

Comprehensive Annual Financial Report



Fiscal Year Ended
September 30, 2018



Safe Routes to School Sidewalk Repair Program
Safest Texas City List-Safehome • 2nd Leanest
Local Government-Dallas Business Journal •
AAA Bond Rating • 2017 Clean Silver Fleet
Award • Sustainable Economic Growth • Lone
Star Achievement Award • Crime Rates Drop
to Lowest in Recent History
Approximately 5,000 Attended TEXFest
Over 10,000 Enjoyed the July 4 Community Fireworks Display
Over 40,000 Attended Festival at the Switchyard
450 Participated in the Carrollton Trails 5K Run & 1 Mile Fun Walk
American Heart Association Gold Plus EMS Award
Police Department Recognized by Chiefs Statewide
Photon Park Improvements Completed
Old Denton Phase II Completed
Two State-of-the-Art Dream Courts
Sir Reads-A-Lot Statue Installed



CARROLLTON
T E X A S

CITY OF CARROLLTON, TEXAS

Comprehensive Annual Financial Report
For the Year Ended September 30, 2018



(L-R): Councilmember Steve Babick, Mayor Pro Tem John Sutter, Deputy Mayor Pro Tem Young Sung, City Manager Erin Rinehart, Mayor Kevin Falconer, Councilmember Frances Cruz, Councilmember Glen Blanscet, Councilmember Pat Cochran, Councilmember Mike Hennefer.

City Manager
Erin Rinehart

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

Prepared by
Finance Department
Diana Vaughn, CPA
Controller

CITY OF CARROLLTON, TEXAS

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February 26, 2019

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, 2018.

This report provides the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial position 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, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and 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 and drainage 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 the end of 2018 and the regional unemployment rate remained below the state and nation rate. The Federal Reserve Bank of Dallas reported in their January 2019 Dallas-Fort Worth Economic Indicators update:

“The Dallas-Fort Worth economy ended 2018 on a solid note. Employment growth was robust in December, with DFW adding jobs at its faster pace in thirteen months, and unemployment remained near multiyear lows. The Dallas and Fort Worth business-cycle indexes strengthened at year-end, providing some momentum for continued growth in 2019. The DFW apartment market saw healthy absorption in 2018, but rent growth and construction activity moderated.”

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 2017 American Community Survey, Carrollton's median household income of \$77,998 compares favorably to \$66,326 for DFW and \$59,206 for Texas. Also according to the survey, the workforce is educated with 39.8% of the population having a bachelor's degree or more, compared to 33.7% for DFW and 29.6% 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

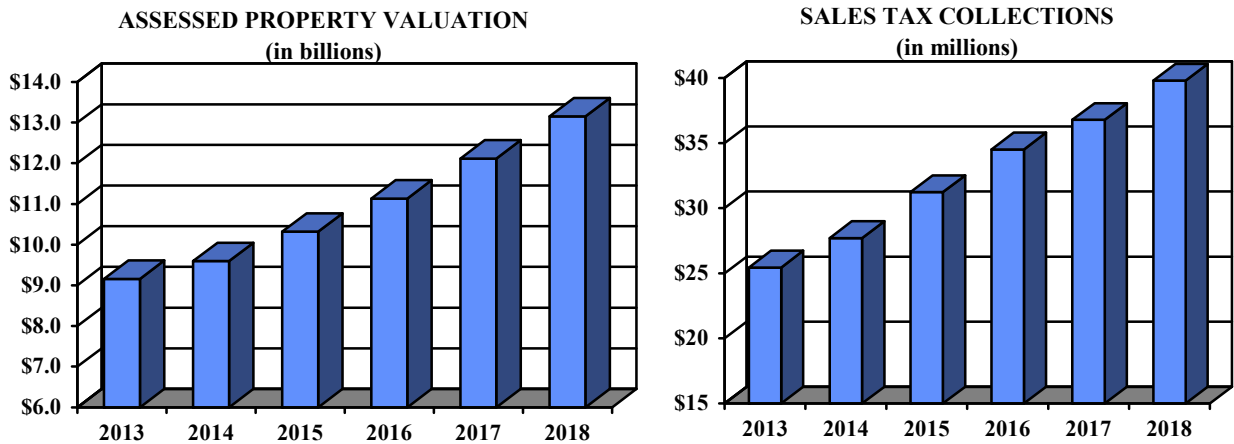
property taxes for five years in a row while maintaining one of the highest ratings in the delivery of municipal services in the DFW Metroplex. Carrollton’s 44-million square feet of manufacturing and distribution space generates consistently increasing property and business-to-business sale tax revenue 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 2018, with unemployment at 3.7% nationally, 3.8% statewide and 3.4% in Dallas-Fort Worth, Carrollton’s unemployment was 3.2%.

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 \$13.15 billion for fiscal year 2018, an 8.7% increase from the previous year.

Sales tax collections totaled \$39,811,034 in fiscal year 2018, an 8.2% increase from the previous year.



Future Economic Outlook

Through December, fiscal year 2019 sales taxes have increased by 5.9% compared to the same period in fiscal year 2018. 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 2019, property valuations increased 9.55%, with a 10.4% increase in residential property and 8.8% increase in commercial and industrial properties.

Carrollton has approximately 1153 acres of vacant land ready for future development with 1057 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 830.75 for fiscal year 2018 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.

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 2018, sales tax exceeded the "cap" for operating purposes by over \$12.1 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 2018 included:

- Capital funding of over \$65 million for new capital projects funded from debt issuance, non-recurring sources and tax revenue.
- Reduction in the property tax rate by .66% to .5997 per \$100 assessed value 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, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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 29 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.

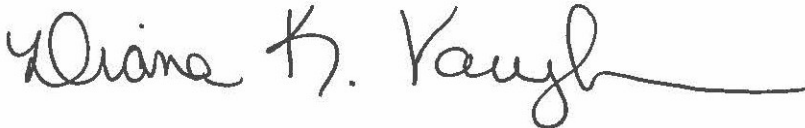
Respectfully submitted,



Erin Rinehart
City Manager



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



Diana Vaughn, CPA
Finance Director/Controller

CITY OF CARROLLTON, TEXAS

City Council

Kevin Falconer, Mayor

John Sutter, Mayor Pro Tem, Place 7

Young Sung, Deputy Mayor Pro Tem, Place 6

Steve Babick
- Place 1

Mike Hennefer
- Place 2

Pat Cochran
- Place 3

Frances Cruz
- Place 4

Glen Blanscet
- Place 5

City Manager

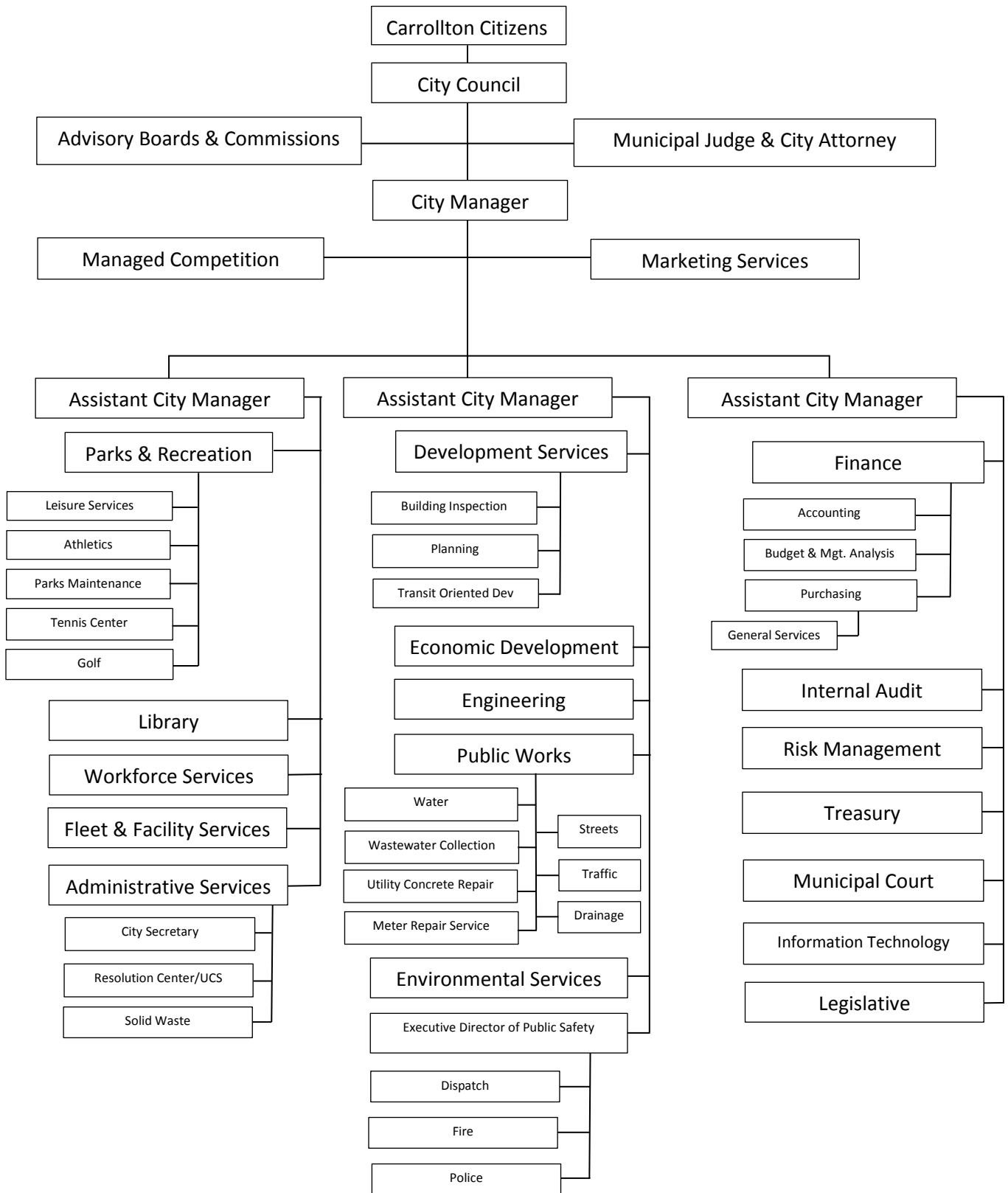
Erin Rinehart

Assistant City Manager/Chief Financial Officer

Robert B. Scott, CPA

CITY OF CARROLLTON, TEXAS

Organizational Chart September 30, 2018





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, 2017

Christopher P. Morrill

Executive Director/CEO

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carrollton, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Emphasis of a matter

As discussed in Note 13 to the financial statements, the City adopted new accounting and reporting guidance in 2018 for other post-employment benefits. Our opinion is not modified with respect to this matter.

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 65, the Texas Municipal Retirement System Schedule of Contributions on pages 66 and 67, and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios on page 68 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 February 26, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dallas, Texas
February 26, 2019

CITY OF CARROLLTON, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2018

Amounts in Thousands Unless Stated Otherwise
(Unaudited)

February 26, 2019

As management of the City of Carrollton (City), we offer this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2018. 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. This allows the City's tax base, service levels, assets and desirability to 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 113-136 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 \$529,904. This number must be viewed in the context that the vast majority of the City's net position of \$380,910 (71.9%) 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 \$8,806 (1.7%). The remaining \$140,188 (26.4%) 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 decreased by \$865 in fiscal year 2018.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$174,968. Within this total \$616 is non-spendable for prepaid items, \$30,410 is restricted by specific legal requirements, such as by debt covenants and \$114,425 has been committed and assigned to specific types of expenditures. The remaining \$29,517 is unassigned fund balance in the General Fund and can be used for any lawful purpose.
- The City's long-term liabilities decreased by \$1,314 due primarily to the reduction in pension liability partially offset by the increase in total OPEB liability and the issuance of bonds for capital improvement.

CITY OF CARROLLTON, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2018

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 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.

CITY OF CARROLLTON, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2018

Amounts in Thousands Unless Stated Otherwise
(Unaudited)

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.

CITY OF CARROLLTON, TEXAS

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Amounts in Thousands Unless Stated Otherwise
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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 29-64.

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 \$529,904 as of September 30, 2018.

The largest portion of the City's net position \$380,910 (71.9%) 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.

CITY OF CARROLLTON, TEXAS

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An additional portion of the City's net position of \$8,806 (1.7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$140,188 (26.4%) may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF CARROLLTON'S NET POSITION

(Amounts in Thousands)

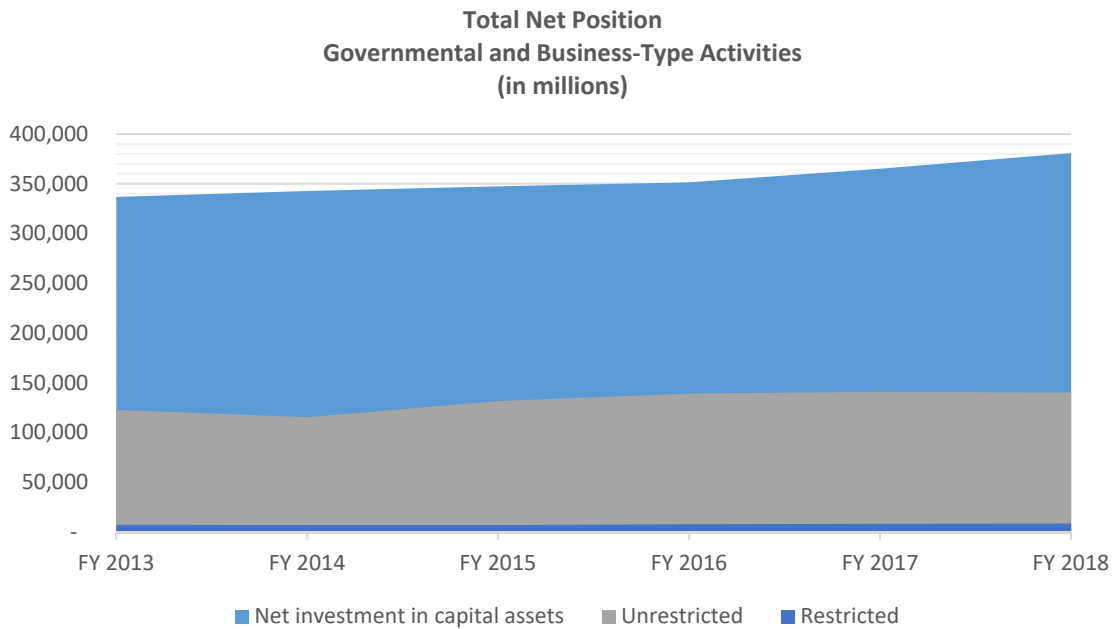
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Current and other assets	\$ 180,359	\$ 204,011	\$ 33,637	\$ 35,421	\$ 213,996	\$ 239,432
Capital assets, net	425,749	438,711	122,635	119,421	548,384	558,132
Total Assets	<u>606,108</u>	<u>642,722</u>	<u>156,272</u>	<u>154,842</u>	<u>762,380</u>	<u>797,564</u>
Deferred outflows of resources	<u>24,046</u>	<u>8,613</u>	<u>1,168</u>	<u>425</u>	<u>25,214</u>	<u>9,038</u>
Long term liabilities	234,320	237,778	14,024	9,252	248,344	247,030
Other liabilities	<u>17,795</u>	<u>12,684</u>	<u>5,614</u>	<u>6,187</u>	<u>23,409</u>	<u>18,871</u>
Total Liabilities	<u>252,115</u>	<u>250,462</u>	<u>19,638</u>	<u>15,439</u>	<u>271,753</u>	<u>265,901</u>
Deferred inflows of resources	<u>1,442</u>	<u>10,092</u>	<u>69</u>	<u>705</u>	<u>1,511</u>	<u>10,797</u>
Net Position:						
Net investment in capital assets	253,790	266,336	111,163	114,574	364,953	380,910
Restricted	6,939	7,568	1,385	1,238	8,324	8,806
Unrestricted	<u>115,868</u>	<u>116,877</u>	<u>25,185</u>	<u>23,311</u>	<u>141,053</u>	<u>140,188</u>
Total Net Position	<u>\$ 376,597</u>	<u>\$ 390,781</u>	<u>\$ 137,733</u>	<u>\$ 139,123</u>	<u>\$ 514,330</u>	<u>\$ 529,904</u>

CITY OF CARROLLTON, TEXAS

Management’s Discussion and Analysis
For the Year Ended September 30, 2018

Amounts in Thousands Unless Stated Otherwise
(Unaudited)

As of September 30, 2018, 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 \$23,652 and in the Business-type activities by \$1,784. 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 also primarily due to unspent proceeds from issuance of debt.

The City’s long-term liabilities decreased by \$1,314 due primarily to the decrease in pension liabilities partially offset by the increase in total OPEB liability and the issuance of bonds for capital improvement.

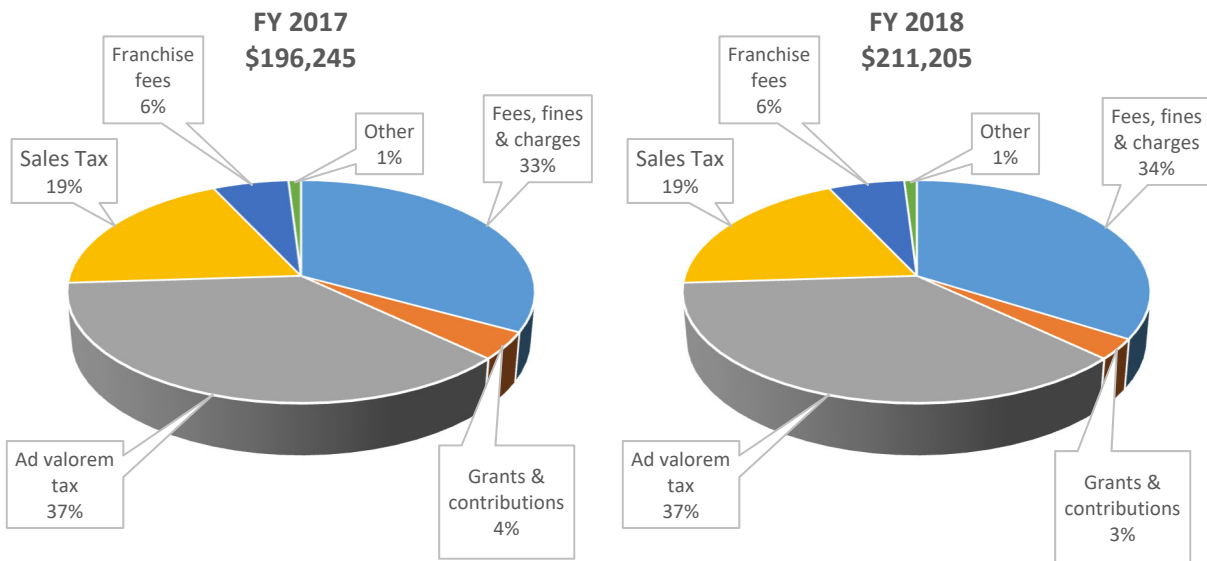
CITY OF CARROLLTON, TEXAS

Management's Discussion and Analysis
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Analysis of the City's Operations – Overall the City had an increase in net position of \$31,083 or 6.2%. Of this increase \$15,510 is related to net prior period adjustments for the implementation of a new standard.

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



Governmental Activities: Governmental activities net position increased by \$29,694. Of that increase, \$15,510 was related to net prior period adjustments due to changes in standards related to OPEB. Net investment in capital assets increased by \$12,546 or 4.9%. Restricted net position increased \$629 or 9.1%. Unrestricted net position increased by \$1,009 or 0.9%.

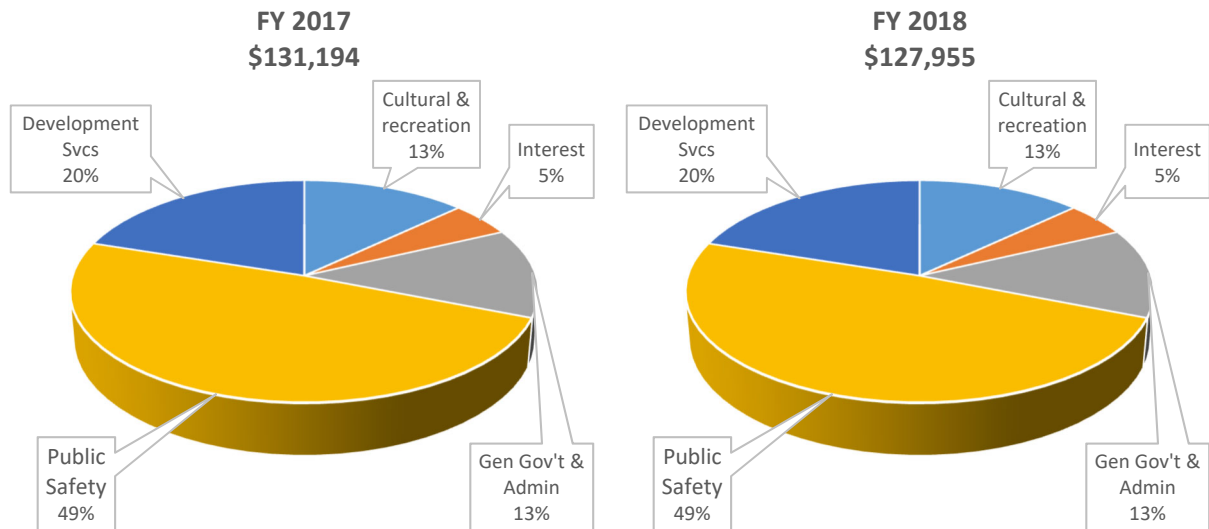
Excluding transfers from business-type activities, total revenues for governmental activities increased from the previous year by \$6,850. General revenue (excluding transfers) had a net increase of \$9,507 or 7.7%. Ad valorem tax experienced an increase of \$5,406 due to growth in assessed valuations from both new construction and increases in existing values. Additionally, an increase was seen in sales taxes of \$3,028. Sales tax increases were largely generated from technology and construction related companies. Other general revenues increased by \$1,073, primarily due to investment earnings and to a slight improvement in franchise fees. Program revenues had a net decrease of \$2,657 primarily due to a decrease in capital grants and contributions and a decrease in fees, fines and charges for services. Net transfers from the business type activities to governmental activities increased by \$1,081 from the previous year.

CITY OF CARROLLTON, TEXAS

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Expenses by Type Governmental Activities



Total expenses for governmental activities decreased \$3,240 or 2.5 % primarily due to decreases in depreciation.

Business-type Activities: Net position from business-type activities increased by \$1,390 or 1.0% from \$137,733 to \$139,123. Net investment in capital assets decreased by \$3,411 or 3.1% due to capital asset depreciation partially offset by capital additions and retirement of related debt. Restricted net position decreased by \$147 due to reduction in the required reserve for revenue bonds. Unrestricted net position decreased by \$1,905 or 7.6%. Program revenues for business type activities increased by \$5,383 due to increases in water, sewer and sanitation rates.

CITY OF CARROLLTON, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2018

Amounts in Thousands Unless Stated Otherwise
(Unaudited)

The following table provides a summary of the City's operations for year ended September 30, 2018 with comparative totals for year ended September 30, 2017.

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

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Revenues:						
Program Revenues:						
Fees, fines and charges for services	\$ 14,728	\$ 15,237	\$ 50,601	\$ 55,984	\$ 65,329	\$ 71,221
Operating grants and contributions	144	247	-	-	144	247
Capital grants and contributions	5,946	2,677	965	3,267	6,911	5,944
General revenues:						
Ad valorem taxes	71,827	77,233	-	-	71,827	77,233
Sales tax	36,783	39,811	-	-	36,783	39,811
Occupancy tax	293	237	-	-	293	237
Franchise fees	12,070	12,527	-	-	12,070	12,527
Investment earnings net of change in fair value of investments	1,481	2,185	201	263	1,682	2,447
Gain on sale of capital assets	113	4	22	4	135	8
Miscellaneous	874	951	197	225	1,071	1,176
Total revenues	144,259	151,109	51,986	59,743	196,245	210,851
Expenses:						
General government and administration	17,122	17,190	-	-	17,122	17,190
Public safety	64,012	63,047	-	-	64,012	63,047
Development services	27,012	25,002	-	-	27,012	25,002
Cultural and recreational	16,755	16,390	-	-	16,755	16,390
Interest on long term debt	6,293	6,325	-	-	6,293	6,325
Water and Sewer	-	-	40,370	43,286	40,370	43,286
Golf	-	-	951	452	951	452
Sanitation	-	-	7,795	8,076	7,795	8,076
Total expenses	131,194	127,955	49,116	51,814	180,310	179,768
Increase (decrease) in net position before transfers	13,065	23,154	2,870	7,929	15,935	31,083
Transfers	5,458	6,539	(5,458)	(6,539)	-	-
Increase (decrease) in net position	18,523	29,694	(2,588)	1,390	15,935	31,083
Net position October 1	358,074	376,597	140,321	137,733	498,395	514,330
Adjustments per GASB 75	-	(15,510)	-	-	-	(15,510)
Net Position October 1, restated	358,074	361,087	140,321	137,733	498,395	498,820
Net position September 30	376,597	390,781	137,733	139,123	514,330	529,904

CITY OF CARROLLTON, TEXAS

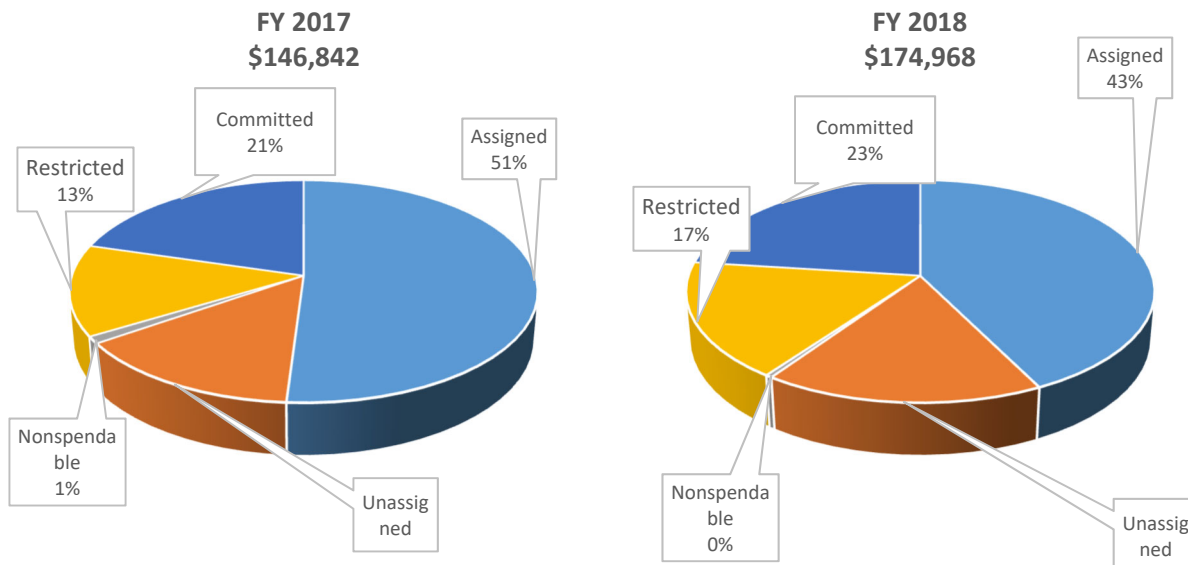
Management's Discussion and Analysis
For the Year Ended September 30, 2018

Amounts in Thousands Unless Stated Otherwise
(Unaudited)

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 \$174,968. Within this total \$615 is non-spendable for prepaid items, \$30,410 is restricted by specific legal requirements, such as by debt covenants and \$114,425 has been committed and assigned to specific types of expenditures. The remaining \$29,517 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. 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 fund

CITY OF CARROLLTON, TEXAS

Management's Discussion and Analysis
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balance exceeding the City's financial policy of 60 days will be addressed during the fiscal year 2019 budget deliberations.

