budget basis.

Adjustments necessary to convert the General Fund's net change in fund balances on the budget basis to a GAAP basis are as follows:

Net change in fund balances - budget basis	\$ (774,160)
Beginning of year adjustment for encumbrances recognized as expenditures	(213,086)
End of year adjustment for encumbrances not recognized as expenditures	249,535
Unrealized investment gain/(loss) recognized for GAAP basis only	(57,145)
Interfund loan transactions treated as transfers for budget basis	(373,661)
Extinguishment of interfund loan balance recognized for GAAP basis only	373,661
Net change in fund balances - GAAP basis	<u>\$ (794,856)</u>

(3) DEPOSITS AND INVESTMENTS:

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. All deposits of the City that exceeded the federal depository insurance coverage level of \$250,000 per account were covered by collateral held by the Federal Reserve Bank in the City's name under a joint safekeeping agreement with Frost Bank. The market value of the collateral held at the Federal Reserve Bank in the City's name at fiscal year-end was \$12,918,690.

At September 30, 2017, the carrying amount of the City's deposits was a credit of \$747,085, and the respective bank balances totaled \$1,898,495. The City's cash on hand totaled \$36,725.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
 For Year Ended September 30, 2017

Investments - State statutes, City investment policy, City bond ordinances and City resolutions authorize the City's investments. The City is authorized to invest in the following: U.S. Government obligations and its agencies or instrumentalities; direct obligations of this state or its agencies and instrumentalities, including the Federal Home Loan Bank; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States with ten years or less stated final maturity (cannot be an inverse floater, a principal only or interest only); obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; no-load SEC registered mutual funds with a weighted average stated maturity of less than two years that are invested in allowable securities; obligations of Texas and its agencies; fully collateralized repurchase agreements and reverse repurchase agreements; prime domestic commercial paper; prime domestic bankers' acceptances; guaranteed investment contracts; securities lending program consisting of authorized investments by the City's investment policy; insured or collateralized certificates of deposit; government pools; and no-load SEC registered money market funds consisting of any of these securities listed with a dollar-weighted average stated maturity of 90 days or less and with an investment objective of a stable net asset value of \$1 for each share. For additional information see the City of Carrollton Investment Policy at www.cityofcarrollton.com.

The City's investments carried at fair value as of September 30, 2017, were:

Investments:	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
Coupon Agencies	\$ 160,245,891	1.33	AAA
Discount Agencies	3,999,108	-	AAA
Treasury Notes	<u>3,022,032</u>	0.01	AAA
Total Fair Value	<u><u>\$ 167,267,031</u></u>		
Portfolio Weighted Average Maturity		1.34	

Additionally, the City has investments in government pools at September 30, 2017 totaling \$26,184,677, which are recorded at amortized cost.

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 "Act"), provide for the creation of public funds investment pools, such as Texas Local Government Investment Pool (TexPool) and Local Government Investment Cooperative (LOGIC), through which political subdivisions and other entities may invest public funds. TexPool and LOGIC have been assigned a credit rating

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

of AAAM from Standard & Poor's. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal.

Following the criteria for GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, TexPool uses amortized cost and LOGIC uses the fair value method to value portfolio assets. As is legally permissible for municipalities and school districts in the state, TexPool invests in a high-quality portfolio of debt securities and LOGIC invests in a high-quality portfolio of short-term investments

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

As of September 30, 2017, the City has the recurring fair value measurements for coupon and discount agencies and treasury notes of \$167,267,031 valued using quoted prices for similar assets in active markets. (Level 2 inputs).

Interest Rate Risk – In compliance with the City's Investment Policy, as of September 30, 2017, the City minimized the interest rate risk in the portfolio, related to current market events, by: limiting the weighted average maturity to a maximum of four years; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in short-term securities, money market mutual funds, or similar government investment pools.

Concentration of Credit Risk – In compliance with the City's Investment Policy, as of September 30, 2017, the City minimized concentration of credit risk, by: limiting investments in a specific local governmental pools to no more than 40 percent of the investment portfolio; staggering maturities and potential call dates; and limiting investments in commercial paper and bankers' acceptances to no more than 5% of the investment portfolio. As of September 30, 2017, 5% or more of the City's total investment are in: Federal Farm Credit Bank securities (34.54%), Federal Home Loan Bank securities (25.44%), Federal Home Loan Mortgage Corporation securities (16.51%), Texas Local Government Investment Pool (7.23%), Federal National Mortgage Association securities (6.33%), and Local Government Investment Cooperative Pool (6.31%).

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

(4) CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 102,488,838	\$ 312,478	\$ (259,408)	\$ 102,541,908
Construction in progress	9,385,440	610,347	(9,385,440)	610,347
Total capital assets not being depreciated	<u>111,874,278</u>	<u>922,825</u>	<u>(9,644,848)</u>	<u>103,152,255</u>
Capital assets being depreciated:				
Buildings	70,307,126	18,423,484	(3,692,555)	85,038,055
Equipment	41,743,231	4,946,757	(630,802)	46,059,186
Intangibles	6,316,175	219,015	-	6,535,190
Improvements	47,053,063	2,419,059	(15,488)	49,456,634
Infrastructure	291,888,188	26,071,881	(1,925,749)	316,034,320
Total capital assets being depreciated	<u>457,307,783</u>	<u>52,080,196</u>	<u>(6,264,594)</u>	<u>503,123,385</u>
Less accumulated depreciation for:				
Buildings	(41,971,801)	(2,947,875)	3,278,220	(41,641,456)
Equipment	(21,106,607)	(4,060,086)	542,008	(24,624,685)
Intangibles	(5,985,349)	(138,223)	-	(6,123,572)
Improvements	(18,784,561)	(1,691,473)	15,488	(20,460,546)
Infrastructure	(80,515,448)	(9,086,694)	1,925,749	(87,676,393)
Total accumulated depreciation	<u>(168,363,766)</u>	<u>(17,924,351)</u>	<u>5,761,465</u>	<u>(180,526,652)</u>
Total capital assets being depreciated, net	<u>288,944,017</u>	<u>34,155,845</u>	<u>(503,129)</u>	<u>322,596,733</u>
Governmental activities capital assets, net	<u>\$ 400,818,295</u>	<u>\$ 35,078,670</u>	<u>\$ (10,147,977)</u>	<u>\$ 425,748,988</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,377,918	\$ -	\$ -	\$ 2,377,918
Construction in progress	-	117,497	-	117,497
Total capital assets not being depreciated	2,377,918	117,497	-	2,495,415
Capital assets being depreciated:				
Buildings	19,648,327	-	-	19,648,327
Equipment	7,410,090	450,078	(67,310)	7,792,858
Intangibles	868,612	-	-	868,612
Improvements	11,900,768	-	-	11,900,768
Infrastructure	239,589,258	2,126,687	-	241,715,945
Total capital assets being depreciated	279,417,055	2,576,765	(67,310)	281,926,510
Less accumulated depreciation for:				
Buildings	(16,385,467)	(280,201)	-	(16,665,668)
Equipment	(4,301,371)	(599,005)	82,208	(4,818,168)
Intangibles	(759,075)	(17,894)	-	(776,969)
Improvements	(11,077,706)	(83,678)	-	(11,161,384)
Infrastructure	(121,501,811)	(6,862,955)	-	(128,364,766)
Total accumulated depreciation	(154,025,430)	(7,843,733)	82,208	(161,786,955)
Total capital assets being depreciated, net	125,391,625	(5,266,968)	14,898	120,139,555
Business-type activities capital assets, net	\$ 127,769,543	\$ (5,149,471)	\$ 14,898	\$ 122,634,970

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government and administration	\$ 821,693
Public safety	4,193,996
Development services	9,756,033
Cultural and recreational	3,152,629
Total depreciation expense - Governmental activities	<u>\$ 17,924,351</u>
Business-type activities:	
Water and sewer	7,595,388
Golf course	193,392
Sanitation	54,953
Total depreciation expense - Business-type activities	<u>\$ 7,843,733</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

(5) LONG-TERM DEBT AND LIABILITIES:

General Obligation Bonds –

General obligation bonds provide funds for the acquisition and construction of major capital equipment and facilities. General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General obligation bonds require the City to compute, at the time property taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

At September 30, 2017, general obligation bonds currently outstanding are as follows:

	<u>Interest Rate %</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding</u>
Improvement and Refunding, Series 2009	2 - 5	04/15/2009	08/15/2029	\$ 18,610,000
Improvement and Refunding, Series 2010	2.25 - 4.125	04/15/2010	08/15/2030	18,480,000
Improvement, Series 2011	3 - 4.25	04/15/2011	08/15/2030	11,015,000
Refunding, Series 2012	2 - 4	05/01/2012	08/15/2025	12,395,000
Improvement, Series 2013	2 - 4.5	07/15/2013	08/15/2033	8,035,000
Improvement, Series 2014	3 - 4	04/15/2014	08/15/2034	18,235,000
Improvement and Refunding, Series 2015	2 - 5	05/01/2015	08/15/2035	35,980,000
Improvement and Refunding, Series 2016	3 - 5	05/15/2016	08/15/2031	28,065,000
Improvement, Series 2017	2 - 5	04/01/2017	08/15/2032	19,215,000
				<u>\$ 170,030,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 15,035,000	\$ 6,890,792	\$ 21,925,792
2019	14,770,000	6,314,993	21,084,993
2020	13,870,000	5,685,242	19,555,242
2021	13,025,000	5,151,343	18,176,343
2022	12,145,000	4,610,418	16,755,418
2023-2027	56,855,000	15,446,865	72,301,865
2028-2032	37,455,000	5,134,937	42,589,937
2033-2035	6,875,000	485,150	7,360,150
Total	<u>\$ 170,030,000</u>	<u>\$ 49,719,740</u>	<u>\$ 219,749,740</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

Revenue Bonds –

Revenue bonds are used to finance the acquisition and construction of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Remaining revenues may then be used for any lawful purpose. For fiscal year 2017, net revenue available for debt service was 2.9 times the average annual debt service requirement. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. Management of the City believes that it is in compliance with all significant financial requirements as of September 30, 2017.

At September 30, 2017, revenue bonds currently outstanding are as follows:

	Interest Rate %	Issue Date	Maturity Date	Outstanding
Waterworks and Sewer System Revenue Improvement, Series 2005	2.5 - 4.2	02/15/2005	05/01/2025	\$ 1,385,000
Waterworks and Sewer System Revenue Improvement, Series 2007	4.375 - 5	08/01/2007	05/01/2027	3,530,000
Waterworks and Sewer System Revenue Refunding, Series 2012	2 - 4	05/01/2012	05/01/2023	6,700,000
				<u>\$ 11,615,000</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending <u>September 30</u>	<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 1,360,000	\$ 470,604	\$ 1,830,604
2019	1,425,000	414,779	1,839,779
2020	1,485,000	356,654	1,841,654
2021	1,545,000	295,704	1,840,704
2022	1,605,000	232,278	1,837,278
2023-2027	4,195,000	470,217	4,665,217
Total	<u>\$ 11,615,000</u>	<u>\$ 2,240,236</u>	<u>\$ 13,855,236</u>

Subsequent to fiscal year 2017 year-end, on December 27, 2017 the City redeemed all remaining outstanding Water and Sewer System Revenue Improvement Bonds, Series 2005 and 2007.

Bonds Authorized and Unissued –

At September 30, 2017, the City had \$21,265,211 in general obligation bonds which were authorized and unissued.

Net Pension Liability –

The net pension liability represents the actuarially-determined liability for employees' for projected pension benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service less the pension plan's fiduciary net position.

Compensated Absences –

Compensated absences represent the estimated liability for employees' accrued vacation and sick leave for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Enterprise Funds and Internal Service Funds based on the assignment of an employee at termination.

Health Claims Liability –

Health claims liability represents an estimate of self-insured claims liability outstanding of the Employee Health and Disability Internal Service Fund. All health claims are expected to be paid within one year.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

Long-term Risk Liability –

The long-term risk liability is related to the City’s self-insured retention program accounted for in the Risk Management Internal Service Fund.

Other Post Employment Benefits Obligation –

The other post employment benefits obligation represents a liability for the amount of actuarially required contribution for retiree health care benefits in excess of the actual contributions made.

Changes in long-term liabilities –

On the next schedule, the additions to the General Obligation Bonds in the Governmental Type Activities represent the issuance of \$19,550,000 of General Obligation Improvement Bonds, Series 2017

Transactions for the year ended September 30, 2017 are summarized as follows:

	Balance October 1	Additions	Reductions	Balance September 30	Due within one year
<u>Governmental type activities</u>					
Bonds payable:					
General obligation bonds	\$ 165,015,000	\$ 19,550,000	\$ (14,535,000)	\$ 170,030,000	\$ 15,035,000
Premiums	13,939,418	1,817,737	(1,049,696)	14,707,459	1,106,239
Total bonds payable	178,954,418	21,367,737	(15,584,696)	184,737,459	16,141,239
Net pension liability	30,899,369	-	(1,341,470)	29,557,899	-
Compensated absences	14,711,773	1,581,990	(1,149,036)	15,144,727	1,049,555
Health claims liability	1,038,000	9,499,206	(9,237,206)	1,300,000	1,300,000
Other post employment benefits obligation	1,835,904	196,670	-	2,032,574	-
Long-term risk liability	1,585,644	842,321	(880,274)	1,547,691	-
Total governmental activities	<u>\$ 229,025,108</u>	<u>\$ 33,487,924</u>	<u>\$ (28,192,682)</u>	<u>\$ 234,320,350</u>	<u>\$ 18,490,794</u>
<u>Business type activities</u>					
Bonds payable:					
Revenue bonds	\$ 12,925,000	\$ -	\$ (1,310,000)	\$ 11,615,000	\$ 1,360,000
Premiums	653,357	-	(99,120)	554,237	99,120
Total bonds payable	13,578,357	-	(1,409,120)	12,169,237	1,459,120
Net pension liability	1,346,172	-	(73,732)	1,272,440	-
Compensated absences	665,625	-	(83,699)	581,926	65,376
Total business-type activities	<u>15,590,154</u>	<u>-</u>	<u>(1,566,551)</u>	<u>14,023,603</u>	<u>1,524,496</u>
Total government	<u>\$ 244,615,262</u>	<u>\$ 33,487,924</u>	<u>\$ (29,759,233)</u>	<u>\$ 248,343,953</u>	<u>\$ 20,015,290</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

(6) PROPERTY AND SALES TAXES:

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Appraisal Board of Review at 100% for estimated fair market value.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic on January 1 each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent (February 1). The City usually waits until after May 1 and July 1 to file suits on business personal property and real property, respectively. As of July 1, 20% collection costs may be added to all delinquent accounts. Current tax collections for the year ended September 30, 2017, were 99.5% of the tax levy.

Property taxes at the fund level are recorded as receivables at the time the taxes are levied. Revenues are recognized as the related ad valorem taxes are collected including those collected 60 days after year-end.

The City Charter does not provide for a debt limit; therefore, no computation can be made. However, at September 30, 2017, the City had a tax margin of \$1.90 for every \$100 valuation based upon a maximum ad valorem tax of \$2.50 for every \$100 valuation imposed by Texas Constitutional law.

In Texas, central appraisal districts are required under the Property Tax Code to assess all property within its respective county on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every three years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. Under this legislation the City continues to set tax rates on City property. However, if the effective tax rate, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the maintenance and operating tax rate to no more than 8% above the effective tax rate of the previous year.

Sales and use tax is authorized under state law with the City's levy equal to one percent of taxable sales and uses. The Texas Comptroller of Public Accounts collects all sales and use taxes on behalf of the City, remitting to the City on a monthly basis all taxes collected less a 2% service fee.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

The State of Texas utilizes origin based sourcing for municipal sales and use tax. Under this approach, sales and use tax is sourced to the taxing jurisdiction in which the selling business is located regardless of where in the state the purchaser resides or the product is shipped. Origin sourcing can produce large individual sales and use taxpayers to specific jurisdictions. As a result, sales and use tax can fluctuate not only due to general economic factors but also due to relocations of businesses between taxing jurisdictions. The identity of and the amount paid by individual sales and use tax payers is strictly confidential under state law.

(7) DEFINED BENEFIT PENSION PLAN:

Plan Description:

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided:

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

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

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits, also known as the matching ratio,

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 1993, the City granted an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 1993, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	75% Repeating
Annuity Increase to retirees	50% of CPI Repeating

The City does not participate in Social Security.

Employees covered by benefit terms –

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	574
Inactive employees entitled to but not yet receiving benefits	601
Active employees	<u>795</u>
	<u>1,970</u>

Contributions:

Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting 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 CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

Employees for the City of Carrollton were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2017, the City made contributions of 13.95% for the months in calendar year 2016 and 12.94% for the months in calendar year 2017, which provided for an additional voluntary contribution of 2.47 percentage points over the required contribution of 11.48% for the months in 2016 and 0.5 percentage points over the actuarially required contribution of 12.44% for the months in 2017.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.9% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2016, 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 were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

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 contributions will remain at the current 7% 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

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability –

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balance at 12/31/2015	\$378,581,941	\$346,336,400	\$32,245,541
Changes for the year:			
Service cost	8,018,638	-	8,018,638
Interest	25,320,101	-	25,320,101
Difference between expected and actual experience	(726,584)	-	(726,584)
Contributions – employer	-	7,258,922	(7,258,922)
Contributions – employee	-	3,642,470	(3,642,470)
Net investment income	-	23,404,549	(23,404,549)
Benefit payments, including refunds of employee contributions	(14,957,304)	(14,957,304)	-
Administrative expense	-	(264,342)	264,342
Other changes	-	(14,242)	14,242
Net changes	<u>17,654,851</u>	<u>19,070,053</u>	<u>(1,415,202)</u>
Balance at 12/31/2016	<u><u>\$396,236,792</u></u>	<u><u>\$365,406,453</u></u>	<u><u>\$30,830,339</u></u>

Sensitivity of the net pension liability to changes in the discount rate –

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City’s net pension liability	\$86,076,764	\$30,830,339	(\$14,579,380)

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

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.

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

For the year ended September 30, 2017, the City recognized pension expense of \$12,484,675. This amount is included as part of Personal Services expenses within the functional program activities.

At September 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions after measurement date	\$ 5,107,420	\$ -
Difference in projected and actual earnings on pension assets	16,049,225	-
Differences in expected and actual pension experience	-	1,510,701
Changes in actuarial assumptions used to determine pension liability	2,236,035	-
Total	<u>\$ 23,392,680</u>	<u>\$ 1,510,701</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,107,420 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2017 (i.e. recognized in the city’s financial statements September 30, 2018). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year ended	
<u>Dec 31</u>	
2018	5,909,397
2019	6,261,393
2020	4,609,141
2021	(5,372)
Total	<u>\$ 16,774,559</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

(8) INTERFUND TRANSFERS:

Interfund transfers during the year ended September 30, 2017, were as follows:

	General Fund	Streets and Drainage	<u>Transfers In</u> General and Public Facilities	Golf Course	Non-Major Govern- mental	Total
<u>Transfers Out</u>						
General Fund	\$ -	\$ 3,376,117	\$ 6,990,953	\$ 360,048	\$ 7,294,451	\$ 18,021,569
Streets and Drainage	-	-	-	-	250,000	250,000
General and Public Facilities	-	5,059,383	-	242,000	745,951	6,047,334
Internal Service	341,777	-	-	-	-	341,777
Water and Sewer	3,658,286	-	-	-	-	3,658,286
Golf Course	343,842	-	-	-	-	343,842
Sanitation	859,605	1,198,746	-	-	-	2,058,351
Total	<u>\$ 5,203,510</u>	<u>\$ 9,634,246</u>	<u>\$ 6,990,953</u>	<u>\$ 602,048</u>	<u>\$ 8,290,402</u>	<u>\$ 30,721,159</u>

Transfers are primarily used to move funds from:

- The Proprietary Funds to the General Fund for an allocated amount of administrative services.
- The Water and Sewer Fund to the General Fund for a payment in lieu of taxes.
- Sanitation Fund to the Streets and Drainage capital project fund for alley improvements.
- The General Fund to finance various programs and between capital projects funds accounted for in other funds in accordance with budgetary authorizations.
- One capital projects fund to another for projects accounted for in the other fund.

(9) WATER PURCHASE AND WASTEWATER TREATMENT CONTRACTS:

The City has a contract with Dallas Water Utilities (DWU) to purchase substantially all of the City's potable water. Under the contract, the City pays DWU a rate based on a fixed demand charge plus water usage. The rates charged are subject to minimum annual contract payments. Water expense for the years ended September 30, 2016 and 2017 were \$13,080,581 and \$13,946,900, respectively.

The City has a contract with Trinity River Authority (TRA) whereby the TRA has agreed to provide a wastewater treatment and disposal system for the benefit of the City and any "additional member City" as defined. Each member city pays an "annual payment", as defined, as its pro rata share of operating expenses and debt service of TRA's Central Regional Wastewater System. The City's annual expense for the years ended September 30, 2016 and 2017 were \$7,997,186 and \$9,705,964, respectively.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

(10) SELF-INSURANCE:

The City administers a self-insured retention program (SIR) within the Risk Management Internal Service Fund in order to deal with potential liabilities. Claims in excess of the self-insured retention amounts are covered through third-party limited-coverage insurance policies. The City is self-insured with excess coverage in these areas:

<u>Policy</u>	<u>Retention</u>	<u>Limits on Liability</u>
General Liability, Law Enforcement Liability, Errors and Omissions	\$50,000 per occurrence	\$2,000,000 per occurrence and \$4,000,000 policy aggregate
Workers' Compensation	\$100,000 per occurrence	Statutory
Property Loss	\$25,000 per occurrence	\$183,934,996
Automobile Liability	\$50,000 per occurrence	\$1,000,000 per occurrence
Automobile Physical Damage	\$10,000 per occurrence	Actual cash value or agreed value as scheduled

All funds of the City participate in the program and make payments to the Risk Management Fund. As of the end of fiscal year 2017, the loss reserve was estimated at \$1,547,691.

Changes in this reserve amount in fiscal years 2016 and 2017 were as follows:

	<u>Balance at Beginning of Fiscal Year</u>	<u>Current-year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2015-2016	\$1,242,630	\$1,433,536	\$ 1,090,522	\$1,585,644
2016-2017	\$1,585,644	\$ 842,321	\$ 880,274	\$1,547,691

The City maintains the Employee Health and Disability Fund to account for the City's employee health care coverage and long-term disability programs which are self-insured by the City with long-term disability claims in excess of one year covered through third-party insurance policies. In addition, excess insurance of up to \$1,000,000 has been obtained for an individual employee's health care claims exceeding \$225,000 and for health claims in the aggregate exceeding \$10,204,894.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

Revenues are recognized from payroll deductions and City contributions. At September 30, 2017, a liability of \$1,300,000 has been recorded, which represents estimated claims incurred but not yet reported.

Changes in this claims liability during fiscal years 2016 and 2017 were as follows:

	Balance at Beginning of <u>Fiscal Year</u>	Current-year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at End of <u>Fiscal Year</u>
2015-2016	\$ 1,102,000	\$8,174,774	\$8,238,774	\$1,038,000
2016-2017	\$ 1,038,000	\$9,499,206	\$9,237,206	\$1,300,000

There have been no significant reductions in insurance coverage during the fiscal year 2017.

(11) TAX ABATEMENTS:

The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. This program rebate property and hotel occupancy taxes and are authorized under Chapter 380 of the Texas Local Government Code.

The City has entered into various agreements that rebate a percentage of property and/or hotel occupancy taxes. Agreements for rebate of property taxes call for rebates of 30% to 90% of taxes on incremental values for up to 10 years. The agreement for hotel occupancy taxes provides for a step down in rebates starting at 100% for 15 years, 75% for the next three years and 50% for the remaining two years. For fiscal year 2017, the City rebated property taxes of \$1,871,573 or 2.6 % of the \$73,359,863 total levy and hotel occupancy taxes of \$211,051 or 41.9% of the \$503,959 total occupancy tax revenues.

(12) COMMITMENTS AND CONTINGENT LIABILITIES:

Encumbrances – As discussed in note 1 E, Budgetary Control, for budgetary purposes includes the impact of encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e. purchase orders). At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year in the General Fund were \$249,535.

Grants – The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

Litigation – Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position, results of operations, or cash flows.

Construction Commitments – The City has active construction projects as of September 30, 2017. Total accumulated commitments for ongoing capital projects are composed of the following:

Streets and Drainage	\$ 65,565,299
Traffic	3,086,429
Parks and Recreation	16,341,218
General Facilities	34,721,830
Community Development	17,579,321
Tax Increment Reinvestment Zone	1,222,934
Water and Sewer	12,783,045
Golf Course	1,270,828
Total	<u><u>\$ 152,570,904</u></u>

These commitments will be funded through unspent bond proceeds, unrestricted cash and intergovernmental participations.

Leases – The City is committed under a lease agreement for golf carts. This lease is considered for accounting purposes to be an operating lease in the Golf Course Fund. Lease expenses for the fiscal year ended September 30, 2017 amounted to \$114,771. Future minimum lease payments are as follows:

<u>Year ending</u> <u>September 30</u>	
2018	\$ 114,772
2019	114,771
2020	66,951
	<u><u>\$ 296,494</u></u>

Development –

Union at Carrollton – In 2009 and amended in 2011, the City entered into a disposition and development agreement with TCC High Street Development, LLC (TCC). This agreement included a public construction incentive agreement for a mixed use catalyst development in Downtown Carrollton known as the Union at Carrollton Square. The incentives included a commitment to fund the construction of a public infrastructure. Additionally, related ground and parking garage lease agreements provide for TCC's, and its future assignees, use of land underlying the development and

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

a portion of the parking garage for up to 100 years. Each lease agreement provides for a nominal upfront payment per 24 year lease term. All commitments related to this agreement were completed in fiscal year 2014.