Debt service fund balance increased in 2018 by \$53. Streets and Drainage Capital Projects fund balance increased by \$10,680 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 increased by \$5,009 primarily due to capital outlay expenditures 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 \$22,238 for Water and Sewer, \$803 for Golf Course and \$508 for Sanitation. The total of all enterprise funds' unrestricted net position of \$23,549 is reduced by \$238 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 \$23,311. Change in net position for enterprise funds in 2018 were \$1,487 in the Water and Sewer Fund, \$(198) in the Golf Course Fund and \$70 in the Sanitation Fund.

General Fund Budgetary Highlights - Actual revenues collected exceeded management's original estimate of the General Fund's revenues by \$2,006 or 1.8%.

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 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 (NPL) as of September 30, 2018 of \$4,655 which is 8.53% of the City's annual covered payroll of \$54,585. The NPL decreased by \$26,175 from the previous year

CITY OF CARROLLTON, TEXAS

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primarily due to higher than expected investment return. The sizeable amount of fiduciary net position invested for the City by TMRS combined with the natural volatility of investment returns from year to year make the NPL volatile.

Effective for fiscal year 2018, GASB 75, "Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions (OPEB)" has replaced the previous authoritative guidance regarding the City's retiree health care benefits. Implementing this new standard requires the replacement of the previously reported Net OPEB Obligation with the newly required Total OPEB Liability (TOL). This was accomplished through a prior period adjustment explained in Note 13 of the financial statements.

While the defined benefit portion of the City's retiree health program is closed to new participants and currently has 54 total participants, the TOL recorded as of September 30, 2018 is \$19,167. This significant liability is due to catastrophic claims experience from retirees that is expected to continue well into the future.

CAPITAL ASSETS

The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$558,132 (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 1.8% (3.0% increase for governmental activities and 2.6% 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>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Land	\$102,542	\$102,542	\$ 2,378	\$ 2,378	\$104,920	\$104,920
Buildings	43,397	40,696	2,983	2,702	46,380	43,398
Equipment	21,434	20,135	2,975	2,850	24,409	22,985
Intangibles	412	269	92	79	504	348
Improvements	28,996	28,104	739	770	29,735	28,874
Infrastructure	228,358	243,881	113,351	110,520	341,709	354,401
Construction in Progress	610	3,084	117	122	727	3,206
Total	<u>\$425,749</u>	<u>\$438,711</u>	<u>\$122,635</u>	<u>\$119,421</u>	<u>\$548,384</u>	<u>\$558,132</u>

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

- Acquisition of vehicles and equipment totaling \$4.66 million, including \$3.2 million of public safety equipment and vehicles and \$688 thousand of public works equipment. The public safety equipment included a mobile command center totaling \$452 thousand.
- Parks and recreation improvements totaling \$880 thousand, including \$234 thousand for improvements to the City Hall pond.
- Water and sewer system infrastructure improvements totaling \$4.1 million, including \$2 million in developer contributions and \$648 thousand for the Huffines Lift Station.
- Street and Alley Improvements of \$20.4 million, including \$3.5 million in developer contributions and \$3.7 million in Old Denton Road improvements.
- Drainage Improvements of \$5.0 million including \$2.66 million in developer contributions and \$942 thousand in Downtown improvements..

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 \$195,678. Of this amount, \$189,600 comprises bonded debt backed by the full faith and credit of the government and \$6,078 represents bonds secured solely by water and sewer revenues.

Outstanding Debt at Year End Bonds Payable

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
General Obligation						
Bonds	\$184,737	\$189,600	\$ -	\$ -	\$184,737	\$189,600
Revenue Bonds	-	-	12,169	6,078	12,169	6,078
Total	<u>\$184,737</u>	<u>\$189,600</u>	<u>\$ 12,169</u>	<u>\$ 6,078</u>	<u>\$196,906</u>	<u>\$195,678</u>

During the fiscal year, the City's total debt decreased by \$1,228 or .6% due to issuance of \$21,449 (including premium) of a new General Obligation Bond new money issue offset by existing debt retirements of \$17,762 and a cash redemption of callable water and sewer bond of \$4,915.

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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(Unaudited)

Obligated - Property Tax and Revenue Debt" found on page 129 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.

	<u>Standard & Poor's</u>	<u>Fitch</u>
General Obligation Bonds	AAA	AAA
Revenue Bonds	AAA	AAA

Additional information on the City's long term-debt can be found in note 5 on pages 44-47 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In the fiscal year 2019 Budget, General Fund revenues are budgeted to increase by 6.1% from the fiscal year 2018 final budget with ad valorem taxes making up 46.6% of General Fund budgeted revenues. Certified assessed valuations, including estimated values on properties under protest, increased 11.4% for the fiscal year 2018 budget compared to an 8.6% increase in the previous year's budget. In response to this growth, the City Council reduced the tax rate by 0.8%. Sales taxes are budgeted to increase by 8.4% from the fiscal year 2018 final budget and actual receipts through December 2019 are 8.7% ahead of the same period in fiscal year 2018.

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 2019 to operate at a net surplus of \$737 based on available fund balance exceeding financial standards. Rate increases averaging 7.1% were approved effective January 2019, primarily due to the escalating costs of wastewater treatment.

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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash, cash equivalents and investments	\$ 152,888,270	\$ 24,520,717	\$ 177,408,987
Receivables (net of allowance for doubtful accounts):			
Ad valorem taxes	(16,241)	-	(16,241)
Sales taxes	3,351,560	-	3,351,560
Franchise fees	3,333,768	-	3,333,768
Accounts	-	6,141,788	6,141,788
Accrued interest	624,807	70,579	695,386
Other	1,976,762	116,691	2,093,453
Interfund Receivable	2,664,871	-	2,664,871
Due from other governments	927,177	141,887	1,069,064
Internal balances	238,082	(238,082)	-
Inventories	33,519	-	33,519
Prepaid items	809,736	-	809,736
Equity interest in joint venture	1,722,759	-	1,722,759
Land held for redevelopment	3,864,948	-	3,864,948
Restricted assets:			
Cash, cash equivalents and investments	31,590,380	4,667,782	36,258,162
Capital assets:			
Land	102,541,908	2,377,918	104,919,826
Buildings	85,571,405	19,648,327	105,219,732
Equipment	46,112,582	8,193,855	54,306,437
Intangibles	6,535,190	868,612	7,403,802
Improvements	50,336,826	12,013,626	62,350,452
Infrastructure	339,511,808	245,809,216	585,321,024
Construction in progress	3,084,838	122,412	3,207,250
Accumulated depreciation	(194,983,308)	(169,613,504)	(364,596,812)
Total assets	642,721,647	154,841,824	797,563,471
Deferred outflows of resources			
Deferred charges on refundings	1,471,018	107,041	1,578,059
OPEB contributions after measurement date	602,857	-	602,857
OPEB assumption change	559,345	-	559,345
Pension contributions after measurement date	5,001,875	275,280	5,277,155
Difference in projected and actual earnings on pension assets	-	-	-
Changes in actuarial assumptions used to determine pension liability	977,618	43,181	1,020,799
Total deferred outflows of resources	8,612,713	425,502	9,038,215
Liabilities			
Accounts payable	11,141,870	3,226,235	14,368,105
Accrued interest	892,994	84,979	977,973
Unearned revenue	656,594	-	656,594
Due to other Funds	(7,601)	-	(7,601)
Customer Deposits Payable	-	2,876,413	2,876,413
Noncurrent liabilities:			
Due within one year	19,434,067	3,960,944	23,395,011
Due in more than one year	218,343,651	5,291,036	223,634,687
Total liabilities	250,461,575	15,439,607	265,901,182
Deferred inflows of resources			
Difference in expected and actual pension experience	407,826	19,936	427,762
Difference in projected and actual earnings on pension assets	9,683,877	685,105	10,368,982
	10,091,703	705,041	10,796,744
Net position			
Net investment in capital assets	266,335,524	114,574,032	380,909,556
Restricted for:			
Debt service	3,979,314	1,237,640	5,216,954
Capital projects	1,819,101	-	1,819,101
Special revenue, public safety	1,769,891	-	1,769,891
Unrestricted	116,877,252	23,311,006	140,188,258
Total net position	\$ 390,781,082	\$ 139,122,678	\$ 529,903,760

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Government-wide Statement of Activities
For the Year Ended September 30, 2018

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	\$ 17,189,961	\$ 192,134	\$ -	\$ -	\$ (16,997,827)	\$ -	\$ (16,997,827)
Public safety	63,047,061	9,144,151	248,253	187,945	(53,466,712)	-	(53,466,712)
Development services	25,002,278	3,201,667	-	2,489,282	(19,311,329)	-	(19,311,329)
Cultural and recreational	16,390,220	2,699,398	(1,164)	-	(13,691,986)	-	(13,691,986)
Interest on long-term debt	6,325,530	-	-	-	(6,325,530)	-	(6,325,530)
Total governmental activities	<u>127,955,050</u>	<u>15,237,350</u>	<u>247,089</u>	<u>2,677,227</u>	<u>(109,793,384)</u>	<u>-</u>	<u>(109,793,384)</u>
Business-type activities:							
Water and sewer	43,285,640	45,005,225	-	3,266,699	-	4,986,284	4,986,284
Golf	451,994	617,176	-	-	-	165,182	165,182
Sanitation	8,076,094	10,361,672	-	-	-	2,285,578	2,285,578
Total business-type activities	<u>51,813,728</u>	<u>55,984,073</u>	<u>-</u>	<u>3,266,699</u>	<u>-</u>	<u>7,437,044</u>	<u>7,437,044</u>
Total government	<u>\$ 179,768,778</u>	<u>\$ 71,221,423</u>	<u>\$ 247,089</u>	<u>\$ 5,943,926</u>	<u>(109,793,384)</u>	<u>7,437,044</u>	<u>(102,356,340)</u>
General revenues:							
Taxes:							
Ad valorem					77,233,249	-	77,233,249
Sales					39,811,034	-	39,811,034
Occupancy					237,466	-	237,466
Franchise fees based upon gross receipts					12,526,523	-	12,526,523
Investment earnings net of change in fair value of investments					2,184,503	262,790	2,447,293
Gain on sale of capital assets					4,248	4,232	8,480
Miscellaneous					950,672	224,795	1,175,467
Transfers					6,539,304	(6,539,304)	-
Total general revenues and transfers					<u>139,486,999</u>	<u>(6,047,487)</u>	<u>133,439,512</u>
Change in net position					29,693,615	1,389,557	31,083,172
Net position at beginning of year					376,597,317	137,733,121	514,330,438
Prior Period Adjustment for GASB 75*					(15,509,850)	-	(15,509,850)
Net position at beginning of year, restated					361,087,467	137,733,121	498,820,588
Net position at end of year					<u>\$ 390,781,082</u>	<u>\$ 139,122,678</u>	<u>\$ 529,903,760</u>

See accompanying notes to basic financial statements.

*See footnote 13 for further information about restatement of net position

CITY OF CARROLLTON, TEXAS

Balance Sheet
 Governmental Funds
 September 30, 2018

	General	Debt Service	Streets and Drainage	General and Public Facilities	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 26,517,177	\$ 4,897,796	\$ 75,400,010	\$ 29,054,262	\$ 32,413,353	\$ 168,282,598
Receivables (net, where applicable, of allowance for doubtful accounts):						
Ad valorem taxes	(7,684)	(8,557)	-	-	-	(16,241)
Sales taxes	3,351,560	-	-	-	-	3,351,560
Franchise fees	3,256,488	-	-	77,280	-	3,333,768
Accrued interest	196,116	(16,931)	179,821	159,276	68,136	586,418
Other	516,093	-	-	1,088,049	-	1,604,142
Due from other funds	2,664,871	-	-	-	-	2,664,871
Due from other governments	30,074	-	372,643	80,457	444,003	927,177
Prepaid items	615,544	-	-	-	68,825	684,369
Land held for redevelopment	-	-	-	3,864,948	-	3,864,948
Total assets	\$ 37,140,239	\$ 4,872,308	\$ 75,952,474	\$ 34,324,272	\$ 32,994,317	\$ 185,283,610
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 6,628,884	\$ -	\$ 1,838,570	\$ 348,779	\$ 850,609	\$ 9,666,842
Due to other funds	-	-	-	-	(7,601)	(7,601)
Unearned revenue	10,587	-	456,935	-	189,072	656,594
Total liabilities	6,639,471	-	2,295,505	348,779	1,032,080	10,315,835
Fund balances:						
Nonspendable for:						
Other receivables	-	-	-	-	-	-
Prepaid items	615,544	-	-	-	-	615,544
Restricted for:						
Debt service	-	4,872,308	-	-	-	4,872,308
Streets and drainage	-	-	21,348,943	-	-	21,348,943
Public facilities	-	-	-	731,229	-	731,229
Other capital projects	-	-	-	-	675,940	675,940
Other purposes	-	-	-	1,012,080	1,769,891	2,781,971
Committed to:						
Street rehabilitation	-	-	27,700,435	-	-	27,700,435
Other capital projects	-	-	-	-	12,230,707	12,230,707
Assigned to:						
Streets and drainage	-	-	24,607,591	-	-	24,607,591
Public facilities	-	-	-	32,232,184	-	32,232,184
Other capital projects	-	-	-	-	16,592,403	16,592,403
Other purposes	368,299	-	-	-	693,296	1,061,595
Unassigned	29,516,925	-	-	-	-	29,516,925
Total fund balances	30,500,768	4,872,308	73,656,969	33,975,493	31,962,237	174,967,775
Total liabilities and fund balances	\$ 37,140,239	\$ 4,872,308	\$ 75,952,474	\$ 34,324,272	\$ 32,994,317	\$ 185,283,610

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, 2018

Total fund balance - total governmental funds \$ 174,967,775

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. 1,722,759

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. 438,711,249

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

Deferred charges on refundings	1,471,018	
Pension contributions after measurement date	5,001,875	
Difference in projected and actual earnings on pension assets	-	
Changes in actuarial assumptions used to determine pension liability	977,618	
OPEB Contributions after measurement date	602,857	
OPEB Assumption Change	559,345	8,612,713

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	\$ 16,765,947	
Accounts payable	(1,475,028)	
Net amount allocated to business-type activities	238,082	15,529,001

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. (892,994)

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	\$ 19,434,067	
Due in more than one year	218,343,651	(237,777,718)

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

Difference in projected and actual earnings on pension assets	-	
Difference in expected and actual pension experience	(9,683,877)	
	(407,826)	(10,091,703)

Net position of governmental activities \$ 390,781,082

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, 2018

	General	Debt Service	Streets and Drainage	General and Public Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Ad valorem	\$ 44,907,701	\$ 22,534,357	\$ 4,242,310	\$ -	\$ 5,171,375	\$ 76,855,743
Penalty and interest	306,651	70,855	-	-	-	377,506
Sales	39,811,034	-	-	-	-	39,811,034
Occupancy	-	-	-	-	237,466	237,466
Franchise fees	12,205,080	-	-	321,443	-	12,526,523
Assessments	-	-	-	-	193,024	193,024
Charges for services	5,716,495	-	-	-	211,766	5,928,261
Intergovernmental	270,572	-	2,017,370	157,772	495,770	2,941,484
Licenses and permits	3,580,421	-	-	-	261,930	3,842,351
Fines and forfeitures	4,778,759	-	-	110,750	384,205	5,273,714
Investment earnings net of change in fair value of investments	936,731	(26,620)	584,536	298,644	253,448	2,046,739
Miscellaneous	583,707	-	174,500	75,682	116,784	950,673
Total revenues	113,097,151	22,578,592	7,018,716	964,291	7,325,768	150,984,518
Expenditures:						
Current:						
General government and administration	15,594,492	-	-	-	-	15,594,492
Public safety	58,379,196	-	-	-	753,449	59,132,645
Development services	11,075,739	-	-	-	-	11,075,739
Cultural and recreational	12,552,134	-	-	-	515,710	13,067,844
Capital outlay	-	-	18,457,770	6,465,569	4,750,437	29,673,776
Debt service:						
Principal retirement	-	15,435,000	-	-	-	15,435,000
Interest and fiscal charges	-	7,225,382	-	-	-	7,225,382
Total expenditures	97,601,561	22,660,382	18,457,770	6,465,569	6,019,596	151,204,878
Excess (deficiency) of revenues over expenditures	15,495,590	(81,790)	(11,439,054)	(5,501,278)	1,306,172	(220,360)
Other financing sources (uses):						
Bonds issued	-	-	19,680,000	-	-	19,680,000
Premium on bonds issued	-	134,902	1,633,869	-	-	1,768,771
Sale of capital assets	-	-	-	4,248	-	4,248
Transfers in	5,568,335	-	1,324,353	10,506,563	1,336,401	18,735,652
Transfers out	(11,323,317)	-	(519,647)	-	-	(11,842,964)
Total other financing sources (uses)	(5,754,982)	134,902	22,118,575	10,510,811	1,336,401	28,345,707
Net change in fund balances	9,740,608	53,112	10,679,521	5,009,533	2,642,573	28,125,347
Fund balances at beginning of year	20,760,160	4,819,196	62,977,448	28,965,960	29,319,664	146,842,428
Fund balances at end of year	<u>\$ 30,500,768</u>	<u>\$ 4,872,308</u>	<u>\$ 73,656,969</u>	<u>\$ 33,975,493</u>	<u>\$ 31,962,237</u>	<u>\$ 174,967,775</u>

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, 2018

Net change in fund balances - total governmental funds \$ 28,125,347

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. 25,868,846

The net effect of various transactions involving capital assets.

Capital contributions	\$ (17,170)	
Asset retirements/disposals	<u>(650,277)</u>	(667,447)

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. (19,275,425)

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	\$ (19,680,000)	
Premium on bonds issued	(1,768,771)	
Payment to refunding bond escrow agent	-	
Bond principal retirement	15,435,000	
Accrued interest on Bonds Payable	(31,645)	
Amortization of bond premiums/discounts	1,151,449	
Amortization of deferred charges on refundings	<u>(219,952)</u>	(5,113,919)

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	(193,023)	
Pollution remediation obligation costs	-	
Pension costs & OPEB, net	(729,021)	(922,044)

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	\$ (221,630)	
Net of amount allocated to business activities	(29,848)	
Depreciation expense	<u>1,929,736</u>	<u>1,678,258</u>

Change in net position of governmental activities \$ 29,693,615

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, 2018

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
Revenues:						
Taxes:						
Ad valorem	\$ 44,325,891	\$ 41,540,063	\$ 44,907,701	\$ -	\$ 44,907,701	\$ 3,367,638
Penalty and interest	250,000	300,000	306,651	-	306,651	6,651
Sales	37,863,121	40,255,885	39,811,034	-	39,811,034	(444,851)
Franchise fees	11,348,510	11,970,047	12,205,080	-	12,205,080	235,033
Charges for services	5,643,015	5,749,390	5,716,495	-	5,716,495	(32,895)
Intergovernmental	-	-	270,572	-	270,572	270,572
Licenses and permits	2,517,079	3,085,007	3,580,421	-	3,580,421	495,414
Fines and forfeitures	5,213,144	4,617,118	4,778,759	-	4,778,759	161,641
Investment earnings	-	-	-	-	-	-
net of change in fair value of investments	455,350	636,900	936,731	159,743	1,096,474	459,574
Miscellaneous	760,205	638,879	583,707	-	583,707	(55,172)
Total revenues	108,376,315	108,793,289	113,097,151	159,743	113,256,894	4,463,605
Expenditures:						
Current:						
General government and administration	19,149,807	16,640,358	15,594,492	(7,712)	15,586,780	1,053,578
Public safety	57,113,209	59,088,998	58,379,196	100,867	58,480,063	608,935
Development services	11,632,345	10,873,163	11,075,739	37,594	11,113,333	(240,170)
Cultural and recreational	12,619,079	12,685,158	12,552,134	(11,985)	12,540,149	145,009
Total expenditures	100,514,440	99,287,677	97,601,561	118,764	97,720,325	1,567,352
Excess (deficiency) of revenues over expenditures	7,861,875	9,505,612	15,495,590	40,979	15,536,569	6,030,957
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	5,425,980	6,027,202	5,568,335	2,915,000	8,483,335	2,456,133
Transfers out	(11,668,422)	(14,908,440)	(11,323,317)	(2,915,000)	(14,238,317)	670,123
Total other financing sources (uses)	(6,242,442)	(8,881,238)	(5,754,982)	-	(5,754,982)	3,126,256
Net change in fund balances	1,619,433	624,374	9,740,608	40,979	9,781,587	9,157,213
Fund balances at beginning of year	20,565,586	20,565,586	20,760,160	(194,574)	20,565,586	-
Fund balances at end of year	\$ 22,185,019	\$ 21,189,960	\$ 30,500,768	\$ (153,595)	\$ 30,347,173	\$ 9,157,213

See accompanying notes to basic financial statements.

CITY OF CARROLLTON, TEXAS

Statement of Net Position
 Proprietary Funds
 September 30, 2018

	Business Type Activities - Enterprise Funds				Governmental
	Water and Sewer	Golf Course	Sanitation	Total	Activities- Internal Service Funds
Assets					
Current Assets:					
Cash and cash equivalents	\$ 23,515,826	\$ 636,655	\$ 368,236	\$ 24,520,717	\$ 16,196,052
Receivables (net where applicable of allowance for doubtful accounts)					
Accounts	4,974,220	-	1,167,568	6,141,788	-
Accrued interest	65,612	-	4,967	70,579	38,389
Other	-	116,691	-	116,691	372,620
Due from other governments	-	141,887	-	141,887	-
Inventories	-	-	-	-	33,519
Prepaid items	-	-	-	-	125,367
Restricted assets:					
Cash and cash equivalents	3,430,142	-	-	3,430,142	-
Total current assets	<u>31,985,800</u>	<u>895,233</u>	<u>1,540,771</u>	<u>34,421,804</u>	<u>16,765,947</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	1,237,640	-	-	1,237,640	-
Capital assets:					
Land	1,382,918	995,000	-	2,377,918	-
Buildings	18,038,700	1,609,627	-	19,648,327	176,409
Equipment	5,404,102	1,329,450	1,460,303	8,193,855	22,605,516
Intangibles	868,612	-	-	868,612	104,714
Improvements	-	12,013,626	-	12,013,626	-
Infrastructure	245,809,216	-	-	245,809,216	-
Construction in progress	122,412	-	-	122,412	-
Accumulated depreciation	<u>(154,489,548)</u>	<u>(13,668,772)</u>	<u>(1,455,184)</u>	<u>(169,613,504)</u>	<u>(14,555,197)</u>
Total capital assets, net of accumulated depreciation	<u>117,136,412</u>	<u>2,278,931</u>	<u>5,119</u>	<u>119,420,462</u>	<u>8,331,442</u>
Total noncurrent assets	<u>118,374,052</u>	<u>2,278,931</u>	<u>5,119</u>	<u>120,658,102</u>	<u>8,331,442</u>
Total assets	<u>150,359,852</u>	<u>3,174,164</u>	<u>1,545,890</u>	<u>155,079,906</u>	<u>25,097,389</u>
Deferred outflows of resources					
Deferred charges on refundings	107,041	-	-	107,041	-
Pension contributions after measurement date	275,280	-	-	275,280	-
Difference in projected and actual earnings on pension assets	-	-	-	-	-
Changes in actuarial assumptions used to determine pension liability	43,181	-	-	43,181	-
Total deferred outflows of resources	<u>425,502</u>	<u>-</u>	<u>-</u>	<u>425,502</u>	<u>-</u>
Liabilities					
Current liabilities:					
Accounts payable	2,101,396	92,552	1,032,287	3,226,235	1,475,028
Estimated health claims payable	-	-	-	-	1,440,000
Interfund Payable	2,672,472	-	-	2,672,472	-
Customer deposits payable	2,876,413	-	-	2,876,413	-
Revenue bonds payable	1,223,934	-	-	1,223,934	-
Compensated absences	64,538	-	-	64,538	-
Unearned revenue	-	-	-	-	-
Accrued interest	84,979	-	-	84,979	-
Total current liabilities	<u>9,023,732</u>	<u>92,552</u>	<u>1,032,287</u>	<u>10,148,571</u>	<u>2,915,028</u>
Noncurrent liabilities:					
Revenue bonds payable	4,854,536	-	-	4,854,536	-
Net pension liability/(asset)	(143,647)	-	-	(143,647)	-
Compensated absences	580,147	-	-	580,147	42,947
Other post employment benefits obligation	-	-	-	-	-
Long-term risk liability	-	-	-	-	1,232,724
Total noncurrent liabilities	<u>5,291,036</u>	<u>-</u>	<u>-</u>	<u>5,291,036</u>	<u>1,275,671</u>
Total liabilities	<u>14,314,768</u>	<u>92,552</u>	<u>1,032,287</u>	<u>15,439,607</u>	<u>4,190,699</u>
Deferred inflow of resources					
Difference in projected and actual earnings on pension assets	685,105	-	-	685,105	-
Difference in expected and actual pension experience	19,936	-	-	19,936	-
	<u>705,041</u>	<u>-</u>	<u>-</u>	<u>705,041</u>	<u>-</u>
Net Position					
Net investment in capital assets	112,289,982	2,278,931	5,119	114,574,032	8,331,442
Restricted for:					
Revenue bond retirement	1,237,640	-	-	1,237,640	-
Unrestricted	22,237,923	802,681	508,484	23,549,088	12,575,248
Total net position	<u>\$ 135,765,545</u>	<u>\$ 3,081,612</u>	<u>\$ 513,603</u>	<u>\$ 139,360,760</u>	<u>\$ 20,906,690</u>
Reconciliation to government-wide statement of net position:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(238,082)	
Net position of business-type activities				<u>\$ 139,122,678</u>	

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, 2018

	Business Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	Golf Course	Sanitation	Total	
Operating revenues:					
Charges for services	\$ 45,005,225	\$ 617,176	\$ 10,361,672	\$ 55,984,073	\$ 19,206,282
Miscellaneous	224,795	-	-	224,795	-
Total operating revenues	<u>45,230,020</u>	<u>617,176</u>	<u>10,361,672</u>	<u>56,208,868</u>	<u>19,206,282</u>
Operating expenses:					
Personal services	4,206,038	-	-	4,206,038	186,591
Supplies and services	29,517,689	58,694	7,977,785	37,554,168	17,229,426
Utilities	890,563	177,794	-	1,068,357	35,787
Allocations	810,228	10,915	112,356	933,499	29,726
Depreciation	7,628,552	207,762	8,568	7,844,882	1,929,736
Total operating expenses	<u>43,053,070</u>	<u>455,165</u>	<u>8,098,709</u>	<u>51,606,944</u>	<u>19,411,266</u>
Income (loss) from operations	<u>2,176,950</u>	<u>162,011</u>	<u>2,262,963</u>	<u>4,601,924</u>	<u>(204,984)</u>
Nonoperating revenues (expenses):					
Investment earnings net of change in fair value of investments	246,514	(4,202)	20,478	262,790	137,764
Gain on sale/retirement of capital assets	4,232	-	-	4,232	198,974
Interest expense	(236,632)	-	-	(236,632)	-
Total nonoperating revenues (expenses)	<u>14,114</u>	<u>(4,202)</u>	<u>20,478</u>	<u>30,390</u>	<u>336,738</u>
Income before contributions and transfers	2,191,064	157,809	2,283,441	4,632,314	131,754
Capital contributions	3,266,699	-	-	3,266,699	-
Transfers in	-	-	-	-	-
Transfers out	(3,970,635)	(355,519)	(2,213,150)	(6,539,304)	(353,384)
Change in net position	1,487,128	(197,710)	70,291	1,359,709	(221,630)
Net position at beginning of year	-	-	-	-	19,095,747
Prior period adjustment for GASB 75*	-	-	-	-	2,032,573
Net position at beginning of year, restated	<u>134,278,417</u>	<u>3,279,322</u>	<u>443,312</u>	<u>138,001,051</u>	<u>21,128,320</u>
Net position at end of year	<u>\$ 135,765,545</u>	<u>\$ 3,081,612</u>	<u>\$ 513,603</u>	<u>\$ 139,360,760</u>	<u>\$ 20,906,690</u>
Reconciliation to government-wide statement of activities:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				29,848	
Change in net position of business-type activities				<u>\$ 1,389,557</u>	

See accompanying notes to basic financial statements.

*See footnote 13 for further information about prior period adjustment and restatement of net position

CITY OF CARROLLTON, TEXAS

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended September 30, 2018

	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	\$ 44,592,794	\$ 1,025,315	\$ 10,256,428	\$ 55,874,537	\$ -
Cash received from employees for services	-	-	-	-	1,807,390
Cash received from other funds for services	-	-	-	-	17,440,839
Cash received from loss claim recoveries	-	-	-	-	1,486,416
Other operating cash receipts	224,795	-	-	224,795	-
Cash payments to suppliers for goods and services	(30,392,851)	(239,388)	(7,901,591)	(38,533,830)	(5,008,374)
Cash payments to employees for services	(3,495,314)	-	-	(3,495,314)	(162,827)
Cash payment for loss claims	-	-	-	-	(13,973,657)
Cash payments to other funds for services	(1,441,499)	(10,955)	(77,842)	(1,530,296)	(43,424)
Net cash provided by operating activities	<u>9,487,925</u>	<u>774,972</u>	<u>2,276,995</u>	<u>12,539,892</u>	<u>1,546,363</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(3,970,635)	(355,519)	(2,213,150)	(6,539,304)	(353,384)
Net cash used by noncapital and related financing activities	<u>(3,970,635)</u>	<u>(355,519)</u>	<u>(2,213,150)</u>	<u>(6,539,304)</u>	<u>(353,384)</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,992,781)	(130,537)	-	(2,123,318)	(1,452,478)
Proceeds from sale of capital assets	4,232	-	-	4,232	293,137
Proceeds from intrafund loan	2,915,000	-	-	2,915,000	-
Interest paid on bonds	(393,567)	-	-	(393,567)	-
Interest paid on intrafund loan	(31,584)	-	-	(31,584)	-
Retirement of bonds	(5,990,000)	-	-	(5,990,000)	-
Retirement of intrafund loan	(242,528)	-	-	(242,528)	-
Capital contributions	1,257,630	-	-	1,257,630	-
Net cash used by capital and related financing activities	<u>(4,473,598)</u>	<u>(130,537)</u>	<u>-</u>	<u>(4,604,135)</u>	<u>(1,159,341)</u>
Cash flows from investing activities:					
Interest on cash and cash equivalents	242,687	(4,202)	19,829	258,314	136,424
Net increase in cash and cash equivalents	1,286,379	284,714	83,674	1,654,767	170,062
Cash and cash equivalents, October 1	26,897,229	351,941	284,562	27,533,732	16,025,990
Cash and cash equivalents, September 30	<u>\$ 28,183,608</u>	<u>\$ 636,655</u>	<u>\$ 368,236</u>	<u>\$ 29,188,499</u>	<u>\$ 16,196,052</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, 2018

	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	\$ 2,176,950	\$ 162,011	\$ 2,262,963	\$ 4,601,924	\$ (204,984)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:					
Depreciation	7,628,552	207,762	8,568	7,844,882	1,929,736
Provision for doubtful accounts	102,478	-	35,514	137,992	-
Change in assets and liabilities:					
Increase in accounts receivable	(534,982)	-	(106,244)	(641,226)	(383,563)
Decrease in other receivables	-	(5,490)	-	(5,490)	52,891
Decrease in due from other governments	-	413,630	-	413,630	-
(Increase) decrease in inventories	-	-	-	-	30,705
Decrease in prepaid items	-	-	-	-	(13,000)
Decrease in pension related deferred outflows	718,673	-	-	718,673	-
Increase (decrease) in accounts payable	(9,451)	(2,941)	76,194	63,802	304,063
Increase in estimated health claims payable	-	-	-	-	140,000
Increase in customer deposits payable	122,551	-	-	122,551	-
Decrease in net pension liability	(1,416,087)	-	-	(1,416,087)	-
Increase (decrease) in liability for compensated absences	62,759	-	-	62,759	5,482
Decrease in long-term risk liability	-	-	-	-	(314,967)
Increase in other post employment benefits obligation	-	-	-	-	-
Decrease in pension related deferred inflows	636,482	-	-	636,482	-
Net cash provided by operating activities	<u>\$ 9,487,925</u>	<u>\$ 774,972</u>	<u>\$ 2,276,995</u>	<u>\$ 12,539,892</u>	<u>\$ 1,546,363</u>

Noncash investing, capital and financing activities:

During the past year, the Enterprise Funds received \$2,009,069 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	\$ 23,515,826	\$ 636,655	\$ 368,236	\$ 24,520,717	\$ 16,196,052
Restricted assets - cash and cash equivalents	3,430,142	-	-	3,430,142	-
Noncurrent assets:					
Restricted assets - cash and cash equivalents	1,237,640	-	-	1,237,640	-
Total cash and cash equivalents	<u>\$ 28,183,608</u>	<u>\$ 636,655</u>	<u>\$ 368,236</u>	<u>\$ 29,188,499</u>	<u>\$ 16,196,052</u>

(Concluded)

See accompanying notes to basic financial statements.



CARROLLTON
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CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

(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, 2018

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, 2018

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

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

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. 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

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2018

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 in government agencies and 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, 2018

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. The purchasing method is used to account for prepaids.

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 \$1,722,759 as of September 30, 2018 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, 2018 of \$3,861,925 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, 2018

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	\$ 4,872,308
Bond construction account	23,787,724
Other Capital Project Funds	1,160,457
Special Revenue Funds	1,769,891
	<u>31,590,380</u>
Business-type activities	
Revenue bond accrued interest payable	84,979
Current maturities of revenue bonds	468,750
Reserve for revenue bond retirement	1,237,640
Customer deposits	2,876,413
	<u>4,667,782</u>
Total Restricted cash and investments	<u>\$ 36,258,162</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, 2018

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, 2018

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. At September 30, 2018, the Hotel Motel Fund had a deficit fund balance of \$592.

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

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

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 a predetermined allocated amount for administrative services for those funds that were paid through the General Fund along with other indirect costs deemed necessary for their operations. During the year ended September 30, 2018, the City allocated \$3,003,443 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 reports 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/OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Differences between actuarial assumptions used and actual experience for determination of pension or OPEB liability – These difference are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions used to determine pension or OPEB 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. This year, the City has the following items that qualify for reporting in this category.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period
- Difference in expected and actual pension or OPEB 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, 2018

- Changes in actuarial assumptions used to determine pension or OPEB liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

(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	\$ 9,781,587
Beginning of year adjustment for encumbrances recognized as expenditures	(249,535)
End of year adjustment for encumbrances not recognized as expenditures	368,299
Unrealized investment gain/(loss) recognized for GAAP basis only	(159,743)
Interfund loan transactions treated as transfers for budget basis	2,915,000
Extinguishment of interfund loan balance recognized for GAAP basis only	<u>(2,915,000)</u>
Net change in fund balances - GAAP basis	<u>\$ 9,740,608</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

(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 \$25,822,507.

At September 30, 2018, the carrying amount of the City's deposits was a credit of \$1,289,257, and the respective bank balances totaled \$924,017. The City's cash on hand totaled \$36,000.

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; bonds issued, assumed or guaranteed by the State of Israel; 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.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

The City's investments balances as of September 30, 2018, were:

Investments:	Fair Value	Weighted Average Maturity (Years)	Credit Risk
Coupon Agencies	\$ 163,616,101	0.88	AAA
Treasury Notes	8,890,246	0.04	AAA
Government Pools	42,489,646	0.02	AAAm
Total Fair Value	\$214,995,993		
Portfolio Weighted Average Maturity		0.94	

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, 2018, the City has the recurring fair value measurements for coupon and discount agencies and treasury notes of \$174,227,620 valued using quoted prices for similar assets in active markets. (Level 2 inputs).

Additionally, the City has investments in government pools at September 30, 2018 totaling \$42,489,646, which are recorded at amortized cost.

Interest Rate Risk – In compliance with the City’s Investment Policy, as of September 30, 2018, 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.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2018

Concentration of Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2018, 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 to no more than 5% of the investment portfolio in commercial paper and bankers’ acceptances of a single issuer. As of September 30, 2018, 5% or more of the City’s total investment are in: Federal Farm Credit Bank securities (25.08%), Federal Home Loan Bank securities (20.88%), Federal Home Loan Mortgage Corporation securities (15.17%), Local Government Investment Cooperative Pool (10.56%), Federal National Mortgage Association securities (10.35%), and Texas Local Government Investment Pool (9.20%).

(4) CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 102,541,908	\$ -	\$ -	\$ 102,541,908
Construction in progress	610,347	2,794,913	(320,421)	3,084,838
Total capital assets not being depreciated	103,152,255	2,794,913	(320,421)	105,626,746
Capital assets being depreciated:				
Buildings	85,038,055	533,350	-	85,571,405
Equipment	46,059,186	4,236,898	(4,183,504)	46,112,582
Intangibles	6,535,190	-	-	6,535,190
Improvements	49,456,634	880,193	-	50,336,826
Infrastructure	316,034,320	25,403,236	(1,925,749)	339,511,808
Total capital assets being depreciated	503,123,385	31,053,677	(6,109,252)	528,067,810
Less accumulated depreciation for:				
Buildings	(41,641,456)	(3,234,194)	-	(44,875,650)
Equipment	(24,624,685)	(4,246,810)	2,893,020	(25,978,475)
Intangibles	(6,123,572)	(142,537)	-	(6,266,109)
Improvements	(20,460,546)	(1,771,967)	-	(22,232,513)
Infrastructure	(87,676,393)	(9,879,917)	1,925,749	(95,630,561)
Total accumulated depreciation	(180,526,652)	(19,275,425)	4,818,769	(194,983,308)
Total capital assets being depreciated, net	322,596,733	11,778,252	(1,290,483)	333,084,502
Governmental activities capital assets, net	\$ 425,748,988	\$ 14,573,165	\$ (1,610,904)	\$ 438,711,249

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

	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	4,915	-	122,412
Total capital assets not being depreciated	<u>2,495,415</u>	<u>4,915</u>	<u>-</u>	<u>2,500,330</u>
Capital assets being depreciated:				
Buildings	19,648,327	-	-	19,648,327
Equipment	7,792,858	419,330	(18,424)	8,193,855
Intangibles	868,612	-	-	868,612
Improvements	11,900,768	112,858	-	12,013,626
Infrastructure	241,715,945	4,093,271	-	245,809,216
Total capital assets being depreciated	<u>281,926,510</u>	<u>4,625,459</u>	<u>(18,424)</u>	<u>286,533,636</u>
Less accumulated depreciation for:				
Buildings	(16,665,668)	(280,201)		(16,945,870)
Equipment	(4,818,168)	(544,130)	18,424	(5,343,874)
Intangibles	(776,969)	(12,869)		(789,838)
Improvements	(11,161,384)	(83,709)	-	(11,245,093)
Infrastructure	(128,364,766)	(6,924,063)	-	(135,288,829)
Total accumulated depreciation	<u>(161,786,955)</u>	<u>(7,844,972)</u>	<u>18,424</u>	<u>(169,613,504)</u>
Total capital assets being depreciated, net	<u>120,139,555</u>	<u>(3,219,512)</u>	<u>-</u>	<u>116,920,133</u>
Business-type activities capital assets, net	<u>\$ 122,634,970</u>	<u>\$ (3,214,597)</u>	<u>\$ -</u>	<u>\$ 119,420,462</u>

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

Depreciation Expense -	
Governmental activities:	
General government and administration	\$ 872,111
Public safety	4,583,135
Development services	10,438,105
Cultural and recreational	3,382,074
Total depreciation expense - Governmental activities	<u>\$ 19,275,425</u>
Business-type activities:	
Water and sewer	7,628,552
Golf course	207,762
Sanitation	8,658
Total depreciation expense - Business-type activities	<u>\$ 7,844,972</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

(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, 2018, general obligation bonds currently outstanding are as follows:

	Interest Rate %	Issue Date	Maturity Date	Outstanding
Improvement and Refunding, Series 2009	2 - 5	04/15/2009	08/15/2029	\$ 17,020,000
Improvement and Refunding, Series 2010	2.25 - 4.125	04/15/2010	08/15/2030	15,900,000
Improvement, Series 2011	3 - 4.25	04/15/2011	08/15/2030	10,345,000
Refunding, Series 2012	2 - 4	05/01/2012	08/15/2025	9,860,000
Improvement, Series 2013	2 - 4.5	07/15/2013	08/15/2033	7,645,000
Improvement, Series 2014	3 - 4	04/15/2014	08/15/2034	17,405,000
Improvement and Refunding, Series 2015	2 - 5	05/01/2015	08/15/2035	32,330,000
Improvement and Refunding, Series 2016	3 - 5	05/15/2016	08/15/2031	26,275,000
Improvement, Series 2017	2 - 5	04/01/2017	08/15/2032	18,215,000
Improvement, Series 2018	3 - 5	05/01/2018	08/15/2025	19,280,000
				<u>\$ 174,275,000</u>

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

Year Ending September 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 15,675,000	\$ 7,143,955	\$ 22,818,955
2020	14,820,000	6,468,955	21,288,955
2021	14,025,000	5,887,555	19,912,555
2022	13,190,000	5,296,630	18,486,630
2023	12,820,000	4,723,580	17,543,580
2024-2028	60,730,000	15,354,210	76,084,210
2029-2033	39,265,000	4,474,125	43,739,125
2034-2036	3,750,000	213,038	3,963,038
Total	<u>\$ 174,275,000</u>	<u>\$ 49,562,048</u>	<u>\$ 223,837,048</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

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 2018, net revenue available for debt service was 4.9 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, 2018.

At September 30, 2018, revenue bonds currently outstanding are as follows:

	<u>Interest Rate %</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding</u>
Waterworks and Sewer System Revenue Refunding, Series 2012	2 - 4	05/01/2012	05/01/2023	5,625,000
				<u>\$ 5,625,000</u>

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

<u>Year Ending September 30</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,125,000	\$ 203,950	\$ 1,328,950
2020	1,175,000	158,950	1,333,950
2021	1,220,000	111,950	1,331,950
2022	1,265,000	63,150	1,328,150
2023	840,000	25,200	865,200
2024	-	-	-
Total	<u>\$ 5,625,000</u>	<u>\$ 563,200</u>	<u>\$ 6,188,200</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2018

On December 27, 2017 the City redeemed all remaining outstanding Water and Sewer System Revenue Improvement Bonds, Series 2005 and 2007. To complete this redemption while maintaining appropriate fund balances, the City made an Interfund Loan from the General Fund to the Water and Sewer fund. The Water and Sewer Fund began repayments, including principal and interest, to the General Fund in 2018. This is shown as an Interfund Note Payable.

Bonds Authorized and Unissued –

At September 30, 2018, the City had \$106,680,000 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.

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.

The Total OPEB Liability/(TOL) – The TOL represents an actuarially determined present value liability for retiree health benefits earned to date for active and retiree members of the closed defined benefit retiree health plan.

Note Payable in Governmental Funds – Represents the amount owed for the Castle Hills Public Improvement District (PID) to the developer that will be paid by PID collections from property owners within the PIDs. Amount owed is contingent upon collection from property owners.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2018

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 \$19,680,000 of General Obligation Improvement Bonds, Series 2018

Transactions for the year ended September 30, 2018 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	\$ 170,030,000	\$ 19,680,000	\$ (15,435,000)	\$ 174,275,000	\$ 15,675,000
Premiums	14,707,459	1,768,771	(1,151,449)	15,324,781	1,222,044
Total bonds payable	184,737,459	21,448,771	(16,586,449)	189,599,781	16,897,044
Net pension liability	29,557,899	-	(24,759,278)	4,798,621	-
Compensated absences	15,144,727	1,331,618	(1,133,113)	15,343,232	1,097,023
Health claims liability	1,300,000	10,490,616	(10,350,616)	1,440,000	1,440,000
Other post employment					
benefits liability	2,032,573	19,167,307	(2,032,573)	19,167,307	-
Notes Payable	-	6,370,434	(174,382)	6,196,052	-
Long-term risk liability	1,547,691	687,879	(1,002,846)	1,232,724	-
Total governmental activities	\$ 234,320,349	\$ 59,496,625	\$ (56,039,257)	\$ 237,777,718	\$ 19,434,067
<u>Business type activities</u>					
Bonds payable:					
Revenue bonds	\$ 11,615,000	\$ -	\$ (5,990,000)	\$ 5,625,000	\$ 1,125,000
Premiums	554,237	-	(100,767)	453,470	98,934
Total bonds payable	12,169,237	-	(6,090,767)	6,078,470	1,223,934
Net pension liability (asset)	1,272,440	-	(1,416,087)	(143,647)	-
Interfund Notes Payable	-	2,915,000	(242,528)	2,672,472	2,672,472
Compensated absences	581,926	167,904	(105,145)	644,685	64,538
Total business-type activities	14,023,603	3,082,904	(7,854,527)	9,251,980	3,960,944
Total government	\$ 248,343,952	\$ 62,579,529	\$ (63,893,784)	\$ 247,029,697	\$ 23,395,011

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

(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, 2018, were 99.39% 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, 2018, the City had a tax margin of approximately \$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 City tax rates on property within its boundaries. 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, 2018

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

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
 For Year Ended September 30, 2018

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

Retirees or beneficiaries currently receiving benefits	606
Inactive employees entitled to but not yet receiving benefits	630
Active employees	<u>800</u>
	<u>2,036</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.

Employees for the City of Carrollton were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2018, the City made contributions of 12.94% for the months in calendar year 2017 and for the months in calendar year 2018, which provided for an additional

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2018

voluntary contribution of .5 percentage points over the required contribution of 12.44% for the months in 2017 and .56 percentage points over the actuarially required contribution of 12.38% for the months in 2018.

Net Pension Liability:

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

Actuarial assumptions –

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	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. 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, 2017, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns,

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
 For Year Ended September 30, 2018

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 for real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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 expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

Changes in the Net Pension Liability –

	Increase (Decrease)		
	Total Pension <u>Liability</u> (a)	Plan Fiduciary <u>Net Position</u> (b)	Net Pension <u>Liability</u> (a) – (b)
Balance at 12/31/2016	\$396,236,792	\$365,406,453	\$30,830,339
Changes for the year:			
Service cost	8,406,143	-	8,406,143
Interest	26,477,155	-	26,477,155
Difference between expected and actual experience	192,522	-	192,522
Contributions – employer	-	7,063,344	(7,063,344)
Contributions – employee	-	3,820,974	(3,820,974)
Net investment income	-	50,642,626	(50,642,626)
Benefit payments, including refunds of employee contributions	(16,371,432)	(16,371,432)	-
Administrative expense	-	(262,459)	262,459
Other changes	-	(13,301)	13,301
Net changes	<u>18,704,388</u>	<u>44,879,753</u>	<u>(26,175,365)</u>
Balance at 12/31/2017	<u>\$414,941,180</u>	<u>\$410,286,206</u>	<u>\$4,654,974</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

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:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
City's net pension liability	\$62,109,220	\$4,654,974	(\$42,579,966)

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, 2018, the City recognized pension expense of \$7,438,483. This amount is included as part of Personal Services expenses within the functional program activities.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

At September 30, 2018, 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	\$ 5,277,155	\$ -
Difference in projected and actual earnings on pension assets	-	10,368,982
Differences in expected and actual pension experience	-	427,762
Changes in actuarial assumptions used to determine pension liability	<u>1,020,799</u>	<u>-</u>
Total	<u>\$ 6,297,954</u>	<u>\$ 10,796,744</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,277,155 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2018 (i.e. recognized in the city's financial statements September 30, 2019). 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>	
2019	1,117,331
2020	(534,923)
2021	(5,162,814)
2022	<u>(5,195,539)</u>
Total	<u>\$ (9,775,945)</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

(8) INTERFUND TRANSFERS:

Interfund transfers during the year ended September 30, 2018, were as follows:

	<u>Transfers In</u>					<u>Total</u>
	<u>General Fund</u>	<u>Streets and Drainage</u>	<u>General and Public Facilities</u>	<u>Golf Course</u>	<u>Non-Major Govern-mental</u>	
<u>Transfers Out</u>						
General Fund	\$ -	\$ -	\$ 10,506,563	\$ -	\$ 816,754	\$ 11,323,317
Streets and Drainage	-	-	-	-	519,647	519,647
General and Public Facilities	-	-	-	-	-	-
Internal Service	353,384	-	-	-	-	353,384
Water and Sewer	3,970,635	-	-	-	-	3,970,635
Golf Course	355,519	-	-	-	-	355,519
Sanitation	888,797	1,324,353	-	-	-	2,213,150
Total	<u>\$ 5,568,335</u>	<u>\$ 1,324,353</u>	<u>\$ 10,506,563</u>	<u>\$ -</u>	<u>\$ 1,336,401</u>	<u>\$ 18,735,652</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, 2017 and 2018 were \$13,946,900, and \$14,888,312, 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 (CRWS). The City's annual expense for the years ended September 30, 2017 and 2018 were \$9,705,964 and

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

\$12,222,326, respectively. To provide the above mentioned services TRA CRWS issues revenue bonds repayable solely from revenues generated from the member city contracts with TRA CRWS. As such, the City is an obligated party on all outstanding TRA CRWS debt.

(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	\$193,233,681
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 2018, the loss reserve was estimated at \$1,232,734.

Changes in this reserve amount in fiscal years 2017 and 2018 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>
2016-2017	\$1,585,644	\$ 842,321	\$ 880,274	\$1,547,691
2017-2018	\$1,547,691	\$ 687,879	\$ 1,002,846	\$1,232,724

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,

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

excess insurance of up to \$1,014,673 has been obtained for an individual employee’s health care claims exceeding \$225,000 and for health claims in the aggregate exceeding \$7,006,659.

Revenues are recognized from payroll deductions and City contributions. At September 30, 2018, a liability of \$1,440,000 has been recorded, which represents estimated claims incurred but not yet reported.

Changes in this claims liability during fiscal years 2017 and 2018 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>
2016-2017	\$ 1,038,000	\$9,499,206	\$9,237,206	\$1,300,000
2017-2018	\$ 1,300,000	\$10,490,616	\$10,350,616	\$1,440,000

There have been no significant reductions in insurance coverage during the fiscal year 2018.

(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 rebates property and hotel occupancy taxes and is 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 2018, the City rebated property taxes of \$2,028,443 or 2.6 % of the \$79,069,383 total levy and hotel occupancy taxes of \$302,064 or 56% of the \$539,530 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 \$368,299.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements For Year Ended September 30, 2018

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.

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, 2018. Total accumulated commitments for ongoing capital projects are composed of the following:

Streets and Drainage	\$ 77,316,853
Traffic	2,685,896
Parks and Recreation	15,435,097
General Facilities	44,298,102
Community Development	20,928,474
Tax Increment Reinvestment Zone	1,304,083
Water and Sewer	10,906,445
Golf Course	810,113
Total	<u>\$173,685,064</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, 2018 amounted to \$114,771. The City is pursuing renegotiating the golf cart lease in the 2019 fiscal year. However, at this time future minimum lease payments are as follows:

Year ending	
<u>September 30</u>	
2019	114,771
2020	<u>66,951</u>
	<u>\$181,722</u>

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

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 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, 2018, \$810,884 of these funds has been expended and the remaining \$75,944, including \$1,853 interest, held in escrow is recorded as cash and cash equivalents.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

(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 program 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.

All employees who as of January 1, 2009 had 20 years or more of service or were 60 years or more of age with five years or more of service are eligible upon retirement 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. As of December 31, 2017, there were 25 Active and 29 Retirees and Dependents for a total of 59 participants in the 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 requires 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 for the year. Retiree contribution rates for fiscal year 2018 were \$7,837 to \$24,439 per year depending on coverage levels selected. In fiscal year 2018, total member contributions were \$380,906. The City contributions to the plan for fiscal year 2018, which are also equal to claims paid in excess of premiums collected, were \$1,458,892.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

Effect of New Authoritative Guidance

GASB Statement No. 75: Accounting and Financial Reporting for Post-employment Benefits Other than Pensions replaces previous authoritative literature. For plans that do not have formal trusts, GASB Statement No. 75 requires state and local government employers to recognize the total OPEB liability (TOL) and the related OPEB expense on their financial statements along with the related deferred outflows and inflows of resources. In addition to the deferred outflows/inflows associated with plan experience and assumption changes, the standard requires the benefits payments and administrative costs incurred subsequent to the measurement date and before the end of the employer's reporting period to be reported as a deferred outflows of resources. The required actuarial evaluation complying with the requirements of the standard was performed as of December 31, 2017 with a measurement date of December 31, 2017.

Funded Status and Funding Progress:

As of December 31, 2017, the most recent actuarial valuation date, the total OPEB liability (TOL) for benefits was \$19,167,307, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) for fiscal year 2018 was \$2,658,886, and the ratio of the total OPEB Liability to the covered payroll was 721%.

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.

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 the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point.

For the December 31, 2017 actuarial valuation, the Individual Entry Age cost method was used. The actuarial assumptions include a 3.31% investment rate of return (compounded annually net after investment expenses) and an annual healthcare cost trend rate of 7.39% initially, reduced by decrements to an ultimate rate of 4.25% after 15 years. Both rates include a 2.5% inflation assumption. The valuation included the gender-distinct RP 2000 Combined Healthy Mortality Tables with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%.

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

In the year of implementation of GASB Statement No. 75, a restatement to beginning net position was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources for contributions made after the measurement date of the beginning net OPEB liability and the beginning of the reporting entities fiscal year. Beginning net position as of October 1, 2017 has been restated as follows for the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

Beginning net position	\$514,330,438
Prior Period adjustment – implementation of GASB No. 75:	
Net OPEB liability (measurement date as of December 31, 2016)	(16,363,262)
Deferred Outflows – Contributions made during FY 2017	<u>853,412</u>
Beginning net position, as restated	<u>\$498,820,588</u>

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 total OPEB liability.