In 2014, the City and TCC entered into a new agreement related to Phase III of the Union at Carrollton Square. This agreement provided for a \$3,000,000 termination fee payment from TCC to the City for the termination of the City's right under the 2011 agreement to 50% of the profit when the original property is sold. Additionally, this agreement required the City to acquire real property for Phase III and pay TCC a fee of \$500,000 for their efforts in assembling the real property. The agreement also called for the future negotiation of a Phase III development agreement. In 2016, the City and TCC entered into a disposition and development agreement related to Phase III. This agreement was amended in 2017. Under this amended agreement, the City agreed to deliver a development-ready pad site to TCC and provide a \$2,223,000 reimbursement for infrastructure improvements. In return, TCC purchased the property from the City in September 2017 for a \$1,012,080 promissory note accruing interest at 10% per year. Principal and accrued interest on this note is due and payable September 7, 2027 and prepayments may be made without penalty. The promissory note is recorded as an other receivable.

Arcadia Development – In 2014, the City completed the sale of real property to Arcadia Realty Corporation (Arcadia). The purchase and sale agreement required a Development Agreement for the Cemetery Hill Road Extension and the Furneaux Creek North-South Tributary Rehabilitation project. This agreement required the City to provide \$1,000,000 in escrow for Arcadia to pay for the costs for certain drainage improvements, parkway improvements, hike and bike trail improvements and road extensions. In December 2017, this agreement was amended to reduce the escrow amount to \$885,000. As of September 30, 2017, \$810,884 of these funds has been expended and the remaining \$75,808, including \$1,692 interest, held in escrow is recorded as cash and cash equivalents.

(13) OTHER POSTEMPLOYMENT BENEFITS:

Program Description:

In addition to the pension benefits described in Note 7, as required by state law and defined by City Policy, the City makes available health care benefits to all employees who retire from the City and who are receiving benefits from a City sponsored retirement program (Texas Municipal Retirement System, and/or a Section 457 Deferred Compensation Plan) through a single-employer defined benefit healthcare plan. This healthcare plan provides lifetime insurance or until age 65 if eligible for Medicare to eligible retirees, their spouses and dependents through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established by management.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

Current retirees in the health plan and at retirement, active employees with 20 years or more of service or less than 60 years or more of age with five years or more of service on January 1, 2009 are eligible to remain in the health plan at the total blended contribution rate for active and retiree participants (Retiree Health Existing (Closed) Program). For financial reporting purposes, the Retiree Health Existing (Closed) Program is accounted for in the Employee Health and Disability Fund. No other financial statements are issued related to the Retiree Health Existing (Closed) Program.

A new Retiree Defined Contribution Program effective January 1, 2009 for active employees with less than 20 years of service or at 60 years or more of age with less than five years of service will require participants to pay an aged-based full-cost premium if they choose to remain on the City's healthcare plan upon retirement. In return, the City has begun making scheduled contributions into a Retiree Health Savings plan in the name of each employee who has ten years of service or more. Employees are 50% vested at 15 years of service with the City and 100% vested at 20 years of service.

Under the provisions of GASB Codification Section Po 50, employees who will be required to contribute the full aged based cost for coverage for the City's Health Plan do not receive an Other Post Employment Benefit. Accordingly, only those employees who are eligible to participate in the Retiree Health Existing (Closed) Program are included in the valuation results described below.

Funding Policy:

Current retirees contribute to the Retiree Health Existing (Closed) Program the total blended premium for active and retired participants. The City contribution to the Retiree Health Existing (Closed) Program consists of pay-as-you-go claims in excess of the retiree contributions. Retiree contribution rates for fiscal year 2017 were \$7,487 to \$22,473 per year depending on coverage levels selected. In fiscal year 2017, total member contributions were \$511,443. The City contributions to the plan for fiscal year 2017, which are also equal to claims paid in excess of premiums collected, were \$1,006,319.

Annual OPEB Cost and Net OPEB Obligation:

The City's annual other postemployment benefit (OPEB) cost (expense) for the Retiree Health Existing (Closed) Program is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Codification Section Po 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2017

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation.

Annual required contribution	\$1,202,989
Contributions made	<u>1,006,319</u>
Change in OPEB obligation	196,670
Net OPEB obligation – beginning of year	<u>1,835,904</u>
Net OPEB obligation– end of year	<u><u>\$2,032,574</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and 2017 were as follows:

Fiscal <u>Year</u>	Annual <u>OPEB Costs</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
2016	\$1,202,989	21%	\$1,835,904
2017	\$1,202,989	84%	\$2,032,574

Funded Status and Funding Progress:

As of December 31, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$10,924,699, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) for fiscal year 2017 was \$3,222,260, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 339%

Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets held in an irrevocable trust is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. As the City chose to close its program as of January 1, 2009 and to not establish an irrevocable trust, plan assets will always be reported as zero.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2017

the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the December 31, 2015 actuarial valuation, the Entry Age cost method was used. The actuarial assumptions include a 3.25% investment rate of return (compounded annually net after investment expenses) and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 4.25% after 15 years. Both rates include a 2.5% inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level percent of active member payroll over a closed period. The remaining amortization period at December 31, 2015 was 11 years.

(14) FUTURE FINANCIAL REPORTING REQUIREMENTS:

The City has reviewed GASB pronouncements which become effective in future years and notes the following statements are applicable to the City.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This statement changes the focus of accounting of postemployment benefits other than pensions from how much it costs to adequately fund the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the City in fiscal year 2018.

Statement No. 84, *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will become effective for the City in fiscal year 2020.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the City in fiscal year 2021.

CITY OF CARROLLTON, TEXAS
Required Supplementary Information
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last Three Fiscal Years
(Unaudited)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability:			
Service cost	\$ 6,592,786	\$ 7,652,932	\$ 8,018,638
Interest	23,690,265	24,739,518	25,320,101
Difference between expected and actual experience	(2,087,560)	(964,785)	(726,584)
Change in assumptions	-	4,666,507	-
Benefit payments, including refunds of employee contributions	<u>(13,257,578)</u>	<u>(14,214,900)</u>	<u>(14,957,304)</u>
Net change in total pension liability	14,937,913	21,879,272	17,654,851
Total pension liability - beginning	<u>341,764,756</u>	<u>356,702,669</u>	<u>378,581,941</u>
Total pension liability - ending (a)	<u>356,702,669</u>	<u>378,581,941</u>	<u>396,236,792</u>
Plan fiduciary net position:			
Contributions - employer	6,822,121	7,332,309	7,258,922
Contributions - employee	3,423,287	3,679,294	3,642,470
Net investment income	19,077,452	515,477	23,404,549
Benefit payments, including refunds of employee contributions	(13,257,578)	(14,214,900)	(14,957,304)
Administrative expense	(199,188)	(313,987)	(264,342)
Other	<u>(16,377)</u>	<u>(15,507)</u>	<u>(14,242)</u>
Net change in plan fiduciary net position	15,849,717	(3,017,314)	19,070,053
Plan fiduciary net position - beginning	<u>333,503,997</u>	<u>349,353,714</u>	<u>346,336,400</u>
Plan fiduciary net position - ending (b)	<u>349,353,714</u>	<u>346,336,400</u>	<u>365,406,453</u>
Net pension liability - ending (a) - (b)	<u>\$ 7,348,955</u>	<u>\$ 32,245,541</u>	<u>\$ 30,830,339</u>
Plan fiduciary net position as a percentage of total pension liability	97.94%	91.48%	92.22%
Covered employee payroll	\$ 48,904,096	\$ 52,561,347	\$ 52,035,292
Net pension liability as a percentage of covered employee payroll	15.03%	61.35%	59.25%

As of December 31

Note: This schedule is intended to present information for ten years. However, previous years' information is not available.

CITY OF CARROLLTON, TEXAS
 Required Supplementary Information
 Texas Municipal Retirement System
 Schedule of Contributions
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	(1) Actuarially determined contribution	(2) Contribution in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered employee payroll	(5) Actuarially determined contributions as a percentage of covered employee payroll (1)/(4)	(6) Contributions as a percentage of covered employee payroll (2)/(4)
2008	\$ 5,763,976	\$ 6,443,981	\$ 680,005	\$ 45,210,520	12.75%	14.25%
2009	7,555,564	7,510,874	(44,690)	46,118,071	16.38%	16.29%
2010	7,797,214	8,055,207	257,993	45,868,006	17.00%	17.56%
2011	7,807,248	7,960,494	153,246	46,358,980	16.84%	17.17%
2012	6,544,714	6,530,161	(14,553)	44,732,281	14.63%	14.60%
2013	6,444,731	6,547,839	103,108	46,392,021	13.89%	14.11%
2014	6,480,879	6,755,754	274,875	48,428,341	13.38%	13.95%
2015	6,329,810	6,982,334	652,524	50,052,500	12.65%	13.95%
2016	6,108,431	7,256,852	1,148,421	52,020,446	11.74%	13.95%
2017	6,527,064	7,072,321	545,257	53,555,327	12.19%	13.21%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rate for 2017:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 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.

CITY OF CARROLLTON, TEXAS

Required Supplementary Information

Texas Municipal Retirement System

Schedule of Contributions

Last Ten Fiscal Years

(Unaudited)

Significant assumption differences for fiscal years prior to 2017:

Actuarial Cost Method Projected Unit Credit for fiscal years 2008 to 2013.

Inflation 3% for fiscal years prior to 2016.

Investment Rate of Return 7% for fiscal years prior to 2016.

Mortality Prior to fiscal year 2014, Gender Distinct RP2000 Combined Healthy
Mortality Table projected to the year 2003 by scale AA

CITY OF CARROLLTON, TEXAS

Required Supplementary Information

Retiree Health Plan

Schedule of Funding Progress

Last Three Fiscal Years

(Unaudited)

<u>Fiscal Year*</u>	(1) <u>Actuarial Value of Assets</u>	(2) <u>Actuarial Accrued Liability</u>	<u>Funded Ratio (1)/(2)</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Annual Covered Payroll**</u>	<u>Unfunded Actuarial Accrued Liability As a Percentage of Covered Payroll</u>
2015	\$ -	\$ 4,799,949	0.0%	\$ 4,799,949	\$4,471,228	107.4%
2016	-	10,924,699	0.0%	10,924,699	4,305,052	253.8%
2017	-	10,924,699	0.0%	10,924,699	3,222,260	339.0%

* Fiscal Year 2015 as of December 31, 2013 actuarial valuation. Fiscal Year 2016 and 2017 as of December 31, 2015 actuarial valuation.

** Annual covered payroll is the payroll related to those grandfathered employees who will be able to retire and continue health coverage at a subsidized premium.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Hotel/Motel Tax Fund - to account for the accumulation of resources from the Hotel/Motel Tax assessment levied by the City. These monies are to be spent to promote the progress, development or growth of the City within the guidelines set forth on disposition of revenues collected under the authority of the Texas Hotel Occupancy Tax Act (Article 1269; Vernon's Texas Civil Statutes).

Public Safety Fund - to account for special fines and forfeitures and grant funds for Public Safety programs.

Cultural and Recreational Fund – to account for miscellaneous funds designated for special cultural and recreational programs of the City.

Capital Project Funds

Parks and Recreation Fund - to account for funds received and expended for purchase of land, improvements and construction of parks and recreational facilities.

Traffic Fund - to account for funds received and expended for new installations and replacement of traffic signalization equipment, and installation of underground conduit and wiring for street lights.

Tax Increment Reinvestment Zone – to account for funds received and expended within the City's Tax Increment Reinvestment Zone located adjacent to the light rail stations.

Community Development Fund – to account for funds received and expended on community beautification and revitalization programs. This fund includes grant funds from Community Development Block Grant program and the Neighborhood Partnership tax levy.

CITY OF CARROLLTON, TEXAS

Combining Balance Sheet
 Non-Major Governmental Funds
 September 30, 2017

	Special Revenue			Capital Projects				Total Other Governmental Funds
	Hotel/Motel Tax	Public Safety	Cultural and Recreational	Parks and Recreation	Traffic	Tax Increment Reinvestment Zone	Community Development	
Assets								
Cash and cash equivalents	\$ -	\$ 2,291,970	\$ 517,546	\$ 12,198,157	\$ 2,548,049	\$ 775,335	\$ 11,752,473	\$ 30,083,530
Accrued interest receivable	-	3,284	290	18,654	5,097	1,959	9,854	39,138
Due from other governments	-	-	-	175,294	46,000	-	11,708	233,002
Prepaid items	58,200	-	-	-	-	-	-	58,200
Total assets	\$ 58,200	\$ 2,295,254	\$ 517,836	\$ 12,392,105	\$ 2,599,146	\$ 777,294	\$ 11,774,035	\$ 30,413,870
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ 192,566	\$ 101,716	\$ 279,339	\$ 52,015	\$ 29,234	\$ 276,446	\$ 931,316
Due to other funds	11,975	-	-	-	-	-	-	11,975
Unearned revenue	46,225	-	-	-	104,690	-	-	150,915
Total liabilities	58,200	192,566	101,716	279,339	156,705	29,234	276,446	1,094,206
Fund balances:								
Restricted for:								
Capital projects	-	-	-	492,615	-	748,060	-	1,240,675
Other purposes	-	2,102,688	-	-	-	-	-	2,102,688
Committed to:								
Capital projects	-	-	-	1,238,760	-	-	7,098,492	8,337,252
Assigned to:								
Capital projects	-	-	-	10,381,391	2,442,441	-	4,399,097	17,222,929
Other purposes	-	-	416,120	-	-	-	-	416,120
Total fund balances	-	2,102,688	416,120	12,112,766	2,442,441	748,060	11,497,589	29,319,664
Total liabilities and fund balances	\$ 58,200	\$ 2,295,254	\$ 517,836	\$ 12,392,105	\$ 2,599,146	\$ 777,294	\$ 11,774,035	\$ 30,413,870

CITY OF CARROLLTON, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended September 30, 2017

	Special Revenue			Capital Projects			Total Other Governmental Funds	
	Hotel/Motel Tax	Public Safety	Cultural and Recreational	Parks and Recreation	Traffic	Tax Increment Reinvestment Zone		Community Development
Revenues:								
Ad valorem tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,489	\$ 4,169,220	\$ 4,419,709
Occupancy tax	292,908	-	-	-	-	-	-	292,908
Assessments	-	-	-	91,447	28,155	-	-	119,602
Charges for services	113,698	-	-	132,047	-	-	-	245,745
Intergovernmental	-	40,415	-	2,737	46,000	99,247	867,026	1,055,425
Licenses and permits	-	-	8,880	-	-	-	-	8,880
Fines and forfeitures	-	552,951	-	-	-	-	-	552,951
Investment earnings net of change in fair value of investments	(4)	15,685	(185)	47,884	16,561	5,235	25,345	110,521
Miscellaneous	-	-	70,839	10,084	-	-	16,484	97,407
Total revenues	406,602	609,051	79,534	284,199	90,716	354,971	5,078,075	6,903,148
Expenditures:								
Current:								
Public safety	-	332,177	-	-	-	-	-	332,177
Development services	-	-	-	-	-	-	-	-
Cultural and recreational	461,516	-	110,749	-	-	-	-	572,265
Capital outlay	-	-	-	3,031,730	760,594	189,970	3,840,616	7,822,910
Total expenditures	461,516	332,177	110,749	3,031,730	760,594	189,970	3,840,616	8,727,352
Excess (deficiency) of revenues over expenditures	(54,914)	276,874	(31,215)	(2,747,531)	(669,878)	165,001	1,237,459	(1,824,204)
Other financing sources:								
Bonds issued	-	-	-	1,910,000	250,000	-	-	2,160,000
Transfers in	54,910	-	-	4,556,920	500,000	-	3,178,572	8,290,402
	54,910	-	-	6,466,920	750,000	-	3,178,572	10,450,402
Net change in fund balances	(4)	276,874	(31,215)	3,719,389	80,122	165,001	4,416,031	8,626,198
Fund balances at beginning of year	4	1,825,814	447,335	8,393,377	2,362,319	583,059	7,081,558	20,693,466
Fund balances at end of year	\$ -	\$ 2,102,688	\$ 416,120	\$ 12,112,766	\$ 2,442,441	\$ 748,060	\$ 11,497,589	\$ 29,319,664



CARROLLTON
T E X A S

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

Special Revenue and Debt Service Funds



CARROLLTON
T E X A S

CITY OF CARROLLTON, TEXAS

Hotel/Motel Tax Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Occupancy tax	\$ 220,000	\$ 182,892	\$ 292,908	\$ 110,016	\$ 170,779
Charges for services	110,000	113,698	113,698	-	96,137
Investment earnings net of change in fair value of investments	-	-	(4)	(4)	4
Total revenues	330,000	296,590	406,602	110,012	266,920
Expenditures:					
Current:					
Cultural and recreational	525,000	460,000	461,516	(1,516)	490,694
Deficiency of revenues over expenditures	(195,000)	(163,410)	(54,914)	108,496	(223,774)
Other financing sources:					
Transfers in	195,000	163,410	54,910	(108,500)	223,778
Net change in fund balances	-	-	(4)	(4)	4
Fund balances at beginning of year	4	4	4	-	-
Fund balances at end of year	\$ 4	\$ 4	\$ -	\$ (4)	\$ 4

CITY OF CARROLLTON, TEXAS

Public Safety Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Intergovernmental	\$ 18,900	\$ 18,677	\$ 40,415	\$ 21,738	\$ 17,361
Fines and forfeitures	445,000	470,000	552,951	82,951	534,184
Investment earnings net of change in fair value of investments	8,400	17,771	15,685	(2,086)	11,292
Total revenues	472,300	506,448	609,051	102,603	562,837
Expenditures:					
Current:					
Public Safety	1,232,293	378,744	332,177	46,567	252,423
Net change in fund balances	(759,993)	127,704	276,874	149,170	310,414
Fund balances at beginning of year	1,825,814	1,825,814	1,825,814	-	1,515,400
Fund balances at end of year	<u>\$ 1,065,821</u>	<u>\$ 1,953,518</u>	<u>\$ 2,102,688</u>	<u>\$ 149,170</u>	<u>\$ 1,825,814</u>

CITY OF CARROLLTON, TEXAS

Cultural and Recreational Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Licenses and permits	\$ 25,000	\$ -	\$ 8,880	\$ 8,880	\$ 35,335
Investment earnings net of change in fair value of investments		1,200	(185)	(1,385)	206
Miscellaneous	65,000	75,000	70,839	(4,161)	142,892
Total revenues	90,000	76,200	79,534	3,334	178,433
Expenditures:					
Current:					
Cultural and recreational	383,790	200,000	110,749	89,251	113,560
Net change in fund balances	(293,790)	(123,800)	(31,215)	92,585	64,873
Fund balances at beginning of year	447,335	447,335	447,335	-	382,462
Fund balances at end of year	\$ 153,545	\$ 323,535	\$ 416,120	\$ 92,585	\$ 447,335

CITY OF CARROLLTON, TEXAS

Debt Service Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017					2016	
	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final					
Revenues:							
Taxes:							
Ad valorem	\$ 21,192,785	\$ 21,565,000	\$ 21,539,095	\$ -	\$ 21,539,095	\$ (25,905)	\$ 20,815,092
Penalty and interest	60,000	50,000	71,364	-	71,364	21,364	56,432
Investment earnings net of change in fair value of investments	1,500	-	(13,541)	13,541	-	-	(2,459)
Total revenues	<u>21,254,285</u>	<u>21,615,000</u>	<u>21,596,918</u>	<u>13,541</u>	<u>21,610,459</u>	<u>(4,541)</u>	<u>20,869,065</u>
Expenditures:							
Debt service:							
Principal retirement	14,535,000	14,535,000	14,535,000	-	14,535,000	-	13,980,000
Interest and fiscal charges	<u>6,953,593</u>	<u>6,929,273</u>	<u>7,097,030</u>	<u>(162,548)</u>	<u>6,934,482</u>	<u>(5,209)</u>	<u>6,727,253</u>
Total expenditures	<u>21,488,593</u>	<u>21,464,273</u>	<u>21,632,030</u>	<u>(162,548)</u>	<u>21,469,482</u>	<u>(5,209)</u>	<u>20,707,253</u>
Excess (deficiency) of revenues over expenditures	(234,308)	150,727	(35,112)	176,089	140,977	(9,750)	161,812
Other financing sources:							
Bonds issued	-	-	-	-	-	-	116,854
Refunding bonds issued	-	-	-	-	-	-	11,435,000
Premium on bonds issued	-	-	162,548	(162,548)	-	-	2,212,386
Payment to refunded bond escrow agent	-	-	-	-	-	-	(13,532,110)
Total other financing sources	-	-	162,548	(162,548)	-	-	232,130
Net change in fund balances	(234,308)	150,727	127,436	13,541	140,977	(9,750)	393,942
Fund balances at beginning of year	<u>4,691,283</u>	<u>4,691,283</u>	<u>4,691,760</u>	<u>(477)</u>	<u>4,691,283</u>	<u>-</u>	<u>4,297,818</u>
Fund balances at end of year	<u>\$ 4,456,975</u>	<u>\$ 4,842,010</u>	<u>\$ 4,819,196</u>	<u>\$ 13,064</u>	<u>\$ 4,832,260</u>	<u>\$ (9,750)</u>	<u>\$ 4,691,760</u>

**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

General Fund

These supplementary statements and schedules are included to provide management additional information for financial analysis.