Service Cost	\$23,938
Interest on Total OPEB liability	681,288
Changes of Assumptions	1,118,690
Benefit Payments	1,052,441
Net Change in Total OPEB Liability	771,475
OPEB liability as of FY 2017	2,032,573
Net Prior Period Adjustment for GASB 75	16,363,258
Total OPEB liability – beginning	18,395,832
Total OPEB liability – ending	\$19,167,307

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
City’s total OPEB liability	\$21,763,518	\$19,167,307	\$17,031,628

CITY OF CARROLLTON, TEXAS

Notes to Basic Financial Statements
For Year Ended September 30, 2018

Sensitivity of the net OPEB liability to changes in the healthcare trend rate –

The following presents the sensitivity of the total OPEB liability of the City to changes in the healthcare cost trend rates, the following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	<u>1% Decrease in Trend Rate</u>	<u>Current Health Care Trend Rate</u>	<u>1% Increase in Trend Rate</u>
City’s total OPEB liability	\$17,544,798	\$19,167,307	\$20,973,686

At September 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources that are amortized over a two year period:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions after measurement date	\$ 602,857	\$ -
Changes in actuarial assumptions used to determine total OPEB liability	559,345	-
Total	<u>\$ 1,162,202</u>	<u>\$ -</u>

(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. 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 Four Fiscal Years
(Unaudited)

	Measurement Year <u>2014</u>	Measurement Year <u>2015</u>	Measurement Year <u>2016</u>	Measurement Year <u>2017</u>
Total pension liability:				
Service cost	\$ 6,592,786	\$ 7,652,932	\$ 8,018,638	\$ 8,406,143
Interest	23,690,265	24,739,518	25,320,101	26,477,155
Difference between expected and actual experience	(2,087,560)	(964,785)	(726,584)	192,522
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>	<u>(16,371,432)</u>
Net change in total pension liability	14,937,913	21,879,272	17,654,851	18,704,388
Total pension liability - beginning	<u>341,764,756</u>	<u>356,702,669</u>	<u>378,581,941</u>	<u>396,236,792</u>
Total pension liability - ending (a)	<u>356,702,669</u>	<u>378,581,941</u>	<u>396,236,792</u>	<u>414,941,180</u>
Plan fiduciary net position:				
Contributions - employer	6,822,121	7,332,309	7,258,922	7,063,344
Contributions - employee	3,423,287	3,679,294	3,642,470	3,820,974
Net investment income	19,077,452	515,477	23,404,549	50,642,626
Benefit payments, including refunds of employee contributions	(13,257,578)	(14,214,900)	(14,957,304)	(16,371,432)
Administrative expense	(199,188)	(313,987)	(264,342)	(262,459)
Other	<u>(16,377)</u>	<u>(15,507)</u>	<u>(14,242)</u>	<u>(13,301)</u>
Net change in plan fiduciary net position	15,849,717	(3,017,314)	19,070,053	44,879,752
Plan fiduciary net position - beginning	<u>333,503,997</u>	<u>349,353,714</u>	<u>346,336,400</u>	<u>365,406,453</u>
Plan fiduciary net position - ending (b)	<u>349,353,714</u>	<u>346,336,400</u>	<u>365,406,453</u>	<u>410,286,205</u>
Net pension liability - ending (a) - (b)	<u>\$ 7,348,955</u>	<u>\$ 32,245,541</u>	<u>\$ 30,830,339</u>	<u>\$ 4,654,975</u>
Plan fiduciary net position as a percentage of total pension liability	97.94%	91.48%	92.22%	98.88%
Covered employee payroll	\$ 48,904,096	\$ 52,561,347	\$ 52,035,292	\$ 54,585,343
Net pension liability as a percentage of covered employee payroll	15.03%	61.35%	59.25%	8.53%

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 payroll	(5) Actuarially determined contributions as a percentage of covered payroll (1)/(4)	(6) Contributions as a percentage of covered employee payroll (2)/(4)
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%
2018	6,563,597	7,233,075	669,478	54,585,343	12.02%	13.25%

Notes to Schedule:

Valuation Date:

Actuarially 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 2018:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

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 2018:

Actuarial Cost Method Projected Unit Credit for fiscal years prior to 2014.

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

Schedule of Required Supplementary Information

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

(Unaudited)

	Measurement Year 2017
Total OPEB liability	
Service cost	\$ 23,938
Interest	681,288
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of Assumptions	1,118,690
Benefit Payments	<u>(1,052,441)</u>
Net change in total OPEB liability	771,475
Total OPEB liability - beginning	<u>18,395,832</u>
Total OPEB liability - ending (a)	<u>19,167,307</u>
Covered employee payroll	\$ 2,658,886
Total OPEB liability as a percentage of covered employee payroll	720.88%

Notes to Schedule

Change of Assumptions Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

2016	3.81%
2017	3.31%

Until a full 10-year trend is completed, we will present information for those years for which information is available.

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, 2018

	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	\$ 73,061	\$ 2,050,011	\$ 788,461	\$ 11,659,771	\$ 1,720,987	\$ 685,485	\$ 15,435,577	\$ 32,413,353
Accrued interest receivable	-	3,589	331	28,903	4,935	1,810	28,568	68,136
Due from other governments	-	-	-	175,294	-	-	268,709	444,003
Prepaid items	68,825	-	-	-	-	-	-	68,825
Total assets	\$ 141,886	\$ 2,053,600	\$ 788,792	\$ 11,863,968	\$ 1,725,922	\$ 687,295	\$ 15,732,854	\$ 32,994,317
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 77,639	\$ 283,117	\$ 95,496	\$ 45,207	\$ 21,072	\$ 11,355	\$ 316,723	\$ 850,609
Due to other funds	(7,601)	-	-	-	-	-	-	(7,601)
Unearned revenue	72,440	-	-	-	116,632	-	-	189,072
Total liabilities	142,478	283,117	95,496	45,207	137,704	11,355	316,723	1,032,080
Fund balances:								
Restricted for:								
Capital projects	-	-	-	-	-	675,940	-	675,940
Other purposes	(592)	1,770,483	-	-	-	-	-	1,769,891
Committed to:								
Capital projects	-	-	-	1,316,173	-	-	10,914,534	12,230,707
Assigned to:								
Capital projects	-	-	-	10,502,588	1,588,218	-	4,501,597	16,592,403
Other purposes	-	-	693,296	-	-	-	-	693,296
Total fund balances	(592)	1,770,483	693,296	11,818,761	1,588,218	675,940	15,416,131	31,962,237
Total liabilities and fund balances	\$ 141,886	\$ 2,053,600	\$ 788,792	\$ 11,863,968	\$ 1,725,922	\$ 687,295	\$ 15,732,854	\$ 32,994,317

CITY OF CARROLLTON, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended September 30, 2018

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,920	\$ 4,841,455	\$ 5,171,375
Occupancy tax	237,466	-	-	-	-	-	-	237,466
Assessments	-	-	-	82,450	110,574	-	-	193,024
Charges for services	75,093	-	-	136,673	-	-	-	211,766
Intergovernmental	-	7,853	-	(1,164)	(46,000)	132,823	402,258	495,770
Licenses and permits	-	-	261,930	-	-	-	-	261,930
Fines and forfeitures	-	384,205	-	-	-	-	-	384,205
Investment earnings net of change in fair value of investments	(592)	29,186	(3,024)	117,128	26,736	6,846	77,168	253,448
Miscellaneous	-	-	84,667	23,054	-	-	9,063	116,784
Total revenues	311,967	421,244	343,573	358,141	91,310	469,589	5,329,944	7,325,768
Expenditures:								
Current:								
Public safety	-	753,449	-	-	-	-	-	753,449
Development services	-	-	-	-	-	-	-	-
Cultural and recreational	449,313	-	66,397	-	-	-	-	515,710
Capital outlay	-	-	-	1,332,146	945,533	541,709	1,931,049	4,750,437
Total expenditures	449,313	753,449	66,397	1,332,146	945,533	541,709	1,931,049	6,019,596
Excess (deficiency) of revenues over expenditures	(137,346)	(332,205)	277,176	(974,005)	(854,223)	(72,120)	3,398,895	1,306,172
Other financing sources:								
Bonds issued	-	-	-	-	-	-	-	-
Transfers in	136,754	-	-	680,000	-	-	519,647	1,336,401
	136,754	-	-	680,000	-	-	519,647	1,336,401
Net change in fund balances	(592)	(332,205)	277,176	(294,005)	(854,223)	(72,120)	3,918,542	2,642,573
Fund balances at beginning of year	-	2,102,688	416,120	12,112,766	2,442,441	748,060	11,497,589	29,319,664
Fund balances at end of year	\$ (592)	\$ 1,770,483	\$ 693,296	\$ 11,818,761	\$ 1,588,218	\$ 675,940	\$ 15,416,131	\$ 31,962,237



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, 2018
 With Comparative Actual Totals for 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Occupancy tax	\$ 220,000	\$ 260,000	\$ 237,466	\$ (22,534)	\$ 292,908
Charges for services	110,000	77,593	75,093	(2,500)	113,698
Investment earnings net of change in fair value of investments	-	-	(592)	(592)	(4)
Total revenues	330,000	337,593	311,967	(25,626)	406,602
Expenditures:					
Current:					
Cultural and recreational	485,000	515,000	449,313	65,687	461,516
Deficiency of revenues over expenditures	(155,000)	(177,407)	(137,346)	40,061	(54,914)
Other financing sources:					
Transfers in	155,000	177,407	136,754	(40,653)	54,910
Net change in fund balances	-	-	(592)	(592)	(4)
Fund balances at beginning of year	-	-	-	-	4
Fund balances at end of year	\$ -	\$ -	\$ (592)	\$ (592)	\$ -

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, 2018
 With Comparative Actual Totals for 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Intergovernmental	\$ 19,800	\$ 19,300	\$ 7,853	\$ (11,447)	\$ 40,415
Fines and forfeitures	450,000	384,380	384,205	(175)	552,951
Investment earnings net of change in fair value of investments	11,500	28,000	29,186	1,186	15,685
Total revenues	481,300	431,680	421,244	(10,436)	609,051
Expenditures:					
Current:					
Public Safety	1,502,292	862,300	753,449	108,851	332,177
Net change in fund balances	(1,020,992)	(430,620)	(332,205)	98,415	276,874
Fund balances at beginning of year	2,102,688	2,102,688	2,102,688	-	1,825,814
Fund balances at end of year	\$ 1,081,696	\$ 1,672,068	\$ 1,770,483	\$ 98,415	\$ 2,102,688

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, 2018
 With Comparative Actual Totals for 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Licenses and permits	\$ 25,000	\$ 261,930	\$ 261,930	\$ -	\$ 8,880
Investment earnings net of change in fair value of investments		1,750	(3,024)	(4,774)	(185)
Miscellaneous	75,000	75,000	84,667	9,667	70,839
Total revenues	100,000	338,680	343,573	4,893	79,534
Expenditures:					
Current:					
Cultural and recreational	423,483	160,000	66,397	93,603	110,749
Net change in fund balances	(323,483)	178,680	277,176	98,496	(31,215)
Fund balances at beginning of year	416,120	416,120	416,120	-	447,335
Fund balances at end of year	\$ 92,637	\$ 594,800	\$ 693,296	\$ 98,496	\$ 416,120

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, 2018
 With Comparative Actual Totals for 2017

	2018					2017	
	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	\$ 22,253,132	\$ 22,127,961	\$ 22,534,357	\$ -	\$ 22,534,357	\$ 406,396	\$ 21,539,095
Penalty and interest	50,000	5,000	70,855	-	70,855	65,855	71,364
Investment earnings net of change in fair value of investments	-	-	(26,620)	26,620	-	-	(13,541)
Total revenues	<u>22,303,132</u>	<u>22,132,961</u>	<u>22,578,592</u>	<u>26,620</u>	<u>22,605,212</u>	<u>472,251</u>	<u>21,596,918</u>
Expenditures:							
Debt service:							
Principal retirement	15,675,000	15,675,000	15,435,000	-	15,435,000	240,000	14,535,000
Interest and fiscal charges	<u>7,647,955</u>	<u>7,647,955</u>	<u>7,225,382</u>	<u>(138,727)</u>	<u>7,086,655</u>	<u>561,300</u>	<u>7,097,030</u>
Total expenditures	<u>23,322,955</u>	<u>23,322,955</u>	<u>22,660,382</u>	<u>(138,727)</u>	<u>22,521,655</u>	<u>801,300</u>	<u>21,632,030</u>
Excess (deficiency) of revenues over expenditures	(1,019,823)	(1,189,994)	(81,790)	165,347	83,557	1,273,551	(35,112)
Other financing sources:							
Bonds issued	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-
Premium on bonds issued	-	-	134,902	(134,902)	-	-	162,548
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>134,902</u>	<u>(134,902)</u>	<u>-</u>	<u>-</u>	<u>162,548</u>
Net change in fund balances	(1,019,823)	(1,189,994)	53,112	30,445	83,557	1,273,551	127,436
Fund balances at beginning of year	<u>4,819,196</u>	<u>4,819,196</u>	<u>4,819,196</u>	<u>13,064</u>	<u>4,832,260</u>	<u>13,064</u>	<u>4,691,760</u>
Fund balances at end of year	<u>\$ 3,799,373</u>	<u>\$ 3,629,202</u>	<u>\$ 4,872,308</u>	<u>\$ 43,509</u>	<u>\$ 4,915,817</u>	<u>\$ 1,286,615</u>	<u>\$ 4,819,196</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 26,517,177	\$ 20,225,127
Receivables (net, where applicable, of allowance for doubtful accounts)		
Ad valorem taxes	(7,684)	78,382
Sales taxes	3,351,560	2,946,120
Franchise fees	3,256,488	3,139,292
Accrued interest	196,116	175,833
Other	516,093	593,947
Due from other funds	2,664,871	11,975
Due from other governments	30,074	40,723
Prepaid items	<u>615,544</u>	<u>637,076</u>
 Total assets	 <u><u>\$ 37,140,239</u></u>	 <u><u>\$ 27,848,475</u></u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 6,628,884	\$ 7,077,728
Unearned revenue	<u>10,587</u>	<u>10,587</u>
 Total liabilities	 <u>6,639,471</u>	 <u>7,088,315</u>
Fund balances:		
Nonspendable for:		
Prepaid items	615,544	637,076
Assigned to:		
Purchases on order	368,299	249,535
Unassigned	<u>29,516,925</u>	<u>19,873,549</u>
 Total fund balances	 <u>30,500,768</u>	 <u>20,760,160</u>
 Total liabilities and fund balances	 <u><u>\$ 37,140,239</u></u>	 <u><u>\$ 27,848,475</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, 2018
 With Comparative Actual Totals for 2017

	2018					Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		Actual GAAP Basis
	Original	Final					
Revenues:							
Taxes:							
Ad valorem	\$ 44,325,891	\$ 41,540,063	44,907,701	\$ -	\$ 44,907,701	\$ 3,367,638	\$ 41,533,063
Penalty and interest	250,000	300,000	306,651	-	306,651	6,651	286,197
Sales	37,863,121	40,255,885	39,811,034	-	39,811,034	(444,851)	36,782,925
Franchise fees	11,348,510	11,970,047	12,205,080	-	12,205,080	235,033	11,743,863
Charges for services	5,643,015	5,749,390	5,716,495	-	5,716,495	(32,895)	6,158,205
Intergovernmental	-	-	270,572	-	270,572	270,572	111,646
Licenses and permits	2,517,079	3,085,007	3,580,421	-	3,580,421	495,414	2,525,756
Fines and forfeitures	5,213,144	4,617,118	4,778,759	-	4,778,759	161,641	4,994,567
Investment earnings							
net of change in fair value							
of investments	455,350	636,900	936,731	159,743	1,096,474	459,574	650,967
Miscellaneous	760,205	638,879	583,707	-	583,707	(55,172)	461,549
Total revenues	<u>108,376,315</u>	<u>108,793,289</u>	<u>113,097,151</u>	<u>159,743</u>	<u>113,256,894</u>	<u>4,463,605</u>	<u>105,248,738</u>
Expenditures:							
Current:							
General government							
and administration	19,149,807	16,640,358	15,594,492	(7,712)	15,586,780	1,053,578	15,321,401
Public safety	57,113,209	59,088,998	58,379,196	100,867	58,480,063	608,935	55,619,820
Development services	11,632,345	10,873,163	11,075,739	37,594	11,113,333	(240,170)	10,391,297
Cultural and recreational	12,619,079	12,685,158	12,552,134	(11,985)	12,540,149	145,009	12,172,177
Total expenditures	<u>100,514,440</u>	<u>99,287,677</u>	<u>97,601,561</u>	<u>118,764</u>	<u>97,720,325</u>	<u>1,567,352</u>	<u>93,504,695</u>
Excess (deficiency) of revenues over expenditures	<u>7,861,875</u>	<u>9,505,612</u>	<u>15,495,590</u>	<u>40,979</u>	<u>15,536,569</u>	<u>6,030,957</u>	<u>11,744,043</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	279,160
Transfers in	5,425,980	6,027,202	5,568,335	2,915,000	8,483,335	2,456,133	5,203,510
Transfers out	(11,668,422)	(14,908,440)	(11,323,317)	(2,915,000)	(14,238,317)	670,123	(18,021,569)
Total other financing sources (uses)	<u>(6,242,442)</u>	<u>(8,881,238)</u>	<u>(5,754,982)</u>	<u>-</u>	<u>(5,754,982)</u>	<u>3,126,256</u>	<u>(12,538,899)</u>
Net change in fund balances	1,619,433	624,374	9,740,608	40,979	9,781,587	9,157,213	(794,856)
Fund balances at beginning of year	<u>20,565,586</u>	<u>20,565,586</u>	<u>20,760,160</u>	<u>(194,574)</u>	<u>20,565,586</u>	<u>-</u>	<u>21,555,016</u>
Fund balances at end of year	<u>\$ 22,185,019</u>	<u>\$ 21,189,960</u>	<u>\$ 30,500,768</u>	<u>\$ (153,595)</u>	<u>\$ 30,347,173</u>	<u>\$ 9,157,213</u>	<u>\$ 20,760,160</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Revenues - Budget and Actual
 For the Year Ended September 30, 2018
 With Comparative Actual Totals for 2017

	2018					2017	
	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	\$ 44,325,891	\$ 41,540,063	\$ 44,907,701	\$ -	\$ 44,907,701	\$ 3,367,638	\$ 41,533,063
Penalty and interest	250,000	300,000	306,651	-	306,651	6,651	286,197
Sales:							
City sales	37,671,353	40,045,799	39,598,734	-	39,598,734	(447,065)	36,591,044
Mixed drink	191,768	210,086	212,300	-	212,300	2,214	191,881
Total sales	37,863,121	40,255,885	39,811,034	-	39,811,034	(444,851)	36,782,925
Franchise fees:							
Electric	5,677,433	5,938,010	6,144,813	-	6,144,813	206,803	5,819,503
Telecommunications	1,732,587	1,756,988	1,739,065	-	1,739,065	(17,923)	1,841,390
Gas	1,347,216	1,522,450	1,530,867	-	1,530,867	8,417	1,314,063
Cable	1,531,274	1,602,599	1,608,040	-	1,608,040	5,441	1,632,336
Solid waste	1,060,000	1,150,000	1,182,295	-	1,182,295	32,295	1,136,571
Total franchise	11,348,510	11,970,047	12,205,080	-	12,205,080	235,033	11,743,863
Charges for services:							
Public safety service fees	2,860,613	2,860,111	2,734,610	-	2,734,610	(125,501)	2,941,363
Culture and recreation fees	2,270,042	2,339,279	2,314,630	-	2,314,630	(24,649)	2,281,440
Other service fees	512,360	550,000	667,255	-	667,255	117,255	935,402
Total charges for services	5,643,015	5,749,390	5,716,495	-	5,716,495	(32,895)	6,158,205
Intergovernmental	-	-	270,572	-	270,572	270,572	111,646
Licenses and permits:							
Building permits	1,443,121	2,059,145	2,389,487	-	2,389,487	330,342	1,436,083
Licenses	120,878	153,180	108,477	-	108,477	(44,703)	48,863
Environmental health charges	868,080	794,425	988,407	-	988,407	193,982	962,428
Other licenses and permits	85,000	78,257	94,050	-	94,050	15,793	78,382
Total licenses and permits	2,517,079	3,085,007	3,580,421	-	3,580,421	495,414	2,525,756
Fines and forfeitures:							
Municipal court	5,106,084	4,526,918	4,684,836	-	4,684,836	157,918	4,818,359
Other fines	107,060	90,200	93,923	-	93,923	3,723	176,208
Total fines and forfeitures	5,213,144	4,617,118	4,778,759	-	4,778,759	161,641	4,994,567
Investment earnings net of change in fair value of investments	455,350	636,900	936,731	159,743	1,096,474	459,574	650,967
Miscellaneous	760,205	638,879	583,707	-	583,707	(55,172)	461,549
Total revenues	\$ 108,376,315	\$ 108,793,289	\$ 113,097,151	\$ 159,743	\$ 113,256,894	\$ 4,463,605	\$ 105,248,738

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2018
 With Comparative Actual Totals for 2017

	2018					Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		Actual GAAP Basis
	Original	Final					
General government and administration:							
City council:							
Personnel services	\$ 24,400	\$ 23,400	\$ 23,414	\$ -	\$ 23,414	\$ (14)	\$ 23,017
Supplies and services	135,904	133,806	78,706	-	78,706	55,100	45,568
Utilities	6,597	6,522	6,235	-	6,235	287	6,612
Allocations	820	820	820	-	820	-	788
	<u>167,721</u>	<u>164,548</u>	<u>109,175</u>	<u>-</u>	<u>109,175</u>	<u>55,373</u>	<u>75,985</u>
City management:							
Personnel services	1,112,391	1,012,675	1,167,562	-	1,167,562	(154,887)	1,363,334
Supplies and services	140,336	138,954	121,091	124	121,215	17,739	137,406
Utilities	4,307	4,259	4,071	-	4,071	188	4,317
Allocations	12,788	12,788	12,788	-	12,788	-	10,078
	<u>1,269,822</u>	<u>1,168,676</u>	<u>1,305,512</u>	<u>124</u>	<u>1,305,636</u>	<u>(136,960)</u>	<u>1,515,135</u>
Marketing Services:							
Personnel services	552,196	508,720	512,605	-	512,605	(3,885)	479,297
Supplies and services	161,268	164,983	148,876	2,608	151,484	13,499	112,185
Utilities	1,833	1,812	1,732	-	1,732	80	1,837
Allocations	7,661	7,661	7,661	-	7,661	-	7,921
	<u>722,958</u>	<u>683,176</u>	<u>670,874</u>	<u>2,608</u>	<u>673,482</u>	<u>9,694</u>	<u>601,240</u>
Accounting:							
Personnel services	511,410	556,968	548,100	-	548,100	8,868	521,515
Supplies and services	163,036	163,036	148,994	-	148,994	14,042	147,749
Utilities	2,066	2,043	1,953	-	1,953	90	2,072
Allocations	6,123	6,123	6,123	-	6,123	-	5,298
	<u>682,635</u>	<u>728,170</u>	<u>705,170</u>	<u>-</u>	<u>705,170</u>	<u>23,000</u>	<u>676,634</u>
Finance administration:							
Personnel services	520,446	539,382	639,267	-	639,267	(99,885)	513,397
Supplies and services	472,890	472,915	473,260	-	473,260	(345)	459,918
Utilities	1,533	1,515	1,449	-	1,449	66	1,536
Allocations	8,090	8,090	8,090	-	8,090	-	6,766
	<u>1,002,959</u>	<u>1,021,902</u>	<u>1,122,066</u>	<u>-</u>	<u>1,122,066</u>	<u>(100,164)</u>	<u>981,617</u>
Budget and management analysis:							
Personnel services	277,652	236,148	237,281	-	237,281	(1,133)	250,623
Supplies and services	16,270	7,995	10,150	-	10,150	(2,155)	5,684
Utilities	1,688	1,669	1,595	-	1,595	74	1,692
Allocations	1,823	1,823	1,823	-	1,823	-	3,294
	<u>297,433</u>	<u>247,635</u>	<u>250,849</u>	<u>-</u>	<u>250,849</u>	<u>(3,214)</u>	<u>261,293</u>
Purchasing:							
Personnel services	180,324	238,699	237,743	-	237,743	956	169,023
Supplies and services	6,826	7,161	5,004	25	5,029	2,132	3,616
Utilities	2,396	2,369	2,265	-	2,265	104	2,402
Allocations	1,614	1,614	1,614	-	1,614	-	1,415
	<u>191,160</u>	<u>249,843</u>	<u>246,626</u>	<u>25</u>	<u>246,651</u>	<u>3,192</u>	<u>176,456</u>
General services:							
Personnel services	90,945	88,701	88,368	-	88,368	333	83,120
Supplies and services	51,444	52,719	31,189	4,939	36,128	16,591	36,787
Utilities	2,823	2,792	2,668	-	2,668	124	2,830
Allocations	1,217	1,217	1,217	-	1,217	-	1,127
	<u>146,429</u>	<u>145,429</u>	<u>123,442</u>	<u>4,939</u>	<u>128,381</u>	<u>17,048</u>	<u>123,864</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2018
 With Comparative Actual Totals for 2017

	2018					Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		Actual GAAP Basis
	Original	Final					
General government and administration (continued):							
Information technology:							
Personnel services	\$ 166,019	\$ 183,113	\$ 208,458	\$ -	\$ 208,458	\$ (25,345)	\$ 225,960
Supplies and services	6,456,766	6,438,494	6,268,875	40,315	6,309,190	129,304	6,027,974
Utilities	26,932	26,121	24,987	-	24,987	1,134	26,048
Allocations	52,483	52,483	52,483	-	52,483	-	45,944
	<u>6,702,200</u>	<u>6,700,211</u>	<u>6,554,803</u>	<u>40,315</u>	<u>6,595,118</u>	<u>105,093</u>	<u>6,325,926</u>
Workforce services:							
Personnel services	589,297	599,101	584,090	-	584,090	15,011	546,322
Supplies and services	95,194	88,232	90,747	6,508	97,255	(9,023)	95,647
Utilities	3,919	3,876	3,704	-	3,704	172	3,928
Allocations	6,570	6,570	6,570	-	6,570	-	6,046
	<u>694,980</u>	<u>697,779</u>	<u>685,111</u>	<u>6,508</u>	<u>691,619</u>	<u>6,160</u>	<u>651,943</u>
City attorney:							
Personnel services	717,736	765,051	767,088	-	767,088	(2,037)	599,608
Supplies and services	395,941	115,220	159,808	-	159,808	(44,588)	139,166
Utilities	2,435	2,407	2,301	-	2,301	106	2,441
Allocations	6,283	6,283	6,283	-	6,283	-	6,098
	<u>1,122,395</u>	<u>888,961</u>	<u>935,480</u>	<u>-</u>	<u>935,480</u>	<u>(46,519)</u>	<u>747,313</u>
Facilities services:							
Personnel services	533,895	463,036	457,864	-	457,864	5,172	546,372
Supplies and services	837,468	878,774	370,957	(9,076)	361,881	516,893	765,781
Utilities	81,168	84,536	72,332	-	72,332	12,204	121,882
Allocations	50,351	50,351	50,351	-	50,351	-	46,376
	<u>1,502,882</u>	<u>1,476,697</u>	<u>951,504</u>	<u>(9,076)</u>	<u>942,428</u>	<u>534,269</u>	<u>1,480,411</u>
Resolution center:							
Personnel services	799,074	777,228	738,199	-	738,199	39,029	734,060
Supplies and services	10,978	5,095	4,155	-	4,155	940	2,661
Utilities	8,904	8,805	8,417	-	8,417	388	8,926
Allocations	5,311	5,311	5,311	-	5,311	-	3,583
Capital outlay	409	409	290	-	290	119	168
	<u>824,676</u>	<u>796,848</u>	<u>756,372</u>	<u>-</u>	<u>756,372</u>	<u>40,476</u>	<u>749,398</u>
Organizational Development:							
Personnel services	246,186	250,274	199,013	-	199,013	51,261	236,413
Supplies and services	50,024	79,774	51,705	(11,760)	39,945	39,829	115,204
Utilities	2,239	2,304	2,261	-	2,261	43	2,279
Allocations	2,825	2,825	2,825	-	2,825	-	2,199
	<u>301,274</u>	<u>335,177</u>	<u>255,804</u>	<u>(11,760)</u>	<u>244,044</u>	<u>91,133</u>	<u>356,095</u>
Non-departmental:							
Personnel services	1,846,480	218,019	317,964	-	317,964	(99,945)	91,980
Supplies and services	683,795	551,995	493,071	-	493,071	58,924	484,398
Allocations	932,008	507,292	7,988	-	7,988	499,304	5,695
Capital outlay	58,000	58,000	102,681	(41,395)	61,286	(3,286)	16,018
	<u>3,520,283</u>	<u>1,335,306</u>	<u>921,704</u>	<u>(41,395)</u>	<u>880,309</u>	<u>454,997</u>	<u>598,091</u>
Total general government and administration	<u>19,149,807</u>	<u>16,640,358</u>	<u>15,594,492</u>	<u>(7,712)</u>	<u>15,586,780</u>	<u>1,053,578</u>	<u>15,321,401</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2018
 With Comparative Actual Totals for 2017