CITY OF CARROLLTON, TEXAS

General Fund
Comparative Balance Sheets
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 20,225,127	\$ 21,541,433
Receivables (net, where applicable, of allowance for doubtful accounts)		
Ad valorem taxes	78,382	13,489
Sales taxes	2,946,120	2,829,211
Franchise fees	3,139,292	3,096,925
Accrued interest	175,833	113,247
Other	593,947	183,760
Due from other funds	11,975	-
Due from other governments	40,723	27,543
Prepaid items	<u>637,076</u>	<u>-</u>
 Total assets	 <u><u>\$ 27,848,475</u></u>	 <u><u>\$ 27,805,608</u></u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 7,077,728	\$ 6,240,255
Unearned revenue	<u>10,587</u>	<u>10,337</u>
 Total liabilities	 <u>7,088,315</u>	 <u>6,250,592</u>
Fund balances:		
Nonspendable for:		
Prepaid items	637,076	-
Assigned to:		
Purchases on order	249,535	213,086
Unassigned	<u>19,873,549</u>	<u>21,341,930</u>
 Total fund balances	 <u>20,760,160</u>	 <u>21,555,016</u>
 Total liabilities and fund balances	 <u><u>\$ 27,848,475</u></u>	 <u><u>\$ 27,805,608</u></u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017					Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		Actual GAAP Basis
	Original	Final					
Revenues:							
Taxes:							
Ad valorem	\$ 40,905,817	\$ 41,540,063	41,533,063	\$ -	\$ 41,533,063	\$ (7,000)	\$ 38,015,944
Penalty and interest	250,000	250,000	286,197	-	286,197	36,197	236,093
Sales	35,814,233	37,120,707	36,782,925	-	36,782,925	(337,782)	34,512,467
Franchise fees	11,259,215	11,436,115	11,743,863	-	11,743,863	307,748	11,412,565
Charges for services	5,790,839	5,985,695	6,158,205	-	6,158,205	172,510	5,892,576
Intergovernmental	-	-	111,646	-	111,646	111,646	96,015
Licenses and permits	3,043,206	2,517,079	2,525,756	-	2,525,756	8,677	3,038,325
Fines and forfeitures	5,973,903	4,897,212	4,994,567	-	4,994,567	97,355	5,714,631
Investment earnings net of change in fair value of investments	455,350	636,900	650,967	57,145	708,112	71,212	460,909
Miscellaneous	760,205	638,879	461,549	-	461,549	(177,330)	529,415
Total revenues	<u>104,252,768</u>	<u>105,022,650</u>	<u>105,248,738</u>	<u>57,145</u>	<u>105,305,883</u>	<u>283,233</u>	<u>99,908,940</u>
Expenditures:							
Current:							
General government and administration	19,185,882	16,317,342	15,321,401	71,425	15,392,826	924,516	14,014,017
Public safety	54,421,066	55,716,596	55,619,820	(23,078)	55,596,742	119,854	52,651,617
Development services	11,388,059	10,859,987	10,391,297	3,649	10,394,946	465,041	10,840,186
Cultural and recreational	12,522,117	12,165,714	12,172,177	(15,547)	12,156,630	9,084	11,320,937
Total expenditures	<u>97,517,124</u>	<u>95,059,639</u>	<u>93,504,695</u>	<u>36,449</u>	<u>93,541,144</u>	<u>1,518,495</u>	<u>88,826,757</u>
Excess (deficiency) of revenues over expenditures	<u>6,735,644</u>	<u>9,963,011</u>	<u>11,744,043</u>	<u>20,696</u>	<u>11,764,739</u>	<u>1,801,728</u>	<u>11,082,183</u>
Other financing sources (uses):							
Sale of capital assets	-	-	279,160	-	279,160	279,160	-
Transfers in	5,319,075	5,326,284	5,203,510	373,661	5,577,171	250,887	5,165,841
Transfers out	(12,570,292)	(18,495,995)	(18,021,569)	(373,661)	(18,395,230)	100,765	(13,779,016)
Total other financing sources (uses)	<u>(7,251,217)</u>	<u>(13,169,711)</u>	<u>(12,538,899)</u>	<u>-</u>	<u>(12,538,899)</u>	<u>630,812</u>	<u>(8,613,175)</u>
Net change in fund balances	(515,573)	(3,206,700)	(794,856)	20,696	(774,160)	2,432,540	2,469,008
Fund balances at beginning of year	<u>21,339,746</u>	<u>21,339,746</u>	<u>21,555,016</u>	<u>(215,270)</u>	<u>21,339,746</u>	<u>-</u>	<u>19,086,008</u>
Fund balances at end of year	<u>\$ 20,824,173</u>	<u>\$ 18,133,046</u>	<u>\$ 20,760,160</u>	<u>\$ (194,574)</u>	<u>\$ 20,565,586</u>	<u>\$ 2,432,540</u>	<u>\$ 21,555,016</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Revenues - Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017					2016	
	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final					
Taxes:							
Ad valorem	\$ 40,905,817	\$ 41,540,063	\$ 41,533,063	\$ -	\$ 41,533,063	\$ (7,000)	\$ 38,015,944
Penalty and interest	250,000	250,000	286,197	-	286,197	36,197	236,093
Sales:							
City sales	35,642,892	36,932,699	36,591,044	-	36,591,044	(341,655)	34,341,822
Mixed drink	171,341	188,008	191,881	-	191,881	3,873	170,645
Total sales	35,814,233	37,120,707	36,782,925	-	36,782,925	(337,782)	34,512,467
Franchise fees:							
Electric	5,765,884	5,677,433	5,819,503	-	5,819,503	142,070	5,809,799
Telecommunications	1,569,948	1,786,172	1,841,390	-	1,841,390	55,218	1,671,705
Gas	964,468	1,333,877	1,314,063	-	1,314,063	(19,814)	1,095,595
Cable	1,943,915	1,578,633	1,632,336	-	1,632,336	53,703	1,830,807
Solid waste	1,015,000	1,060,000	1,136,571	-	1,136,571	76,571	1,004,659
Total franchise	11,259,215	11,436,115	11,743,863	-	11,743,863	307,748	11,412,565
Charges for services:							
Public safety service fees	2,804,956	2,860,613	2,941,363	-	2,941,363	80,750	2,857,157
Culture and recreation fees	2,289,383	2,265,722	2,281,440	-	2,281,440	15,718	2,187,381
Other service fees	696,500	859,360	935,402	-	935,402	76,042	848,038
Total charges for services	5,790,839	5,985,695	6,158,205	-	6,158,205	172,510	5,892,576
Intergovernmental	-	-	111,646	-	111,646	111,646	96,015
Licenses and permits:							
Building permits	2,048,649	1,443,121	1,436,083	-	1,436,083	(7,038)	2,085,417
Licenses	48,741	120,878	48,863	-	48,863	(72,015)	49,263
Environmental health charges	825,816	868,080	962,428	-	962,428	94,348	818,669
Other licenses and permits	120,000	85,000	78,382	-	78,382	(6,618)	84,976
Total licenses and permits	3,043,206	2,517,079	2,525,756	-	2,525,756	8,677	3,038,325
Fines and forfeitures:							
Municipal court	5,842,903	4,791,212	4,818,359	-	4,818,359	27,147	5,568,839
Other fines	131,000	106,000	176,208	-	176,208	70,208	145,792
Total fines and forfeitures	5,973,903	4,897,212	4,994,567	-	4,994,567	97,355	5,714,631
Investment earnings net of change in fair value of investments	455,350	636,900	650,967	57,145	708,112	71,212	460,909
Miscellaneous	760,205	638,879	461,549	-	461,549	(177,330)	529,415
Total revenues	\$ 104,252,768	\$ 105,022,650	\$ 105,248,738	\$ 57,145	\$ 105,305,883	\$ 283,233	\$ 99,908,940

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017					Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual GAAP	Adjustments	Actual		Actual
	Original	Final	Basis	Budget	Budget		GAAP
General government and administration:							
City council:							
Personal services	\$ 24,400	\$ 24,400	\$ 23,017	\$ -	\$ 23,017	\$ 1,383	\$ 23,743
Supplies and services	140,511	111,181	45,568	(6,540)	39,028	72,153	59,931
Utilities	6,759	6,591	6,612	-	6,612	(21)	6,637
Allocations	788	788	788	-	788	-	788
	<u>172,458</u>	<u>142,960</u>	<u>75,985</u>	<u>(6,540)</u>	<u>69,445</u>	<u>73,515</u>	<u>91,099</u>
City management:							
Personal services	1,192,973	1,411,786	1,363,334	-	1,363,334	48,452	1,177,543
Supplies and services	138,312	142,550	137,406	-	137,406	5,144	163,071
Utilities	4,413	4,303	4,317	-	4,317	(14)	4,334
Allocations	10,078	10,078	10,078	-	10,078	-	10,078
	<u>1,345,776</u>	<u>1,568,717</u>	<u>1,515,135</u>	<u>-</u>	<u>1,515,135</u>	<u>53,582</u>	<u>1,355,026</u>
Marketing Services:							
Personal services	446,954	496,663	479,297	-	479,297	17,366	358,348
Supplies and services	146,190	155,205	112,185	(687)	111,498	43,707	83,030
Utilities	1,878	1,831	1,837	-	1,837	(6)	1,845
Allocations	7,846	7,921	7,921	-	7,921	-	8,100
	<u>602,868</u>	<u>661,620</u>	<u>601,240</u>	<u>(687)</u>	<u>600,553</u>	<u>61,067</u>	<u>451,323</u>
Accounting:							
Personal services	490,674	521,065	521,515	-	521,515	(450)	504,285
Supplies and services	158,706	154,485	147,749	(1,568)	146,181	8,304	145,877
Utilities	2,117	2,065	2,072	-	2,072	(7)	2,079
Allocations	5,298	5,298	5,298	-	5,298	-	5,298
	<u>656,795</u>	<u>682,913</u>	<u>676,634</u>	<u>(1,568)</u>	<u>675,066</u>	<u>7,847</u>	<u>657,539</u>
Finance administration:							
Personal services	505,962	514,475	513,397	-	513,397	1,078	503,380
Supplies and services	458,057	458,057	459,918	-	459,918	(1,861)	442,097
Utilities	1,571	1,532	1,536	-	1,536	(4)	1,542
Allocations	6,766	6,766	6,766	-	6,766	-	6,766
	<u>972,356</u>	<u>980,830</u>	<u>981,617</u>	<u>-</u>	<u>981,617</u>	<u>(787)</u>	<u>953,785</u>
Budget and management analysis:							
Personal services	331,581	256,223	250,623	-	250,623	5,600	179,077
Supplies and services	16,020	10,520	5,684	-	5,684	4,836	1,565
Utilities	1,729	1,687	1,692	-	1,692	(5)	1,698
Allocations	3,294	3,294	3,294	-	3,294	-	3,294
	<u>352,624</u>	<u>271,724</u>	<u>261,293</u>	<u>-</u>	<u>261,293</u>	<u>10,431</u>	<u>185,634</u>
Purchasing:							
Personal services	177,889	169,313	169,023	-	169,023	290	163,739
Supplies and services	6,711	6,711	3,616	-	3,616	3,095	3,434
Utilities	2,455	2,394	2,402	-	2,402	(8)	2,411
Allocations	1,415	1,415	1,415	-	1,415	-	1,414
	<u>188,470</u>	<u>179,833</u>	<u>176,456</u>	<u>-</u>	<u>176,456</u>	<u>3,377</u>	<u>170,998</u>
General services:							
Personal services	88,414	83,107	83,120	-	83,120	(13)	73,646
Supplies and services	50,026	45,119	36,787	-	36,787	8,332	38,445
Utilities	2,892	2,821	2,830	-	2,830	(9)	2,840
Allocations	1,127	1,127	1,127	-	1,127	-	1,367
	<u>142,459</u>	<u>132,174</u>	<u>123,864</u>	<u>-</u>	<u>123,864</u>	<u>8,310</u>	<u>116,298</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017						2016
	Budgeted Amounts		Actual	Adjustments	Actual	Variance with	Actual
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Final Budget Positive (Negative)	GAAP Basis
General government and administration (continued):							
Information technology:							
Personal services	\$ 161,368	\$ 225,885	\$ 225,960	\$ -	\$ 225,960	\$ (75)	\$ 165,913
Supplies and services	6,228,610	6,252,696	6,027,974	(1,004)	6,026,970	225,726	5,717,610
Utilities	28,038	26,891	26,048	-	26,048	843	27,739
Allocations	44,195	45,944	45,944	-	45,944	-	44,340
	<u>6,462,211</u>	<u>6,551,416</u>	<u>6,325,926</u>	<u>(1,004)</u>	<u>6,324,922</u>	<u>226,494</u>	<u>5,955,602</u>
Workforce services:							
Personal services	616,161	545,651	546,322	-	546,322	(671)	551,271
Supplies and services	128,836	147,179	95,647	(99)	95,548	51,631	74,289
Utilities	4,015	3,916	3,928	-	3,928	(12)	3,943
Allocations	6,046	6,046	6,046	-	6,046	-	6,046
	<u>755,058</u>	<u>702,792</u>	<u>651,943</u>	<u>(99)</u>	<u>651,844</u>	<u>50,948</u>	<u>635,549</u>
City attorney:							
Personal services	663,073	598,164	599,608	-	599,608	(1,444)	552,782
Supplies and services	393,081	103,768	139,166	-	139,166	(35,398)	93,189
Utilities	2,495	2,433	2,441	-	2,441	(8)	2,450
Allocations	6,098	6,098	6,098	-	6,098	-	6,098
	<u>1,064,747</u>	<u>710,463</u>	<u>747,313</u>	<u>-</u>	<u>747,313</u>	<u>(36,850)</u>	<u>654,519</u>
Facilities services:							
Personal services	481,875	543,194	546,372	-	546,372	(3,178)	468,626
Supplies and services	809,617	803,931	765,781	28,168	793,949	9,982	753,178
Utilities	77,189	120,725	121,882	-	121,882	(1,157)	66,828
Allocations	44,184	46,376	46,376	-	46,376	-	47,837
	<u>1,412,865</u>	<u>1,514,226</u>	<u>1,480,411</u>	<u>28,168</u>	<u>1,508,579</u>	<u>5,647</u>	<u>1,336,469</u>
Resolution center:							
Personal services	745,764	778,526	734,060	-	734,060	44,466	599,611
Supplies and services	21,930	21,930	2,661	-	2,661	19,269	4,982
Utilities	9,124	8,897	8,926	-	8,926	(29)	3,871
Allocations	3,583	3,583	3,583	-	3,583	-	3,583
Capital outlay	409	409	168	-	168	241	7,663
	<u>780,810</u>	<u>813,345</u>	<u>749,398</u>	<u>-</u>	<u>749,398</u>	<u>63,947</u>	<u>619,710</u>
Organizational Development:							
Personal services	227,817	246,176	236,413	-	236,413	9,763	254,148
Supplies and services	53,285	170,069	115,204	11,760	126,964	43,105	44,453
Utilities	2,025	2,238	2,279	-	2,279	(41)	2,092
Allocations	2,199	2,199	2,199	-	2,199	-	2,199
	<u>285,326</u>	<u>420,682</u>	<u>356,095</u>	<u>11,760</u>	<u>367,855</u>	<u>52,827</u>	<u>302,892</u>
Non-departmental:							
Personal services	2,346,710	168,070	91,980	-	91,980	76,090	-
Supplies and services	690,678	503,123	484,398	-	484,398	18,725	488,969
Allocations	895,671	254,454	5,695	-	5,695	248,759	7,645
Capital outlay	58,000	58,000	16,018	41,395	57,413	587	30,960
	<u>3,991,059</u>	<u>983,647</u>	<u>598,091</u>	<u>41,395</u>	<u>639,486</u>	<u>344,161</u>	<u>527,574</u>
Total general government and administration	<u>19,185,882</u>	<u>16,317,342</u>	<u>15,321,401</u>	<u>71,425</u>	<u>15,392,826</u>	<u>924,516</u>	<u>14,014,017</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017					Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual GAAP	Adjustments	Actual		Actual
	Original	Final	Basis	Basis	Budget Basis		GAAP Basis
Public safety:							
Police management services:							
Personal services	\$ 8,983,481	\$ 9,574,861	\$ 9,575,846	\$ -	\$ 9,575,846	\$ (985)	\$ 8,721,506
Supplies and services	1,175,751	1,174,480	1,044,402	(61,027)	983,375	191,105	686,602
Utilities	92,130	79,699	86,142	-	86,142	(6,443)	81,494
Allocations	144,344	144,344	144,344	-	144,344	-	144,344
Capital outlay	6,810	6,810	6,030	-	6,030	780	6,198
	<u>10,402,516</u>	<u>10,980,194</u>	<u>10,856,764</u>	<u>(61,027)</u>	<u>10,795,737</u>	<u>184,457</u>	<u>9,640,144</u>
Police operations:							
Personal services	11,745,044	11,502,769	11,726,535	-	11,726,535	(223,766)	11,718,349
Supplies and services	1,305,933	1,199,361	1,004,872	3,015	1,005,887	193,474	1,261,485
Utilities	25,779	23,099	28,479	-	28,479	(5,380)	24,000
Allocations	1,045,525	862,262	865,539	-	865,539	(3,277)	1,032,554
Capital outlay	8,684	11,968	219,038	(20,120)	198,918	(186,950)	22,243
	<u>14,130,965</u>	<u>13,599,459</u>	<u>13,842,463</u>	<u>(17,105)</u>	<u>13,825,358</u>	<u>(225,899)</u>	<u>14,058,631</u>
Fire operations:							
Personal services	17,597,854	18,494,162	18,574,047	-	18,574,047	(79,885)	17,220,040
Supplies and services	1,840,521	1,899,314	1,904,306	55,238	1,959,544	(60,230)	1,851,364
Utilities	113,068	112,159	111,372	-	111,372	787	111,199
Allocations	1,516,152	1,472,018	1,472,018	-	1,472,018	-	1,485,095
Capital outlay	-	-	-	-	-	-	44,000
	<u>21,067,595</u>	<u>21,977,653</u>	<u>22,061,743</u>	<u>55,238</u>	<u>22,116,981</u>	<u>(139,328)</u>	<u>20,711,698</u>
Fire support services:							
Personal services	1,705,141	1,888,714	1,846,464	-	1,846,464	42,250	1,673,070
Supplies and services	150,437	164,238	126,591	(2,603)	123,988	40,250	137,663
Utilities	5,396	5,263	5,280	-	5,280	(17)	5,300
Allocations	44,942	45,003	45,003	-	45,003	-	53,015
Capital outlay	-	-	-	-	-	-	28,981
	<u>1,905,916</u>	<u>2,103,218</u>	<u>2,023,338</u>	<u>(2,603)</u>	<u>2,020,735</u>	<u>82,483</u>	<u>1,898,029</u>
Emergency dispatch:							
Personal services	-	-	15,085	-	15,085	(15,085)	1,073,995
Supplies and services	2,267,622	2,464,492	2,464,432	-	2,464,432	60	1,051,375
Utilities	-	-	-	-	-	-	5,090
Allocations	11,804	11,804	11,804	-	11,804	-	11,804
Capital outlay	-	-	-	-	-	-	283
	<u>2,279,426</u>	<u>2,476,296</u>	<u>2,491,321</u>	<u>-</u>	<u>2,491,321</u>	<u>(15,025)</u>	<u>2,142,547</u>
Municipal court:							
Personal services	1,329,084	1,303,663	1,270,242	-	1,270,242	33,421	1,301,716
Supplies and services	265,013	277,614	175,352	(1,100)	174,252	103,362	213,478
Utilities	43,364	42,315	39,051	-	39,051	3,264	44,254
Allocations	37,886	37,886	37,886	-	37,886	-	60,786
Capital outlay	10,112	10,112	-	-	-	10,112	-
	<u>1,685,459</u>	<u>1,671,590</u>	<u>1,522,531</u>	<u>(1,100)</u>	<u>1,521,431</u>	<u>150,159</u>	<u>1,620,234</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017					Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual GAAP	Adjustments	Actual		Actual
	Original	Final	Basis	Budget	Budget		GAAP
Public safety (continued):							
Environmental services:							
Personal services	\$ 1,605,658	\$ 1,615,922	\$ 1,575,226	\$ -	\$ 1,575,226	\$ 40,696	\$ 1,490,940
Supplies and services	458,960	437,948	369,901	3,159	373,060	64,888	270,278
Utilities	10,376	10,119	10,151	-	10,151	(32)	10,279
Allocations	56,334	53,857	53,855	-	53,855	2	58,666
Capital outlay	29,600	29,600	24,414	-	24,414	5,186	-
	<u>2,160,928</u>	<u>2,147,446</u>	<u>2,033,547</u>	<u>3,159</u>	<u>2,036,706</u>	<u>110,740</u>	<u>1,830,163</u>
Animal control:							
Personal services	618,223	605,239	626,839	-	626,839	(21,600)	601,054
Supplies and services	95,202	79,918	82,320	360	82,680	(2,762)	74,828
Utilities	40,776	43,631	45,960	-	45,960	(2,329)	39,937
Allocations	34,060	31,952	32,994	-	32,994	(1,042)	34,352
	<u>788,261</u>	<u>760,740</u>	<u>788,113</u>	<u>360</u>	<u>788,473</u>	<u>(27,733)</u>	<u>750,171</u>
Total public safety	<u>54,421,066</u>	<u>55,716,596</u>	<u>55,619,820</u>	<u>(23,078)</u>	<u>55,596,742</u>	<u>119,854</u>	<u>52,651,617</u>
Development services:							
Transportation engineering:							
Personal services	743,964	691,450	718,596	-	718,596	(27,146)	749,500
Supplies and services	54,122	54,122	36,439	-	36,439	17,683	18,959
Utilities	2,724	2,656	2,664	-	2,664	(8)	2,675
Allocations	6,241	6,241	6,241	-	6,241	-	6,241
Capital outlay	67,498	67,498	-	18,822	18,822	48,676	18,040
	<u>874,549</u>	<u>821,967</u>	<u>763,940</u>	<u>18,822</u>	<u>782,762</u>	<u>39,205</u>	<u>795,415</u>
Civil engineering:							
Personal services	910,134	766,609	804,568	-	804,568	(37,959)	865,227
Supplies and services	152,648	121,291	79,548	200	79,748	41,543	60,968
Utilities	8,150	7,948	10,363	-	10,363	(2,415)	8,004
Allocations	22,886	25,034	25,035	-	25,035	(1)	24,086
Capital outlay	18,200	18,200	10,599	-	10,599	7,601	9,750
	<u>1,112,018</u>	<u>939,082</u>	<u>930,113</u>	<u>200</u>	<u>930,313</u>	<u>8,769</u>	<u>968,035</u>
Traffic operations:							
Personal services	811,318	848,285	851,298	-	851,298	(3,013)	786,038
Supplies and services	384,871	353,983	292,691	-	292,691	61,292	266,479
Utilities	919,314	1,001,919	1,003,371	-	1,003,371	(1,452)	989,881
Allocations	366,016	357,850	357,568	-	357,568	282	374,804
	<u>2,481,519</u>	<u>2,562,037</u>	<u>2,504,928</u>	<u>-</u>	<u>2,504,928</u>	<u>57,109</u>	<u>2,417,202</u>
Streets:							
Personal services	1,489,510	1,338,943	1,264,466	-	1,264,466	74,477	1,264,272
Supplies and services	1,146,814	1,028,651	865,405	(15,373)	850,032	178,619	1,024,244
Allocations	581,238	587,921	588,317	-	588,317	(396)	612,417
Capital Outlay	-	12,500	11,535	-	11,535	965	85,260
	<u>3,217,562</u>	<u>2,968,015</u>	<u>2,729,723</u>	<u>(15,373)</u>	<u>2,714,350</u>	<u>253,665</u>	<u>2,986,193</u>
Drainage:							
Personal services	487,911	413,677	441,966	-	441,966	(28,289)	416,532
Supplies and services	212,270	261,101	165,340	-	165,340	95,761	250,544
Allocations	290,453	309,642	309,642	-	309,642	-	310,563
	<u>990,634</u>	<u>984,420</u>	<u>916,948</u>	<u>-</u>	<u>916,948</u>	<u>67,472</u>	<u>977,639</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017					Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual GAAP	Adjustments	Actual		Actual
	Original	Final	Basis	Budget Basis	Budget Basis		GAAP Basis
Development services (continued):							
Public works administration:							
Personal services	\$ -	\$ (202,079)	\$ (124,031)	\$ -	\$ (124,031)	\$ (78,048)	\$ 115,346
Supplies and services	-	(250)	(5,058)	-	(5,058)	4,808	(4,035)
Utilities	-	(1,180)	(1,041)	-	(1,041)	(139)	(27)
Allocations	(227,537)	(227,537)	(227,537)	-	(227,537)	-	(221,129)
	<u>(227,537)</u>	<u>(431,046)</u>	<u>(357,667)</u>	<u>-</u>	<u>(357,667)</u>	<u>(73,379)</u>	<u>(109,845)</u>
Planning:							
Personal services	228,449	204,876	225,574	-	225,574	(20,698)	277,021
Supplies and services	29,151	29,151	26,302	-	26,302	2,849	19,995
Utilities	1,660	1,618	1,624	-	1,624	(6)	1,630
Allocations	1,916	1,916	1,916	-	1,916	-	1,916
Capital Outlay	1,667	1,667	-	-	-	1,667	-
	<u>262,843</u>	<u>239,228</u>	<u>255,416</u>	<u>-</u>	<u>255,416</u>	<u>(16,188)</u>	<u>300,562</u>
Building inspection:							
Personal services	1,810,501	1,881,655	1,841,966	-	1,841,966	39,689	1,650,280
Supplies and services	104,585	92,010	86,974	-	86,974	5,036	75,192
Utilities	7,086	6,911	6,933	-	6,933	(22)	6,960
Allocations	38,992	35,232	35,436	-	35,436	(204)	37,553
Capital outlay	30,063	30,063	20,197	-	20,197	9,866	4,393
	<u>1,991,227</u>	<u>2,045,871</u>	<u>1,991,506</u>	<u>-</u>	<u>1,991,506</u>	<u>54,365</u>	<u>1,774,378</u>
Transit Oriented Development:							
Personal services	111,278	114,935	114,698	-	114,698	237	167,491
Supplies and services	31,020	31,020	24,201	-	24,201	6,819	17,804
Utilities	2,687	2,627	2,114	-	2,114	513	2,093
Allocations	1,348	1,348	1,348	-	1,348	-	1,348
	<u>146,333</u>	<u>149,930</u>	<u>142,361</u>	<u>-</u>	<u>142,361</u>	<u>7,569</u>	<u>188,736</u>
Economic development:							
Personal services	277,235	255,615	252,904	-	252,904	2,711	263,560
Supplies and services	256,270	319,520	255,769	-	255,769	63,751	272,947
Utilities	2,345	2,287	2,295	-	2,295	(8)	2,304
Allocations	3,061	3,061	3,061	-	3,061	-	3,060
	<u>538,911</u>	<u>580,483</u>	<u>514,029</u>	<u>-</u>	<u>514,029</u>	<u>66,454</u>	<u>541,871</u>
Total development services	<u>11,388,059</u>	<u>10,859,987</u>	<u>10,391,297</u>	<u>3,649</u>	<u>10,394,946</u>	<u>465,041</u>	<u>10,840,186</u>
Cultural and recreational:							
Library:							
Personal services	2,128,130	2,047,621	2,035,449	-	2,035,449	12,172	1,987,741
Supplies and services	345,122	344,601	283,462	11,554	295,016	49,585	289,966
Utilities	132,444	127,034	118,895	-	118,895	8,139	126,901
Allocations	27,887	27,887	27,887	-	27,887	-	27,887
Capital outlay	326,628	326,628	322,809	626	323,435	3,193	340,802
	<u>2,960,211</u>	<u>2,873,771</u>	<u>2,788,502</u>	<u>12,180</u>	<u>2,800,682</u>	<u>73,089</u>	<u>2,773,297</u>
Parks Operations:							
Personal services	1,742,666	1,726,117	1,672,713	-	1,672,713	53,404	1,761,153
Supplies and services	1,150,594	932,515	926,057	(8,205)	917,852	14,663	811,763
Utilities	313,882	369,960	327,109	-	327,109	42,851	304,671
Allocations	260,149	248,248	236,367	-	236,367	11,881	281,103
Capital outlay	38,150	41,202	57,679	(17,821)	39,858	1,344	3,675
	<u>3,505,441</u>	<u>3,318,042</u>	<u>3,219,925</u>	<u>(26,026)</u>	<u>3,193,899</u>	<u>124,143</u>	<u>3,162,365</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2017
 With Comparative Actual Totals for 2016