	2018					Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		Actual GAAP Basis
	Original	Final					
Public safety:							
Police management services:							
Personnel services	\$ 9,757,182	\$ 10,075,012	\$ 10,097,343	\$ -	\$ 10,097,343	\$ (22,331)	\$ 9,575,846
Supplies and services	1,592,121	1,603,169	1,091,438	10,162	1,101,600	501,569	1,044,402
Utilities	79,834	86,458	85,429	-	85,429	1,029	86,142
Allocations	90,263	90,263	90,263	-	90,263	-	144,344
Capital outlay	12,702	19,249	49,717	5,426	55,143	(35,894)	6,030
	<u>11,532,102</u>	<u>11,874,151</u>	<u>11,414,190</u>	<u>15,588</u>	<u>11,429,778</u>	<u>444,373</u>	<u>10,856,764</u>
Police operations:							
Personnel services	11,895,970	12,023,062	12,157,028	-	12,157,028	(133,966)	11,726,535
Supplies and services	1,331,810	1,269,748	1,016,491	35,052	1,051,543	218,205	1,002,872
Utilities	23,099	36,430	34,605	-	34,605	1,825	28,479
Allocations	1,004,776	850,697	871,630	-	871,630	(20,933)	865,539
Capital outlay	24,662	74,912	118,098	44,417	162,515	(87,603)	219,038
	<u>14,280,317</u>	<u>14,254,849</u>	<u>14,197,852</u>	<u>79,469</u>	<u>14,277,321</u>	<u>(22,472)</u>	<u>13,842,463</u>
Fire operations:							
Personnel services	17,917,739	19,491,560	19,584,391	-	19,584,391	(92,831)	18,574,047
Supplies and services	1,861,762	2,094,008	1,865,498	(1,087)	1,864,411	229,597	1,904,306
Utilities	112,619	115,581	114,429	-	114,429	1,152	111,372
Allocations	1,845,103	1,681,219	1,688,539	-	1,688,539	(7,320)	1,472,018
Capital outlay	24,000	24,000	-	23,060	23,060	940	-
	<u>21,761,223</u>	<u>23,406,368</u>	<u>23,252,857</u>	<u>21,973</u>	<u>23,274,830</u>	<u>131,538</u>	<u>22,061,743</u>
Fire support services:							
Personnel services	2,111,572	2,138,101	2,241,215	-	2,241,215	(103,114)	1,846,464
Supplies and services	140,566	146,483	143,528	-	143,528	2,955	126,591
Utilities	5,267	5,746	6,597	-	6,597	(851)	5,280
Allocations	65,192	57,877	58,353	-	58,353	(476)	45,003
Capital outlay	-	-	-	-	-	-	-
	<u>2,322,597</u>	<u>2,348,207</u>	<u>2,449,693</u>	<u>-</u>	<u>2,449,693</u>	<u>(101,486)</u>	<u>2,023,338</u>
Emergency dispatch:							
Personnel services	-	-	-	-	-	-	15,085
Supplies and services	2,525,304	2,525,304	2,525,303	-	2,525,303	1	2,464,432
Utilities	-	-	-	-	-	-	-
Allocations	19,716	19,716	19,716	-	19,716	-	11,804
Capital outlay	-	-	-	-	-	-	-
	<u>2,545,020</u>	<u>2,545,020</u>	<u>2,545,019</u>	<u>-</u>	<u>2,545,019</u>	<u>1</u>	<u>2,491,321</u>
Municipal court:							
Personnel services	1,321,819	1,245,216	1,217,240	-	1,217,240	27,976	1,270,242
Supplies and services	297,646	300,450	254,964	-	254,964	45,486	175,352
Utilities	42,356	37,226	41,346	-	41,346	(4,120)	39,051
Allocations	15,525	15,525	15,525	-	15,525	-	37,886
Capital outlay	-	-	-	-	-	-	-
	<u>1,677,346</u>	<u>1,598,417</u>	<u>1,529,075</u>	<u>-</u>	<u>1,529,075</u>	<u>69,342</u>	<u>1,522,531</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2018
 With Comparative Actual Totals for 2017

	2018					Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		Actual GAAP Basis
	Original	Final					
Public safety (continued):							
Environmental services:							
Personnel services	\$ 1,647,512	\$ 1,757,329	\$ 1,616,887	\$ -	\$ 1,616,887	\$ 140,442	\$ 1,575,226
Supplies and services	450,797	430,059	456,531	(15,853)	440,678	(10,619)	369,901
Utilities	10,127	10,014	9,573	-	9,573	441	10,151
Allocations	43,110	43,725	43,725	-	43,725	-	53,855
Capital outlay	-	-	-	-	-	-	24,414
	<u>2,151,546</u>	<u>2,241,127</u>	<u>2,126,716</u>	<u>(15,853)</u>	<u>2,110,863</u>	<u>130,264</u>	<u>2,033,547</u>
Animal control:							
Personnel services	665,029	643,657	680,993	-	680,993	(37,336)	626,839
Supplies and services	89,029	79,893	81,366	(310)	81,056	(1,163)	82,320
Utilities	43,699	51,562	54,808	-	54,808	(3,246)	45,960
Allocations	45,301	45,747	46,627	-	46,627	(880)	32,994
	<u>843,058</u>	<u>820,859</u>	<u>863,794</u>	<u>(310)</u>	<u>863,484</u>	<u>(42,625)</u>	<u>788,113</u>
Total public safety	<u>57,113,209</u>	<u>59,088,998</u>	<u>58,379,196</u>	<u>100,867</u>	<u>58,480,063</u>	<u>608,935</u>	<u>55,619,820</u>
Development services:							
Transportation engineering:							
Personnel services	756,436	682,459	774,243	-	774,243	(91,784)	718,596
Supplies and services	55,387	55,387	37,357	210	37,567	17,820	36,439
Utilities	2,658	2,629	2,512	-	2,512	117	2,664
Allocations	7,005	7,005	7,005	-	7,005	-	6,241
Capital outlay	63,048	63,048	26,582	(18,822)	7,760	55,288	-
	<u>884,534</u>	<u>810,528</u>	<u>847,699</u>	<u>(18,612)</u>	<u>829,087</u>	<u>(18,559)</u>	<u>763,940</u>
Civil engineering:							
Personnel services	981,995	491,499	944,218	-	944,218	(452,719)	804,568
Supplies and services	135,793	131,518	73,392	(200)	73,192	58,326	79,548
Utilities	7,954	8,130	8,916	-	8,916	(786)	10,363
Allocations	27,062	25,470	25,469	-	25,469	1	25,035
Capital outlay	38,186	16,886	11,221	-	11,221	5,665	10,599
	<u>1,190,990</u>	<u>673,503</u>	<u>1,063,216</u>	<u>(200)</u>	<u>1,063,016</u>	<u>(389,513)</u>	<u>930,113</u>
Traffic operations:							
Personnel services	928,384	942,708	906,089	-	906,089	36,619	851,298
Supplies and services	384,572	438,678	297,175	44,949	342,124	96,554	292,691
Utilities	1,001,919	1,018,770	1,025,458	-	1,025,458	(6,688)	1,003,371
Allocations	266,762	257,001	258,727	-	258,727	(1,726)	357,568
Capital Outlay	10,000	-	-	-	-	-	-
	<u>2,591,637</u>	<u>2,657,157</u>	<u>2,487,449</u>	<u>44,949</u>	<u>2,532,398</u>	<u>124,759</u>	<u>2,504,928</u>
Streets:							
Personnel services	1,583,771	1,371,895	1,401,009	-	1,401,009	(29,114)	1,264,466
Supplies and services	1,151,657	1,099,032	948,306	7,566	955,872	143,160	865,405
Allocations	430,910	410,491	413,390	-	413,390	(2,899)	588,317
Capital Outlay	-	-	-	-	-	-	11,535
	<u>3,166,338</u>	<u>2,881,418</u>	<u>2,762,705</u>	<u>7,566</u>	<u>2,770,271</u>	<u>111,147</u>	<u>2,729,723</u>
Drainage:							
Personnel services	563,208	527,046	558,205	-	558,205	(31,159)	441,966
Supplies and services	222,317	210,273	188,678	3,891	192,569	17,704	165,340
Utilities	-	-	857	-	857	(857)	-
Allocations	234,045	228,788	229,148	-	229,148	(360)	309,642
	<u>1,019,570</u>	<u>966,107</u>	<u>976,888</u>	<u>3,891</u>	<u>980,779</u>	<u>(14,672)</u>	<u>916,948</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2018
 With Comparative Actual Totals for 2017

	2018					Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		Actual GAAP Basis
	Original	Final					
Development services (continued):							
Public works administration:							
Personnel services	\$ -	\$ -	\$ 97,647	\$ -	\$ 97,647	\$ (97,647)	\$ (124,031)
Supplies and services	40,000	40,000	13,764	-	13,764	26,236	(5,058)
Utilities	-	2,429	(460)	-	(460)	2,889	(1,041)
Allocations	(235,264)	(235,264)	(235,264)	-	(235,264)	-	(227,537)
	<u>(195,264)</u>	<u>(192,835)</u>	<u>(124,313)</u>	<u>-</u>	<u>(124,313)</u>	<u>(68,522)</u>	<u>(357,667)</u>
Planning:							
Personnel services	371,400	383,983	388,205	-	388,205	(4,222)	225,574
Supplies and services	60,454	60,454	62,385	-	62,385	(1,931)	26,302
Utilities	4,246	4,650	4,657	-	4,657	(7)	1,624
Allocations	44,434	44,434	37,471	-	37,471	6,963	1,916
Capital Outlay	1,683	1,683	-	-	-	1,683	-
	<u>482,217</u>	<u>495,204</u>	<u>492,718</u>	<u>-</u>	<u>492,718</u>	<u>2,486</u>	<u>255,416</u>
Building inspection:							
Personnel services	1,837,444	1,925,348	1,926,594	-	1,926,594	(1,246)	1,841,966
Supplies and services	106,992	109,597	103,453	-	103,453	6,144	86,974
Utilities	6,917	6,839	6,538	-	6,538	301	6,933
Allocations	38,095	37,215	37,215	-	37,215	-	35,436
Capital outlay	463	463	-	-	-	463	20,197
	<u>1,989,911</u>	<u>2,079,462</u>	<u>2,073,800</u>	<u>-</u>	<u>2,073,800</u>	<u>5,662</u>	<u>1,991,506</u>
Transit Oriented Development:							
Personnel services	-	-	(4,388)	-	(4,388)	4,388	114,698
Supplies and services	-	-	996	-	996	(996)	24,201
Utilities	-	-	449	-	449	(449)	2,114
Allocations	(40,173)	(40,173)	(33,210)	-	(33,210)	(6,963)	1,348
	<u>(40,173)</u>	<u>(40,173)</u>	<u>(36,153)</u>	<u>-</u>	<u>(36,153)</u>	<u>(4,020)</u>	<u>142,361</u>
Economic development:							
Personnel services	279,319	279,588	283,130	-	283,130	(3,542)	252,904
Supplies and services	256,070	256,070	241,529	-	241,529	14,541	255,769
Utilities	2,289	2,227	2,164	-	2,164	63	2,295
Allocations	4,907	4,907	4,907	-	4,907	-	3,061
	<u>542,585</u>	<u>542,792</u>	<u>531,730</u>	<u>-</u>	<u>531,730</u>	<u>11,062</u>	<u>514,029</u>
Total development services	<u>11,632,345</u>	<u>10,873,163</u>	<u>11,075,739</u>	<u>37,594</u>	<u>11,113,333</u>	<u>(240,170)</u>	<u>10,391,297</u>
Cultural and recreational:							
Library:							
Personnel services	2,169,071	2,192,118	2,182,174	-	2,182,174	9,944	2,035,449
Supplies and services	343,443	345,870	322,733	(8,368)	314,365	31,505	283,462
Utilities	127,180	119,202	104,525	-	104,525	14,677	118,895
Allocations	31,948	31,948	31,948	-	31,948	-	27,887
Capital outlay	326,628	326,628	324,383	6,678	331,061	(4,433)	322,809
	<u>2,998,270</u>	<u>3,015,766</u>	<u>2,965,763</u>	<u>(1,690)</u>	<u>2,964,073</u>	<u>51,693</u>	<u>2,788,502</u>
Parks Operations:							
Personnel services	1,685,651	1,673,758	1,706,248	-	1,706,248	(32,490)	1,672,713
Supplies and services	1,036,982	1,108,195	920,061	(34)	920,027	188,168	926,057
Utilities	372,660	369,155	385,945	-	385,945	(16,790)	327,109
Allocations	242,472	228,501	216,337	-	216,337	12,164	236,367
Capital outlay	3,500	3,500	1,080	-	1,080	2,420	57,679
	<u>3,341,265</u>	<u>3,383,109</u>	<u>3,229,671</u>	<u>(34)</u>	<u>3,229,637</u>	<u>153,472</u>	<u>3,219,925</u>

CITY OF CARROLLTON, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2018
 With Comparative Actual Totals for 2017

	2018						2017
	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	\$ 15,927	\$ 15,927	\$ 6,799	\$ -	\$ 6,799	\$ 9,128	\$ 28,147
Utilities	29,006	29,292	22,797	-	22,797	6,495	27,702
Allocations	1,159	1,159	1,159	-	1,159	-	7,793
	<u>46,092</u>	<u>46,378</u>	<u>30,755</u>	<u>-</u>	<u>30,755</u>	<u>15,623</u>	<u>63,642</u>
Leisure services:							
Personnel services	660,753	733,304	715,407	-	715,407	17,897	666,212
Supplies and services	154,371	154,166	134,152	(2,176)	131,976	22,190	125,929
Utilities	863	864	846	-	846	18	896
Allocations	6,279	6,279	6,279	-	6,279	-	12,448
	<u>822,266</u>	<u>894,613</u>	<u>856,684</u>	<u>(2,176)</u>	<u>854,508</u>	<u>40,105</u>	<u>805,485</u>
Rosemeade Recreation Center:							
Personnel services	290,484	228,662	247,135	-	247,135	(18,473)	271,568
Supplies and services	330,741	334,433	384,782	(1,253)	383,529	(49,096)	348,098
Utilities	57,514	62,836	54,876	-	54,876	7,960	60,484
Allocations	7,373	7,373	7,373	-	7,373	-	5,578
	<u>686,112</u>	<u>633,304</u>	<u>694,166</u>	<u>(1,253)</u>	<u>692,913</u>	<u>(59,609)</u>	<u>685,728</u>
Crosby Recreation Center:							
Personnel services	240,376	205,216	204,342	-	204,342	874	209,266
Supplies and services	102,240	92,412	76,196	(5,658)	70,538	21,874	82,291
Utilities	35,594	39,521	40,370	-	40,370	(849)	39,774
Allocations	4,448	4,448	4,447	-	4,447	1	3,164
	<u>382,658</u>	<u>341,597</u>	<u>325,355</u>	<u>(5,658)</u>	<u>319,697</u>	<u>21,900</u>	<u>334,495</u>
Perry Museum:							
Personnel services	84,408	93,432	87,526	-	87,526	5,906	83,621
Supplies and services	21,992	23,132	7,625	-	7,625	15,507	24,118
Utilities	7,994	7,505	8,211	-	8,211	(706)	8,686
Allocations	1,376	1,376	1,376	-	1,376	-	-
	<u>115,770</u>	<u>125,445</u>	<u>104,738</u>	<u>-</u>	<u>104,738</u>	<u>20,707</u>	<u>116,425</u>
Senior Center:							
Personnel services	218,810	101,696	190,169	-	190,169	(88,473)	221,533
Supplies and services	57,983	67,864	76,832	(1,253)	75,579	(7,715)	68,592
Utilities	39,357	42,370	45,204	-	45,204	(2,834)	50,826
Allocations	5,996	5,996	5,996	-	5,996	-	11,466
Capital outlay	-	-	-	-	-	-	-
	<u>322,146</u>	<u>217,926</u>	<u>318,201</u>	<u>(1,253)</u>	<u>316,948</u>	<u>(99,022)</u>	<u>352,417</u>
Athletics:							
Personnel services	2,304,987	2,361,827	2,345,201	-	2,345,201	16,626	2,078,555
Supplies and services	994,502	1,047,775	993,816	79	993,895	53,880	1,066,695
Utilities	375,100	386,578	455,620	-	455,620	(69,042)	389,683
Allocations	229,911	230,840	232,164	-	232,164	(1,324)	236,055
Capital outlay	-	-	-	-	-	-	34,570
	<u>3,904,500</u>	<u>4,027,020</u>	<u>4,026,801</u>	<u>79</u>	<u>4,026,880</u>	<u>140</u>	<u>3,805,558</u>
Total cultural and recreational	<u>12,619,079</u>	<u>12,685,158</u>	<u>12,552,134</u>	<u>(11,985)</u>	<u>12,540,149</u>	<u>145,009</u>	<u>12,172,177</u>
Total expenditures	<u>\$ 100,514,440</u>	<u>\$ 99,287,677</u>	<u>\$ 97,601,561</u>	<u>\$ 118,764</u>	<u>\$ 97,720,325</u>	<u>\$ 1,567,352</u>	<u>\$ 93,504,695</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, 2018

	Fleet Services	Risk Management	Employee Health and Disability	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 7,096,266	\$ 4,857,445	\$ 4,242,341	\$ 16,196,052
Receivables:				
Accrued interest	16,849	13,540	8,000	38,389
Other	-	383,563	(10,943)	372,620
Inventories	33,519	-	-	33,519
Prepaid items	-	118,000	7,367	125,367
Total current assets	<u>7,146,634</u>	<u>5,372,548</u>	<u>4,246,765</u>	<u>16,765,947</u>
Noncurrent assets:				
Capital assets:				
Buildings	176,409	-	-	176,409
Equipment	22,605,516	-	-	22,605,516
Intangibles	34,314	70,400	-	104,714
Accumulated depreciation	(14,484,797)	(70,400)	-	(14,555,197)
Total capital assets, net of accumulated depreciation	<u>8,331,442</u>	<u>-</u>	<u>-</u>	<u>8,331,442</u>
Total assets	<u>15,478,076</u>	<u>5,372,548</u>	<u>4,246,765</u>	<u>25,097,389</u>
Liabilities				
Current liabilities:				
Accounts payable	420,711	137,663	916,654	1,475,028
Estimated health claims payable	-	-	1,440,000	1,440,000
Unearned revenue	-	-	-	-
Total current liabilities	<u>420,711</u>	<u>137,663</u>	<u>2,356,654</u>	<u>2,915,028</u>
Noncurrent liabilities:				
Compensated absences	-	42,947	-	42,947
Other post employment benefits obligation	-	-	-	-
Long-term risk liability	-	1,232,724	-	1,232,724
Total noncurrent liabilities	<u>-</u>	<u>1,275,671</u>	<u>-</u>	<u>1,275,671</u>
Total liabilities	<u>420,711</u>	<u>1,413,334</u>	<u>2,356,654</u>	<u>4,190,699</u>
Net Position				
Investment in capital assets	8,331,442	-	-	8,331,442
Unrestricted	6,725,923	3,959,214	1,890,111	12,575,248
Total net position	<u>\$ 15,057,365</u>	<u>\$ 3,959,214</u>	<u>\$ 1,890,111</u>	<u>\$ 20,906,690</u>

CITY OF CARROLLTON, TEXAS

Internal Service Funds
 Combining Statement of Revenues, Expenses and Changes in Net Position
 For the Year Ended September 30, 2018

	Fleet Services	Risk Management	Employee Health and Disability	Totals
Operating revenues:				
Charges for services	\$ 5,257,885	\$ 2,195,968	\$ 11,752,429	\$ 19,206,282
Operating expenses:				
Personal services	82,902	103,689	-	186,591
Supplies and services	2,596,398	1,461,848	13,171,180	17,229,426
Utilities	35,466	321	-	35,787
Allocations	29,726	-	-	29,726
Depreciation	1,929,736	-	-	1,929,736
Total operating expenses	4,674,228	1,565,858	13,171,180	19,411,266
Income (loss) from operations	583,657	630,110	(1,418,751)	(204,984)
Nonoperating revenues:				
Investment earnings net of change in fair value of investments	57,661	51,177	28,926	137,764
Gain on sale/retirement of capital assets	198,974	-	-	198,974
Total nonoperating revenues	256,635	51,177	28,926	336,738
Income (loss) before transfers	840,292	681,287	(1,389,825)	131,754
Transfers out	(242,313)	(111,071)	-	(353,384)
Change in net position	597,979	570,216	(1,389,825)	(221,630)
Net position at beginning of year per 2017 CAFR	14,459,386	3,388,998	1,247,363	19,095,747
Prior Period Adjustment per GASB 75	-	-	2,032,573	2,032,573
Net position at beginning of year, restated	14,459,386	3,388,998	3,279,936	21,128,320
Net position at end of year	<u>\$ 15,057,365</u>	<u>\$ 3,959,214</u>	<u>\$ 1,890,111</u>	<u>\$ 20,906,690</u>

CITY OF CARROLLTON, TEXAS

Internal Service Funds
 Combining Statement of Cash Flows
 For the Year Ended September 30, 2018

	Fleet Services	Risk Management	Employee Health and Disability	Totals
Cash flows from operating activities:				
Cash received from employees for services	\$ -	\$ -	\$ 1,807,390	\$ 1,807,390
Cash received from other funds for services	5,257,885	2,195,968	9,986,986	17,440,839
Cash received from loss claim recoveries and refunds	-	395,632	1,090,784	1,486,416
Cash payments to suppliers for goods and services	(2,404,232)	(801,765)	(1,802,377)	(5,008,374)
Cash payments to employees for services	(73,027)	(89,800)	-	(162,827)
Cash payments for loss claims	-	(1,782,039)	(12,191,618)	(13,973,657)
Cash payments to other funds for services	(35,150)	(8,274)	-	(43,424)
Net cash provided (used) by operating activities	<u>2,745,476</u>	<u>(90,278)</u>	<u>(1,108,835)</u>	<u>1,546,363</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	(242,313)	(111,071)	-	(353,384)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,452,478)	-	-	(1,452,478)
Proceeds from sale of capital assets	293,137	-	-	293,137
Net cash used by capital and related financing activities	<u>(1,159,341)</u>	<u>-</u>	<u>-</u>	<u>(1,159,341)</u>
Cash flows from investing activities:				
Interest on cash and cash equivalents	56,193	49,319	30,912	136,424
Net increase (decrease) in cash and cash equivalents	1,400,015	(152,030)	(1,077,923)	170,062
Cash and cash equivalents, October 1	5,696,251	5,009,475	5,320,264	16,025,990
Cash and cash equivalents, September 30	<u>\$ 7,096,266</u>	<u>\$ 4,857,445</u>	<u>\$ 4,242,341</u>	<u>\$ 16,196,052</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ 583,657	\$ 630,110	\$ (1,418,751)	\$ (204,984)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	1,929,736	-	-	1,929,736
Change in assets and liabilities:				
Decrease in other receivables	-	-	52,891	52,891
Increase in inventories	30,705	-	-	30,705
Increase in accounts receivable	-	(383,563)	-	(383,563)
Decrease in prepaid items	-	(13,000)	-	(13,000)
Increase (decrease) in accounts payable	201,378	(14,340)	117,025	304,063
Increase in estimated health claims payable	-	-	140,000	140,000
Increase in liability for compensated absences	-	5,482	-	5,482
Decrease in long-term risk liability	-	(314,967)	-	(314,967)
Increase in other post employment benefits obligation	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 2,745,476</u>	<u>\$ (90,278)</u>	<u>\$ (1,108,835)</u>	<u>\$ 1,546,363</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 23,515,826	\$ 21,995,092
Receivables (net, where applicable, of allowance for doubtful accounts of \$173,885 in 2018 and \$130,704 in 2017):		
Accounts	4,974,220	4,541,716
Accrued interest	65,612	61,785
Restricted assets:		
Cash and cash equivalents	<u>3,430,142</u>	<u>3,516,613</u>
Total current assets	<u>31,985,800</u>	<u>30,115,206</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	1,237,640	1,385,524
Capital assets:		
Land	1,382,918	1,382,918
Buildings	18,038,700	18,038,700
Equipment	5,404,102	5,102,721
Intangibles	868,612	868,612
Infrastructure	245,809,216	241,715,945
Construction in progress	122,412	117,497
Accumulated depreciation	<u>(154,489,548)</u>	<u>(146,879,329)</u>
Total capital assets, net of accumulated depreciation	<u>117,136,412</u>	<u>120,347,064</u>
Total noncurrent assets	<u>118,374,052</u>	<u>121,732,588</u>
Total assets	<u>150,359,852</u>	<u>151,847,794</u>
Deferred outflows of resources		
Deferred charges on refundings	107,041	130,395
Pension contributions after measurement date	275,280	266,097
Difference in projected and actual earnings on pension assets	-	676,452
Changes in actuarial assumptions used to determine pension liability	<u>43,181</u>	<u>94,585</u>
Total deferred outflows of resources	<u>425,502</u>	<u>1,167,529</u>
Liabilities		
Current liabilities:		
Accounts payable	2,101,396	1,694,798
Customer deposits payable	2,876,413	2,753,862
Interfund Note payable	2,672,472	
Revenue bonds payable	1,223,934	1,459,120
Compensated absences	64,538	65,376
Accrued interest	84,979	196,084
Total current liabilities	<u>9,023,732</u>	<u>6,169,240</u>
Noncurrent liabilities:		
Revenue bonds payable	4,854,536	10,710,117
Net pension liability/(asset)	(143,647)	1,272,440
Compensated absences	<u>580,147</u>	<u>516,550</u>
Total noncurrent liabilities	<u>5,291,036</u>	<u>12,499,107</u>
Total liabilities	<u>14,314,768</u>	<u>18,668,347</u>
Deferred inflow of resources		
Difference in projected and actual earnings on pension assets	685,105	-
Difference in expected and actual pension experience	<u>19,936</u>	<u>68,559</u>
	<u>705,041</u>	<u>68,559</u>
Net Position		
Net investment in capital assets	112,289,982	108,874,888
Restricted for:		
Revenue bond retirement	1,237,640	1,385,524
Unrestricted	<u>22,237,923</u>	<u>24,018,005</u>
Total net position	<u>\$ 135,765,545</u>	<u>\$ 134,278,417</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Charges for services	\$ 45,005,225	\$ 39,630,140
Miscellaneous	224,795	197,032
Total operating revenues	<u>45,230,020</u>	<u>39,827,172</u>
Operating expenses:		
Personal services	4,206,038	3,989,218
Supplies and services	29,517,689	26,175,701
Utilities	890,563	946,111
Allocations	810,228	1,222,871
Depreciation	7,628,552	7,595,388
Total operating expenses	<u>43,053,070</u>	<u>39,929,289</u>
Income (loss) from operations	<u>2,176,950</u>	<u>(102,117)</u>
Nonoperating revenues (expenses):		
Investment earnings net of change in fair value of investments	246,514	187,616
Gain on sale/retirement of capital assets	4,232	21,514
Interest expense	(236,632)	(426,206)
Total nonoperating revenues (expenses)	<u>14,114</u>	<u>(217,076)</u>
Income before contributions and transfers	2,191,064	(319,193)
Capital contributions	3,266,699	965,092
Transfers in	-	-
Transfers out	<u>(3,970,635)</u>	<u>(3,658,286)</u>
Change in net position	1,487,128	(3,012,387)
Net position at beginning of year	<u>134,278,417</u>	<u>137,290,804</u>
Net position at end of year	<u>\$ 135,765,545</u>	<u>\$ 134,278,417</u>