	2017						2016
	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final					
Cultural and recreational (continued):							
Tennis Center:							
Supplies and services	\$ 15,695	\$ 15,695	\$ 28,147	\$ (9,775)	\$ 18,372	\$ (2,677)	\$ 5,581
Utilities	28,975	29,006	27,702	-	27,702	1,304	25,242
Allocations	7,793	7,793	7,793	-	7,793	-	7,793
	<u>52,463</u>	<u>52,494</u>	<u>63,642</u>	<u>(9,775)</u>	<u>53,867</u>	<u>(1,373)</u>	<u>38,616</u>
Leisure services:							
Personal services	590,374	681,300	666,212	-	666,212	15,088	560,429
Supplies and services	155,047	156,848	125,929	8,155	134,084	22,764	109,571
Utilities	918	851	896	-	896	(45)	759
Allocations	12,448	12,448	12,448	-	12,448	-	12,448
	<u>758,787</u>	<u>851,447</u>	<u>805,485</u>	<u>8,155</u>	<u>813,640</u>	<u>37,807</u>	<u>683,207</u>
Rosemeade Recreation Center:							
Personal services	247,069	263,742	271,568	-	271,568	(7,826)	246,634
Supplies and services	325,007	328,339	348,098	1,253	349,351	(21,012)	295,176
Utilities	62,262	61,266	60,484	-	60,484	782	59,855
Allocations	5,578	5,578	5,578	-	5,578	-	6,902
	<u>639,916</u>	<u>658,925</u>	<u>685,728</u>	<u>1,253</u>	<u>686,981</u>	<u>(28,056)</u>	<u>608,567</u>
Crosby Recreation Center:							
Personal services	231,114	194,700	209,266	-	209,266	(14,566)	209,844
Supplies and services	100,725	101,200	82,291	5,717	88,008	13,192	63,200
Utilities	40,018	38,381	39,774	-	39,774	(1,393)	37,971
Allocations	3,165	3,164	3,164	-	3,164	-	3,404
	<u>375,022</u>	<u>337,445</u>	<u>334,495</u>	<u>5,717</u>	<u>340,212</u>	<u>(2,767)</u>	<u>314,419</u>
Perry Museum:							
Personal services	91,859	89,034	83,621	-	83,621	5,413	79,902
Supplies and services	21,887	21,862	24,118	(1,115)	23,003	(1,141)	6,932
Utilities	8,107	7,976	8,686	-	8,686	(710)	7,828
	<u>121,853</u>	<u>118,872</u>	<u>116,425</u>	<u>(1,115)</u>	<u>115,310</u>	<u>3,562</u>	<u>94,662</u>
Senior Center:							
Personal services	224,996	189,982	221,533	-	221,533	(31,551)	197,979
Supplies and services	47,645	47,989	68,592	(5,936)	62,656	(14,667)	40,918
Utilities	49,933	43,152	38,826	-	50,826	(7,674)	42,179
Allocations	11,467	11,467	11,466	-	11,466	1	11,946
Capital outlay	-	-	-	-	-	-	21,043
	<u>334,041</u>	<u>292,590</u>	<u>352,417</u>	<u>(5,936)</u>	<u>346,481</u>	<u>(53,891)</u>	<u>314,065</u>
Athletics:							
Personal services	2,132,796	2,032,673	2,078,555	-	2,078,555	(45,882)	1,838,356
Supplies and services	1,013,613	985,183	1,066,695	-	1,066,695	(81,512)	862,992
Utilities	378,818	374,605	389,683	-	389,683	(15,078)	390,674
Allocations	214,506	235,017	236,055	-	236,055	(1,038)	228,610
Capital outlay	34,650	34,650	34,570	-	34,570	80	11,107
	<u>3,774,383</u>	<u>3,662,128</u>	<u>3,805,558</u>	<u>-</u>	<u>3,805,558</u>	<u>(143,430)</u>	<u>3,331,739</u>
Total cultural and recreational	<u>12,522,117</u>	<u>12,165,714</u>	<u>12,172,177</u>	<u>(15,547)</u>	<u>12,156,630</u>	<u>9,084</u>	<u>11,320,937</u>
Total expenditures	<u>\$ 97,517,124</u>	<u>\$ 95,059,639</u>	<u>\$ 93,504,695</u>	<u>\$ 36,449</u>	<u>\$ 93,541,144</u>	<u>\$ 1,518,495</u>	<u>\$ 88,826,757</u> (concluded)

COMBINING FINANCIAL STATEMENTS

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided by one City department for another.

Fleet Services Fund - to account for the cost of operating and maintaining automotive and other equipment used by City departments and the purchase of general government vehicles (those not used by enterprise fund activities). Service charges are billed to departments on a monthly basis to cover all expenses of the fund.

Risk Management Fund - to account for the operation of a self-insurance fund covering all City property, vehicles, liability and workers' compensation expenses. The City operates under a self-insured retention and commercial insurance coverage purchases, with workers' compensation claims administered by an outside agency.

Employee Health and Disability Fund - to account for the provision of group accident, health and long-term disability insurance coverage for all City employees and those retirees choosing to stay on the plan.

CITY OF CARROLLTON, TEXAS

Internal Service Funds
 Combining Statement of Net Position
 September 30, 2017

	Fleet Services	Risk Management	Employee Health and Disability	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 5,696,251	\$ 5,009,475	\$ 5,320,264	\$ 16,025,990
Receivables:				
Accrued interest	15,381	11,682	9,987	37,050
Other	-	-	41,948	41,948
Inventories	64,224	-	-	64,224
Prepaid items	-	105,000	7,367	112,367
Total current assets	<u>5,775,856</u>	<u>5,126,157</u>	<u>5,379,566</u>	<u>16,281,579</u>
Noncurrent assets:				
Capital assets:				
Buildings	176,409	-	-	176,409
Equipment	22,642,569	-	-	22,642,569
Intangibles	34,314	70,400	-	104,714
Accumulated depreciation	(13,734,233)	(70,400)	-	(13,804,633)
Total capital assets, net of accumulated depreciation	<u>9,119,059</u>	<u>-</u>	<u>-</u>	<u>9,119,059</u>
Total assets	<u>14,894,915</u>	<u>5,126,157</u>	<u>5,379,566</u>	<u>25,400,638</u>
Liabilities				
Current liabilities:				
Accounts payable	235,529	152,003	799,629	1,187,161
Estimated health claims payable	-	-	1,300,000	1,300,000
Unearned revenue	200,000	-	-	200,000
Total current liabilities	<u>435,529</u>	<u>152,003</u>	<u>2,099,629</u>	<u>2,687,161</u>
Noncurrent liabilities:				
Compensated absences	-	37,465	-	37,465
Other post employment benefits obligation	-	-	2,032,574	2,032,574
Long-term risk liability	-	1,547,691	-	1,547,691
Total noncurrent liabilities	<u>-</u>	<u>1,585,156</u>	<u>2,032,574</u>	<u>3,617,730</u>
Total liabilities	<u>435,529</u>	<u>1,737,159</u>	<u>4,132,203</u>	<u>6,304,891</u>
Net Position				
Investment in capital assets	9,119,059	-	-	9,119,059
Unrestricted	5,340,327	3,388,998	1,247,363	9,976,688
Total net position	<u>\$ 14,459,386</u>	<u>\$ 3,388,998</u>	<u>\$ 1,247,363</u>	<u>\$ 19,095,747</u>

CITY OF CARROLLTON, TEXAS

Internal Service Funds
 Combining Statement of Revenues, Expenses and Changes in Net Position
 For the Year Ended September 30, 2017

	Fleet Services	Risk Management	Employee Health and Disability	Totals
Operating revenues:				
Charges for services	\$ 5,496,935	\$ 2,091,401	\$ 10,621,079	\$ 18,209,415
Operating expenses:				
Personal services	96,245	96,609	-	192,854
Supplies and services	2,650,684	1,478,397	12,495,463	16,624,544
Utilities	30,058	340	-	30,398
Allocations	55,635	-	-	55,635
Depreciation	1,891,681	-	-	1,891,681
Total operating expenses	4,724,303	1,575,346	12,495,463	18,795,112
Income (loss) from operations	772,632	516,055	(1,874,384)	(585,697)
Nonoperating revenues:				
Investment earnings net of change in fair value of investments	48,557	34,085	31,995	114,637
Gain on sale/retirement of capital assets	113,009	-	-	113,009
Total nonoperating revenues	161,566	34,085	31,995	227,646
Income (loss) before transfers	934,198	550,140	(1,842,389)	(358,051)
Transfers out	(234,354)	(107,423)	-	(341,777)
Change in net position	699,844	442,717	(1,842,389)	(699,828)
Net position at beginning of year	13,759,542	2,946,281	3,089,752	19,795,575
Net position at end of year	\$ 14,459,386	\$ 3,388,998	\$ 1,247,363	\$ 19,095,747

CITY OF CARROLLTON, TEXAS

Internal Service Funds
 Combining Statement of Cash Flows
 For the Year Ended September 30, 2017

	Fleet Services	Risk Management	Employee Health and Disability	Totals
Cash flows from operating activities:				
Cash received from employees for services	\$ -	\$ -	\$ 1,717,739	\$ 1,717,739
Cash received from other funds for services	5,496,935	2,091,401	8,910,824	16,499,160
Cash received from loss claim recoveries and refunds	-	274,100	972,385	1,246,485
Cash payments to suppliers for goods and services	(2,745,725)	(625,829)	(911,938)	(4,283,492)
Cash payments to employees for services	(93,308)	(83,950)	-	(177,258)
Cash payments for loss claims	-	(1,154,374)	(11,243,685)	(12,398,059)
Cash payments to other funds for services	(57,701)	(7,566)	-	(65,267)
Net cash provided (used) by operating activities	<u>2,600,201</u>	<u>493,782</u>	<u>(554,675)</u>	<u>2,539,308</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	(234,354)	(107,423)	-	(341,777)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(2,369,069)	-	-	(2,369,069)
Proceeds from sale of capital assets	133,648	-	-	133,648
Net cash used by capital and related financing activities	<u>(2,235,421)</u>	<u>-</u>	<u>-</u>	<u>(2,235,421)</u>
Cash flows from investing activities:				
Interest on cash and cash equivalents	42,056	30,245	31,969	104,270
Net increase (decrease) in cash and cash equivalents				
	172,482	416,604	(522,706)	66,380
Cash and cash equivalents, October 1	5,523,769	4,592,871	5,842,970	15,959,610
Cash and cash equivalents, September 30	<u>\$ 5,696,251</u>	<u>\$ 5,009,475</u>	<u>\$ 5,320,264</u>	<u>\$ 16,025,990</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ 772,632	\$ 516,055	\$ (1,874,384)	\$ (585,697)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	1,891,681	-	-	1,891,681
Change in assets and liabilities:				
Decrease in other receivables	-	-	77,720	77,720
Increase in inventories	(14,730)	-	-	(14,730)
Decrease in prepaid items	-	13,000	-	13,000
Increase (decrease) in accounts payable	(49,382)	(2,179)	783,319	731,758
Increase in estimated health claims payable	-	-	262,000	262,000
Increase in liability for compensated absences	-	4,859	-	4,859
Decrease in long-term risk liability	-	(37,953)	-	(37,953)
Increase in other post employment benefits obligation	-	-	196,670	196,670
Net cash provided (used) by operating activities	<u>\$ 2,600,201</u>	<u>\$ 493,782</u>	<u>\$ (554,675)</u>	<u>\$ 2,539,308</u>

**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS**

Proprietary Funds

These supplementary statements and schedules are included to provide management additional information for financial analysis.



CARROLLTON

TEXAS

CITY OF CARROLLTON, TEXAS

Water and Sewer Fund
Comparative Statements of Net Position
September 30, 2017 and 2016

Assets	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 21,995,092	\$ 21,368,487
Receivables (net, where applicable, of allowance for doubtful accounts of \$130,704 in 2017 and \$137,006 in 2016):		
Accounts	4,541,716	4,450,829
Accrued interest	61,785	43,030
Restricted assets:		
Cash and cash equivalents	<u>3,516,613</u>	<u>3,428,471</u>
Total current assets	<u>30,115,206</u>	<u>29,290,817</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	1,385,524	1,426,329
Capital assets:		
Land	1,382,918	1,382,918
Buildings	18,038,700	18,038,700
Equipment	5,102,721	4,982,482
Intangibles	868,612	868,612
Infrastructure	241,715,945	239,589,258
Construction in progress	117,497	-
Accumulated depreciation	<u>(146,879,329)</u>	<u>(139,366,148)</u>
Total capital assets, net of accumulated depreciation	<u>120,347,064</u>	<u>125,495,822</u>
Total noncurrent assets	<u>121,732,588</u>	<u>126,922,151</u>
Total assets	<u>151,847,794</u>	<u>156,212,968</u>
Deferred outflows of resources		
Deferred charges on refundings	130,395	153,750
Pension contributions after measurement date	266,097	223,937
Difference in projected and actual earnings on pension assets	676,452	915,094
Changes in actuarial assumptions used to determine pension liability	<u>94,585</u>	<u>145,989</u>
Total deferred outflows of resources	<u>1,167,529</u>	<u>1,438,770</u>
Liabilities		
Current liabilities:		
Accounts payable	1,694,798	1,815,592
Customer deposits payable	2,753,862	2,664,146
Revenue bonds payable	1,459,120	1,409,120
Compensated absences	65,376	57,273
Accrued interest	<u>196,084</u>	<u>218,491</u>
Total current liabilities	<u>6,169,240</u>	<u>6,164,622</u>
Noncurrent liabilities:		
Revenue bonds payable	10,710,117	12,169,237
Net pension liability	1,272,440	1,346,172
Compensated absences	<u>516,550</u>	<u>608,352</u>
Total noncurrent liabilities	<u>12,499,107</u>	<u>14,123,761</u>
Total liabilities	<u>18,668,347</u>	<u>20,288,383</u>
Deferred inflow of resources		
Difference in expected and actual pension experience	<u>68,559</u>	<u>72,551</u>
Net Position		
Net investment in capital assets	108,874,888	112,617,048
Restricted for:		
Revenue bond retirement	1,385,524	1,426,329
Unrestricted	<u>24,018,005</u>	<u>23,247,427</u>
Total net position	<u>\$ 134,278,417</u>	<u>\$ 137,290,804</u>

CITY OF CARROLLTON, TEXAS

Water and Sewer Fund
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Charges for services	\$ 39,630,140	\$ 37,361,058
Miscellaneous	197,032	204,467
Total operating revenues	<u>39,827,172</u>	<u>37,565,525</u>
 Operating expenses:		
Personal services	3,989,218	4,160,938
Supplies and services	26,175,701	23,830,734
Utilities	946,111	874,429
Allocations	1,222,871	1,209,405
Depreciation	7,595,388	7,443,949
Total operating expenses	<u>39,929,289</u>	<u>37,519,455</u>
 Income (loss) from operations	<u>(102,117)</u>	<u>46,070</u>
 Nonoperating revenues (expenses):		
Investment earnings net of change in fair value of investments	187,616	172,784
Gain on sale/retirement of capital assets	21,514	37,256
Interest expense	(426,206)	(477,678)
Total nonoperating revenues (expenses)	<u>(217,076)</u>	<u>(267,638)</u>
 Loss before contributions and transfers	(319,193)	(221,568)
 Capital contributions	965,092	1,003,684
Transfers in	-	6,660
Transfers out	<u>(3,658,286)</u>	<u>(3,663,133)</u>
 Change in net position	(3,012,387)	(2,874,357)
 Net position at beginning of year	<u>137,290,804</u>	<u>140,165,161</u>
 Net position at end of year	<u>\$ 134,278,417</u>	<u>\$ 137,290,804</u>

CITY OF CARROLLTON, TEXAS

Water and Sewer Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from customers for services	\$ 39,589,446	\$ 37,924,078
Other operating cash receipts	197,032	204,467
Cash payments to suppliers for goods and services	(27,409,114)	(25,131,312)
Cash payments to employees for services	(3,274,194)	(3,429,794)
Cash payments to other funds for services	(1,414,515)	(1,390,686)
Net cash provided by operating activities	<u>7,688,655</u>	<u>8,176,753</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	<u>(3,658,286)</u>	<u>(3,663,133)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,316,894)	(2,228,148)
Proceeds from sale of capital assets	21,514	43,972
Interest paid on bonds	(524,378)	(574,205)
Retirement of bonds	(1,310,000)	(1,260,000)
Capital contributions	604,470	894,970
Net cash used by capital and related financing activities	<u>(3,525,288)</u>	<u>(3,123,411)</u>
Cash flow from investing activities:		
Interest on cash and cash equivalents	<u>168,861</u>	<u>153,822</u>
Net increase in cash and cash equivalents	673,942	1,544,031
Cash and cash equivalents, October 1	26,223,287	24,679,256
Cash and cash equivalents, September 30	<u>\$ 26,897,229</u>	<u>\$ 26,223,287</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:		
Income (loss) from operations	\$ (102,117)	\$ 46,070
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	7,595,388	7,443,949
Provision for doubtful accounts	39,523	44,919
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources		
(Increase) decrease in accounts receivable	(130,410)	547,836
(Increase) decrease in pension related deferred outflows	247,886	(924,887)
Increase (decrease) in accounts payable	110,092	(27,616)
Increase in customer deposits payable	89,716	15,184
Increase (decrease) in net pension liability	(73,732)	1,053,126
Decrease in liability for compensated absences	(83,699)	(30,400)
Increase (decrease) in pension related deferred inflows	(3,992)	8,572
Net cash provided by operating activities	<u>\$ 7,688,655</u>	<u>\$ 8,176,753</u>
Noncash investing, capital, and financing activities:		
During this past year, the Water and Sewer Fund received \$360,622 noncash capital contributions from developers consisting of water and sewer infrastructure.		
Reconciliation of total cash and cash equivalents:		
Current assets:		
Cash and cash equivalents	\$ 21,995,092	\$ 21,368,487
Restricted assets - cash and cash equivalents	3,516,613	3,428,471
Noncurrent assets:		
Restricted assets - cash and cash equivalents	<u>1,385,524</u>	<u>1,426,329</u>
Total cash and cash equivalents	<u>\$ 26,897,229</u>	<u>\$ 26,223,287</u>

CITY OF CARROLLTON, TEXAS

Golf Course Fund
 Comparative Statements of Net Position
 September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 351,941	\$ 64,160
Receivables:		
Other	111,201	156,858
Due from other governments	555,516	557,072
Inventories	-	55,032
Prepaid items	-	910
Total current assets	<u>1,018,658</u>	<u>834,032</u>
Noncurrent assets:		
Capital assets:		
Land	995,000	995,000
Buildings	1,609,627	1,609,627
Equipment	1,229,834	967,305
Improvements	11,900,768	11,900,768
Accumulated depreciation	<u>(13,461,010)</u>	<u>(13,267,619)</u>
Total capital assets, net of accumulated depreciation	<u>2,274,219</u>	<u>2,205,081</u>
Total assets	<u>3,292,877</u>	<u>3,039,113</u>
Liabilities		
Current liabilities:		
Accounts payable	<u>13,555</u>	<u>194,738</u>
Net Position		
Net investment in capital assets	2,274,219	2,205,081
Unrestricted	1,005,103	639,294
Total net position	<u>\$ 3,279,322</u>	<u>\$ 2,844,375</u>

CITY OF CARROLLTON, TEXAS

Golf Course Fund
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Charges for services	<u>\$ 1,131,464</u>	<u>\$ 976,527</u>
Operating expenses:		
Supplies and services	652,356	1,503,591
Utilities	97,616	141,637
Allocations	10,395	10,395
Depreciation	<u>193,392</u>	<u>114,768</u>
Total operating expenses	<u>953,759</u>	<u>1,770,391</u>
Income (loss) from operations	<u>177,705</u>	<u>(793,864)</u>
Nonoperating revenues (expenses):		
Intergovernmental	-	557,072
Investment earnings net of change in fair value of investments	<u>(964)</u>	<u>(110)</u>
Total nonoperating revenues (expenses)	<u>(964)</u>	<u>556,962</u>
Income (loss) before transfers	176,741	(236,902)
Transfers in	602,048	1,902,758
Transfers out	<u>(343,842)</u>	<u>(334,159)</u>
Change in net position	434,947	1,331,697
Net position at beginning of year	<u>2,844,375</u>	<u>1,512,678</u>
Net position at end of year	<u><u>\$ 3,279,322</u></u>	<u><u>\$ 2,844,375</u></u>

CITY OF CARROLLTON, TEXAS

Golf Course Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from customers for services	\$ 1,178,677	\$ 819,669
Cash payments to suppliers for goods and services	(872,453)	(1,545,307)
Cash payments to other funds for services	(11,355)	(11,566)
Net cash provided (used) by operating activities	<u>294,869</u>	<u>(737,204)</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	602,048	1,902,758
Transfers to other funds	(343,842)	(334,159)
Net cash provided by noncapital and related financing activities	<u>258,206</u>	<u>1,568,599</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	<u>(264,330)</u>	<u>(940,045)</u>
Cash flow from investing activities:		
Interest on cash and cash equivalents	<u>(964)</u>	<u>333</u>
Net increase (decrease) in cash and cash equivalents	287,781	(108,317)
Cash and cash equivalents, October 1	64,160	172,477
Cash and cash equivalents, September 30	<u>\$ 351,941</u>	<u>\$ 64,160</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	\$ 177,705	\$ (793,864)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	193,392	114,768
Change in assets and liabilities:		
(Increase) decrease in other receivables	45,657	(156,858)
Decrease in due from other governments	1,556	-
(Increase) decrease in inventories	55,032	(55,032)
(Increase) decrease in prepaid items	910	(910)
Increase (decrease) in accounts payable	(179,383)	154,692
Net cash provided (used) by operating activities	<u>\$ 294,869</u>	<u>\$ (737,204)</u>

CITY OF CARROLLTON, TEXAS

Sanitation Fund
 Comparative Statements of Net Position
 September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 284,562	\$ 743,800
Receivables (net of applicable of allowance for doubtful accounts of \$43,876 in 2017 and \$40,921 in 2016)		
Accounts	1,096,838	1,035,292
Accrued interest	4,318	4,386
Total current assets	<u>1,385,718</u>	<u>1,783,478</u>
Noncurrent assets:		
Capital assets:		
Equipment	1,460,303	1,460,303
Accumulated depreciation	<u>(1,446,616)</u>	<u>(1,391,663)</u>
Total capital assets, net of accumulated depreciation	<u>13,687</u>	<u>68,640</u>
Total assets	<u>1,399,405</u>	<u>1,852,118</u>
Liabilities		
Current liabilities:		
Accounts payable	<u>956,093</u>	<u>1,391,462</u>
Net Position		
Investment in capital assets	13,687	68,640
Unrestricted	<u>429,625</u>	<u>392,016</u>
Total net position	<u>\$ 443,312</u>	<u>\$ 460,656</u>

CITY OF CARROLLTON, TEXAS

Sanitation Fund

Comparative Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Charges for services	<u>\$ 9,839,216</u>	<u>\$ 9,492,356</u>
Operating expenses:		
Supplies and services	7,671,627	7,161,356
Allocations	86,425	89,542
Depreciation	54,953	146,030
Total operating expenses	<u>7,813,005</u>	<u>7,396,928</u>
Income from operations	<u>2,026,211</u>	<u>2,095,428</u>
Nonoperating revenues:		
Investment earnings net of change in fair value of investments	<u>14,796</u>	<u>13,468</u>
Income before transfers	2,041,007	2,108,896
Transfers out	<u>(2,058,351)</u>	<u>(2,319,708)</u>
Change in net position	(17,344)	(210,812)
Net position at beginning of year	<u>460,656</u>	<u>671,468</u>
Net position at end of year	<u><u>\$ 443,312</u></u>	<u><u>\$ 460,656</u></u>

CITY OF CARROLLTON, TEXAS

Sanitation Fund

Comparative Statements of Cash Flows

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from customers for services	\$ 9,765,381	\$ 9,402,842
Cash payments to suppliers for goods and services	(8,106,996)	(6,571,742)
Cash payments to other funds for services	<u>(74,136)</u>	<u>(74,136)</u>
Net cash provided by operating activities	<u>1,584,249</u>	<u>2,756,964</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	<u>(2,058,351)</u>	<u>(2,319,708)</u>
Cash flows from investing activities:		
Interest on cash and cash equivalents	<u>14,864</u>	<u>11,133</u>
Net increase (decrease) in cash and cash equivalents	(459,238)	448,389
Cash and cash equivalents, October 1	<u>743,800</u>	<u>295,411</u>
Cash and cash equivalents, September 30	<u>\$ 284,562</u>	<u>\$ 743,800</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 2,026,211	\$ 2,095,428
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	54,953	146,030
Provisions for doubtful accounts	12,289	15,403
Change in assets and liabilities:		
Increase in accounts receivable	(73,835)	(89,511)
Increase (decrease) in accounts payable	<u>(435,369)</u>	<u>589,614</u>
Net cash provided by operating activities	<u>\$ 1,584,249</u>	<u>\$ 2,756,964</u>

CITY OF CARROLLTON, TEXAS

Fleet Services Fund
 Comparative Statements of Net Position
 September 30, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,696,251	\$ 5,523,769
Accrued interest receivable	15,381	8,880
Inventories	64,224	49,494
Total current assets	5,775,856	5,582,143
Noncurrent assets:		
Capital assets:		
Buildings	176,409	176,409
Equipment	22,642,569	20,603,977
Intangibles	34,314	34,314
Accumulated depreciation	(13,734,233)	(12,293,518)
Total capital assets, net of accumulated depreciation	9,119,059	8,521,182
Total assets	14,894,915	14,103,325
Liabilities		
Current liabilities:		
Accounts payable	235,529	343,783
Unearned revenue	200,000	-
Total liabilities	435,529	343,783
Net Position		
Investment in capital assets	9,119,059	8,521,182
Unrestricted	5,340,327	5,238,360
Total net position	\$ 14,459,386	\$ 13,759,542