CITY OF CARROLLTON, TEXAS

Water and Sewer Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from customers for services	\$ 44,592,794	\$ 39,589,446
Other operating cash receipts	224,795	197,032
Cash payments to suppliers for goods and services	(30,392,851)	(27,409,114)
Cash payments to employees for services	(3,495,314)	(3,274,194)
Cash payments to other funds for services	<u>(1,441,499)</u>	<u>(1,414,515)</u>
Net cash provided by operating activities	<u>9,487,925</u>	<u>7,688,655</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	<u>(3,970,635)</u>	<u>(3,658,286)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,992,781)	(2,316,894)
Proceeds from sale of capital assets	4,232	21,514
Proceeds from intrafund loan	2,915,000	-
Interest paid on bonds	(393,567)	(524,378)
Interest paid on intrafund loan	(31,584)	-
Retirement of bonds	(5,990,000)	(1,310,000)
Retirement of intrafund loan	(242,528)	-
Capital contributions	<u>1,257,630</u>	<u>604,470</u>
Net cash used by capital and related financing activities	<u>(4,473,598)</u>	<u>(3,525,288)</u>
Cash flow from investing activities:		
Interest on cash and cash equivalents	<u>242,687</u>	<u>168,861</u>
Net increase in cash and cash equivalents	1,286,379	673,942
Cash and cash equivalents, October 1	<u>26,897,229</u>	<u>26,223,287</u>
Cash and cash equivalents, September 30	<u>\$ 28,183,608</u>	<u>\$ 26,897,229</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:		
Income (loss) from operations	\$ 2,176,950	\$ (102,117)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	7,628,552	7,595,388
Provision for doubtful accounts	102,478	39,523
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources		
(Increase) decrease in accounts receivable	(534,982)	(130,410)
(Increase) decrease in pension related deferred outflows	718,673	247,886
Increase (decrease) in accounts payable	(9,451)	110,092
Increase in customer deposits payable	122,551	89,716
Increase (decrease) in net pension liability	(1,416,087)	(73,732)
Decrease in liability for compensated absences	62,759	(83,699)
Increase (decrease) in pension related deferred inflows	<u>636,482</u>	<u>(3,992)</u>
Net cash provided by operating activities	<u>\$ 9,487,925</u>	<u>\$ 7,688,655</u>
Noncash investing, capital, and financing activities:		
During this past year, the Water and Sewer Fund received \$2,009,069 noncash capital contributions from developers consisting of water and sewer infrastructure.		
Reconciliation of total cash and cash equivalents:		
Current assets:		
Cash and cash equivalents	\$ 23,515,826	\$ 21,995,092
Restricted assets - cash and cash equivalents	3,430,142	3,516,613
Noncurrent assets:		
Restricted assets - cash and cash equivalents	<u>1,237,640</u>	<u>1,385,524</u>
Total cash and cash equivalents	<u>\$ 28,183,608</u>	<u>\$ 26,897,229</u>

CITY OF CARROLLTON, TEXAS

Golf Course Fund
 Comparative Statements of Net Position
 September 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 636,655	\$ 351,941
Receivables:		
Other	116,691	111,201
Due from other governments	141,887	555,516
Inventories	-	-
Prepaid items	-	-
Total current assets	895,233	1,018,658
Noncurrent assets:		
Capital assets:		
Land	995,000	995,000
Buildings	1,609,627	1,609,627
Equipment	1,329,450	1,229,834
Improvements	12,013,626	11,900,768
Accumulated depreciation	(13,668,772)	(13,461,010)
Total capital assets, net of accumulated depreciation	2,278,931	2,274,219
Total assets	3,174,164	3,292,877
Liabilities		
Current liabilities:		
Accounts payable	92,552	13,555
Net Position		
Net investment in capital assets	2,278,931	2,274,219
Unrestricted	802,681	1,005,103
Total net position	\$ 3,081,612	\$ 3,279,322

CITY OF CARROLLTON, TEXAS

Golf Course Fund

Comparative Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Charges for services	<u>\$ 617,176</u>	<u>\$ 1,131,464</u>
Operating expenses:		
Supplies and services	58,694	652,356
Utilities	177,794	97,616
Allocations	10,915	10,395
Depreciation	<u>207,762</u>	<u>193,392</u>
Total operating expenses	<u>455,165</u>	<u>953,759</u>
Income (loss) from operations	<u>162,011</u>	<u>177,705</u>
Nonoperating revenues (expenses):		
Intergovernmental	-	-
Investment earnings net of change in fair value of investments	<u>(4,202)</u>	<u>(964)</u>
Total nonoperating revenues (expenses)	<u>(4,202)</u>	<u>(964)</u>
Income (loss) before transfers	157,809	176,741
Transfers in	-	602,048
Transfers out	<u>(355,519)</u>	<u>(343,842)</u>
Change in net position	(197,710)	434,947
Net position at beginning of year	<u>3,279,322</u>	<u>2,844,375</u>
Net position at end of year	<u><u>\$ 3,081,612</u></u>	<u><u>\$ 3,279,322</u></u>

CITY OF CARROLLTON, TEXAS

Golf Course Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from customers for services	\$ 1,025,315	\$ 1,178,677
Cash payments to suppliers for goods and services	(239,388)	(872,453)
Cash payments to other funds for services	(10,955)	(11,355)
Net cash provided (used) by operating activities	<u>774,972</u>	<u>294,869</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	-	602,048
Transfers to other funds	(355,519)	(343,842)
Net cash provided by noncapital and related financing activities	<u>(355,519)</u>	<u>258,206</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	<u>(130,537)</u>	<u>(264,330)</u>
Cash flow from investing activities:		
Interest on cash and cash equivalents	<u>(4,202)</u>	<u>(964)</u>
Net increase (decrease) in cash and cash equivalents	284,714	287,781
Cash and cash equivalents, October 1	351,941	64,160
Cash and cash equivalents, September 30	<u>\$ 636,655</u>	<u>\$ 351,941</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	\$ 162,011	\$ 177,705
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	207,762	193,392
Change in assets and liabilities:		
(Increase) decrease in other receivables	(5,490)	45,657
Decrease in due from other governments	413,630	1,556
(Increase) decrease in inventories	-	55,032
(Increase) decrease in prepaid items	-	910
Increase (decrease) in accounts payable	(2,941)	(179,383)
Net cash provided (used) by operating activities	<u>\$ 774,972</u>	<u>\$ 294,869</u>

CITY OF CARROLLTON, TEXAS

Sanitation Fund
 Comparative Statements of Net Position
 September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 368,236	\$ 284,562
Receivables (net of applicable of allowance for doubtful accounts of \$60,416 in 2018 and \$43,876 in 2017)		
Accounts	1,167,568	1,096,838
Accrued interest	4,967	4,318
Total current assets	<u>1,540,771</u>	<u>1,385,718</u>
Noncurrent assets:		
Capital assets:		
Equipment	1,460,303	1,460,303
Accumulated depreciation	<u>(1,455,184)</u>	<u>(1,446,616)</u>
Total capital assets, net of accumulated depreciation	<u>5,119</u>	<u>13,687</u>
Total assets	<u>1,545,890</u>	<u>1,399,405</u>
Liabilities		
Current liabilities:		
Accounts payable	<u>1,032,287</u>	<u>956,093</u>
Net Position		
Investment in capital assets	5,119	13,687
Unrestricted	<u>508,484</u>	<u>429,625</u>
Total net position	<u>\$ 513,603</u>	<u>\$ 443,312</u>

CITY OF CARROLLTON, TEXAS

Sanitation Fund

Comparative Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Charges for services	<u>\$ 10,361,672</u>	<u>\$ 9,839,216</u>
Operating expenses:		
Supplies and services	7,977,785	7,671,627
Allocations	112,356	86,425
Depreciation	8,568	54,953
Total operating expenses	<u>8,098,709</u>	<u>7,813,005</u>
Income from operations	<u>2,262,963</u>	<u>2,026,211</u>
Nonoperating revenues:		
Investment earnings net of change in fair value of investments	<u>20,478</u>	<u>14,796</u>
Income before transfers	2,283,441	2,041,007
Transfers out	<u>(2,213,150)</u>	<u>(2,058,351)</u>
Change in net position	70,291	(17,344)
Net position at beginning of year	<u>443,312</u>	<u>460,656</u>
Net position at end of year	<u><u>\$ 513,603</u></u>	<u><u>\$ 443,312</u></u>

CITY OF CARROLLTON, TEXAS

Sanitation Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from customers for services	\$ 10,256,428	\$ 9,765,381
Cash payments to suppliers for goods and services	(7,901,591)	(8,106,996)
Cash payments to other funds for services	<u>(77,842)</u>	<u>(74,136)</u>
Net cash provided by operating activities	<u>2,276,995</u>	<u>1,584,249</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	<u>(2,213,150)</u>	<u>(2,058,351)</u>
Cash flows from investing activities:		
Interest on cash and cash equivalents	<u>19,829</u>	<u>14,864</u>
Net increase (decrease) in cash and cash equivalents	83,674	(459,238)
Cash and cash equivalents, October 1	<u>284,562</u>	<u>743,800</u>
Cash and cash equivalents, September 30	<u>\$ 368,236</u>	<u>\$ 284,562</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 2,262,963	\$ 2,026,211
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	8,568	54,953
Provisions for doubtful accounts	35,514	12,289
Change in assets and liabilities:		
Increase in accounts receivable	(106,244)	(73,835)
Increase (decrease) in accounts payable	<u>76,194</u>	<u>(435,369)</u>
Net cash provided by operating activities	<u>\$ 2,276,995</u>	<u>\$ 1,584,249</u>

CITY OF CARROLLTON, TEXAS

Fleet Services Fund
 Comparative Statements of Net Position
 September 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,096,266	\$ 5,696,251
Accrued interest receivable	16,849	15,381
Inventories	33,519	64,224
Total current assets	7,146,634	5,775,856
Noncurrent assets:		
Capital assets:		
Buildings	176,409	176,409
Equipment	22,605,516	22,642,569
Intangibles	34,314	34,314
Accumulated depreciation	(14,484,797)	(13,734,233)
Total capital assets, net of accumulated depreciation	8,331,442	9,119,059
Total assets	15,478,076	14,894,915
Liabilities		
Current liabilities:		
Accounts payable	420,711	235,529
Unearned revenue	-	200,000
Total liabilities	420,711	435,529
Net Position		
Investment in capital assets	8,331,442	9,119,059
Unrestricted	6,725,923	5,340,327
Total net position	\$ 15,057,365	\$ 14,459,386

CITY OF CARROLLTON, TEXAS

Fleet Services Fund
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Charges for services	<u>\$ 5,257,885</u>	<u>\$ 5,496,935</u>
Operating expenses:		
Personal services	82,902	96,245
Supplies and services	2,596,398	2,650,684
Utilities	35,466	30,058
Allocations	29,726	55,635
Depreciation	1,929,736	1,891,681
Total operating expenses	<u>4,674,228</u>	<u>4,724,303</u>
Income from operations	<u>583,657</u>	<u>772,632</u>
Nonoperating revenues:		
Investment earnings net of change in fair value of investments	57,661	48,557
Gain on sale/retirement of capital assets	198,974	113,009
Total nonoperating revenues	<u>256,635</u>	<u>161,566</u>
Income before transfers	840,292	934,198
Transfers in	-	-
Transfers out	<u>(242,313)</u>	<u>(234,354)</u>
Change in net position	597,979	699,844
Net position at beginning of year	<u>14,459,386</u>	<u>13,759,542</u>
Net position at end of year	<u><u>\$ 15,057,365</u></u>	<u><u>\$ 14,459,386</u></u>

CITY OF CARROLLTON, TEXAS

Fleet Services Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from other funds for services	\$ 5,257,885	\$ 5,496,935
Cash payments to suppliers for goods and services	(2,404,232)	(2,745,725)
Cash payments to employees for services	(73,027)	(93,308)
Cash payments to other funds for services	(35,150)	(57,701)
Net cash provided by operating activities	<u>2,745,476</u>	<u>2,600,201</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	<u>(242,313)</u>	<u>(234,354)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,452,478)	(2,369,069)
Proceeds from sale of capital assets	293,137	133,648
Net cash used by capital and related financing activities	<u>(1,159,341)</u>	<u>(2,235,421)</u>
Cash flow from investing activities:		
Interest on cash and cash equivalents	<u>56,193</u>	<u>42,056</u>
Net increase in cash and cash equivalents	1,400,015	172,482
Cash and cash equivalents, October 1	<u>5,696,251</u>	<u>5,523,769</u>
Cash and cash equivalents, September 30	<u>\$ 7,096,266</u>	<u>\$ 5,696,251</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 583,657	\$ 772,632
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	1,929,736	1,891,681
Change in assets and liabilities:		
(Increase) decrease in inventories	30,705	(14,730)
Increase (decrease) in accounts payable	201,378	(49,382)
Net cash provided by operating activities	<u>\$ 2,745,476</u>	<u>\$ 2,600,201</u>

CITY OF CARROLLTON, TEXAS

Risk Management Fund
 Comparative Statements of Net Position
 September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,857,445	\$ 5,009,475
Accounts Receivable	\$ 383,563	\$ -
Accrued interest receivable	13,540	11,682
Prepaid items	<u>118,000</u>	<u>105,000</u>
Total current assets	<u>5,372,548</u>	<u>5,126,157</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>5,372,548</u>	<u>5,126,157</u>
Liabilities		
Current liabilities:		
Accounts payable	137,663	152,003
Noncurrent liabilities:		
Compensated absences	42,947	37,465
Long-term risk liability	<u>1,232,724</u>	<u>1,547,691</u>
Total noncurrent liabilities	<u>1,275,671</u>	<u>1,585,156</u>
Total liabilities	<u>1,413,334</u>	<u>1,737,159</u>
Net Position		
Unrestricted	<u>\$ 3,959,214</u>	<u>\$ 3,388,998</u>

CITY OF CARROLLTON, TEXAS

Risk Management Fund
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Charges for services	<u>\$ 2,195,968</u>	<u>\$ 2,091,401</u>
Operating expenses:		
Personal services	103,689	96,609
Supplies and services	1,461,848	1,478,397
Utilities	<u>321</u>	<u>340</u>
Total operating expenses	<u>1,565,858</u>	<u>1,575,346</u>
Income from operations	<u>630,110</u>	<u>516,055</u>
Nonoperating revenues:		
Investment earnings net of change in fair value of investments	<u>51,177</u>	<u>34,085</u>
Income before transfers	681,287	550,140
Transfers out	<u>(111,071)</u>	<u>(107,423)</u>
Change in net position	570,216	442,717
Net position at beginning of year	<u>3,388,998</u>	<u>2,946,281</u>
Net position end of year	<u><u>\$ 3,959,214</u></u>	<u><u>\$ 3,388,998</u></u>

CITY OF CARROLLTON, TEXAS

Risk Management Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from other funds for services	\$ 2,195,968	\$ 2,091,401
Cash received from loss claim recoveries	395,632	274,100
Cash payments to suppliers for goods and services	(801,765)	(625,829)
Cash payments to employees for services	(89,800)	(83,950)
Cash payments for loss claims	(1,782,039)	(1,154,374)
Cash payments to other funds for services	(8,274)	(7,566)
Net cash provided by operating activities	<u>(90,278)</u>	<u>493,782</u>
Cash flow from noncapital financing activities:		
Transfers to other funds	<u>(111,071)</u>	<u>(107,423)</u>
Cash flow from investing activities:		
Interest on cash and cash equivalents	<u>49,319</u>	<u>30,245</u>
Net increase in cash and cash equivalents	(152,030)	416,604
Cash and cash equivalents, October 1	5,009,475	4,592,871
Cash and cash equivalents, September 30	<u>\$ 4,857,445</u>	<u>\$ 5,009,475</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 630,110	\$ 516,055
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Change in assets and liabilities:		
(Increase) in accounts receivable	(383,563)	-
(Increase) in prepaid items	(13,000)	13,000
Increase (decrease) in accounts payable	(14,340)	(2,179)
Increase in liability for compensated absences	5,482	4,859
Increase (decrease) in long-term risk liability	(314,967)	(37,953)
Net cash provided by operating activities	<u>\$ (90,278)</u>	<u>\$ 493,782</u>

CITY OF CARROLLTON, TEXAS

Employee Health and Disability Fund
 Comparative Statements of Net Position
 September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,242,341	\$ 5,320,264
Receivables:		
Accrued interest	8,000	9,987
Other	(10,943)	41,948
Prepaid items	<u>7,367</u>	<u>7,367</u>
Total assets	<u>4,246,765</u>	<u>5,379,566</u>
Liabilities		
Current liabilities:		
Accounts payable	916,654	799,629
Estimated health claims payable	<u>1,440,000</u>	<u>1,300,000</u>
Total current liabilities	<u>2,356,654</u>	<u>2,099,629</u>
Noncurrent liabilities:		
Other post employment benefits obligation	<u>-</u>	<u>2,032,573</u>
Total liabilities	<u>2,356,654</u>	<u>4,132,202</u>
Net Position		
Unrestricted Net Position (Restated for 2018)	<u>\$ 1,890,111</u>	<u>\$ 1,247,363</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Charges for services	<u>\$ 11,752,429</u>	<u>\$ 10,621,079</u>
Operating expenses:		
Supplies and services	<u>13,171,180</u>	<u>12,495,463</u>
Loss from operations	<u>(1,418,751)</u>	<u>(1,874,384)</u>
Nonoperating revenues:		
Investment earnings net of change in fair value of investments	<u>28,926</u>	<u>31,995</u>
Change in net position	(1,389,825)	(1,842,389)
Net position at beginning of year per 2017 CAFR	-	1,247,363
Prior Period Adjustment for GASB 75	-	2,032,573
Net position at beginning of year	<u>3,279,936</u>	<u>3,089,752</u>
Net position at end of year (Restated)	<u><u>\$ 1,890,111</u></u>	<u><u>\$ 3,279,936</u></u>

CITY OF CARROLLTON, TEXAS

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Employee Health and Disability Fund
 Comparative Statements of Cash Flows
 For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from employees and retirees for services	\$ 1,807,390	\$ 1,717,739
Cash received from other funds for services	9,986,986	8,910,824
Cash received from loss claim recoveries and refunds	1,090,784	972,385
Cash payments to suppliers for goods and services	(1,802,377)	(911,938)
Cash payments for loss claims	(12,191,618)	(11,243,685)
Net cash used by operating activities	<u>(1,108,835)</u>	<u>(554,675)</u>
Cash flows from investing activities:		
Interest on cash and cash equivalents	<u>30,912</u>	<u>31,969</u>
Net decrease in cash and cash equivalents	(1,077,923)	(522,706)
Cash and cash equivalents, October 1	<u>5,320,264</u>	<u>5,842,970</u>
Cash and cash equivalents, September 30	<u>\$ 4,242,341</u>	<u>\$ 5,320,264</u>
Reconciliation of loss from operations to net cash used by operating activities:		
Loss from operations	\$ (1,418,751)	\$ (1,874,384)
Adjustments to reconcile loss from operations to net cash used by operating activities:		
Change in assets and liabilities:		
Decrease in other receivables	52,891	77,720
Increase (decrease) in accounts payable	117,025	783,319
(Increase) decrease in estimated health claims payable	140,000	262,000
Decrease in other post employment benefits obligation	-	196,670
Net cash used by operating activities	<u>\$ (1,108,835)</u>	<u>\$ (554,675)</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
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Table 1

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 266,335,524
Restricted	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	7,568,306
Unrestricted	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	116,877,252
Total governmental activities net position	\$ 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	\$ 390,781,082
Business-type activities										
Net investment in capital assets	\$ 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	\$ 114,574,032
Restricted	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	1,237,640
Unrestricted	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	23,311,006
Total business-type activities net position	\$ 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	\$ 139,122,678
Primary government										
Net investment in capital assets	\$ 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	\$ 380,909,556
Restricted	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	8,805,946
Unrestricted	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	140,188,258
Total primary government net position	\$ 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	\$ 529,903,760

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.
The City implemented GASB Statement No. 75 in fiscal year 2018. 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									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses										
Governmental activities:										
General government and administration	\$ 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	\$ 17,189,961
Public safety	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	63,047,061
Development services	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	25,002,278
Cultural and recreational	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	16,390,220
Interest on long term debt	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	6,325,530
Total governmental activities expenses	<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>	<u>127,955,050</u>
Business-type activities:										
Water and sewer	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	43,285,640
Golf	1,034,373	948,906	868,431	1,084,413	825,711	406,286	1,354,149	1,770,254	951,127	451,994
Sanitation	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	8,076,094
Total business-type activities expenses	<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>	<u>51,813,728</u>
Total primary government expenses	<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>	<u>179,768,778</u>
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government and administration	174,930	126,497	183,765	193,861	216,802	196,574	223,621	276,789	136,535	192,134
Public safety	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	9,144,151
Development services	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	3,201,667
Cultural and recreational	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	2,699,398
Operating grants and contributions	233,722	31,425	38,499	142,500	84,112	30,116	59,753	324,816	143,608	247,088
Capital grants and contributions	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	2,677,227
Total governmental activities program revenues	<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>	<u>18,161,665</u>
Business-type activities:										
Charges for services:										
Water and sewer	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	45,005,225
Golf	1,053,893	819,035	986,300	1,007,137	1,040,473	1,101,340	556,913	976,527	1,131,464	617,176
Sanitation	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	10,361,672
Operating grants and contributions	-	-	-	-	-	-	-	557,072	-	-
Capital grants and contributions	7,372,328	436,710	805,406	648,083	1,741,476	2,104,033	2,027,734	1,003,684	965,092	3,266,699
Total business-type activities program revenues	<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>	<u>59,250,772</u>
Total primary government program revenues	<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>	<u>77,412,437</u>

(continued)

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

Table 2

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (Expense) Revenue										
Governmental Activities	\$ (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)	\$ (109,793,384)
Business-type Activities	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	7,437,044
Total Primary government net expense	<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>	<u>(102,356,340)</u>
General Revenues										
and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Ad valorem	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	77,233,249
Sales	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	39,811,034
Occupancy	131,139	168,725	195,870	176,826	156,061	181,025	210,835	243,946	292,908	237,466
Franchise Fees	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	12,526,523
Investment earnings net of change in fair value of investments	3,015,900	1,002,342	627,029	649,158	41,353	718,161	1,202,294	1,280,470	1,480,990	2,184,503
Gain on sale of capital assets	-	364,151	270,089	121,337	120,011	230,961	1,306,445	123,312	113,009	4,248
Public-private partnership recovery	-	-	-	-	3,160,500	3,013,646	-	-	-	-
Miscellaneous	644,197	664,755	843,382	1,104,285	882,757	1,008,224	793,144	977,691	874,112	950,672
Special item	-	3,612,167	-	-	-	-	-	-	-	-
Transfers	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	6,539,304
Total Governmental Activities	<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>	<u>139,486,999</u>
Business-type Activities:										
Investment earnings net of change in fair value of investments	746,496	180,815	116,423	148,177	(11,503)	162,754	206,134	186,142	201,448	262,790
Gain on sale of capital assets	600	5,902	6,578	13,037	62,393	108,520	35,012	37,256	21,514	4,232
Miscellaneous	45,460	24,589	76,001	87,849	99,716	159,535	174,697	204,467	197,032	224,795
Transfers	(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)	(6,539,304)
Total Business-type Activities	<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>	<u>(6,047,487)</u>
Total Primary Government	<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>	<u>133,439,512</u>
Change in Net Position										
Governmental Activities	(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	29,693,615
Business-type Activities	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)	1,389,557
Total Primary Government	<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>	<u>\$ 31,083,172</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.
 The City implemented GASB Statement No. 75 in fiscal year 2018. 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
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited)

Table 3

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable for prepaid item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,345	\$ -	\$ 637,076	\$ 615,544
Assigned to purchases on order	199,700	245,183	323,650	288,384	248,282	166,593	331,730	213,086	249,535	368,299
Unreserved/Unassigned	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	29,516,925
Total general fund	\$ 17,211,745	\$ 16,753,532	\$ 16,571,044	\$ 18,339,631	\$ 18,393,387	\$ 20,804,224	\$ 19,086,008	\$ 21,555,016	\$ 20,760,160	\$ 30,500,768
All Other Governmental Funds										
Nonspendable for:										
Other receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,012,080	\$ -
Prepaid items	-	-	-	-	421,950	51,584	739,994	-	-	-
Restricted for:										
Debt service	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	4,872,308
Streets and drainage	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	21,348,943
Public facilities	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	731,229
Other capital projects	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	675,940
Other purposes	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	2,781,971
Committed to:										
Transit oriented development	7,893,486	8,966,511	8,380,396	-	3,677,459	-	-	-	-	-
Street rehabilitation	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	27,700,435
Other capital projects	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	12,230,707
Assigned to:										
Streets and drainage	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	24,607,591
Public facilities	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	32,232,184
Other capital projects	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	16,592,403
Other purposes	64,390	76,830	289,167	254,279	172,506	356,731	382,462	447,335	416,120	693,296
Total all other governmental funds	\$ 82,943,382	\$ 85,995,156	\$ 95,843,091	\$ 78,310,512	\$ 85,007,875	\$ 102,075,609	\$ 117,528,624	\$ 118,726,518	\$ 126,082,568	\$ 144,467,007

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2009.

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

Table 4

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES:										
Taxes:										
Ad valorem	\$ 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	\$ 76,855,743
Penalty and interest	439,522	411,560	387,589	351,823	244,276	396,978	314,066	292,525	357,561	377,506
Sales	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	39,811,034
Occupancy tax	131,139	168,725	195,870	176,826	156,061	181,025	210,835	243,946	292,908	237,466
Franchise fees	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	12,526,523
Assessments	39,948	258,708	129,960	43,290	173,671	386,810	264,430	332,882	119,602	193,024
Charges for services	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	5,928,261
Intergovernmental	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	2,941,484
Licenses and permits	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	3,842,351
Fines and forfeitures	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	5,273,714
Investment earnings net of change in fair value of investments	2,535,111	859,941	543,769	553,107	48,699	621,710	1,080,213	1,175,370	1,366,353	2,046,739
Public-private partnership recovery	-	-	-	-	1,896,300	4,264,200	-	-	-	-
Miscellaneous	644,197	664,755	843,382	1,104,285	882,757	1,021,870	793,144	977,691	874,112	950,673
Total Revenues	<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>	<u>150,984,518</u>
EXPENDITURES:										
General government and administration	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	15,594,492
Public safety	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	59,132,645
Development services	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	11,075,739
Cultural and recreational	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	13,067,844
Capital outlay	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	29,673,776
Debt Service:										
Principal retirement	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	15,435,000
Interest and fiscal charges	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	7,225,382
Total expenditures	<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>	<u>151,204,878</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<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>	<u>(220,360)</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	19,680,000
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	1,768,771
Payment to refunded bond escrow agent	-	(12,465,963)	-	(22,317,933)	-	-	(29,919,123)	(13,532,110)	-	-
Sale of capital assets	22,364	29,382	809,107	-	-	2,318,824	1,367,838	36,838	323,080	4,248
Transfers in	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	18,735,652
Transfers out	(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)	(11,842,964)
Total Other Financing Sources (Uses)	<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>	<u>28,345,707</u>
NET CHANGE IN FUND BALANCES	<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>	<u>\$ 28,125,347</u>
Debt service as a percentage of noncapital expenditures	26.5% (a)	18.0%	19.0%	19.1%	18.1%	16.7%	18.1%	17.3%	17.5%	18.1%

Notes:

(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 Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
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
2018	13,480,378,990	2,819,164,332	3,295,255,620	13,004,287,702	0.599700

Source: City of Carrollton Budget Document

Note: Total Taxable Assessed 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

	Fiscal Year 2018		Fiscal Year 2009		Ten Year Change
		Percentage of Total Market Value		Percentage of Total Market Value	
Market value:					
Certified Values:					
Real property:					
Land	\$ 3,579,456,717	21.76%	\$ 2,767,203,071	23.21%	29.35%
Improvements	9,900,922,273	60.19%	6,496,968,678	54.51%	52.39%
Business personal property	2,819,164,332	17.14%	2,219,855,876	18.62%	27.00%
Property Under Protest	148,694,715	0.91%	436,557,469	3.66%	-65.94%
Total Market value	16,448,238,037	100.00%	11,920,585,094	100.00%	37.98%
Less property exemptions/reductions:					
Single Family Residential:					
Homestead	1,215,092,533	7.39%	876,541,499	7.35%	38.62%
Over 65	408,861,059	2.49%	236,930,876	1.99%	72.57%
Disabled	20,436,762	0.12%	21,642,703	0.18%	-5.57%
Disabled veterans	19,422,687	0.12%	2,708,516	0.02%	617.10%
Capped value	203,289,723	1.24%	19,337,369	0.16%	951.28%
Total Single Family Residential	1,867,102,764	11.36%	1,157,160,963	9.70%	61.35%
Commercial:					
Agricultural	64,673,555	0.39%	66,254,279	0.56%	-2.39%
Freeport	462,241,143	2.81%	558,035,299	4.68%	-17.17%
Abatements/Tax grants	-	0.00%	99,993,284	0.84%	-100.00%
Low income housing	11,138,500	0.07%	-	0.00%	100.00%
Other exemptions	412,760	0.00%	811,194	0.01%	-49.12%
TIF Incremental Value	55,506,904	0.34%	12,270,434	0.10%	352.36%
Total Commercial	593,972,862	3.61%	737,364,490	6.19%	-19.45%
Totally exempt*	889,686,898	5.41%	615,333,902	5.16%	44.59%
Total property exemptions/reductions	3,350,762,524	20.38%	2,509,859,355	21.05%	33.50%
Estimated Net Taxable Value	\$ 13,097,475,513	79.62%	\$ 9,410,725,739	78.95%	39.18%

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	Carrollton-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
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
2018	0.427790	0.171910	0.599700	1.381000	1.282085	1.407500	1.477700	1.439000	0.656738	0.272056	0.237812	0.220000

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 2018			Fiscal Year 2009		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Halliburton Energy Services	\$ 82,897,556	0.64%	STMicroelectronics, Inc.	\$ 71,378,514	0.79%
Bella Vida Gardens Associates LLC	71,450,033	0.55%	Texas Utilities/Oncor Electric	70,835,010	0.78%
JPMorgan Chase Bank NA	63,174,270	0.49%	Cobalt Industries	67,881,730	0.75%
Ari-International Business Park	61,062,146	0.47%	Bella Vida Gardens	57,490,183	0.63%
Autumn Chase Apartments	61,030,017	0.47%	ARI-International Business Park LLC	51,745,825	0.57%
Cyrus One LLC	57,000,000	0.44%	Verizon/GTE	50,944,260	0.56%
Texas Dugan Ltd.	51,139,322	0.39%	Research in Motion Corp.	50,010,437	0.55%
Frankel, Edward B MD TR	49,987,000	0.38%	Halliburton Co. Inc.	44,474,182	0.49%
CI Dal I V LLC	48,280,320	0.37%	AT&T/Southwestern Bell/Cingular	41,094,150	0.45%
Lakeview at Josey Ranch Senior Living	43,660,400	0.34%	Texas Dugan LTD PS	40,133,521	0.44%
Total Assessed Value of Top-ten Taxpayers:	589,681,064	4.54%	Total Assessed Value of Top-ten Taxpayers:	545,987,812	6.01%
Total Assessed Value of Other Taxpayers:	12,414,606,638	95.46%	Total Assessed Value of Other Taxpayers:	8,540,444,176	93.99%
Total Assessed Value:	<u>\$ 13,004,287,702</u>	<u>100.00%</u>	Total Assessed Value:	<u>\$ 9,086,431,988</u>	<u>100.00%</u>

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
2009	56,983,591	58,797,682	(458,788)	58,338,894	57,863,664	99.19%	451,687	58,315,351	99.96%
2010	55,564,918	57,160,657	(278,842)	56,881,815	56,570,727	99.45%	253,221	56,823,948	99.90%
2011	53,709,922	55,477,092	(121,214)	55,355,878	54,937,434	99.24%	384,015	55,321,449	99.94%
2012	53,668,670	55,502,447	(5,649)	55,496,798	55,128,245	99.34%	327,931	55,456,176	99.93%
2013	54,782,788	56,407,488	81,909	56,489,397	56,013,200	99.16%	392,223	56,405,423	99.85%
2014	57,132,835	59,049,086	(6,639)	59,042,447	58,752,099	99.51%	200,678	58,952,777	99.85%
2015	61,028,968	62,839,506	10,184	62,849,690	62,505,443	99.45%	196,750	62,702,193	99.77%
2016	65,141,963	68,039,266	(169,264)	67,870,002	67,692,625	99.74%	38,800	67,731,425	99.80%
2017	71,793,263	73,359,863	(69,023.00)	73,290,840	72,990,754	99.59%	114,139	73,104,893	99.75%
2018	77,367,377	79,069,384	-	79,069,384	78,587,752	99.39%	-	78,587,752	99.39%

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			
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
2018	174,275,000	15,324,781	-	-	5,625,000	453,470	-	195,678,251	4.06%	1,479

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
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
2018	189,599,781	-	189,599,781	3,979,314	185,620,467	1.43%	1,403

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	\$ 178,785,000	37.15%	\$ 66,418,627
Collin County	319,710,000	0.05%	159,855
Collin County Community College	246,415,000	0.05%	123,208
Coppell Independent School District	322,504,968	0.03%	96,751
Dallas County	172,265,000	2.55%	4,392,758
Dallas County Community College District	228,350,000	2.55%	5,822,925
Dallas County Hospital District	687,775,000	2.51%	17,263,153
Dallas County Schools	36,600,000	2.55%	933,300
Dallas Independent School District	2,817,050,000	1.21%	34,086,305
Denton County	612,630,000	9.01%	55,197,963
Lewisville Independent School District	1,243,716,701	14.81%	184,194,443
Plano Independent School District	957,625,000	0.19%	1,819,488
Valwood Improvement Authority	11,130,000	56.44%	6,281,771
Subtotal, overlapping debt			<u>376,790,547</u>
City of Carrollton (direct debt)	189,599,781	100.00%	<u>189,599,781</u>
Total direct and overlapping debt			<u><u>\$ 566,390,328</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

Waterworks and Sewer System Revenue Bonds						
Fiscal Year	Total Revenues^a	Less: Operating Expenses^b	Net Available Revenue	Average Annual Requirement	Times Coverage	
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	
2018	45,476,534	39,395,153	6,081,381	1,237,640	4.91	

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City of Carrollton - direct debt:						
Paid with property taxes	\$ 189,599,781	\$ 184,737,459	\$ 178,954,418	\$ 172,658,724	\$ 168,728,244	\$ 161,205,494
Paid with dedicated revenues:						
Water and sewer revenues	6,078,470	12,169,238	13,578,357	14,937,477	16,251,597	18,065,717
Golf course revenues	-	-	-	-	-	1,440,000
Total direct debt	<u>195,678,251</u>	<u>196,906,697</u>	<u>192,532,775</u>	<u>187,596,201</u>	<u>184,979,841</u>	<u>180,711,211</u>
Other Entities - contractually obligated to be paid with water and sewer revenues:						
Dallas Water Utilities (DWU) ⁽¹⁾	48,356,487	46,668,317	49,555,981	46,929,690	47,418,861	44,287,472
Trinity River Authority - Central Regional Wastewater System (CRWS) ⁽²⁾	<u>84,464,932</u>	<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>
Total contractually obligated debt	<u>\$ 132,821,419</u>	<u>\$ 112,845,229</u>	<u>\$ 118,034,109</u>	<u>\$ 121,458,942</u>	<u>\$ 130,352,905</u>	<u>\$ 120,653,211</u>

(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. In addition, the City is considered an "obligated party" on all TRA CRWS debt outstanding. As such, it must make continuing disclosures on TRA CRWS debt and contract maturity is automatically extended to the final maturity of outstanding CRWS debt. 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
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%
2018	132,330	4,816,150	36,395	37.4	19,500	3.3%

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

2018			2009		
<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	1000	1.21%	Halliburton Energy Services	1,302	1.94%
McKesson Corp	999	1.21%	McKesson Corporation	833	1.24%
Thomson Reuters	950	1.15%	Hilton Reservations Worldwide	900	1.34%
Western Extrusions	900	1.09%	Baylor Medical Center at Carrollton	700	1.04%
Securus Technologies	800	0.97%	RealPage	679	1.01%
Baylor Scott & White Medical Center Carrollton	640	0.77%	RIA Computer Software	650	0.97%
Fairway Mortgage Co	550	0.66%	ACCOR North America	514	0.77%
Brandt	550	0.66%	Western Extrusions Corporation	501	0.75%
A E R Manufacturing	500	0.60%	General Aluminum Corporation	500	0.75%
Hilton Reservations & Customer Care	450	0.54%	AER Manufacturing	374	0.56%
Total	<u>7,339</u>	<u>8.86%</u>		<u>6,953</u>	<u>10.37%</u>

Source: North Central Texas Council of Governments (2018), City of Carrollton Economic Development (2009)

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>	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government and Administration	85.2	85.0	79.8	74.9	75.9	82.9	86.0	86.1	88.9	88.9
Public Safety	431.5	425.0	420.0	425.8	439.3	451.1	451.6	457.1	446.1	447.6
Development Services	120.0	116.0	111.5	109.2	108.7	108.0	112.0	113.0	113.0	108.0
Culture and Recreational	135.3	133.0	122.0	117.7	118.0	116.3	118.3	115.8	118.8	118.8
Water and Sewer	51.0	51.0	51.0	51.0	51.0	52.0	52.0	52.0	52.0	58.0
Fleet Services	14.0	14.0	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Risk Management	2.5	2.5	2.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Capital Projects and Special Revenue	<u>4.5</u>	<u>7.0</u>	<u>7.5</u>	<u>6.5</u>	<u>7.0</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>7.0</u>	<u>8.0</u>
Total	<u>844.0</u>	<u>833.5</u>	<u>794.3</u>	<u>786.6</u>	<u>801.4</u>	<u>817.8</u>	<u>827.4</u>	<u>831.5</u>	<u>827.3</u>	<u>830.8</u>

Source: City Budget Office

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

Table 18

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Number of Employees	240	239	238	207	206	211	210	217	221	226
Number of Violations (Citations)	33,923	42,340	45,018	50,674	51,451	60,793	47,594	41,435	35,926	32,361
Fire										
Number of Employees	139	138	135	141	154	159	158	158	173	171
Number of Fire runs	2,732	3,071	3,516	3,224	3,295	3,469	3,350	3,868	3,677	4,048
Number of EMS runs	6,230	5,998	6,007	6,641	6,993	7,098	7,381	7,770	8,093	8,344
Development Services										
Street Resurfacing (miles)	0	3	3	2	4	4	1	5	1	0
Cultural and Recreational										
Parks and Recreation										
Participants in Leisure Service Programs ^{(a)(b)}	16,950	25,045	42,904	46,512	65,459	65,187	61,656	36,024	36,781	22,981
Participants in Athletic Programs	76,478	90,034	87,610	88,114	82,988	83,713	79,775	78,216	68,928	59,967
Library										
Volumes in Collection	224,483	200,506	183,333	188,314	188,182	190,691	193,004	193,453	185,244	183,173
Water and Sewer										
Number of Water Consumers	34,825	33,915	35,802	34,971	35,710	36,055	38,975	36,841	37,168	37,686
Average Daily Water Consumption (gallons)	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	20,711,000
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	6.77%	6.36%	4.23%	6.77%	4.48%	3.88%	5.37%	7.17%	7.64%	8.26%
Sanitation (residential)										
Refuse Collected (tons)	26,024	25,508	38,538	34,942	36,668	37,405	36,112	30,062	28,674	28,126
Bulk/Brush Pickups (tons)	16,131	17,511	5,819	6,920	7,674	7,368	7,846	16,611	18,790	18,111
Recyclables Collected (tons)	8,655	9,070	7,490	7,702	7,166	7,651	7,796	7,947	7,800	7,130
Golf Course ^(c)										
Number of Paid Rounds Played	69,719	56,862	74,019	68,862	58,394	72,676	33,759	16,968	63,312	52,986

Source: City Departments

Notes: N/A = Data not available.

Services facilities. Prior to that time, participant figures only included those registered in City sponsored Leisure Services programs.

(b) - In 2018, the City's Senior Center participants dropped due to colder weather.

(c) - 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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	32	31	34	34	36	36	36	36	36	36
Police Motorcycle Units	7	7	7	7	7	8	8	8	7	4
Fire Stations	7	7	7	7	7	8	8	8	8	8
Development Services										
Streets- Paved (miles)	1,147	1,142	1,142	1,142	1,176	1,176	1,176	1,176	1,176	1,176
Alleys - Paved (miles)	179	178	178	178	190	189	189	189	189	210
Cultural and Recreational										
Parks (acres)	1,463	1,494	1,493	1,493	1,493	1,493	1,493	1,493	1,493	1,493
Playgrounds	26	26	25	25	25	25	25	25	25	25
Swimming Pools	2	2	1	1	1	1	1	1	1	1
Splash Parks	-	-	-	-	-	-	1	1	2	2
Tennis Courts	27	29	29	29	29	29	29	29	28	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	554	551	551	554	570	584	584	580	600
Fire Hydrants	4,886	4,894	4,895	4,937	4,995	5,110	5,192	5,278	5,363	5,398
Sanitary Sewers (miles)	435	431	403 (a)	403	410	414	417	417	418	425

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
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%
2018	393,485,849	414,941,180	94.8%	21,455,331	56,485,201	38.0%	12.38%	3.98%

* 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
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
2018	13,171,180	652,127	5.0%	729	27	606	3.6%	380,906	(271,221)	2.1%	17,173	24,153
Total	\$ 102,469,072	\$ 8,831,604	8.62%					\$ 4,663,977	\$ (4,167,627)	4.1%		
Average	\$ 9,921,988	\$ 908,831		713	42	455	5.9%	\$ 466,398	\$ (416,763)		\$ 13,125	\$ 22,083

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

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, 2018

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

2018 Appraised Value of Taxable Property⁽¹⁾	\$ 17,764,302,878
Less Exemptions:	
Agricultural Land Use	\$ 54,366,741
Homestead	1,324,544,422
Disabled Veterans	24,600,978
Over 65	434,853,223
Disabled Persons	20,233,410
Totally Exempt	892,778,014
Freeport	544,821,041
Capped Value	219,508,680
Low Income Housing	12,569,343
Other Exemptions	<u>526,906</u>
Total Exemptions	<u>3,528,802,758</u>
 2018 Taxable Valuation⁽¹⁾	 <u>\$ 14,235,500,120</u>
 Gross General Obligation Bonded Debt:	
General Purpose Bonds and Certificates (Par Value Only)	\$ 180,600,000
Less: General Obligation Interest & Sinking Fund Balances as of 09/30/2018	<u>4,872,308</u>
 Net General Obligation Bonded Debt	 <u>\$ 175,727,692</u>
Ratio of Gross General Obligation Bonded Debt to 2018 Taxable Valuation	1.27%
Ratio of Net General Obligation Bonded Debt to 2018 Taxable Valuation	1.23%

2010 Census Population - 119,370
2018 Estimated Population - 132,330
Per Capita Taxable Valuation - \$107,576
Per Capita Gross General Obligation Bonds Bonded Debt - \$1,365
Per Capita Net General Obligation Bonds Bonded Debt - \$1,328

⁽¹⁾ Certified tax roll provided by the Dallas Central, Denton Central and Collin Central Appraisal Districts (the "Appraisal Districts") in July 2018 (Fiscal year 2019). 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 \$14,336,181,987 in its fiscal year 2019 budget which includes an increase of \$100,681,867 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, 2018

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>
2009/10	9,203,400,425	1.29	169,915,000 ⁽²⁾	1.85
2010/11	8,906,668,661	(3.22)	172,530,000 ⁽²⁾	1.94
2011/12	8,897,348,983	(0.10)	158,850,000 ⁽²⁾	1.79
2012/13	9,098,799,667	2.26	155,755,000 ⁽²⁾	1.71
2013/14	9,556,642,945	5.03	161,780,000 ⁽²⁾	1.69
2014/15	10,280,594,071	7.58	162,600,000 ⁽²⁾	1.58
2015/16	11,086,019,064	7.83	165,015,000 ⁽²⁾	1.49
2016/17	11,944,206,839	7.74	170,030,000 ⁽²⁾	1.42
2017/18	13,004,287,702	8.88	174,275,000 ⁽²⁾	1.34
2018/19	14,235,500,120	9.47	180,600,000 ⁽³⁾	1.27

⁽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 par amount only at fiscal year end.

⁽³⁾ Amount reflects outstanding par amount plus the Bonds at par.

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>	
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
2018/19	11,773,812,429	83	2,461,687,691	17	14,235,500,120

⁽¹⁾ Source: Dallas Central, Denton Central and Collin Central Appraisal Districts.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2018

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

Property Use Category	Tax Year 2018	Tax Year 2017	Tax Year 2016	Tax Year 2015	Tax Year 2014
Real, Residential, Single Family, and Mobile Homes Real	\$ 8,576,816,519	\$ 7,811,217,996	\$ 7,051,127,518	\$ 6,269,937,367	\$ 5,721,942,087
Residential, Multiple Family	1,607,676,258	1,335,155,290	1,194,816,308	1,084,309,737	1,015,906,272
Real, Vacant Lots/Tracts	206,972,910	197,823,560	175,258,889	189,856,391	169,407,783
Real, Acreage (Land Only)	54,510,365	65,019,202	72,854,919	59,168,392	64,516,154
Real, Commercial, Industrial and Utilities	3,519,298,365	3,312,197,718	3,065,605,106	2,862,103,364	2,680,156,886
Tangible Personal, Commercial Industrial and Utilities	3,015,599,099	2,788,510,629	2,787,652,467	2,571,132,212	2,427,195,971
Tangible Personal, Special Inventory Other	64,078,220	59,260,487	52,925,440	45,021,244	42,505,979
Total Appraised Valuation⁽¹⁾⁽²⁾	\$ 17,044,951,736	\$ 15,569,184,882	\$ 14,400,240,647	\$ 13,081,528,707	\$ 12,121,631,132
Total Exempt Property	905,323,671	900,321,665	867,819,453	773,026,931	729,903,023
Disputed ARB/ ERV Market Value	(185,972,529)	(169,963,225)	(179,793,885)	(79,387,494)	(48,600,275)
Total Market Value	\$ 17,764,302,878	\$ 16,299,543,322	\$ 15,088,266,215	\$ 13,775,168,144	\$ 12,802,933,880
Productivity Loss	(54,366,741)	(64,673,555)	(72,420,406)	(54,717,844)	(56,206,520)
Homestead Cap	(219,508,680)	(203,289,723)	(163,333,474)	(63,519,860)	(35,168,382)
Exemptions	(3,254,927,337)	(3,027,292,342)	(2,908,305,496)	(2,570,911,376)	(2,430,964,907)
Total Property Exemptions	\$ (3,528,802,758)	\$ (3,295,255,620)	\$ (3,144,059,376)	\$ (2,689,149,080)	\$ (2,522,339,809)
Certified Assessed Valuation	\$ 14,235,500,120	\$ 13,004,287,702	\$ 11,944,206,839	\$ 11,086,019,064	\$ 10,280,594,071

⁽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)

Property Use Category	Percent of Total Appraised Valuation for Tax Years				
	2018	2017	2016	2015	2014
Real Property					
Single-Family Residential	50.4%	50.1%	48.9%	47.8%	47.2%
Multi-Family Residential	9.4%	8.6%	8.3%	8.3%	8.4%
Vacant Lots/Tracts	1.2%	1.3%	1.2%	1.5%	1.4%
Acreage-Land Only	0.3%	0.4%	0.5%	0.5%	0.5%
Commercial, Industrial, and Utilities	20.6%	21.3%	21.3%	21.9%	22.1%
Tangible Personal Property					
Commercial, Industrial, and Utilities	17.7%	17.9%	19.4%	19.7%	20.0%
Other	0.4%	0.4%	0.4%	0.3%	0.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2018

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

<u>Fiscal</u> <u>Year Ended</u>	<u>Tax Rate Distribution</u>			<u>Tax</u> <u>Levy for</u> <u>Fiscal Year</u> ⁽¹⁾	<u>Percent</u> <u>of Current</u> <u>Collections</u>	<u>Percent</u> <u>of Total</u> <u>Collections</u>
	<u>Total</u> <u>Tax</u> <u>Rate</u>	<u>Operating/</u> <u>General</u> <u>Fund</u>	<u>Interest</u> <u>and Sinking</u> <u>Fund</u>			
2009/10	0.6179	0.4157	0.2022	56,881,815	99.45 %	99.90 %
2010/11	0.6179	0.4062	0.2116	55,355,878	99.24 %	99.94 %
2011/12	0.6179	0.3985	0.2194	55,496,798	99.34 %	99.93 %
2012/13	0.6179	0.4119	0.2060	56,489,397	99.16 %	99.85 %
2013/14	0.6179	0.4144	0.2034	59,042,447	99.51 %	99.85 %
2014/15	0.6154	0.4174	0.1980	62,849,690	99.45 %	99.77 %
2015/16	0.6129	0.4201	0.1928	67,870,002	99.74 %	99.80 %
2016/17	0.6037	0.4258	0.1779	73,290,840	99.59 %	99.75 %
2017/18	0.5997	0.4278	0.1719	79,069,384	99.39 %	99.39 %
2018/19	0.5950	0.3481	0.1648	84,016,514	- % ⁽²⁾	- % ⁽²⁾

Source: City of Carrollton.

⁽¹⁾ Adjusted Tax Levy and Collections at Fiscal Year End.

⁽²⁾ In process of collection.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2018

TABLE CD-7
TOP TEN TAXPAYERS
Fiscal Year 2019
(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	\$ 79,588,132	0.56%
2. Bella Vida Gardens Associates LLC	Apartments	79,302,633	0.56%
3. Autumn Chase Apartments	Apartments	70,920,600	0.50%
4. Texas Dugan Ltd.	Real Estate	57,991,815	0.41%
5. Ari-International Business Park	Real Estate	56,421,920	0.40%
6. Frankel, Edward B MD TR	Apartments	53,923,833	0.38%
7. CI Dal I V LLC	Apartments	50,886,610	0.36%
8. JPMorgan Chase Bank NA	Finance	49,298,280	0.35%
9. Cyrus One LLC	Technology	48,760,317	0.34%
10. Salado Apartments LLC	Apartments	<u>48,182,320</u>	<u>0.34%</u>
Total		<u>\$ 595,276,460</u>	<u>4.20%</u>

⁽¹⁾Total taxable value including real and personal property is \$14,235,500,120
Source: Dallas & Denton County Tax Office, City Report of Property Value, 2018. (Fiscal Year 2019)

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

General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/19		\$ 23,319,097
Debt Service Fund, All General Obligation Issues 9/30/18	\$ 4,872,308	
Budget for Fiscal Year 2018/19 Debt Service Fund Tax Levy @ 98.5% Collection	23,264,577	<u>28,136,885</u>
Estimated Surplus Year Ending 9/30/19		<u>\$ 4,817,788</u>

⁽¹⁾Includes bonds to be issued in 2019. 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, 2019	\$ 23,319,097
\$0.164750 Tax Rate @ 98.5% Collection Procedures ⁽¹⁾	23,264,577

⁽¹⁾Calculation based on 2018/19 taxable value of \$14,336,181,987 which is calculated as: certified taxable value of \$14,235,500,120 plus estimated valuation of property under protest of \$173,665,083 less the incremental value assigned to the City's Tax Increment Reinvestment Zone of \$72,983,216.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2018

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.

<u>Fiscal Year Ended 9/30</u>	<u>Total Collected</u>	<u>Percentage of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Per Capita</u>
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
2018	39,632,629	47.17 ⁽¹⁾	0.28 ⁽¹⁾	299.50 ⁽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 132,330 as of September 30, 2018.

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⁽¹⁾
(Unaudited)

<u>Month</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>2016-2017</u>
October	\$ 3,651,964	\$ 3,180,134	\$ 3,277,193
November	3,243,920	3,190,416	2,961,534
December	2,989,926	3,053,816	2,724,463
January	3,942,527 ⁽²⁾	3,647,154	3,480,565
February	3,111,318 ⁽²⁾	3,137,717	2,721,053
March	2,975,744 ⁽²⁾	3,017,073	2,826,665
April	3,778,533 ⁽²⁾	3,822,991	3,337,879
May	3,296,141 ⁽²⁾	3,348,634	2,747,321
June	3,380,061 ⁽²⁾	3,557,242	3,062,264
July	3,883,924 ⁽²⁾	3,537,422	3,511,547
August	3,210,599 ⁽²⁾	2,788,470	3,029,968
September	3,442,068 ⁽²⁾	3,351,560	2,946,118
	<u>\$ 40,906,725</u>	<u>\$ 39,632,629</u>	<u>\$ 36,626,570</u>

Source: Comptroller of Public Accounts; City of Carrollton

⁽¹⁾ Amount does not include mixed beverage and sales taxes on City services.