CITY OF CARROLLTON, TEXAS

Fleet Services Fund
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Charges for services	\$ 5,496,935	\$ 5,717,063
Operating expenses:		
Personal services	96,245	74,443
Supplies and services	2,650,684	2,567,175
Utilities	30,058	27,202
Allocations	55,635	55,572
Depreciation	1,891,681	2,052,140
Total operating expenses	<u>4,724,303</u>	<u>4,776,532</u>
Income from operations	<u>772,632</u>	<u>940,531</u>
Nonoperating revenues:		
Investment earnings net of change in fair value of investments	48,557	32,881
Gain on sale/retirement of capital assets	113,009	123,312
Total nonoperating revenues	<u>161,566</u>	<u>156,193</u>
Income before transfers	934,198	1,096,724
Transfers in	-	52,786
Transfers out	<u>(234,354)</u>	<u>(227,754)</u>
Change in net position	699,844	921,756
Net position at beginning of year	<u>13,759,542</u>	<u>12,837,786</u>
Net position at end of year	<u>\$ 14,459,386</u>	<u>\$ 13,759,542</u>

CITY OF CARROLLTON, TEXAS

Fleet Services Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from other funds for services	\$ 5,496,935	\$ 5,717,063
Cash payments to suppliers for goods and services	(2,745,725)	(2,508,918)
Cash payments to employees for services	(93,308)	(67,674)
Cash payments to other funds for services	(57,701)	(59,170)
Net cash provided by operating activities	<u>2,600,201</u>	<u>3,081,301</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	<u>(234,354)</u>	<u>(227,754)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,369,069)	(1,390,623)
Proceeds from sale of capital assets	133,648	129,828
Net cash used by capital and related financing activities	<u>(2,235,421)</u>	<u>(1,260,795)</u>
Cash flow from investing activities:		
Interest on cash and cash equivalents	<u>42,056</u>	<u>27,567</u>
Net increase in cash and cash equivalents	172,482	1,620,319
Cash and cash equivalents, October 1	<u>5,523,769</u>	<u>3,903,450</u>
Cash and cash equivalents, September 30	<u>\$ 5,696,251</u>	<u>\$ 5,523,769</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 772,632	\$ 940,531
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	1,891,681	2,052,140
Change in assets and liabilities:		
(Increase) decrease in inventories	(14,730)	5,604
Increase (decrease) in accounts payable	(49,382)	83,026
Net cash provided by operating activities	<u>\$ 2,600,201</u>	<u>\$ 3,081,301</u>

CITY OF CARROLLTON, TEXAS

Risk Management Fund
 Comparative Statements of Net Position
 September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,009,475	\$ 4,592,871
Accrued interest receivable	11,682	7,842
Prepaid items	<u>105,000</u>	<u>118,000</u>
Total current assets	<u>5,126,157</u>	<u>4,718,713</u>
Noncurrent assets:		
Capital assets:		
Intangibles	70,400	70,400
Accumulated depreciation	<u>(70,400)</u>	<u>(70,400)</u>
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>-</u>
Total assets	<u>5,126,157</u>	<u>4,718,713</u>
Liabilities		
Current liabilities:		
Accounts payable	152,003	154,182
Noncurrent liabilities:		
Compensated absences	37,465	32,606
Long-term risk liability	<u>1,547,691</u>	<u>1,585,644</u>
Total noncurrent liabilities	<u>1,585,156</u>	<u>1,618,250</u>
Total liabilities	<u>1,737,159</u>	<u>1,772,432</u>
Net Position		
Unrestricted	<u>\$ 3,388,998</u>	<u>\$ 2,946,281</u>

CITY OF CARROLLTON, TEXAS

Risk Management Fund
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Charges for services	<u>\$ 2,091,401</u>	<u>\$ 2,091,401</u>
Operating expenses:		
Personal services	96,609	94,095
Supplies and services	1,478,397	1,983,886
Utilities	<u>340</u>	<u>342</u>
Total operating expenses	<u>1,575,346</u>	<u>2,078,323</u>
Income from operations	<u>516,055</u>	<u>13,078</u>
Nonoperating revenues:		
Investment earnings net of change in fair value of investments	<u>34,085</u>	<u>29,965</u>
Income before transfers	550,140	43,043
Transfers out	<u>(107,423)</u>	<u>(105,398)</u>
Change in net position	442,717	(62,355)
Net position at beginning of year	<u>2,946,281</u>	<u>3,008,636</u>
Net position end of year	<u><u>\$ 3,388,998</u></u>	<u><u>\$ 2,946,281</u></u>

CITY OF CARROLLTON, TEXAS

Risk Management Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from other funds for services	\$ 2,091,401	\$ 2,091,401
Cash received from loss claim recoveries	274,100	174,989
Cash payments to suppliers for goods and services	(625,829)	(477,445)
Cash payments to employees for services	(83,950)	(81,303)
Cash payments for loss claims	(1,154,374)	(1,265,511)
Cash payments to other funds for services	(7,566)	(6,307)
Net cash provided by operating activities	<u>493,782</u>	<u>435,824</u>
Cash flow from noncapital financing activities:		
Transfers to other funds	<u>(107,423)</u>	<u>(105,398)</u>
Cash flow from investing activities:		
Interest on cash and cash equivalents	<u>30,245</u>	<u>26,545</u>
Net increase in cash and cash equivalents	416,604	356,971
Cash and cash equivalents, October 1	4,592,871	4,235,900
Cash and cash equivalents, September 30	<u>\$ 5,009,475</u>	<u>\$ 4,592,871</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 516,055	\$ 13,078
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Change in assets and liabilities:		
Decrease in prepaid items	13,000	23,000
Increase (decrease) in accounts payable	(2,179)	51,051
Increase in liability for compensated absences	4,859	5,681
Increase (decrease) in long-term risk liability	(37,953)	343,014
Net cash provided by operating activities	<u>\$ 493,782</u>	<u>\$ 435,824</u>

CITY OF CARROLLTON, TEXAS

Employee Health and Disability Fund
 Comparative Statements of Net Position
 September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,320,264	\$ 5,842,970
Receivables:		
Accrued interest	9,987	9,961
Other	41,948	119,668
Prepaid items	<u>7,367</u>	<u>7,367</u>
Total assets	<u>5,379,566</u>	<u>5,979,966</u>
Liabilities		
Current liabilities:		
Accounts payable	799,629	16,310
Estimated health claims payable	<u>1,300,000</u>	<u>1,038,000</u>
Total current liabilities	<u>2,099,629</u>	<u>1,054,310</u>
Noncurrent liabilities:		
Other post employment benefits obligation	<u>2,032,574</u>	<u>1,835,904</u>
Total liabilities	<u>4,132,203</u>	<u>2,890,214</u>
Net Position		
Unrestricted	<u>\$ 1,247,363</u>	<u>\$ 3,089,752</u>

CITY OF CARROLLTON, TEXAS

Employee Health and Disability Fund
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Charges for services	<u>\$ 10,621,079</u>	<u>\$ 9,348,871</u>
Operating expenses:		
Supplies and services	<u>12,495,463</u>	<u>12,243,301</u>
Loss from operations	<u>(1,874,384)</u>	<u>(2,894,430)</u>
Nonoperating revenues:		
Investment earnings net of change in fair value of investments	<u>31,995</u>	<u>42,254</u>
Change in net position	(1,842,389)	(2,852,176)
Net position at beginning of year	<u>3,089,752</u>	<u>5,941,928</u>
Net position at end of year	<u><u>\$ 1,247,363</u></u>	<u><u>\$ 3,089,752</u></u>

CITY OF CARROLLTON, TEXAS

Employee Health and Disability Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from employees and retirees for services	\$ 1,717,739	\$ 1,553,739
Cash received from other funds for services	8,910,824	7,745,700
Cash received from loss claim recoveries and refunds	972,385	536,394
Cash payments to suppliers for goods and services	(911,938)	(2,101,773)
Cash payments for loss claims	(11,243,685)	(9,790,408)
Net cash used by operating activities	<u>(554,675)</u>	<u>(2,056,348)</u>
Cash flows from investing activities:		
Interest on cash and cash equivalents	<u>31,969</u>	<u>40,416</u>
Net decrease in cash and cash equivalents	(522,706)	(2,015,932)
Cash and cash equivalents, October 1	5,842,970	7,858,902
Cash and cash equivalents, September 30	<u>\$ 5,320,264</u>	<u>\$ 5,842,970</u>
Reconciliation of loss from operations to net cash used by operating activities:		
Loss from operations	\$ (1,874,384)	\$ (2,894,430)
Adjustments to reconcile loss from operations to net cash used by operating activities:		
Change in assets and liabilities:		
Decrease in other receivables	77,720	64,388
Increase (decrease) in accounts payable	783,319	(116,629)
(Increase) decrease in estimated health claims payable	262,000	(64,000)
Increase in other post employment benefits obligation	196,670	954,323
Net cash used by operating activities	<u>\$ (554,675)</u>	<u>\$ (2,056,348)</u>

STATISTICAL SECTION (Unaudited)

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. It includes six categories of information:

Financial Trends (tables 1-4) – contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (tables 5-9) – contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity (tables 10-14) – present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (tables 15-16) – offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (tables 17-19) – contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Additional Information (tables 20-21) – offers additional analysis regarding rapidly growing expenses or areas of financial concern that are of interest to the users of the financial statements.



CARROLLTON
T E X A S

CITY OF CARROLLTON, TEXAS
NET POSITION BY COMPONENT

Table 1

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 262,540,649	\$ 246,698,527	\$ 235,176,768	\$ 225,506,964	\$ 221,475,325	\$ 220,454,089	\$ 224,428,585	\$ 229,578,674	\$ 236,475,739	\$ 253,789,783
Restricted	6,310,926	7,220,362	7,596,030	7,576,079	6,226,590	5,782,452	5,488,442	5,539,348	6,452,006	6,939,678
Unrestricted	59,247,124	71,439,989	80,721,318	87,936,900	88,198,609	93,366,902	95,744,744	108,636,055	115,146,522	115,867,856
Total governmental activities net position	\$ 328,098,699	\$ 325,358,878	\$ 323,494,116	\$ 321,019,943	\$ 315,900,524	\$ 319,603,443	\$ 325,661,771	\$ 343,754,077	\$ 358,074,267	\$ 376,597,317
Business-type activities										
Net investment in capital assets	\$ 118,852,171	\$ 126,180,912	\$ 123,390,813	\$ 120,772,181	\$ 117,350,938	\$ 116,211,135	\$ 119,325,732	\$ 117,734,922	\$ 114,890,769	\$ 111,162,794
Restricted	2,008,330	2,008,330	1,843,461	1,775,052	1,610,108	1,552,989	1,488,696	1,460,318	1,426,329	1,385,524
Unrestricted	27,417,189	25,643,386	26,487,259	29,942,097	30,259,557	29,389,768	22,994,428	23,051,098	24,004,120	25,184,803
Total business-type activities net position	\$ 148,277,690	\$ 153,832,628	\$ 151,721,533	\$ 152,489,330	\$ 149,220,603	\$ 147,153,892	\$ 143,808,856	\$ 142,246,338	\$ 140,321,218	\$ 137,733,121
Primary government										
Net investment in capital assets	\$ 381,392,820	\$ 372,879,439	\$ 358,567,581	\$ 346,279,145	\$ 338,826,263	\$ 336,665,224	\$ 343,754,317	\$ 347,313,596	\$ 351,366,508	\$ 364,952,577
Restricted	8,319,256	9,228,692	9,439,491	9,351,131	7,836,698	7,335,441	6,977,138	6,999,666	7,878,335	8,325,202
Unrestricted	86,664,313	97,083,375	107,208,577	117,878,997	118,458,166	122,756,670	118,739,172	131,687,153	139,150,642	141,052,659
Total primary government net position	\$ 476,376,389	\$ 479,191,506	\$ 475,215,649	\$ 473,509,273	\$ 465,121,127	\$ 466,757,335	\$ 469,470,627	\$ 486,000,415	\$ 498,395,485	\$ 514,330,438

Source: Comprehensive Annual Financial Reports

Notes: The City implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this standard. The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

CITY OF CARROLLTON, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Table 2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government and administration	\$ 15,375,056	\$ 16,135,585	\$ 15,023,107	\$ 14,538,522	\$ 14,144,028	\$ 14,683,787	\$ 15,613,314	\$ 16,606,809	\$ 15,894,255	\$ 17,122,310
Public safety	42,255,686	43,858,825	44,042,950	44,482,891	46,304,583	47,660,301	52,091,965	52,732,524	59,993,080	64,012,046
Development services	33,127,452	33,978,193	34,033,588	36,152,855	37,316,269	36,202,493	39,284,802	21,534,165	26,750,336	27,011,842
Cultural and recreational	13,867,945	14,145,686	14,068,566	13,362,124	13,967,919	14,111,727	14,319,443	14,677,561	15,487,148	16,754,985
Interest on long term debt	7,012,059	6,896,001	6,890,366	7,125,220	6,854,379	6,274,635	6,310,607	6,251,466	6,125,135	6,293,033
Total governmental activities expenses	<u>111,638,198</u>	<u>115,014,290</u>	<u>114,058,577</u>	<u>115,661,612</u>	<u>118,587,178</u>	<u>118,932,943</u>	<u>127,620,131</u>	<u>111,802,525</u>	<u>124,249,954</u>	<u>131,194,216</u>
Business-type activities:										
Water and sewer	31,392,450	33,301,699	32,850,745	33,605,016	35,005,112	35,451,627	36,268,921	35,091,342	38,169,394	40,370,208
Golf	1,060,389	1,034,373	948,906	868,431	1,084,413	825,711	406,286	1,354,149	1,770,254	951,127
Sanitation	5,010,413	6,548,312	6,669,493	5,277,104	5,414,802	5,559,233	5,813,267	6,000,423	7,396,452	7,794,237
Total business-type activities expenses	<u>37,463,252</u>	<u>40,884,384</u>	<u>40,469,144</u>	<u>39,750,551</u>	<u>41,504,327</u>	<u>41,836,571</u>	<u>42,488,474</u>	<u>42,445,914</u>	<u>47,336,100</u>	<u>49,115,572</u>
Total primary government expenses	<u>149,101,450</u>	<u>155,898,674</u>	<u>154,527,721</u>	<u>155,412,163</u>	<u>160,091,505</u>	<u>160,769,514</u>	<u>170,108,605</u>	<u>154,248,439</u>	<u>171,586,054</u>	<u>180,309,788</u>
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government and administration	199,250	174,930	126,497	183,765	193,861	216,802	196,574	223,621	276,789	136,535
Public safety	5,728,799	5,896,060	6,630,295	7,058,605	8,335,917	9,632,597	10,818,681	11,344,328	10,225,750	9,695,265
Development services	2,091,549	1,151,686	1,159,367	1,150,299	1,450,556	1,939,146	2,856,299	2,147,052	2,642,431	2,177,917
Cultural and recreational	2,888,387	2,468,392	2,475,389	3,079,277	2,772,721	2,718,241	2,943,837	2,505,008	2,767,833	2,718,579
Operating grants and contributions	164,859	233,722	31,425	38,499	142,500	84,112	30,116	59,753	324,816	143,608
Capital grants and contributions	9,540,567	4,980,311	5,389,194	7,099,797	3,146,704	5,857,808	7,039,163	3,916,199	2,317,548	5,945,697
Total governmental activities program revenues	<u>20,613,411</u>	<u>14,905,101</u>	<u>15,812,167</u>	<u>18,610,242</u>	<u>16,042,259</u>	<u>20,448,706</u>	<u>23,884,670</u>	<u>20,195,961</u>	<u>18,555,167</u>	<u>20,817,601</u>
Business-type activities:										
Charges for services:										
Water and sewer	34,668,105	33,783,699	33,394,525	37,070,326	34,785,038	35,171,954	33,789,304	35,301,330	37,361,058	39,630,140
Golf	1,256,786	1,053,893	819,035	986,300	1,007,137	1,040,473	1,101,340	556,913	976,527	1,131,464
Sanitation	5,569,300	7,766,941	7,778,811	7,174,814	7,436,531	7,629,080	7,882,627	8,231,572	9,492,356	9,839,216
Operating grants and contributions	-	-	-	-	-	-	-	-	557,072	-
Capital grants and contributions	7,066,729	7,372,328	436,710	805,406	648,083	1,741,476	2,104,033	2,027,734	1,003,684	965,092
Total business-type activities program revenues	<u>48,560,920</u>	<u>49,976,861</u>	<u>42,429,081</u>	<u>46,036,846</u>	<u>43,876,789</u>	<u>45,582,983</u>	<u>44,877,304</u>	<u>46,117,549</u>	<u>49,390,697</u>	<u>51,565,912</u>
Total primary government program revenues	<u>69,174,331</u>	<u>64,881,962</u>	<u>58,241,248</u>	<u>64,647,088</u>	<u>59,919,048</u>	<u>66,031,689</u>	<u>68,761,974</u>	<u>66,313,510</u>	<u>67,945,864</u>	<u>72,383,513</u>

(continued)

CITY OF CARROLLTON, TEXAS
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

Table 2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense) Revenue										
Governmental Activities	\$ (91,024,787)	\$ (100,109,189)	\$ (98,246,410)	\$ (97,051,370)	\$ (102,544,919)	\$ (98,484,237)	\$ (103,735,461)	\$ (91,606,564)	\$ (105,694,787)	\$ (110,376,615)
Business-type Activities	11,097,668	9,092,477	1,959,937	6,286,295	2,372,462	3,746,412	2,388,830	3,671,635	2,054,597	2,450,340
Total Primary government net expense	<u>(79,927,119)</u>	<u>(91,016,712)</u>	<u>(96,286,473)</u>	<u>(90,765,075)</u>	<u>(100,172,457)</u>	<u>(94,737,825)</u>	<u>(101,346,631)</u>	<u>(87,934,929)</u>	<u>(103,640,190)</u>	<u>(107,926,275)</u>
General Revenues										
and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Ad valorem	55,010,097	58,108,302	56,530,661	54,751,313	55,176,665	55,859,536	58,744,957	61,990,961	66,690,804	71,827,346
Sales	21,592,235	21,185,318	20,103,257	21,564,480	24,020,903	25,446,798	27,708,160	31,238,022	34,512,467	36,782,925
Occupancy	129,836	131,139	168,725	195,870	176,826	156,061	181,025	210,835	243,946	292,908
Franchise Fees	10,054,141	9,954,417	9,653,252	10,607,534	10,286,074	10,556,411	12,023,980	11,768,644	11,778,705	12,069,944
Investment earnings net of change in fair value of investments	5,549,105	3,015,900	1,002,342	627,029	649,158	41,353	718,161	1,202,294	1,280,470	1,480,990
Gain on sale of capital assets	76,959	-	364,151	270,089	121,337	120,011	230,961	1,306,445	123,312	113,009
Public-private partnership recovery	-	-	-	-	-	3,160,500	3,013,646	-	-	-
Miscellaneous	999,478	644,197	664,755	843,382	1,104,285	882,757	1,008,224	793,144	977,691	874,112
Special item	-	-	3,612,167	-	-	-	-	-	-	-
Transfers	4,201,354	4,330,095	4,282,338	5,717,500	5,890,252	5,963,729	6,164,675	5,475,266	4,407,582	5,458,431
Total Governmental Activities	<u>97,613,205</u>	<u>97,369,368</u>	<u>96,381,648</u>	<u>94,577,197</u>	<u>97,425,500</u>	<u>102,187,156</u>	<u>109,793,789</u>	<u>113,985,611</u>	<u>120,014,977</u>	<u>128,899,665</u>
Business-type Activities:										
Investment earnings net of change in fair value of investments	1,332,052	746,496	180,815	116,423	148,177	(11,503)	162,754	206,134	186,142	201,448
Gain on sale of capital assets	35,370	600	5,902	6,578	13,037	62,393	108,520	35,012	37,256	21,514
Miscellaneous	72,116	45,460	24,589	76,001	87,849	99,716	159,535	174,697	204,467	197,032
Transfers	(4,201,354)	(4,330,095)	(4,282,338)	(5,717,500)	(5,890,252)	(5,963,729)	(6,164,675)	(5,475,266)	(4,407,582)	(5,458,431)
Total Business-type Activities	<u>(2,761,816)</u>	<u>(3,537,539)</u>	<u>(4,071,032)</u>	<u>(5,518,498)</u>	<u>(5,641,189)</u>	<u>(5,813,123)</u>	<u>(5,733,866)</u>	<u>(5,059,423)</u>	<u>(3,979,717)</u>	<u>(5,038,437)</u>
Total Primary Government	<u>94,851,389</u>	<u>93,831,829</u>	<u>92,310,616</u>	<u>89,058,699</u>	<u>91,784,311</u>	<u>96,374,033</u>	<u>104,059,923</u>	<u>108,926,188</u>	<u>116,035,260</u>	<u>123,861,228</u>
Change in Net Position										
Governmental Activities	6,588,418	(2,739,821)	(1,864,762)	(2,474,173)	(5,119,419)	3,702,919	6,058,328	22,379,047	14,320,190	18,523,050
Business-type Activities	8,335,852	5,554,938	(2,111,095)	767,797	(3,268,727)	(2,066,711)	(3,345,036)	(1,387,788)	(1,925,120)	(2,588,097)
Total Primary Government	<u>\$ 14,924,270</u>	<u>\$ 2,815,117</u>	<u>\$ (3,975,857)</u>	<u>\$ (1,706,376)</u>	<u>\$ (8,388,146)</u>	<u>\$ 1,636,208</u>	<u>\$ 2,713,292</u>	<u>\$ 20,991,259</u>	<u>\$ 12,395,070</u>	<u>\$ 15,934,953</u>

(concluded)

Source: Comprehensive Annual Financial Reports

Notes: The City implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this standard. The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

CITY OF CARROLLTON, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Table 3

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable for prepaid item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,345	\$ -	\$ 637,076
Assigned to purchases on order	538,392	199,700	245,183	323,650	288,384	248,282	166,593	331,730	213,086	249,535
Unreserved/Unassigned	17,162,958	17,012,045	16,508,349	16,247,394	18,051,247	18,145,105	20,637,631	18,608,933	21,341,930	19,873,549
Total general fund	<u>\$ 17,701,350</u>	<u>\$ 17,211,745</u>	<u>\$ 16,753,532</u>	<u>\$ 16,571,044</u>	<u>\$ 18,339,631</u>	<u>\$ 18,393,387</u>	<u>\$ 20,804,224</u>	<u>\$ 19,086,008</u>	<u>\$ 21,555,016</u>	<u>\$ 20,760,160</u>
All Other Governmental Funds										
Nonspendable for:										
Other receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,012,080
Prepaid items	-	-	-	-	-	421,950	51,584	739,994	-	-
Restricted for:										
Debt service	4,542,598	5,346,863	5,864,803	5,378,826	5,256,955	4,986,970	4,785,315	4,297,818	4,691,760	4,819,196
Streets and drainage	23,949,626	16,983,609	13,907,997	13,584,454	2,339,776	7,039,695	14,147,187	11,224,037	5,196,877	10,002,200
Public facilities	2,318,945	5,300,113	3,060,169	4,636,293	3,344,490	1,797,929	5,261,597	8,903,016	6,607,230	723,553
Other capital projects	3,081,205	4,579,418	3,498,355	5,785,095	2,041,830	769,916	2,698,419	1,691,992	1,660,411	1,240,675
Other purposes	2,088,832	2,157,548	1,935,559	1,888,906	1,354,452	1,242,218	1,269,055	1,515,400	1,825,818	2,102,688
Committed to:										
Transit oriented development	1,436,097	7,893,486	8,966,511	8,380,396	-	3,677,459	-	-	-	-
Street rehabilitation	567,431	3,805,872	6,971,443	7,968,067	8,606,244	9,995,506	14,546,936	17,497,861	20,249,854	23,893,942
Other capital projects	7,195,910	2,852,826	3,657,818	1,137,230	777,632	748,664	1,030,872	2,169,019	4,026,554	8,337,252
Assigned to:										
Streets and drainage	9,183,068	12,372,934	12,786,911	18,807,606	19,415,710	13,745,553	18,646,548	20,915,762	23,188,407	29,081,306
Public facilities	8,728,409	12,847,706	19,149,990	19,270,179	26,496,498	32,601,027	29,433,092	36,456,726	38,049,489	27,230,627
Other capital projects	8,315,949	8,738,617	6,118,770	8,716,872	8,422,646	7,808,482	9,848,273	11,734,537	12,782,783	17,222,929
Other purposes	63,667	64,390	76,830	289,167	254,279	172,506	356,731	382,462	447,335	416,120
Total all other governmental funds	<u>\$ 71,471,737</u>	<u>\$ 82,943,382</u>	<u>\$ 85,995,156</u>	<u>\$ 95,843,091</u>	<u>\$ 78,310,512</u>	<u>\$ 85,007,875</u>	<u>\$ 102,075,609</u>	<u>\$ 117,528,624</u>	<u>\$ 118,726,518</u>	<u>\$ 126,082,568</u>

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2009. Fiscal year 2008 amounts restated to conform to the new statement requirements.

CITY OF CARROLLTON, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited)

Table 4

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES:										
Taxes:										
Ad valorem	\$ 55,362,329	\$ 57,668,780	\$ 56,119,101	\$ 54,363,724	\$ 54,824,842	\$ 55,615,260	\$ 58,347,979	\$ 61,676,895	\$ 66,398,279	\$ 71,469,785
Penalty and interest	432,753	439,522	411,560	387,589	351,823	244,276	396,978	314,066	292,525	357,561
Sales	21,592,235	21,185,318	20,103,257	21,564,480	24,020,903	25,446,798	27,708,160	31,238,022	34,512,467	36,782,925
Occupancy tax	129,836	131,139	168,725	195,870	176,826	156,061	181,025	210,835	243,946	292,908
Franchise fees	10,054,141	9,954,417	13,265,419	10,607,534	10,286,074	10,556,411	12,023,980	11,768,644	11,778,705	12,069,944
Assessments	1,418,241	39,948	258,708	129,960	43,290	173,671	386,810	264,430	332,882	119,602
Charges for services	4,328,669	4,039,662	3,838,328	4,406,615	4,727,224	5,185,010	5,639,116	5,670,254	6,110,532	6,403,950
Intergovernmental	3,989,680	6,446,118	2,539,754	6,150,732	1,456,028	3,784,017	3,227,526	1,493,099	1,844,504	5,156,464
Licenses and permits	1,981,533	1,715,378	1,688,628	1,990,338	1,975,677	2,345,502	3,003,123	2,805,727	3,073,660	2,534,636
Fines and forfeitures	3,997,542	3,896,080	4,605,883	4,945,033	6,006,864	6,802,603	7,786,343	7,479,597	6,395,729	5,670,108
Investment earnings net of change in fair value of investments	4,880,711	2,535,111	859,941	543,769	553,107	48,699	621,710	1,080,213	1,175,370	1,366,353
Public-private partnership recovery	-	-	-	-	-	1,896,300	4,264,200	-	-	-
Miscellaneous	999,478	644,197	664,755	843,382	1,104,285	882,757	1,021,870	793,144	977,691	874,112
Total Revenues	<u>109,167,148</u>	<u>108,695,670</u>	<u>104,524,059</u>	<u>106,129,026</u>	<u>105,526,943</u>	<u>113,137,365</u>	<u>124,608,820</u>	<u>124,794,926</u>	<u>133,136,290</u>	<u>143,098,348</u>
EXPENDITURES:										
General government and administration	14,261,687	14,498,301	13,427,628	13,234,778	12,894,095	13,818,786	14,233,668	14,249,773	14,014,017	15,321,401
Public safety	42,407,391	42,739,671	42,419,993	43,015,217	43,629,488	45,468,794	48,805,629	50,460,748	52,904,040	55,951,997
Development services	10,703,823	10,692,011	10,015,918	9,381,002	9,422,970	9,245,445	9,357,484	9,979,839	10,913,353	10,391,297
Cultural and recreational	12,022,216	11,859,216	11,033,972	10,593,872	10,606,136	11,173,466	11,192,930	11,487,238	11,925,191	12,744,442
Capital outlay	40,963,371	32,870,512	27,758,257	23,025,597	31,099,960	24,185,644	32,113,446	29,891,737	44,075,358	47,987,312
Debt Service:										
Principal retirement	9,365,000	23,360,000 (a)	10,950,000	12,110,000	12,730,000	12,250,000	13,020,000	13,885,000	13,980,000	14,535,000
Interest and fiscal charges	7,083,248	6,961,821	7,019,015	7,321,573	6,967,800	6,619,954	6,489,618	6,839,976	6,727,253	7,097,030
Total expenditures	<u>136,806,736</u>	<u>142,981,532</u>	<u>122,624,783</u>	<u>118,682,039</u>	<u>127,350,449</u>	<u>122,762,089</u>	<u>135,212,775</u>	<u>136,794,311</u>	<u>154,539,212</u>	<u>164,028,479</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(27,639,588)</u>	<u>(34,285,862)</u>	<u>(18,100,724)</u>	<u>(12,553,013)</u>	<u>(21,823,506)</u>	<u>(9,624,724)</u>	<u>(10,603,955)</u>	<u>(11,999,385)</u>	<u>(21,402,922)</u>	<u>(20,930,131)</u>
OTHER FINANCING SOURCES (USES):										
Bonds issued	-	26,750,000	15,600,000	15,000,000	-	9,465,000	20,485,000	17,420,000	17,680,000	19,550,000
Refunding bonds issued	-	12,105,000	11,815,000	-	20,100,000	-	-	26,660,000	11,435,000	-
Premium on bonds issued	-	1,879,670	939,055	278,534	2,432,844	530,902	677,905	4,910,134	4,702,702	1,817,737
Payment to refunded bond escrow agent	-	-	(12,465,963)	-	(22,317,933)	-	-	(29,919,123)	(13,532,110)	-
Sale of capital assets	32,744	22,364	29,382	809,107	-	-	2,318,824	1,367,838	36,838	323,080
Transfers in	10,830,871	13,139,525	14,733,069	11,282,205	15,699,983	20,190,224	18,906,036	21,848,581	20,456,457	30,119,111
Transfers out	(6,039,297)	(8,628,657)	(9,956,258)	(5,151,386)	(9,855,380)	(13,810,283)	(12,305,239)	(16,553,246)	(15,709,063)	(24,318,903)
Total Other Financing Sources (Uses)	<u>4,824,318</u>	<u>45,267,902</u>	<u>20,694,285</u>	<u>22,218,460</u>	<u>6,059,514</u>	<u>16,375,843</u>	<u>30,082,526</u>	<u>25,734,184</u>	<u>25,069,824</u>	<u>27,491,025</u>
NET CHANGE IN FUND BALANCES	<u>\$ (22,815,270)</u>	<u>\$ 10,982,040</u>	<u>\$ 2,593,561</u>	<u>\$ 9,665,447</u>	<u>\$ (15,763,992)</u>	<u>\$ 6,751,119</u>	<u>\$ 19,478,571</u>	<u>\$ 13,734,799</u>	<u>\$ 3,666,902</u>	<u>\$ 6,560,894</u>
Debt service as a percentage of noncapital expenditures	16.5%	26.5% (a)	18.0%	19.0%	19.1%	18.1%	16.7%	18.1%	17.3%	17.5%

Notes:

For years 1999 through 2003, municipal court expenditures were classified as general government and administration. For all other years, municipal court expenditures were

(a) Increase in debt service as a percentage of noncapital expenditures in fiscal year 2009 was due to a current refunding of debt financed by the issuance of refunding bonds. Only advance refundings are recorded as an "other use".

Source: Comprehensive Annual Financial Reports

CITY OF CARROLLTON, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Table 5

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assesed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2008	\$ 9,243,403,930	\$ 2,196,465,400	\$ 2,148,811,515	\$ 9,291,057,815	\$ 0.617875
2009	9,264,171,749	2,219,855,876	2,397,595,637	9,086,431,988	0.617875
2010	9,460,998,783	2,083,632,510	2,341,230,868	9,203,400,425	0.617875
2011	9,225,686,522	1,934,190,861	2,253,208,722	8,906,668,661	0.617875
2012	9,196,797,992	1,983,032,088	2,282,481,097	8,897,348,983	0.617875
2013	9,256,778,500	2,198,511,234	2,356,490,067	9,098,799,667	0.617875
2014	9,587,444,722	2,360,645,202	2,391,446,979	9,556,642,945	0.617875
2015	10,379,894,481	2,423,039,399	2,522,339,809	10,280,594,071	0.615375
2016	11,222,038,729	2,553,129,415	2,689,149,080	11,086,019,064	0.612875
2017	12,314,098,039	2,774,168,176	3,144,059,376	11,944,206,839	0.603700

Source: City of Carrollton Budget Document

Note: Total Taxable Assesed Value represents original certified taxable value. This does not include valuation of protested property at certification date.

CITY OF CARROLLTON, TEXAS
ESTIMATED NET TAXABLE VALUE AT BUDGET ADOPTION
 Current Year and Nine Years Ago
 (Unaudited)

Table 6

	<u>Fiscal Year 2017</u>		<u>Fiscal Year 2008</u>		<u>Ten Year Change</u>
		<u>Percentage of Total Market Value</u>		<u>Percentage of Total Market Value</u>	
Market value:					
Certified Values:					
Real property:					
Land	\$ 3,293,013,494	21.58%	\$ 2,517,823,190	21.82%	30.79%
Improvements	9,021,084,545	59.12%	6,725,580,740	58.28%	34.13%
Business personal property	2,774,168,176	18.18%	2,196,465,400	19.03%	26.30%
Property Under Protest	171,638,660	1.12%	99,881,525	0.87%	71.84%
Total Market value	<u>15,259,904,875</u>	<u>100.00%</u>	<u>11,539,750,855</u>	<u>100.00%</u>	32.24%
Less property exemptions/reductions:					
Single Family Residential:					
Homestead	1,103,696,334	7.23%	820,897,886	7.11%	34.45%
Over 65	390,161,448	2.56%	214,595,030	1.86%	81.81%
Disabled	21,183,488	0.14%	19,188,173	0.17%	10.40%
Disabled veterans	17,411,058	0.11%	2,547,016	0.02%	583.59%
Capped value	163,333,474	1.07%	11,617,699	0.10%	1305.90%
Total Single Family Residential	<u>1,695,785,802</u>	<u>11.11%</u>	<u>1,068,845,804</u>	<u>9.26%</u>	58.66%
Commercial:					
Agricultural	72,420,406	0.47%	53,667,048	0.47%	34.94%
Freeport	505,323,258	3.31%	463,168,654	4.01%	9.10%
Abatements/Tax grants	295,483,100	1.94%	218,843,581	1.90%	35.02%
Low income housing	11,138,500	0.07%	-	0.00%	100.00%
Other exemptions	649,733	0.00%	232,419	0.00%	179.55%
TIF Incremental Value	42,537,352	0.28%	8,777,638	0.08%	384.61%
Total Commercial	<u>927,552,349</u>	<u>6.07%</u>	<u>744,689,340</u>	<u>6.46%</u>	24.56%
Totally exempt*	<u>858,741,677</u>	<u>5.63%</u>	<u>562,897,590</u>	<u>4.88%</u>	52.56%
Total property exemptions/reductions	<u>3,482,079,828</u>	<u>22.81%</u>	<u>2,376,432,734</u>	<u>20.60%</u>	46.53%
Estimated Net Taxable Value	<u>\$ 11,777,825,047</u>	<u>77.19%</u>	<u>\$ 9,163,318,121</u>	<u>79.40%</u>	28.53%

Source: Annual Budget Document and Dallas, Denton, and Collin Central Appraisal Districts

Note: In these estimated values, the original certified value as shown on Table 5 is increased by the estimated value of properties under protest and reduced by the estimated value of tax grants and TIF incremental value.

* Total exempt properties include properties owned by federal, state and local governmental entities and by educational, religious and not-for-profits organizations qualifying under the IRS code.

CITY OF CARROLLTON, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)

Last Ten Fiscal Years

(Unaudited)

Table 7

Fiscal Year	City Direct Rates			Overlapping Rates								
	Operating/General Rate	General Obligation Debt Service	Total Direct	Carrrollton-Farmers Branch Independent School District	Dallas Independent School District	Lewisville Independent School District	Coppell Independent School District	Plano Independent School District	Dallas County ^a	Collin County ^b	Denton County	Valwood Improvement Authority ^c
2008	\$ 0.439146	\$ 0.178729	\$ 0.617875	\$ 1.367000	\$ 1.199643	\$ 1.370000	\$ 1.269000	\$ 1.268400	\$ 0.567214	\$ 0.331984	\$ 0.235890	\$ 0.322500
2009	0.432069	0.185806	0.617875	1.362300	1.183402	1.380000	1.279000	1.303400	0.576428	0.328993	0.235770	0.312500
2010	0.415694	0.202181	0.617875	1.342200	1.271343	1.408700	1.283400	1.328400	0.602212	0.328800	0.249800	0.307500
2011	0.406241	0.211634	0.617875	1.346900	1.237811	1.426700	1.424200	1.353400	0.623330	0.326300	0.273900	0.307500
2012	0.398528	0.219347	0.617875	1.356800	1.290347	1.426000	1.424200	1.373400	0.623770	0.326300	0.277357	0.307500
2013	0.411887	0.205988	0.617875	1.330600	1.290347	1.453000	1.418800	1.373400	0.643412	0.326299	0.282867	0.307500
2014	0.414447	0.203428	0.617875	1.323500	1.282085	1.477000	1.432400	1.453000	0.653800	0.321143	0.284914	0.290000
2015	0.417389	0.197986	0.615375	1.303300	1.282085	1.477000	1.449000	1.439000	0.663875	0.316900	0.272200	0.270000
2016	0.420043	0.192832	0.612875	1.281700	1.282085	1.476730	1.439000	1.439000	0.662750	0.306960	0.262000	0.270000
2017	0.425787	0.177913	0.603700	1.391700	1.282085	1.420000	1.492700	1.439000	0.654704	0.289617	0.248409	0.250000

Source: City of Carrollton Budget Office, Lewisville Independent School District , Dallas Central Appraisal District, Plano Independent School District, Denton County

Note:

^aDallas County includes Dallas County, Dallas County Hospital District and Dallas County Community College District.

^bCollin County includes Collin County and Collin County Community College District.

^cA typical property tax bill would consist of the City, School District and County taxes. Valwood Improvement Authority is a flood reclamation district serving commercial property only in the southwest corner of the City.

CITY OF CARROLLTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago
 (Unaudited)

Table 8

Fiscal Year 2017			Fiscal Year 2008		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Bella Vida Gardens Associates LLC	\$ 63,627,083	0.53%	STMicroelectronics, Inc.	\$ 116,043,536	1.25%
Mansions at Sunset Ridge Partners LP	60,656,583	0.51%	AT&T/Southwestern Bell/Cingular	100,729,250	1.08%
Halliburton Energy Services	56,934,898	0.48%	Texas Utilities Elec. Co.	70,142,370	0.75%
Cyrus One LLC	53,607,100	0.45%	Bella Vida Gardens	65,880,310	0.71%
Ari-International Business Park	49,600,000	0.42%	CB Parkway Business	59,293,900	0.64%
JPMorgan Chase Bank NA	49,568,750	0.42%	Verizon/GTE	58,084,090	0.63%
Frankel, Edward B MD TR	48,574,877	0.41%	Texas Dugan LTD PS	52,436,680	0.56%
Texas Dugan Ltd.	46,852,701	0.39%	Halliburton Co. Inc.	41,306,728	0.44%
ONCOR Electric Delivery	41,022,000	0.34%	Research in Motion Corp.	30,387,558	0.33%
Avenues at Carrollton Owner LLC	40,990,600	0.34%	Ingram Micro Texas LP	20,079,438	0.22%
Total Assessed Value of Top-ten Taxpayers:	511,434,592	4.29%	Total Assessed Value of Top-ten Taxpayers:	614,383,860	6.61%
Total Assessed Value of Other Taxpayers:	11,432,772,247	95.71%	Total Assessed Value of Other Taxpayers:	8,676,673,955	93.39%
Total Assessed Value:	\$ 11,944,206,839	100.00%	Total Assessed Value:	\$ 9,291,057,815	100.00%

Source: Dallas County Tax Office and Denton County Tax Office

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

Table 9

Fiscal Year	Taxes Budgeted Within the Fiscal Year of the Levy	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 55,768,584	\$ 57,024,631	\$ (218,833)	\$ 56,805,798	\$ 56,377,227	99.25%	\$ 342,481	\$ 56,719,708	99.85%
2009	56,983,591	58,797,682	(458,109)	58,339,573	57,863,664	99.18%	450,700	58,314,364	99.96%
2010	55,564,918	57,160,657	(278,020)	56,882,637	56,570,727	99.45%	251,761	56,822,488	99.89%
2011	53,709,922	55,477,092	(121,215)	55,355,877	54,937,434	99.24%	382,285	55,319,719	99.93%
2012	53,668,670	55,502,447	(5,649)	55,496,798	55,128,245	99.34%	302,258	55,430,503	99.88%
2013	54,782,788	56,407,488	103,786	56,511,274	56,013,200	99.12%	347,503	56,360,703	99.73%
2014	57,132,835	59,049,086	(21,460)	59,027,626	58,752,099	99.53%	152,295	58,904,394	99.79%
2015	61,028,968	62,839,506	(11,133)	62,828,373	62,505,443	99.49%	134,727	62,640,170	99.70%
2016	65,141,963	68,039,266	(193,772)	67,845,494	67,692,625	99.77%	(62,212)	67,630,413	99.68%
2017	71,793,263	73,359,863	-	73,359,863	72,990,754	99.50%	-	72,990,754	99.50%

Source: Dallas Central Appraisal District and Dallas County Tax Office
 Denton Central Appraisal District and Denton County Tax Office

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

Table 10

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds		Certificates of Obligation		Water and Sewer Revenue Bonds		Certificates of Obligation			
	Par	Premium	Par	Premium	Par	Premium	Par			
2008	\$ 145,960,000	\$ 3,665,288	\$ 1,260,000	\$ 9,010	\$ 26,875,000	\$ 230,778	\$ 2,810,000	\$ 180,810,076	5.17%	1,500
2009	161,860,000	5,217,251	855,000	5,876	25,085,000	214,024	2,570,000	195,807,151	5.04%	1,619
2010	167,165,000	5,777,298	435,000	2,742	23,235,000	197,272	2,315,000	199,127,312	5.63%	1,672
2011	170,490,000	5,765,438	-	-	21,305,000	180,518	2,040,000	199,780,956	5.41%	1,674
2012	157,100,000	6,949,299	-	-	18,795,000	1,050,967	1,750,000	185,645,266	5.03%	1,532
2013	154,315,000	6,890,494	-	-	17,115,000	950,717	1,440,000	180,711,211	4.63%	1,478
2014	161,780,000	6,948,244	-	-	15,400,000	851,597	-	184,979,841	4.78%	1,487
2015	162,600,000	10,058,724	-	-	14,185,000	752,477	-	187,596,201	4.51%	1,498
2016	165,015,000	13,939,418	-	-	12,925,000	653,357	-	192,532,775	4.66%	1,504
2017	170,030,000	14,707,459	-	-	11,615,000	554,238	-	196,906,697	4.31%	1,505

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

^aSee Table 15 for personal income and population data.

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

Table 11

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Less: Amounts Available in Debt Service Fund^a	Net General Bonded Debt	Percentage of Actual Taxable Value of Property^b	Per Capita^c
2008	\$ 149,625,288	\$ 4,079,010	\$ 153,704,298	\$ 3,698,034	\$ 150,006,264	1.61%	1,244
2009	167,077,251	3,430,876	170,508,127	4,447,380	166,060,747	1.83%	1,373
2010	172,942,298	2,752,742	175,695,040	4,964,453	170,730,587	1.86%	1,434
2011	176,255,438	2,040,000	178,295,438	4,468,657	173,826,781	1.95%	1,456
2012	164,049,299	1,750,000	165,799,299	4,429,907	161,369,392	1.81%	1,332
2013	161,205,494	1,440,000	162,645,494	4,185,961	158,459,533	1.74%	1,296
2014	168,728,244	-	168,728,244	3,813,322	164,914,922	1.73%	1,326
2015	172,658,724	-	172,658,724	3,481,833	169,176,891	1.65%	1,351
2016	178,954,418	-	178,954,418	3,856,159	175,098,259	1.58%	1,368
2017	184,737,459	-	184,737,459	3,957,847	180,779,612	1.51%	1,382

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

^aThis is the amount restricted for debt service principal payments.

^bSee Table 5 for property value data.

^cSee Table 15 for population data.

CITY OF CARROLLTON, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 Current Year
 (Unaudited)

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Carrollton-Farmers Branch Independent School District	\$ 211,775,000	66.11%	\$ 140,004,453
Collin County	352,380,000	0.06%	211,428
Collin County Community College	14,590,000	0.06%	8,754
Coppell Independent School District	274,501,084	0.04%	109,800
Dallas County	199,545,000	2.66%	5,307,897
Dallas County Community College District	263,140,000	2.66%	6,999,524
Dallas County Hospital District	703,770,000	2.66%	18,720,282
Dallas County Schools	40,330,000	2.66%	1,072,778
Dallas Independent School District	2,923,745,000	0.97%	28,360,327
Denton County	645,305,000	8.84%	57,044,962
Lewisville Independent School District	1,213,922,216	14.13%	171,527,209
Plano Independent School District	1,031,725,000	0.14%	1,444,415
Valwood Improvement Authority	13,247,994	55.32%	7,328,790
Subtotal, overlapping debt			<u>438,140,619</u>
City of Carrollton (direct debt)	184,737,459	100.00%	<u>184,737,459</u>
Total direct and overlapping debt			<u><u>\$ 622,878,078</u></u>

^aThe percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the entities' taxable assessed value that is with the City's boundaries and dividing by the entities' total taxable assessed value.

Source: City of Carrollton Treasury Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Carrollton. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residential and commercial taxpayer should be taken into account. However, this does not imply that every Carrollton taxpayer is a property owner and therefore responsible for repaying the debt of any particular overlapping government.

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

Table 13

Fiscal Year	Waterworks and Sewer System Revenue Bonds					Times Coverage
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Average Annual Requirement		
2008	\$ 36,108,584	\$ 26,944,583	\$ 9,164,001	\$ 1,958,624	4.68	
2009	34,546,031	28,247,702	6,298,329	1,903,950	3.31	
2010	33,585,356	27,261,441	6,323,915	1,843,461	3.43	
2011	37,264,408	28,195,996	9,068,412	1,775,052	5.11	
2012	35,011,924	29,623,511	5,388,413	1,609,769	3.35	
2013	35,256,384	30,439,911	4,816,473	1,552,989	3.10	
2014	34,102,074	31,036,497	3,065,577	1,488,696	2.06	
2015	35,668,929	30,912,620	4,756,309	1,460,318	3.26	
2016	37,738,309	33,738,639	3,999,670	1,426,329	2.80	
2017	40,014,788	35,992,187	4,022,601	1,385,524	2.90	

Bond covenants require a revenue coverage of 1.25 times the average annual debt service.

Notes: ^aIncludes operating revenues (charges for services and miscellaneous income), investment income, and transfers in of the Water and Sewer Fund

^bIncludes operating expenses minus depreciation plus transfers out of the Water and Sewer Fund.

Source: Comprehensive Annual Financial Report

CITY OF CARROLLTON, TEXAS

DIRECT AND CONTRACTUALLY OBLIGATED - PROPERTY TAX AND REVENUE DEBT

Table 14

Last Six Fiscal Years

(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
City of Carrollton - direct debt:						
Paid with property taxes	\$ 184,737,459	\$ 178,954,418	\$ 172,658,724	\$ 168,728,244	\$ 161,205,494	\$ 164,049,299
Paid with dedicated revenues:						
Water and sewer revenues	12,169,238	13,578,357	14,937,477	16,251,597	18,065,717	19,845,967
Golf course revenues	-	-	-	-	1,440,000	1,750,000
Other Entities - contractually obligated to be paid with water and sewer revenues:						
Dallas Water Utilities (DWU) ⁽¹⁾	46,668,317	49,555,981	46,929,690	47,418,861	44,287,472	49,046,973
Trinity River Authority - Central Regional Wastewater System (CRWS) ⁽²⁾	<u>66,176,912</u>	<u>68,478,128</u>	<u>74,529,252</u>	<u>82,934,044</u>	<u>76,365,739</u>	<u>69,000,149</u>
Total direct and contractually obligated debt	<u>\$ 309,751,926</u>	<u>\$ 310,566,884</u>	<u>\$ 309,055,143</u>	<u>\$ 315,332,746</u>	<u>\$ 301,364,422</u>	<u>\$ 303,692,388</u>
Carrollton Debt %	63.6%	62.0%	60.7%	58.7%	60.0%	61.1%
Other Entities Debt %	36.4%	38.0%	39.3%	41.3%	40.0%	38.9%

(1) Carrollton has a "take or pay" contract to purchase potable water on a wholesale basis. Contractually obligated debt is calculated based on Carrollton's Rate of Flow setting as a percent of all wholesale customers applied to total outstanding DWU debt multiplied by the percentage of the DWU system applicable to wholesale customer activities. Debt numbers are taken from the DWU Wholesale Rate Study.

(2) Carrollton has a contractual obligation to pay its pro rata share of all operating and debt related expenses based on its percentage of flows to the CRWS. Contractually obligated debt is calculated based on the City's percentage of flows to CRWS. TRA is a November 30th year end.