⁽²⁾ Projected amount, not actual. Based on City of Carrollton budget projections. Based on year to date sales tax collections, which for the first three months of the fiscal year, have been 1.18% over the original budget and 8.25% over prior year actual collections, it is likely that total sales tax collections will surpass the budgeted amounts shown in Table 16. However, due to the volatility of sales tax revenues, the City adopted a financial policy in early 2013 to mitigate the risk of volatility. Such policy identifies amounts in excess of budgeted sales tax collections as a non-recurring revenue source, which is dedicated to fund capital improvement projects, and is not reflected as a source of operating revenues for the General Fund. Beginning in fiscal year 2019, the City adopted a new policy stating that the capped sales tax will not be allowed to grow more than 8% over the previous year's capped amount, while limiting the percentage of total sales tax spent for recurring items at 75%, with the remaining 25% on one-time non-recurring purposes.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2018

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

Fiscal Year <u>Ended</u> <u>30-Sep</u>	\$22,000,000 ⁽¹⁾				Total Debt Service <u>Requirements</u>
	Existing Debt <u>Service</u>	General Obligation Improvement Bonds Series 2019		Total Debt Service	
		<u>Principal</u>	<u>Interest</u>		
2019	\$ 22,818,955	\$ 495,000	\$ 5,142	\$ 500,142	\$ 23,319,097
2020	21,288,955	850,000	1,137,376	1,987,376	23,276,331
2021	19,912,555	1,110,000	877,837	1,987,837	21,900,392
2022	18,486,630	1,155,000	830,663	1,985,663	20,472,293
2023	17,543,580	1,205,000	781,575	1,986,575	19,530,155
2024	16,962,580	1,260,000	730,362	1,990,362	18,952,942
2025	16,956,743	1,310,000	676,813	1,986,813	18,943,556
2026	15,448,763	1,365,000	621,137	1,986,137	17,434,900
2027	14,057,013	1,425,000	563,125	1,988,125	16,045,138
2028	12,659,113	1,485,000	502,563	1,987,563	14,646,676
2029	12,670,331	1,550,000	439,450	1,989,450	14,659,781
2030	10,688,056	1,615,000	373,575	1,988,575	12,676,631
2031	8,382,400	1,685,000	304,938	1,989,938	10,372,338
2032	6,866,625	1,755,000	233,325	1,988,325	8,854,950
2033	5,131,713	1,830,000	158,737	1,988,737	7,120,450
2034	2,697,788	1,905,000	80,963	1,985,963	4,683,751
2035	1,265,250	-	-	-	1,265,250
	<u>\$ 223,837,050</u>	<u>\$ 22,000,000</u>	<u>\$ 8,317,581</u>	<u>\$ 30,317,581</u>	<u>\$ 254,154,631</u>

⁽¹⁾ Estimated 2019 debt issuance. Assumed interest rate of 4.25%

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2018

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

Authorization Purpose	Authorization Date	Amount Authorized	Prior Issuance	2019 Bonds⁽²⁾	Balance Unissued
Street Improvements & Traffic Flow	05/05/18	78,010,000	-	12,980,000	65,030,000
Public Safety Facilities Improvements	05/05/18	6,250,000	-	-	6,250,000
Parks & Recreation Improvements	05/05/18	22,420,000	-	9,020,000	13,400,000
		<u>\$ 106,680,000</u>	<u>\$ -</u>	<u>\$ 22,000,000</u>	<u>\$ 84,680,000</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 2019 Bonds assume use of par and premium against authorization.

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

	Fiscal Year Ending September 30				
	2018	2017	2016	2015	2014
Fund Balance -					
Beginning of Year	\$ 20,760,160	\$ 21,555,016	\$ 19,086,008	\$ 20,804,224	\$ 18,393,387
Revenues:					
Taxes & Franchise Fees	97,230,466	90,346,048	84,177,069	78,296,612	73,353,751
Charges for Services	5,716,495	6,158,205	5,892,576	5,485,692	5,452,886
Fines and Forfeitures	4,778,759	4,994,567	5,714,631	6,833,415	7,057,819
Investment Income	936,731	650,967	460,909	337,074	260,719
Licenses and Permits	3,580,421	2,525,756	3,038,325	2,797,402	2,816,818
Intergovernmental	270,572	111,646	96,015	17,328	-
Miscellaneous	583,707	740,709	529,415	636,249	539,552
Total Revenues	<u>113,097,151</u>	<u>105,527,898</u>	<u>99,908,940</u>	<u>94,403,772</u>	<u>89,481,545</u>
Expenditures:					
General Government and					
Administration	15,594,492	15,321,401	14,014,017	14,249,773	14,233,668
Development Services	11,075,739	10,391,297	10,840,186	9,979,839	9,357,484
Public Safety	58,379,196	55,619,820	52,651,617	50,226,235	48,450,210
Cultural and Recreation	12,552,134	12,172,177	11,320,937	11,013,334	10,716,732
Net Transfers	5,754,982	12,818,059	8,613,175	10,652,807	4,312,614
Total Expenditures	<u>103,356,543</u>	<u>106,322,754</u>	<u>97,439,932</u>	<u>96,121,988</u>	<u>87,070,708</u>
Excess/Deficiency of Revenues over Expenditures	<u>9,740,608</u>	<u>(794,856)</u>	<u>2,469,008</u>	<u>(1,718,216)</u>	<u>2,410,837</u>
Fund Balance -					
End of Year	<u>\$ 30,500,768</u>	<u>\$ 20,760,160</u>	<u>\$ 21,555,016</u>	<u>\$ 19,086,008</u>	<u>\$ 20,804,224</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, 2018

TABLE CD-15
GENERAL FUND
CURRENT OPERATIONS
 (Unaudited)

On September 18, 2018, the 2018-19 budget was adopted by the City Council. The following General Fund Operating Budget is presented on a budget basis presentation.

<u>Revenues</u>	2017-18 <u>Actual</u>⁽¹⁾	2018-19 <u>Adopted Budget</u>	2018-19 <u>Current Estimate</u>⁽²⁾
Property Taxes	\$ 45,097,231	\$ 49,637,946	\$ 49,106,865
Sales Taxes	39,811,034	41,061,003	40,918,840
Franchise Fees	12,205,080	11,772,302	12,205,080
Licenses and Permits	3,580,421	2,460,851	2,583,445
Charges for Services	5,524,362	5,873,107	5,874,672
Fines and Forfeiture	4,661,746	4,243,814	4,226,064
Other Revenues	761,486	400,000	400,000
Investment Income	993,834	997,500	997,500
Transfers In	<u>2,839,004</u>	<u>2,590,541</u>	<u>2,590,541</u>
Total Revenues	<u>\$ 115,474,198</u>	<u>\$ 119,037,064</u>	<u>\$ 118,903,007</u>
<u>Expenditures</u>			
Personnel Services	\$ 62,281,574	\$ 67,545,859	\$ 67,545,859
Supplies and Services	12,809,167	14,976,883	14,976,883
Utilities	2,522,505	2,527,215	2,527,215
Allocations	16,802,469	18,811,165	18,811,165
Capital Outlay	476,590	475,845	475,845
Transfers Out	<u>13,617,468</u>	<u>20,339,611</u>	<u>20,339,611</u>
Total Expenditures	<u>\$ 108,509,773</u>	<u>\$ 124,676,578</u>	<u>\$ 124,676,578</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, 2018. 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. The fiscal year 2018/2019 General Fund budget is generally balanced between revenues and expenditures.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2018

TABLE CD-16
CURRENT INVESTMENTS
(Unaudited)

As of September 30, 2018 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 0.94 years

<u>Type of Investment</u>	<u>Amortized Value</u>	<u>Percentage</u>
Coupon Agencies	\$ 165,291,609	76.27%
Discount Agencies	-	0.00%
Treasury Notes	8,936,010	4.12%
Government Pools ⁽¹⁾	<u>42,489,646</u>	<u>19.61%</u>
Total Securities	<u>\$ 216,717,265</u>	<u>100.00%</u>

⁽¹⁾The City's government pool investments are in the Texas Local Government Investment Pools ("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, 2018

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

\$10,000,000⁽¹⁾

Fiscal Year	Water and Wastewater Improvement Bonds				Total Debt Service	Total Debt Service Requirements
	Ended 30-Sep	Existing Debt Service	Principal	Series 2019 Interest		
2019	\$ 1,328,950	\$ -	\$ -	\$ -	\$ 1,328,950	
2020	1,333,950	395,000	528,889	923,889	2,257,839	
2021	1,331,950	515,000	408,213	923,213	2,255,163	
2022	1,328,150	540,000	386,325	926,325	2,254,475	
2023	865,200	560,000	363,375	923,375	1,788,575	
2024	-	585,000	339,575	924,575	924,575	
2025	-	610,000	314,713	924,713	924,713	
2026	-	635,000	288,788	923,788	923,788	
2027	-	665,000	261,800	926,800	926,800	
2028	-	690,000	233,538	923,538	923,538	
2029	-	720,000	204,213	924,213	924,213	
2030	-	750,000	173,613	923,613	923,613	
2031	-	785,000	141,738	926,738	926,738	
2032	-	815,000	108,375	923,375	923,375	
2033	-	850,000	73,738	923,738	923,738	
2034	-	885,000	37,613	922,613	922,613	
Totals	\$ 6,188,200	\$ 10,000,000	\$ 3,864,506	\$ 13,864,506	\$ 20,052,706	

⁽¹⁾ Estimated 2019 debt issuance. Assumed interest rate of 4.25%

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2018

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

	Fiscal Year Ending September 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues	\$ 45,476,534	\$ 40,014,788	\$ 37,738,309	\$ 35,668,929	\$ 34,102,074
Expenses:					
Personnel Services	4,206,038	3,989,218	4,160,938	3,740,948	3,683,454
Supplies and Services	29,415,211	26,136,178	23,785,815	21,505,088	21,764,025
Utilities	890,563	946,111	874,429	858,560	694,054
Allocations	810,228	1,222,871	1,209,405	1,175,733	1,195,384
Provision for					
Doubtful accounts	102,478	39,523	44,919	44,450	47,877
Transfers Out	3,970,635	3,658,286	3,663,133	3,587,841	3,651,703
Total Expenses	<u>39,395,153</u>	<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>\$ 6,081,381</u>	<u>\$ 4,022,601</u>	<u>\$ 3,999,670</u>	<u>\$ 4,756,309</u>	<u>\$ 3,065,577</u>
Customer Count Water/Sewer	37,686	37,168	36,841	38,975	36,055
Average Annual Debt Service	\$ 1,237,640	\$ 1,385,524	\$ 1,426,329	\$ 1,460,318	\$ 1,488,696
Coverage	4.91	2.90 x	2.80 x	3.26 x	2.06
Average Annual Debt Service - 2019/2023					\$ 1,237,640
Coverage of Average Annual Debt Service at 9/30/18 Net Available					\$ 4.91
Maximum Annual Debt Service - 2019/2023					\$ 1,333,950
Coverage of Maximum Annual Debt Service at 9/30/18 Net Available					\$ 4.56

TABLE CD-19
FUND BALANCES
(As of September 30, 2018)
 (Unaudited)

Reserve Fund	\$ 1,237,640
Interest and Sinking Fund	<u>553,729</u>
Total Fund Balances	<u>\$ 1,791,369</u>

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2018

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

	<u>2017-18</u> <u>Actual ⁽¹⁾</u>	<u>2018-19</u> <u>Adopted Budget ^{(1) (2)}</u>
<u>Beginning Operating Funds</u>	\$ 10,626,415	\$ 10,323,043
<u>Revenues</u>		
Water Sales & Charges	27,814,740	26,799,388
Sewer Sales & Charges	15,848,910	15,725,540
Rate Increase	-	2,510,351
Tag & Reconnect Fees	527,845	395,000
Industrial Surcharge	505,229	465,000
Backflow Prevention Charges	192,530	175,000
Investment Income	173,624	200,000
Miscellaneous	124,114	220,000
Transfers In	-	-
Total Revenues	<u>\$ 45,186,992</u>	<u>\$ 46,490,279</u>
<u>Total Funds Available</u>	<u>\$ 55,813,407</u>	<u>\$ 56,813,322</u>
<u>Expenditures</u>		
Personnel Services	3,374,669	4,482,098
Supplies and Services	28,917,249	31,062,920
Utilities	883,461	869,226
Allocations	3,837,890	4,174,446
Capital Outlay	59,698	-
Canceled Encumbrances	-	-
Transfers Out	9,955,817	5,164,854
Total Expenditures	<u>\$ 47,028,784</u>	<u>\$ 45,753,544</u>
<u>Ending Operating Funds</u>	<u>\$ 8,784,623</u>	<u>\$ 11,059,778</u>

⁽¹⁾Budget basis.

⁽²⁾Includes a projected average increase of 7.1% on water and sewer rates effective 1/1/2019.

TABLE CD-21
UTILITY PLANT IN SERVICE
(As of September 30, 2018)
(Unaudited)

Land	\$ 1,382,918
Utility Plant	263,847,916
Equipment and Intangibles	6,272,714
Construction in Progress	122,412
Total Capital Assets	<u>271,625,960</u>
Less Accumulated Depreciation	<u>(154,489,548)</u>
Net Utility Plant in Service	<u>\$ 117,136,412</u>

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2018

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

	Fiscal Year Ending September 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Water & Wastewater					
System in Service	\$ 271,625,960	\$267,226,393	\$264,861,970	\$262,394,907	\$257,307,793
Reserve for Depreciation	<u>(154,489,548)</u>	<u>(146,879,329)</u>	<u>(139,366,148)</u>	<u>(132,053,043)</u>	<u>(124,943,330)</u>
Net plant in Service	<u>117,136,412</u>	<u>120,347,064</u>	<u>125,495,822</u>	<u>130,341,864</u>	<u>132,364,463</u>
Construction Funds Net Position	<u>12,771,838</u>	<u>12,594,277</u>	<u>10,930,257</u>	<u>9,882,200</u>	<u>9,975,764</u>
Net Plant in Service and Coming on Line	<u>129,908,250</u>	<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	425,502	1,167,529	1,438,770	537,237	258,338
Plus Operating Working Capital	<u>10,190,230</u>	<u>11,351,689</u>	<u>12,195,938</u>	<u>12,528,176</u>	<u>12,779,879</u>
Assets and Deferred Outflows of Resources Net of Current Liabilities and Debt Reserves	<u>140,523,982</u>	<u>145,460,559</u>	<u>150,060,787</u>	<u>153,289,477</u>	<u>155,378,444</u>
Long Term Debt	4,854,536	10,710,117	12,169,237	13,578,357	14,937,477
Less Debt Reserves	<u>(1,237,640)</u>	<u>(1,385,524)</u>	<u>(1,426,329)</u>	<u>(1,460,318)</u>	<u>(1,488,696)</u>
Net Long Term Debt	<u>3,616,896</u>	<u>9,324,593</u>	<u>10,742,908</u>	<u>12,118,039</u>	<u>13,448,781</u>
Plus Other Liabilities/ Deferred Inflows of Resources	<u>456,436</u>	<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	4,073,332	11,182,142	12,769,983	13,124,316	14,038,618
City's Equity in System	<u>\$ 136,450,650</u>	<u>\$134,278,417</u>	<u>\$137,290,804</u>	<u>\$140,165,161</u>	<u>\$141,339,826</u>
% Equity	97.10%	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.

The City implemented GASB Statement No. 75 in fiscal year 2018. 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, 2018

TABLE CD-23
TOP TEN WATER CUSTOMERS
AS OF 9/30/2018
(Unaudited)

<u>Name</u>	<u>Type</u>	<u>Revenues</u>	<u>% of Total Water Revenues⁽¹⁾</u>
1. Carrollton-Farmers Branch ISD	School District	\$ 558,055	2.01%
2. Lewisville ISD	School District	275,484	0.99%
3. Rudy's Tortillas	Manufacturing	150,932	0.54%
4. Frankel Family Trust	Manufacturing	134,657	0.48%
5. Western Extrusions Inc.	Apartments	134,650	0.48%
6. Autumn Chase Apartments	Apartments	125,210	0.45%
7. Mansions at Sunset Ridge	Apartments	116,292	0.42%
6. Dawntree Apartments	Apartments	103,104	0.37%
9. Meridian Apartments	Apartments	101,880	0.37%
10. Prologis	Manufacturing	95,822	0.34%
TOTAL		\$ 1,796,086	6.45%

NOTES:

⁽¹⁾Total water revenues from October 1, 2017 through September 30, 2018 was \$ 27,814,740

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>
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
2018	20,711,000	37,720,000	7,578,297,000

Source: City of Carrollton Water Distribution Department.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
 Year ended September 30, 2018

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	\$	12.98
Commercial (including apartments and portable meters), industrial and commercial irrigation use:		
5/8" meter	\$	13.25
1" meter		20.40
1.5" meter		32.38
2" meter		46.73
3" meter		84.98
4" meter		128.01
6" meter		247.60
8" meter		391.11
10" meter		558.50
Fire Line regardless of size		72.14

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)	\$	3.25
Meter Readings from May through September		
Next 8,000 gallons (per 1,000 gallons)		3.25
All Over 10,000 gallons (per 1,000 gallons)		4.38
All Over 25,000 gallons (per 1,000 gallons)		5.48
Irrigation use:		
Next 23,000 gallons (per 1,000 gallons)	\$	3.34
Next 25,000 gallons (per 1,000 gallons)		3.99
Next 50,000 gallons (per 1,000 gallons)		4.52
Next 100,000 gallons (per 1,000 gallons)		5.10
All use over 200,000 gallons (per 1,000 gallons)		5.69
Commercial use (including apartments and portable meters)		
All use over 2,000 gallons (per 1,000 gallons)	\$	2.25
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)	\$	1.97

Monthly Sewer Rates:

Residential use:		
First 2,000 gallons, minimum	\$	13.82
All use over 2,000 gallons (per 1,000 gallons)		2.88
Commercial (including apartments), Industrial and Irrigation minimum monthly charges, including the first 2,000 gallons of use:		
5/8" meter	\$	13.82
1" meter		20.00
1.5" meter		30.26
2" meter		42.56
3" meter		75.41
4" meter		112.31
6" meter		214.86
8" meter		337.94
10" meter		481.52
Commercial and Industrial use:		
All use over 2,000 gallons (per 1,000 gallons)	\$	2.88

⁽¹⁾ Rates effective March 1, 2018.

CITY OF CARROLLTON, TEXAS

Continuing Disclosure Tables
Year ended September 30, 2018

TABLE CD-26

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

	Fiscal Year Ending September 30				
	2018	2017	2016	2015	2014
Operating revenues:					
Charges for services	\$ 45,005,225	\$ 39,630,140	\$ 37,361,058	\$ 35,301,330	\$ 33,789,304
Miscellaneous	224,795	197,032	204,467	174,697	159,535
Total operating revenues	<u>45,230,020</u>	<u>39,827,172</u>	<u>37,565,525</u>	<u>35,476,027</u>	<u>33,948,839</u>
Operating expenses:					
Personal services	4,206,038	3,989,218	4,160,938	3,740,948	3,683,454
Supplies and Services	29,517,689	26,175,701	23,830,734	21,549,538	21,811,902
Utilities	890,563	946,111	874,429	858,560	694,054
Allocations	810,228	1,222,871	1,209,405	1,175,733	1,195,384
Depreciation	7,628,552	7,595,388	7,443,949	7,291,949	8,077,819
Total operating expenses	<u>43,053,070</u>	<u>39,929,289</u>	<u>37,519,455</u>	<u>34,616,728</u>	<u>35,462,613</u>
Income (loss) from operations	<u>2,176,950</u>	<u>(102,117)</u>	<u>46,070</u>	<u>859,299</u>	<u>(1,513,774)</u>
Nonoperating revenues (expenses):					
Investment earnings net of change in fair value	246,514	187,616	172,784	192,902	153,235
Gain on sale/retirement of capital assets	4,232	21,514	37,256	29,757	95,377
Interest expense	(236,632)	(426,206)	(477,678)	(521,786)	(573,215)
Total nonoperating revenues (expenses)	<u>14,114</u>	<u>(217,076)</u>	<u>(267,638)</u>	<u>(299,127)</u>	<u>(324,603)</u>
Income (loss) before contributions and transfers	2,191,064	(319,193)	(221,568)	560,172	(1,838,377)
Capital contributions	3,266,699	965,092	1,003,684	2,027,734	2,104,033
Transfers in	-	-	6,660	-	-
Transfers out	<u>(3,970,635)</u>	<u>(3,658,286)</u>	<u>(3,663,133)</u>	<u>(3,587,841)</u>	<u>(3,651,703)</u>
Change in net position	1,487,128	(3,012,387)	(2,874,357)	(999,935)	(3,386,047)
Net position at beginning of year, as previously reported	134,278,417	137,290,804	140,165,161	141,339,826	144,725,873
Impact of change in accounting principle	-	-	-	(174,730)	-
Net position at beginning of year, as restated	<u>134,278,417</u>	<u>137,290,804</u>	<u>140,165,161</u>	<u>141,165,096</u>	<u>144,725,873</u>
Net position at end of year	<u>\$ 135,765,545</u>	<u>\$134,278,417</u>	<u>\$137,290,804</u>	<u>\$140,165,161</u>	<u>\$141,339,826</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.

The City implemented GASB Statement No. 75 in fiscal year 2018. The amounts for all prior fiscal years presented have not been restated for the effects of this standard.



CARROLLTON

TEXAS



CARROLLTON
TEXAS

Where Connections Happen

City of Carrollton
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Schedule of Expenditures of Federal Awards and Reports of Independent
Certified Public Accountants

City of Carrollton, Texas

Year ended September 30, 2018

City of Carrollton, Texas

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Year ended September 30, 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

We have audited, 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, the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 26, 2019.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Intended purpose

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

Grant Thornton LLP

Dallas, Texas
February 26, 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on compliance for its major federal program

We have audited the compliance of the City of Carrollton, Texas (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget's OMB Compliance Supplement that could have a direct and material effect on its major federal program for the year ended September 30, 2018. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to the City's federal programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on its major federal program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

Report on internal control over compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of compliance requirements that could have a direct and material effect on its major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Dallas, Texas
February 26, 2019

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carrollton (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and our report thereon dated February 26, 2019 expressed unmodified opinions on these financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Dallas, Texas
February 26, 2019

City of Carrollton, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct programs:			
Community Development Block Grant - 2015	14.218	B15-MC-48-0037	\$ 130,967
Community Development Block Grant - 2016	14.218	B16-MC-48-0037	27,284
Community Development Block Grant - 2017	14.218	B17-MC-48-0037	<u>253,070</u>
<i>Total U.S. Department of Housing and Urban Development</i>			411,321
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Texas Department of Transportation:			
STEP Click It or Ticket - 2018	20.616	2018-CarrollIPD-CIOT- RFR-00015	<u>2,965</u>
<i>Total U.S. Department of Transportation</i>			2,965
U.S. DEPARTMENT OF JUSTICE			
Direct programs:			
Federal Forfeited Property	16.U01	n/a	182,048
Public Safety Partnership and Community Policing Grant	16.710	2016UWX0093	152,135
Passed through the City of Dallas:			
United States Marshal's Service - JLEO	n/a	n/a	<u>40,752</u>
<i>Total U.S. Department of Justice</i>			374,935
U.S. DEPARTMENT OF TREASURY			
Federal Forfeited Property	21.U01	n/a	183,068
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Texas Department of Public Safety:			
Urban Area Security Initiative - 2016	97.067	3177001	36,300
SHSP - 2016	97.067	3059901	25,980
Urban Area Security Initiative - 2016	97.067	2979302	40,756
Urban Area Security Initiative - 2017	97.067	3421901	<u>44,963</u>
Subtotal Urban Area Security Initiative			<u>147,999</u>
FEMA Disaster Grants - Public Assistance			
Category D - Jimmy Porter Park Drainage Channel	97.036	CARR002D	<u>192,841</u>
Subtotal FEMA			<u>192,841</u>
Total U.S. Department of Homeland Security			340,840
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed through Texas State Library & Archives Commission:			
Interlibrary Loan Program - 2018	45.310	LS-00-17-0044-17	<u>1,120</u>
Total Federal Financial Assistance			<u>\$1,314,249</u>

The accompanying notes are an integral part of this schedule.

City of Carrollton, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2018

NOTE A - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of the City of Carrollton, Texas (the City). Direct federal awards and those federal awards passed through other government agencies are included in the schedule. Pass-through entity identifying numbers are presented where available.

NOTE B - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE C - NON-CASH ASSISTANCE

The City has not received any non-cash assistance, for food stamps, surplus property; or insurance provided by a federal agency, or federal loans and/or loan guarantees, except for commodities in the amount of \$68,340.

NOTE D - FACILITIES AND ADMINISTRATIVE COST RATE

The City has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Carrollton, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2018

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal controls over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major programs:

<u>CFDA/Grant Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualify as low-risk auditee?	Yes

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

The audit disclosed no findings required to be reported.

City of Carrollton, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued

Year ended September 30, 2018

PART III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

The audit disclosed no findings required to be reported.

City of Carrollton, Texas

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year ended September 30, 2018

Finding 2017-001

Federal Program: Community Development Block Grant

CFDA: 14.218 **Federal Award Number:** Not Applicable **Award Year:** 2017/2018

Type of Finding: Significant Deficiency

Compliance Requirement: Suspension and Debarment

Criteria: Per Article 12.3 of the Grant Agreement: “The Local Government is prohibited from making any award or permitting any award at any tier to any party which is debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, Debarment and Suspension. The Local Government and its subcontractors shall include a statement of compliance with Federal and State Debarment and suspension regulations in all Third-party contracts.”

Condition: During testing of the Community Development Block Grant (CDBG) program, it was noted the City did not have evidence that one vendor out of twelve selected for testing was not suspended or debarred, either by the System for Award Management (SAM) search or by including vendor certification in the contract prior to contracting with the vendor. In addition, we noted five vendors for which the SAM check had not been updated for more than a year after the initial check was performed.

Questioned Costs: None

Context: The City was unable to provide evidence that the vendor was not suspended or debarred at the time of contract award.

Cause: The failure to properly review and document the suspended and debarred parties occurred due to the fact that a city employee did not perform the check timely (prior to contracting with the vendor).

Effect: The City could contract with a suspended or debarred vendor.

Auditor Recommendation: We recommend that management develop formal policies and procedures to ensure that the City does not contract with any person that is suspended, debarred, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal agency or that is debarred or suspended by the State. This can include any of three acceptable methods (1) checking the SAM prior to contracting and clearly documenting this, (2) collecting certifications from vendors, or (3) adding a clause or condition to the contract with vendors. In addition, we recommend the City perform a SAM check annually for vendors they continue to contract with.

City of Carrollton, Texas

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year ended September 30, 2018

Management's Response: The City does have a grant policy in regards to federal debarred or suspended parties check, referred as SAM check. The following is from our current grant policy.

“When a program manager is making a purchase with Federal funds, the Program Manager must review the System for Award Management (SAM) including Excluded Parties Listing Service (EPLS) prior to the purchase to ensure that the vendor has not been suspended or debarred from Federal awards and document this review. A screen print of the search results should be attached to the purchase order to document compliance with this requirement.”

Unfortunately, in this case, staff failed to perform the required SAM check prior to the contract award. The SAM check was completed subsequent to the contract award. In order to prevent this from happening, the City will make the following changes to re-enforce the grant compliance requirement in regards to the SAM check.

1. The grant policy will be modified to require staff/grant manager to perform all three acceptable methods for the SAM check as follows:
 - a. Check the SAM prior to contracting and clearly documenting,
 - b. Collect certifications from vendors, and
 - c. If there is a signed contract or agreement, add a clause or condition.
2. In addition, the grant policy will be modified to require staff/grant manager to perform a SAM check annually for vendors with continuing contracts.
3. The findings and the policy changes will be communicated to the City Management Team, grant managers and Grant Review Committee. Training and grant compliance requirement will be emphasized during each grant application review process conducted by the Grant Review Committee.

Current Year Update: Subsequent to the 2017 audit the City modified the grant policy to include each of the elements identified in items 1. and 2. above. The Grant Policy was revised February 2018 to include language to address suspension and debarment procedures. Further, the City communicated the findings and policy changes to the City Management Team, grant managers, and Grant Review Committee.