CITY OF CARROLLTON, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years
 (Unaudited)

Table 15

Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	120,553	\$ 3,499,412	\$ 29,028	34.1	21,891	4.9%
2009	120,949	3,888,631	32,151	34.8	21,082	7.9%
2010	119,097	3,539,801	29,722	34.7	21,415	7.0%
2011	119,370	3,691,279	30,923	35.7	21,508	7.3%
2012	121,150	3,691,198	30,468	36.3	21,101	5.6%
2013	122,280	3,902,811	31,917	36.0	21,276	5.6%
2014	124,400	3,871,950	31,125	36.8	21,082	4.7%
2015	125,250	4,159,678	33,211	35.9	21,158	3.4%
2016	127,980	4,130,299	32,273	36.9	20,058	3.7%
2017	130,820	4,572,682	34,954	36.2	19,797	3.1%

Sources: Estimated population provided by the North Central Texas Council of Governments. US Census population used in census years. Per capita income and median age provided by US Census Bureau's American Community Survey. School enrollment (for schools located in Carrollton) provided by Carrollton/Farmers Branch ISD and Lewisville ISD. School enrollment figures for Lewisville ISD include only students living in Carrollton zip codes. Unemployment rates provided by Bureau of Labor Statistics

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

Table 16

2017			2008		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Halliburton Energy Services	1,300	1.64%	ST Microelectronics Semiconductors	1,225	1.71%
Thomson Reuters	1,000	1.26%	Halliburton Energy Services	1,200	1.67%
McKesson Corporation	999	1.26%	McKesson Corporation	980	1.37%
General Aluminum Corporation	700	0.88%	Hilton Reservations Worldwide	900	1.25%
Western Extrusions Corporation	600	0.76%	Trinity Medical Center	750	1.04%
Baylor Medical Center	565	0.71%	RealPage	700	0.98%
Brandt	550	0.69%	ACCOR North America	600	0.84%
Realpage	500	0.63%	RIA Computer Software	600	0.84%
Rudy's Tortillas	500	0.63%	Western Extrusions Corporation	501	0.70%
Hilton Reservations World Wide LLC	450	0.57%	General Aluminum Corporation	490	0.68%
Total	<u>7,164</u>	<u>9.03%</u>		<u>7,946</u>	<u>11.08%</u>

Source: North Central Texas Council of Governments (2017), City of Carrollton Economic Development (2008)

Note: Listing includes only private sector employers.

CITY OF CARROLLTON, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Table 17

Last Ten Fiscal Years

(Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government and Administration	85.2	85.2	85.0	79.8	74.9	75.9	82.9	86.0	86.1	88.9
Public Safety	431.5	431.5	425.0	420.0	425.8	439.3	451.1	451.6	457.1	445.1
Development Services	120.0	120.0	116.0	111.5	109.2	108.7	108.0	112.0	113.0	113.0
Culture and Recreational	135.3	135.3	133.0	122.0	117.7	118.0	116.3	118.3	115.8	118.8
Water and Sewer	50.0	51.0	51.0	51.0	51.0	51.0	52.0	52.0	52.0	52.0
Fleet Services	14.0	14.0	14.0	-	0.5	0.5	0.5	0.5	0.5	0.5
Risk Management	2.5	2.5	2.5	2.5	1.0	1.0	1.0	1.0	1.0	1.0
Capital Projects and Special Revenue	5.0	4.5	7.0	7.5	6.5	7.0	6.0	6.0	6.0	7.0
Total	843.5	844.0	833.5	794.3	786.6	801.4	817.8	827.4	831.5	826.3

Source: City Budget Office

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

Table 18

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Development Services										
Street Resurfacing (miles)	2	0	3	3	2	4	4	1	5	1
Cultural and Recreational										
Parks and Recreation										
Participants in Leisure Service Programs ^(a)	9,714	16,950	25,045	42,904	46,512	65,459	65,187	61,656	36,024	36,781
Participants in Athletic Programs	74,429	76,478	90,034	87,610	88,114	82,988	83,713	79,775	78,216	68,928
Library										
Volumes in Collection	232,039	224,483	200,506	183,333	188,314	188,182	190,691	193,004	193,453	185,244
Water and Sewer										
Number of Water Consumers	34,878	34,825	33,915	35,802	34,971	35,710	36,055	38,975	36,841	37,168
Average Daily Water Consumption (gallons)	22,460,000	21,076,000	24,994,000	22,888,000	20,800,000	20,171,000	18,890,000	19,548,000	19,524,000	19,753,000
Maximum Storage Capacity (gallons)	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000
Unaccounted for Water	7.73%	6.77%	6.36%	4.23%	6.77%	4.48%	3.88%	5.37%	7.17%	7.81%
Sanitation (residential)										
Refuse Collected (tons)	28,051	26,024	25,508	38,538	34,942	36,668	37,405	36,112	30,062	28,674
Bulk/Brush Pickups (tons)	18,862	16,131	17,511	5,819	6,920	7,674	7,368	7,846	16,611	18,790
Recyclables Collected (tons)	8,010	8,655	9,070	7,490	7,702	7,166	7,651	7,796	7,947	7,800
Golf Course										
Number of Paid Rounds Played	74,605	69,719	56,862	74,019	68,862	58,394	72,676	33,759	16,968	63,312

Source: City Departments

Notes: N/A = Data not available.

(a) - Starting in 2010, Leisure Services expanded the tracking of participants to include in all events held in City Leisure Services facilities. Prior to that time, participant figures only included those registered in City sponsored Leisure Services programs.
 In Fiscal Year 2015, the Golf Course was closed due to flooding from June to September.
 In Fiscal Year 2016, the Golf Course was closed due to flooding from September to March.

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

Table 19

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	34	32	31	34	34	36	36	36	36	36
Police Motorcycle Units	6	7	7	7	7	7	8	8	8	7
Fire Stations	7	7	7	7	7	7	8	8	8	8
Development Services										
Streets- Paved (miles)	1,140	1,147	1,142	1,142	1,142	1,176	1,176	1,176	1,176	1,176
Alleys - Paved (miles)	187	179	178	178	178	190	189	189	189	189
Cultural and Recreational										
Parks (acres)	1,463	1,463	1,494	1,493	1,493	1,493	1,493	1,493	1,493	1,493
Playgrounds	26	26	26	25	25	25	25	25	25	25
Swimming Pools	2	2	2	1	1	1	1	1	1	1
Splash Parks	-	-	-	-	-	-	-	1	1	2
Tennis Courts	27	27	29	29	29	29	29	29	29	28
Recreation Centers	2	2	2	2	2	2	2	2	2	2
Senior Center	1	1	1	1	1	1	1	1	1	1
Water and Sewer										
Water Mains (miles)	515	515	554	551	551	554	570	584	584	580
Fire Hydrants	4,623	4,886	4,894	4,895	4,937	4,995	5,110	5,192	5,278	5,363
Sanitary Sewers (miles)	412	435	431	403 (a)	403	410	414	417	417	418

Source: City Departments

Note:

(a) Decreases in Sanitary Sewer (miles) in 2010 and 2011 are due to updates made when converting the data from manual tracking to an electronic graphical information system.

CITY OF CARROLLTON, TEXAS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Table 20

ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES (FUNDING BASIS)

Last Ten Fiscal Years

(Unaudited)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal Year	Actuarial Value of Assets**	Actuarial Accrued Liability*	Funded Ratio (1/2)	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	UAAL as a Percentage of ACP (4/5)	Total TMRS Required Contribution Rate	Prior Service Portion of the TMRS Rate
2008	\$ 141,565,199	\$ 198,026,702	71.5%	\$ 56,461,503	\$ 42,811,373	131.9%	12.82%	3.65%
2009	150,073,733	197,379,646	76.0%	47,305,913	45,747,413	103.4%	16.74%	6.43%
2010	161,328,186	208,924,862	77.2%	47,596,676	46,403,538	102.6%	16.05%	5.53%
2011	257,904,344	281,246,707	91.7%	23,342,363	45,234,987	51.6%	16.28%	5.39%
2012	275,783,003	295,569,643	93.3%	19,786,640	44,593,544	44.4%	13.95%	2.98%
2013	294,274,104	309,695,066	95.0%	15,420,962	45,175,371	34.1%	13.66%	2.61%
2014	313,861,407	341,764,756	91.8%	27,903,349	46,640,263	59.8%	13.30%	2.04%
2015	334,260,620	356,702,669	93.7%	22,442,049	48,904,096	45.9%	12.45%	4.82%
2016	353,760,083	378,581,941	93.4%	24,821,858	52,561,347	47.2%	11.48%	3.92%
2017	372,404,523	396,236,792	94.0%	23,832,269	52,035,292	45.8%	12.44%	4.03%

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Assets are stated at amortized cost as of December 31 of the preceding year for years 2006 to 2008. Beginning in 2009, actuarial value of assets is calculated using 10-year smoothing.

Source: Texas Municipal Retirement System

Notes:

The actuarial accrued liability was calculated using the Unit Credit actuarial funding method for fiscal years 2006 and 2007, Projected Unit Credit actuarial funding method for fiscal years 2008 to 2013, and Entry Age Normal actuarial funding method for fiscal year 2014 and 2015.

Fiscal year 2008 and forward actuarial accrued liability adjusted for plan changes adopted effective January 1, 2009.

Fiscal year 2009 and forward actuarial accrued liability adjusted for plan changes adopted effective January 1, 2010.

Fiscal years 2011 and forward includes the impact of Senate Bill 350 enacted by the Texas Legislature in June 2011. This legislation provided a restructuring of the Texas Municipal Retirement System funds effective December 31, 2010. Previously reported amounts included only Employee Savings Fund and Municipal Accumulation Fund but excluded the City's portion of the Current Service Annuity Fund (CSARF) in which costs for all retirees were shared. The legislation eliminated the CSARF returning both liabilities and assets for retirees to the respective employer accounts.

Fiscal year 2014 and forward includes an update to the mortality table used to determine the annuity purchase rate.

Effective in fiscal year 2015, GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" (GASB 68) created two actuarial valuations for pensions; a funding valuation and a reporting valuation. Trend information for the GASB 68 reporting valuation is included as Required Supplementary Information (RSI) immediately following the Notes to Basic Financial Statements. This table contains information on a funding basis only.

CITY OF CARROLLTON

ACTIVE AND RETIREE HEALTH INSURANCE COSTS

Last Ten Fiscal Years

(Unaudited)

Table 21

Fiscal Year	Total Health Plan Expenses⁽¹⁾	Retiree Expenses⁽¹⁾	Percentage Retiree Costs to Total	Active Members	Retirees Using City Health Plan	Total TMRS Retirees	Percentage Retirees Using Plan to Total Members	Retiree Contributions	Net Subsidy of Retirees	Subsidy as Percentage of Total Expense	Cost per Active Member	Cost per Retiree
2008	\$ 6,853,484	\$ 1,139,347	16.6%	728	46	291	5.9%	\$ 496,351	\$ (642,996)	9.4%	\$ 7,849	\$ 24,768
2009	8,174,384	1,279,338	15.7%	762	49	309	6.0%	403,911	(875,427)	10.7%	9,049	26,109
2010	7,869,148	1,334,925	17.0%	694	39	329	5.3%	380,189	(954,736)	12.1%	9,415	34,229
2011	7,726,721	621,888	8.0%	705	44	360	5.9%	420,546	(201,342)	2.6%	10,078	14,134
2012	9,314,543	474,223	5.1%	674	48	395	6.6%	455,107	(19,116)	0.2%	13,116	9,880
2013	9,123,405	725,499	8.0%	688	47	437	6.4%	512,762	(212,737)	2.3%	12,206	15,436
2014	11,941,431	784,241	6.6%	706	46	478	6.1%	559,723	(224,518)	1.9%	15,803	17,049
2015	11,560,489	619,770	5.4%	719	41	519	5.4%	473,561	(146,209)	1.3%	15,217	15,116
2016	11,288,978	814,495	7.2%	733	44	545	5.7%	565,829	(248,666)	2.2%	14,290	18,511
2017	12,298,793	1,525,098	12.4%	723	33	574	4.4%	511,443	(1,013,655)	8.2%	14,901	46,215
Total	\$ 96,151,376	\$ 9,318,824	9.69%					\$ 4,779,422	\$ (4,539,402)	4.7%		
Average	\$ 9,615,138	\$ 931,882		713	44	424	6.1%	\$ 477,942	\$ (453,940)		\$ 12,192	\$ 22,145

Source: City Records, Third Party Administrator Records, Texas Municipal Retirement System (TMRS)

⁽¹⁾ Expenses do not include the change in Other Post Employment Benefits Obligation

CONTINUING FINANCIAL DISCLOSURE TABLES (Unaudited)

The Continuing Financial Disclosure Tables present various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. This financial information provided to the Municipal Securities Rulemaking Board (MSRB) annually via the Electronic Municipal Market Access (EMMA) system.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2017

TABLE CD-1
TAX AND DEBT FINANCIAL INFORMATION
 (Unaudited)

2017 Appraised Value of Taxable Property⁽¹⁾	\$ 16,299,543,322
Less Exemptions:	
Agricultural Land Use	\$ 64,673,555
Homestead	1,215,092,533
Disabled Veterans	19,422,687
Over 65	408,861,059
Disabled Persons	20,436,762
Totally Exempt	889,686,898
Freeport	462,241,143
Capped Value	203,289,723
Low Income Housing	11,138,500
Other Exemptions	<u>412,760</u>
Total Exemptions	<u>3,295,255,620</u>
 2017 Taxable Valuation⁽¹⁾	 <u>\$ 13,004,287,702</u>
Gross General Obligation Bonded Debt:	
General Purpose Bonds and Certificates (Par Value Only)	\$ 176,260,000
Less: General Obligation Interest & Sinking Fund Balances as of 09/30/2017	<u>4,819,196</u>
Net General Obligation Bonded Debt	<u>\$ 171,440,804</u>
Ratio of Gross General Obligation Bonded Debt to 2017 Taxable Valuation	1.36%
Ratio of Net General Obligation Bonded Debt to 2017 Taxable Valuation	1.32%

2010 Census Population - 119,097
 2017 Estimated Population - 130,820
 Per Capita Taxable Valuation - \$99,406
 Per Capita Gross General Obligation Bonds Bonded Debt - \$1,347
 Per Capita Net General Obligation Bonds Bonded Debt - \$1,311

⁽¹⁾ Certified tax roll provided by the Dallas Central, Denton Central and Collin Central Appraisal Districts (the "Appraisal Districts") in July 2017 (Fiscal year 2018). State law requires that a "certified" tax roll be submitted to the City by July 25 of each year. The certified roll is the official tax value for the fiscal year, although it is subject to change as supplemental information is reported to the City by the Appraisal Districts throughout the year. The City used an estimated taxable valuation of \$13,097,475,513 in its fiscal year 2018 budget which includes an increase of \$93,187,811 for estimated valuation on property under protest less the incremental value assigned to the City's Tax Increment Reinvestment Zone.

Source: City of Carrollton

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2017

TABLE CD-2
VALUATION AND FUNDED DEBT HISTORY
 (Unaudited)

<u>Fiscal Year</u>	<u>Taxable Valuation⁽¹⁾</u>	<u>% Valuation Increase/Decrease Over Prior Year (100% of Market Value Basis)</u>	<u>Funded Debt Outstanding At Year End⁽²⁾</u>	<u>Ratio Funded Debt to Taxable Valuation %</u>
2008/09	\$9,086,431,988	(2.20) %	\$ 165,285,000	1.82 %
2009/10	9,203,400,425	1.29	169,915,000	1.85
2010/11	8,906,668,661	(3.22)	172,530,000	1.94
2011/12	8,897,348,983	(0.10)	158,850,000	1.79
2012/13	9,098,799,667	2.26	155,755,000	1.71
2013/14	9,556,642,945	5.03	161,780,000	1.69
2014/15	10,280,594,071	7.58	162,600,000	1.58
2015/16	11,086,019,064	7.83	165,015,000	1.49
2016/17	11,944,206,839	7.74	170,030,000	1.42
2017/18	13,004,287,702	8.88	176,260,000	1.36

⁽¹⁾ Taxable Valuation based on initial Certified Tax Values. Amounts do not include disputed property values at time of tax roll certification.

⁽²⁾ Amount reflects outstanding debt at par only at fiscal year end.

TABLE CD-3
TOTAL TAXABLE VALUATION BY CATEGORY⁽¹⁾
 (Unaudited)

<u>Fiscal Year</u>	<u>Real Property</u>		<u>Personal & Other Property</u>		<u>Total Taxable Valuation</u>
	<u>Taxable Valuation</u>	<u>% of Total</u>	<u>Taxable Valuation</u>	<u>% of Total</u>	
2008/09	\$7,426,041,202	82 %	\$ 1,660,390,786	18 %	\$ 9,086,431,988
2009/10	7,561,599,599	82	1,641,800,826	18	9,203,400,425
2010/11	7,280,575,560	82	1,626,093,101	18	8,906,668,661
2011/12	7,246,439,535	81	1,650,909,448	19	8,897,348,983
2012/13	7,301,613,573	80	1,797,186,094	20	9,098,799,667
2013/14	7,617,660,597	80	1,938,982,348	20	9,556,642,945
2014/15	8,257,175,594	80	2,023,418,477	20	10,280,594,071
2015/16	8,943,251,454	81	2,142,767,610	19	11,086,019,064
2016/17	9,676,011,654	81	2,268,195,185	19	11,944,206,839
2017/18	10,647,777,273	82	2,356,510,429	18	13,004,287,702

⁽¹⁾ Source: Dallas Central Appraisal District for fiscal year 2007/08 and from Dallas Central, Denton Central and Collin Central Appraisal Districts in fiscal years 2008/09 and later.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2017

TABLE CD-4
TOTAL APPRAISED VALUATION BY CATEGORY⁽¹⁾
(Unaudited)

<u>Property Use Category</u>	<u>Tax Year</u> <u>2017</u>	<u>Tax Year</u> <u>2016</u>	<u>Tax Year</u> <u>2015</u>	<u>Tax Year</u> <u>2014</u>	<u>Tax Year</u> <u>2013</u>
Real, Residential, Single Family, and Mobile Homes Real	\$ 7,811,217,996	\$ 7,051,127,518	\$ 6,269,937,367	\$ 5,721,942,087	\$ 5,338,349,776
Residential, Multiple Family	1,335,155,290	1,194,816,308	1,084,309,737	1,015,906,272	827,684,090
Real, Vacant Lots/Tracts	197,823,560	175,258,889	189,856,391	169,407,783	108,113,113
Real, Acreage (Land Only)	65,019,202	72,854,919	59,168,392	64,516,154	69,844,568
Real, Commercial, Industrial and Utilities	3,312,197,718	3,065,605,106	2,862,103,364	2,680,156,886	2,578,680,856
Tangible Personal, Commercial Industrial and Utilities	2,788,510,629	2,787,652,467	2,571,132,212	2,427,195,971	2,355,291,861
Tangible Personal, Special Inventory Other	59,260,487	52,925,440	45,021,244	42,505,979	40,776,009
Total Appraised Valuation ⁽¹⁾⁽²⁾	<u>\$ 15,569,184,882</u>	<u>\$ 14,400,240,647</u>	<u>\$ 13,081,528,707</u>	<u>\$ 12,121,631,132</u>	<u>\$ 11,318,740,273</u>

⁽¹⁾ The Total Appraised Valuation consists of the market valuation of all property within the City including property under protest, before exemption, and is determined by the Appraisal Districts each July. Certain items of classification have been combined in order to provide a consistent basis of comparison with the presentation from prior years. Amounts include certified values and estimated property under protest, and do not include values for totally exempt properties.

⁽²⁾ Represents gross values, prior to exemptions.

Source: Dallas, Denton, and Collin County Appraisal Districts.

TABLE CD-5
PERCENTAGE TOTAL APPRAISED VALUATION BY USE CATEGORY
(Unaudited)

<u>Property Use Category</u>	<u>Percent of Total Appraised Valuation for Tax Years</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Real Property					
Single-Family Residential	50.1%	48.9%	47.8%	47.2%	47.2%
Multi-Family Residential	8.6%	8.3%	8.3%	8.4%	7.3%
Vacant Lots/Tracts	1.3%	1.2%	1.5%	1.4%	0.9%
Acreage-Land Only	0.4%	0.5%	0.5%	0.5%	0.6%
Commercial, Industrial, and Utilities	21.3%	21.3%	21.9%	22.1%	22.8%
Tangible Personal Property					
Commercial, Industrial, and Utilities	17.9%	19.4%	19.7%	20.0%	20.8%
Other	<u>0.4%</u>	<u>0.4%</u>	<u>0.3%</u>	<u>0.4%</u>	<u>0.4%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2017

TABLE CD-6
PROPERTY TAX RATES, LEVIES AND COLLECTIONS
(Year Ended 9-30)
 (Unaudited)

<u>Fiscal Year Ended</u>	<u>Tax Rate Distribution</u>			<u>Tax Levy for Fiscal Year⁽¹⁾</u>	<u>Percent of Current Collections</u>	<u>Percent of Total Collections</u>
	<u>Total Tax Rate</u>	<u>Operating/ General Fund</u>	<u>Interest and Sinking Fund</u>			
2008/09	\$ 0.6179	\$ 0.4321	\$ 0.1858	\$ 58,339,573	99.18 %	99.96 %
2009/10	0.6179	0.4157	0.2022	56,882,637	99.45 %	99.89 %
2010/11	0.6179	0.4062	0.2116	55,355,877	99.24 %	99.93 %
2011/12	0.6179	0.3985	0.2194	55,496,798	99.34 %	99.88 %
2012/13	0.6179	0.4119	0.2060	56,511,274	99.12 %	99.73 %
2013/14	0.6179	0.4144	0.2034	59,027,626	99.53 %	99.79 %
2014/15	0.6154	0.4174	0.1980	62,828,373	99.49 %	99.70 %
2015/16	0.6129	0.4201	0.1928	67,845,494	99.77 %	99.68 %
2016/17	0.6037	0.4258	0.1779	73,359,863	99.50 %	99.50 %
2017/18	0.5997	0.4278	0.1719	77,367,377	0.00 ⁽²⁾	0.00 ⁽²⁾

Source: City of Carrollton.

⁽¹⁾ Adjusted Tax Levy at Fiscal Year End.

⁽²⁾ In process of collection.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2017

TABLE CD-7
TOP TEN TAXPAYERS
Fiscal Year 2018
(Unaudited)

<u>Name</u>	<u>Nature of Property</u>	<u>Total Taxable Value⁽¹⁾</u>	<u>% of Total Taxable Value</u>
1. Halliburton Energy Services	Manufacturing	\$ 82,897,556	0.64%
2. Bella Vida Gardens Associates LLC	Apartments	71,450,033	0.55%
3. JPMorgan Chase Bank NA	Finance	63,174,270	0.49%
4. Ari-International Business Park	Real Estate	61,062,146	0.47%
5. Autumn Chase Apartments	Apartments	61,030,017	0.47%
6. Cyrus One LLC	Technology	57,000,000	0.44%
7. Texas Dugan Ltd.	Real Estate	51,139,322	0.39%
8. Frankel, Edward B MD TR	Apartments	49,987,000	0.38%
9. CI Dal I V LLC	Apartments	48,280,320	0.37%
10. Lakeview at Josey Ranch Senior Living	Apartments	<u>43,660,400</u>	<u>0.34%</u>
Total		<u>\$ 589,681,064</u>	<u>4.54%</u>

⁽¹⁾Total taxable value including real and personal property is \$13,004,287,702
Source: Dallas & Denton County Tax Office, City Report of Property Value, 2017. (Fiscal Year 2018)

TABLE CD-8
DEBT SERVICE FUND MANAGEMENT INDEX
(Unaudited)

General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/18		\$ 22,191,605
Debt Service Fund, All General Obligation Issues 9/30/17	\$ 4,819,196	
Budget for Fiscal Year 2017/18 Debt Service Fund Tax Levy @ 98.5% Collection	22,178,132	<u>26,997,328</u>
Estimated Surplus Year Ending 9/30/18		<u>\$ 4,805,723</u>

⁽¹⁾Includes bonds to be issued in 2018. Preliminary, subject to change

TABLE CD-9
TAX ADEQUACY WITH RESPECT
TO THE CITY'S OUTSTANDING TAX SUPPORTED GENERAL OBLIGATION BONDS
(Unaudited)

Principal and Interest Requirements, Fiscal Year Ending September 30, 2018	\$ 22,191,605
\$0.171910 Tax Rate @ 98.5% Collection Procedures ⁽¹⁾	22,178,132

⁽¹⁾Calculation based on 2017/18 taxable value of \$13,097,475,513 which is calculated as: certified taxable value of \$13,004,287,702 plus estimated valuation of property under protest of \$148,694,715 less the incremental value assigned to the City's Tax Increment Reinvestment Zone of \$55,506,904

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2017

TABLE CD-10
MUNICIPAL SALES TAX
 (Unaudited)

The City has adopted the provision of V.T.C.A., Tax Code, Chapter 321, as amended, which grants the City the power to impose and levy at 1% Local Sales and Use Tax within the City. The proceeds are credited to the General Fund and may not be pledged to debt service and are not pledged to the payment of the Bonds. Collections and enforcement are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected	Percentage of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2008	\$ 21,474,564	38.51 % ⁽¹⁾	\$ 0.24 ⁽¹⁾	\$ 178.13
2009	21,041,211	39.17 ⁽¹⁾	0.24 ⁽¹⁾	173.97
2010	19,947,850	35.90 ⁽¹⁾	0.22 ⁽¹⁾	163.37
2011	21,460,288	39.99 ⁽¹⁾	0.25 ⁽¹⁾	179.78
2012	24,100,500	43.99 ⁽¹⁾	0.27 ⁽¹⁾	198.93
2013	25,480,560	44.60 ⁽¹⁾	0.28 ⁽¹⁾	208.38
2014	27,491,706	45.05 ⁽¹⁾	0.28 ⁽¹⁾	220.99
2015	31,146,385	47.81 ⁽¹⁾	0.29 ⁽¹⁾	248.67
2016	34,553,336	47.81 ⁽¹⁾	0.29 ⁽¹⁾	269.99
2017	36,626,570	49.93 ⁽¹⁾	0.30 ⁽¹⁾	279.98 ⁽²⁾

⁽¹⁾ Based on 98% collection rate of the total tax levy used for budget proposes through Fiscal Year 2016. Estimated collection rate increased to 98.5% beginning in Fiscal Year 2017

⁽²⁾ Based on estimated population of 130,820 as of September 30, 2017.

Note: The total sales tax and use tax rate in the City is 8 1/4%, of which 1% is imposed by the City, as described above 1% is imposed by the Dallas Area Rapid Transit authority, of which the City is a member city, and 6 1/4% is imposed by the State of Texas. These amounts do not include City sales tax collected on City services and mixed beverage taxes.

TABLE CD-11
COMPARATIVE MONTHLY SALES TAX COLLECTIONS⁽³⁾
 (Unaudited)

Month	2017-2018	2016-2017	2015-2016
October	\$ 3,180,134	\$ 3,277,193	\$ 3,066,597
November	3,190,416	2,961,534	2,829,186
December	2,748,725 ⁽⁴⁾	2,724,463	2,591,009
January	3,631,108 ⁽⁴⁾	3,480,565	3,616,273
February	2,786,093 ⁽⁴⁾	2,721,053	2,523,626
March	2,700,300 ⁽⁴⁾	2,826,665	2,442,655
April	3,389,965 ⁽⁴⁾	3,337,879	3,079,424
May	2,983,101 ⁽⁴⁾	2,747,321	2,750,521
June	3,059,904 ⁽⁴⁾	3,062,264	2,728,928
July	3,638,029 ⁽⁴⁾	3,511,547	3,207,316
August	3,111,472 ⁽⁴⁾	3,029,968	2,888,590
September	3,188,560 ⁽⁴⁾	2,946,118	2,829,211
	<u>\$ 37,607,807</u>	<u>\$ 36,626,570</u>	<u>\$ 34,553,336</u>

Source: Comptroller of Public Accounts; City of Carrollton

⁽³⁾ Amount does not include mixed beverage and sales taxes retained.

⁽⁴⁾ Budget amount.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2017

TABLE CD-12
OUTSTANDING DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION DEBT
 (Unaudited)

Fiscal Year <u>Ended</u> <u>30-Sep</u>	\$21,265,000 ⁽¹⁾ General Obligation Improvement Bonds Series 2018				Total Debt Service Requirements
	Existing Debt	Principal	Interest	Total Debt Service	
	Service				
2018	\$ 21,925,792	\$ -	\$ 265,813	\$ 265,813	\$ 22,191,605
2019	21,084,993	1,080,000	797,437	1,877,437	22,962,430
2020	19,555,242	1,125,000	756,938	1,881,938	21,437,180
2021	18,176,343	1,165,000	714,750	1,879,750	20,056,093
2022	16,755,418	1,210,000	671,062	1,881,062	18,636,480
2023	15,809,618	1,255,000	625,688	1,880,688	17,690,306
2024	15,228,617	1,300,000	578,625	1,878,625	17,107,242
2025	15,225,530	1,350,000	529,875	1,879,875	17,105,405
2026	13,713,050	1,400,000	479,250	1,879,250	15,592,300
2027	12,325,050	1,450,000	426,750	1,876,750	14,201,800
2028	10,923,900	1,505,000	372,375	1,877,375	12,801,275
2029	10,935,369	1,565,000	315,938	1,880,938	12,816,307
2030	8,952,094	1,620,000	257,250	1,877,250	10,829,344
2031	6,647,487	1,685,000	196,500	1,881,500	8,528,987
2032	5,131,087	1,745,000	133,312	1,878,312	7,009,399
2033	3,397,113	1,810,000	67,875	1,877,875	5,274,988
2034	2,697,787	-	-	-	2,697,787
2035	1,265,250	-	-	-	1,265,250
	<u>\$ 219,749,740</u>	<u>\$ 21,265,000</u>	<u>\$ 7,189,438</u>	<u>\$ 28,454,438</u>	<u>\$ 248,204,178</u>

⁽¹⁾ Estimated 2018 debt issuance. Assumed interest rate of 3.91%

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2017

TABLE CD-13
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS⁽¹⁾
(Unaudited)

<u>Authorization Purpose</u>	<u>Authorization Date</u>	<u>Amount Authorized</u>	<u>Prior Issuance</u>	<u>2018 Bonds⁽²⁾</u>	<u>Balance Unissued</u>
Traffic Improvements	05/15/04	\$ 450,000	\$ 450,000	\$ -	\$ -
Drainage Improvements	11/06/07	9,200,000	7,154,567	2,045,433	-
Street Improvements & Traffic Flow	11/05/13	43,175,000	33,210,222	9,964,567	211
Drainage Improvements	11/05/13	8,780,000	-	8,780,000	-
Parks & Rec. Facilities Improvements	11/05/13	8,545,000	8,070,000	475,000	-
		<u>\$ 70,150,000</u>	<u>\$ 48,884,789</u>	<u>\$ 21,265,000</u>	<u>\$ 211</u>

⁽¹⁾ This schedule reflects authorizations which have remaining balances outstanding. Prior authorizations have been completely utilized and are reflected in the total debt outstanding.

⁽²⁾ The 2018 Bonds assume use of par and premium against authorization.

TABLE CD-14
GENERAL FUND⁽¹⁾ COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Fund Balance -					
Beginning of Year	\$ 21,555,016	\$ 19,086,008	\$ 20,804,224	\$ 18,393,387	\$ 18,339,631
Revenues:					
Taxes & Franchise Fees	90,346,048	84,177,069	78,296,612	73,353,751	67,972,223
Charges for Services	6,158,205	5,892,576	5,485,692	5,452,886	5,039,219
Fines and Forfeitures	4,994,567	5,714,631	6,833,415	7,057,819	6,235,333
Investment Income	650,967	460,909	337,074	260,719	129,958
Licenses and Permits	2,525,756	3,038,325	2,797,402	2,816,818	2,298,049
Intergovernmental	111,646	96,015	17,328	-	2,958
Miscellaneous	740,709	529,415	636,249	539,552	438,753
Total Revenues	<u>105,527,898</u>	<u>99,908,940</u>	<u>94,403,772</u>	<u>89,481,545</u>	<u>82,116,493</u>
Expenditures:					
General Government and					
Administration	15,321,401	14,014,017	14,249,773	14,233,668	13,818,786
Development Services	10,391,297	10,840,186	9,979,839	9,357,484	9,245,445
Public Safety	55,619,820	52,651,617	50,226,235	48,450,210	45,201,315
Cultural and Recreation	12,172,177	11,320,937	11,013,334	10,716,732	10,561,622
Net Transfers	12,818,059	8,613,175	10,652,807	4,312,614	3,235,569
Total Expenditures	<u>106,322,754</u>	<u>97,439,932</u>	<u>96,121,988</u>	<u>87,070,708</u>	<u>82,062,737</u>
Excess/Deficiency of Revenues over Expenditures	<u>(794,856)</u>	<u>2,469,008</u>	<u>(1,718,216)</u>	<u>2,410,837</u>	<u>53,756</u>
Fund Balance -					
End of Year	<u>\$ 20,760,160</u>	<u>\$ 21,555,016</u>	<u>\$ 19,086,008</u>	<u>\$ 20,804,224</u>	<u>\$ 18,393,387</u>

⁽¹⁾The General Fund is the main operating fund of the City, used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in the General Fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund. The General Fund includes most of the basic operating services such as fire and police protection, environmental services, parks and recreation, libraries and street maintenance.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2017

TABLE CD-15
GENERAL FUND
CURRENT OPERATIONS
(Unaudited)

On September 19, 2017, the 2017-18 budget was adopted by the City Council. The following General Fund Operating Budget is presented on a budget basis presentation.

<u>Revenues</u>	2016-17 <u>Actual⁽¹⁾</u>	2017-18 <u>Adopted Budget</u>	2017-18 <u>Current Estimate⁽²⁾</u>
Property Taxes	\$ 41,909,812	\$ 44,575,891	\$ 44,985,303
Sales Taxes	36,782,925	37,863,121	37,804,789
Franchise Fees	11,743,863	11,348,510	11,603,820
Licenses and Permits	2,525,756	2,517,079	2,739,639
Charges for Services	6,021,669	5,643,015	5,733,936
Fines and Forfeiture	4,871,825	5,213,144	5,135,378
Other Revenues	781,535	400,000	400,000
Investment Income	661,901	630,000	630,000
Transfers In	<u>2,913,158</u>	<u>2,899,917</u>	<u>2,899,917</u>
Total Revenues	<u>\$ 108,212,444</u>	<u>\$ 111,090,677</u>	<u>\$ 111,932,782</u>
<u>Expenditures</u>			
Personal Services	\$ 58,951,867	\$ 62,074,469	\$ 62,074,469
Supplies and Services	12,366,647	14,094,597	14,094,597
Utilities	2,385,426	2,393,849	2,393,849
Allocations	16,603,870	18,088,698	18,088,698
Capital Outlay	503,930	504,872	504,872
Transfers Out	<u>17,674,418</u>	<u>13,934,192</u>	<u>13,934,192</u>
Total Expenditures	<u>\$ 108,486,158</u>	<u>\$ 111,090,677</u>	<u>\$ 111,090,677</u>

⁽¹⁾For annual budget purposes, the City utilizes an Administrative Services Fund for internal allocation of overall costs. For year-end financial reporting purposes, this fund is consolidated with the General Fund in the Comprehensive Annual Financial Report. The above figures represent only the General Fund as presented in the annual budget and do not include consolidation of the Administrative Services Fund.

⁽²⁾As of November 30, 2017. City Staff monitors actual revenues and expenditures monthly and revisions are made to forecasted budget numbers as necessary to reflect changes in the economy and changes in laws or regulations that might affect operations.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2017

TABLE CD-16
CURRENT INVESTMENTS
(Unaudited)

As of September 30, 2017 the following percentages of the City's investable funds were invested in the following investment categories and the weighted average maturity of the total City portfolio was 1.16 years

<u>Type of Investment</u>	<u>Amortized Value</u>	<u>Percentage</u>
Coupon Agencies	\$ 160,761,132	82.88%
Discount Agencies	3,999,384	2.06%
Treasury Notes	3,027,547	1.56%
Government Pools ⁽¹⁾	<u>26,184,677</u>	<u>13.50%</u>
Total Securities	<u>\$ 193,972,740</u>	<u>100.00%</u>

⁽¹⁾The City's government pool investments are in the Texas Local Government Investment Pool ("TexPool") and the Local Government Investment Cooperative ("LOGIC"). TexPool and LOGIC are rated AAAM by S&P and operate in a manner consistent with Chapter 2256, Texas Government Code referred to as the Public Funds Investment Act.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2017

TABLE CD-17
WATER & WASTEWATER SYSTEM
REVENUE BOND DEBT SERVICE REQUIREMENTS
 (Unaudited)

Year Ending <u>9/30</u>	Existing Debt		Total Debt Service Requirements
	<u>Principal</u>	<u>Service Interest</u>	
2018	\$ 1,360,000	\$ 470,604	\$ 1,830,604
2019	1,425,000	414,779	1,839,779
2020	1,485,000	356,654	1,841,654
2021	1,545,000	295,704	1,840,704
2022	1,605,000	232,278	1,837,278
2023	1,200,000	178,603	1,378,603
2024	1,055,000	136,754	1,191,754
2025	1,100,000	91,360	1,191,360
2026	410,000	42,000	452,000
2027	<u>430,000</u>	<u>21,500</u>	<u>451,500</u>
Totals	<u>\$ 11,615,000</u>	<u>\$ 2,240,236</u>	<u>\$ 13,855,236</u>

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2017

TABLE CD-18
WATER AND WASTEWATER SYSTEM OPERATING STATEMENT AND
REVENUE BONDS COVERAGE
 (Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues	\$ 40,014,788	\$ 37,738,309	\$ 35,668,929	\$ 34,102,074
Expenses:				
Personal Services	3,989,218	4,160,938	3,740,948	3,683,454
Supplies and Services	26,136,178	23,785,815	21,505,088	21,764,025
Utilities	946,111	874,429	858,560	694,054
Allocations	1,222,871	1,209,405	1,175,733	1,195,384
Provision for				
Doubtful accounts	39,523	44,919	44,450	47,877
Transfers Out	3,658,286	3,663,133	3,587,841	3,651,703
Total Expenses	<u>35,992,187</u>	<u>33,738,639</u>	<u>30,912,620</u>	<u>31,036,497</u>
Net Available for Debt Service	<u>\$ 4,022,601</u>	<u>\$ 3,999,670</u>	<u>\$ 4,756,309</u>	<u>\$ 3,065,577</u>
Customer Count				
Water/Sewer	37,168	36,841	38,975	36,055
Average Annual Debt Service	\$ 1,385,524	\$ 1,426,329	\$ 1,307,468	\$ 1,488,696
Coverage	2.90 x	2.80 x	3.64 x	2.06 x
Average Annual Debt Service - 2018/2023				\$ 1,385,524
Coverage of Average Annual Debt Service at 9/30/17 Net Available				\$ 2.90 x
Maximum Annual Debt Service - 2018/2023				\$ 1,841,654
Coverage of Maximum Annual Debt Service at 9/30/17 Net Available				\$ 2.18 x

TABLE CD-19
FUND BALANCES
 (As of September 30, 2017)
 (Unaudited)

Reserve Fund	\$ 1,385,524
Interest and Sinking Fund	762,751
Total Fund Balances	<u>\$ 2,148,275</u>

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2017

TABLE CD-20
WATER AND WASTEWATER OPERATING FUND
SUMMARY OF BUDGETED REVENUES AND EXPENDITURES
(Unaudited)

	<u>2016-17</u> <u>Actual</u> ⁽¹⁾	<u>2017-18</u> <u>Adopted Budget</u> ^{(1) (2)}
<u>Beginning Operating Funds</u>	\$ 11,581,988	\$ 11,270,351
<u>Revenues</u>		
Water Sales & Charges	24,190,406	25,500,000
Sewer Sales & Charges	13,950,822	14,422,500
Rate Increase	-	3,612,086
Tag & Reconnect Fees	397,453	395,000
Industrial Surcharge	708,403	465,000
Backflow Prevention Charges	175,545	175,000
Investment Income	138,249	141,750
Miscellaneous	220,408	200,000
Transfers In	-	2,915,000
Total Revenues	<u>\$ 39,781,286</u>	<u>\$ 47,826,336</u>
<u>Total Funds Available</u>	<u>\$ 51,363,274</u>	<u>\$ 59,096,687</u>
<u>Expenditures</u>		
Personal Services	2,846,436	3,741,404
Supplies and Services	25,559,266	30,032,162
Utilities	938,917	880,713
Allocations	4,167,263	3,924,491
Capital Outlay	-	67,519
Canceled Encumbrances	(6,521)	-
Transfers Out	7,231,498	9,911,163
Total Expenditures	<u>\$ 40,736,859</u>	<u>\$ 48,557,452</u>
<u>Ending Operating Funds</u>	<u>\$ 10,626,415</u>	<u>\$ 10,539,235</u>

⁽¹⁾Budget basis.

⁽²⁾Includes a projected average increase of 12.1% on water and sewer rates effective 1/1/2018.

TABLE CD-21
UTILITY PLANT IN SERVICE
(As of September 30, 2017)
(Unaudited)

Land	\$ 1,382,918
Utility Plant	259,754,645
Equipment and Intangibles	5,971,333
Construction in Progress	117,497
Total Capital Assets	<u>267,226,393</u>
Less Accumulated Depreciation	<u>(146,879,329)</u>
Net Utility Plant in Service	<u>\$ 120,347,064</u>

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2017

TABLE CD-22
WATER AND WASTEWATER FUND
CITY'S EQUITY IN SYTEM
 (Unaudited)

	Fiscal Year Ending September 30			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Water & Wastewater				
System in Service	\$267,226,393	\$264,861,970	\$262,394,907	\$257,307,793
Reserve for Depreciation	<u>(146,879,329)</u>	<u>(139,366,148)</u>	<u>(132,053,043)</u>	<u>(124,943,330)</u>
Net plant in Service	120,347,064	125,495,822	130,341,864	132,364,463
Construction Funds Net Position	<u>12,594,277</u>	<u>10,930,257</u>	<u>9,882,200</u>	<u>9,975,764</u>
Net Plant in Sevice and Coming on Line	<u>132,941,341</u>	<u>136,426,079</u>	<u>140,224,064</u>	<u>142,340,227</u>
Plus Other Assets/Deferred Outflows of Resources	1,167,529	1,438,770	537,237	258,338
Plus Operating Working Capital Assets and Deferred Outflows of Resources Net of Current Liabilities and Debt Reserves	<u>11,351,689</u>	<u>12,195,938</u>	<u>12,528,176</u>	<u>12,779,879</u>
	<u>145,460,559</u>	<u>150,060,787</u>	<u>153,289,477</u>	<u>155,378,444</u>
Long Term Debt	10,710,117	12,169,237	13,578,357	14,937,477
Less Debt Reserves	<u>(1,385,524)</u>	<u>(1,426,329)</u>	<u>(1,460,318)</u>	<u>(1,488,696)</u>
Net Long Term Debt	9,324,593	10,742,908	12,118,039	13,448,781
Plus Other Liabilities/ Deferred Inflows of Resources	<u>1,857,549</u>	<u>2,027,075</u>	<u>1,006,277</u>	<u>589,837</u>
Total Obligations and Deferred Inflows of Resources	11,182,142	12,769,983	13,124,316	14,038,618
City's Equity in System	<u>\$134,278,417</u>	<u>\$137,290,804</u>	<u>\$140,165,161</u>	<u>\$141,339,826</u>
% Equity	92.31%	91.49%	91.44%	90.96%

Notes:

The City implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this standard.

The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years presented have not been restated for the effects of this standard.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2017

TABLE CD-23
TOP TEN WATER CUSTOMERS
AS OF 9/30/2017
(Unaudited)

<u>Name</u>	<u>Type</u>	<u>Revenues</u>	<u>% of Total Water Revenues⁽¹⁾</u>
1. Carrollton-Farmers Branch ISD	School District	\$ 469,510	1.94%
2. Lewisville ISD	School District	207,020	0.86%
3. Rudy's Tortillas	Manufacturing	170,774	0.71%
4. Western Extrusions	Manufacturing	120,238	0.50%
5. Springs of Indian Creek Apartments	Apartments	115,597	0.48%
6. Autumn Chase Apartments	Apartments	110,261	0.46%
7. Bellas Vida at Coyote Ridge	Apartments	99,284	0.41%
6. Dawntree Apartments	Apartments	97,380	0.40%
9. Mansions at Sunset Ridge	Apartments	93,995	0.39%
10. Country Square Associates	Apartments	89,033	0.37%
TOTAL		<u><u>\$ 1,573,092</u></u>	<u><u>6.52%</u></u>

NOTES:

⁽¹⁾Total water revenues from October 1, 2016 through September 30, 2017 was \$ 24,190,406

Source: City of Carrollton Utility Customer Service Department.

TABLE CD-24
WATER USAGE
(Unaudited)

<u>Fiscal Year Ended 9/30</u>	<u>Average Daily Use In Gallons</u>	<u>Maximum Daily Use In Gallons</u>	<u>Total Gallons for Year</u>
2008	22,547,000	43,175,000	8,229,714,000
2009	21,117,000	41,162,000	7,707,993,000
2010	19,635,000	40,022,000	7,166,971,000
2011	22,311,000	41,106,000	8,143,386,000
2012	20,808,000	40,680,000	7,594,764,000
2013	20,171,000	38,388,000	7,362,343,000
2014	18,890,000	32,262,000	6,954,726,000
2015	19,548,000	41,609,000	7,151,918,000
2016	19,524,000	35,439,000	7,126,366,000
2017	19,753,000	29,339,000	7,209,845,000

Source: City of Carrollton Water Distribution Department.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2017

TABLE CD-25
WATER & WASTEWATER RATES⁽¹⁾
 (Unaudited)

Monthly Water Rates:

Minimum monthly charge, including the first 2,000 gallons of use:

Single-family residential domestic and irrigation use	\$	12.13
Commercial (including apartments and portable meters), industrial and commercial irrigation use:		
5/8" meter	\$	12.38
1" meter		19.07
1.5" meter		30.26
2" meter		43.67
3" meter		79.42
4" meter		119.64
6" meter		231.40
8" meter		365.52
10" meter		521.96
Fire Line regardless of size		67.42

Use over the 2,000 gallons included in the minimum monthly charge:

Single-family residential domestic use:		
Meter Readings from October through April:		
All Over 2,000 gallons (per 1,000 gallons)	\$	3.04
Meter Readings from May through September:		
Next 8,000 gallons (per 1,000 gallons)		3.04
All Over 10,000 gallons (per 1,000 gallons)		4.09
All Over 25,000 gallons (per 1,000 gallons)		5.12
Irrigation use:		
Next 23,000 gallons (per 1,000 gallons)	\$	3.12
Next 25,000 gallons (per 1,000 gallons)		3.73
Next 50,000 gallons (per 1,000 gallons)		4.22
Next 100,000 gallons (per 1,000 gallons)		4.77
All use over 200,000 gallons (per 1,000 gallons)		5.32
Commercial use (including apartments and portable meters):		
All use over 2,000 gallons (per 1,000 gallons)	\$	2.10
Industrial Use: Industrial use rates for water service will apply to customers in the business of assembly or manufacturing of goods and for which water usage equals or exceed 750,000 gallons per month for nine out of twelve months in the year:		
All use over 2,000 gallons (per 1,000 gallons)	\$	1.84

Monthly Sewer Rates:

Residential use:		
First 2,000 gallons, minimum	\$	11.47
All use over 2,000 gallons (per 1,000 gallons)		2.39
Commercial (including apartments), Industrial and Irrigation minimum monthly charges, including the first 2,000 gallons of use:		
5/8" meter	\$	11.47
1" meter		16.60
1.5" meter		25.11
2" meter		35.32
3" meter		62.58
4" meter		93.20
6" meter		178.31
8" meter		280.45
10" meter		399.60
Commercial and Industrial use:		
All use over 2,000 gallons (per 1,000 gallons)	\$	2.39

⁽¹⁾ Rates effective February 1, 2017.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2017

TABLE CD-26

COMPARATIVE WATER AND SEWER REVENUES, EXPENSES AND CHANGES IN NET POSITION (GAAP BASIS)

Fiscal Year End 9-30

(Unaudited)

	2017	2016	2015	2014	2013
Operating revenues:					
Charges for services	\$ 39,630,140	\$ 37,361,058	\$ 35,301,330	\$ 33,789,304	\$ 35,171,954
Miscellaneous	197,032	204,467	174,697	159,535	99,716
Total operating revenues	<u>39,827,172</u>	<u>37,565,525</u>	<u>35,476,027</u>	<u>33,948,839</u>	<u>35,271,670</u>
Operating expenses:					
Personal services	3,989,218	4,160,938	3,740,948	3,683,454	3,483,877
Supplies and Services	26,175,701	23,830,734	21,549,538	21,811,902	21,518,288
Utilities	946,111	874,429	858,560	694,054	909,152
Allocations	1,222,871	1,209,405	1,175,733	1,195,384	1,074,436
Depreciation	7,595,388	7,443,949	7,291,949	8,077,819	7,876,715
Total operating expenses	<u>39,929,289</u>	<u>37,519,455</u>	<u>34,616,728</u>	<u>35,462,613</u>	<u>34,862,468</u>
Income (loss) from operations	<u>(102,117)</u>	<u>46,070</u>	<u>859,299</u>	<u>(1,513,774)</u>	<u>409,202</u>
Nonoperating revenues (expenses):					
Investment earnings net of change in fair value	187,616	172,784	192,902	153,235	(15,286)
Gain on sale/retirement of capital assets	21,514	37,256	29,757	95,377	53,619
Interest expense	<u>(426,206)</u>	<u>(477,678)</u>	<u>(521,786)</u>	<u>(573,215)</u>	<u>(626,585)</u>
Total nonoperating revenues (expenses)	<u>(217,076)</u>	<u>(267,638)</u>	<u>(299,127)</u>	<u>(324,603)</u>	<u>(588,252)</u>
Income (loss) before contributions and transfers	(319,193)	(221,568)	560,172	(1,838,377)	(179,050)
Capital contributions	965,092	1,003,684	2,027,734	2,104,033	1,522,804
Transfers in	-	6,660	-	-	-
Transfers out	<u>(3,658,286)</u>	<u>(3,663,133)</u>	<u>(3,587,841)</u>	<u>(3,651,703)</u>	<u>(3,454,158)</u>
Change in net position	(3,012,387)	(2,874,357)	(999,935)	(3,386,047)	(2,110,404)
Net position at beginning of year, as previously reported	137,290,804	140,165,161	141,339,826	144,725,873	146,836,277
Impact of change in accounting principle	<u>-</u>	<u>-</u>	<u>(174,730)</u>	<u>-</u>	<u>-</u>
Net position at beginning of year, as restated	137,290,804	140,165,161	141,165,096	144,725,873	146,836,277
Net position at end of year	<u>\$134,278,417</u>	<u>\$137,290,804</u>	<u>\$140,165,161</u>	<u>\$141,339,826</u>	<u>\$144,725,873</u>

Notes:

The City implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this standard.

The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years presented have not been restated for the effects of this standard.



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