

City of Hurst, Texas

Comprehensive Annual Financial Report

Year Ended September 30, 2019

Prepared by:

**City of Hurst, Texas
Finance Department**



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Introductory Section





March 9, 2020

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

The Comprehensive Annual Financial Report (CAFR) of the City of Hurst, Texas (City) for the fiscal year ended September 30, 2019 is attached. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in the report.

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

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

REPORTING ENTITY AND ITS SERVICES

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

ECONOMIC CONDITION AND OUTLOOK

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

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

The City of Hurst's economic condition remains stable as property values remain strong and as new businesses continue to move into the City. This strength and stability allowed the City to maintain its core services while enhancing select programs/services in fiscal year 2018-2019, including the Smith Barfield Park playground replacement. Appraised property values have now fully recovered from the declines seen during the Great Recession which began in Tax Year 2008. Recent home sales in Hurst demonstrate that homes are selling quickly, and the average home value has increased from \$204,000 in Tax Year 2018 to \$227,000 in Tax Year 2019. Hurst remains a major retail-commercial center in the Tarrant County area. North East Mall, a regional shopping destination, and a number of quality shopping centers throughout the City provide sales tax revenue equaling approximately 28% of the revenues for the General Fund. Over the past five fiscal years, sales tax revenues have increased, on average, 0.94% per year. Fiscal year 2014-2015 saw the largest year-over-year increase at 6.63%, while fiscal year 2016-2017 saw the largest year-over-year decrease at 3.12%. In fiscal year 2018-2019 sales tax revenues were down slightly, or 0.6%, but through the first five months of fiscal year 2019-2020, sales tax revenues are up 5.78%. Although it is too early to know the full impact of the recent Supreme Court decision in *South Dakota v. Wayfair, Inc.*, the City will continue to monitor sales tax collections on purchases made from out-of-state sellers. Further, the City is committed to pursuing economic development opportunities to sustain and enhance this important revenue source.

Several factors support the City's continued financial strength: a half percent (half-cent) sales tax for crime control and prevention purposes; a half percent (half-cent) sales tax for Community Services projects; a strong retail base producing sales tax revenues; strong property valuations; ongoing economic development efforts; and the City's overall fiscal approach. While all of the above factors are important, sales tax revenue has traditionally served as a key economic barometer. However, because sales taxes can be volatile, our budget is set at an amount equal to prior year returns minus a budgeted contingency, usually \$500,000 to \$1,000,000. In fiscal year 2018-2019, annual sales tax revenue collected by the General Fund was \$1.4 million above the low seen in fiscal year 2009-2010 during the Great Recession and \$1 million over budget. The benefits of this conservative approach are reflected in the strength of the included financial statements and the City's bond ratings.

Ad valorem property tax revenue is also a primary revenue source for General Fund operations. Appraised values increased 6% in Tax Year 2018 and reflect the continued strength in the housing market. Appraised values increased 32% over the last ten years (Tax Year 2009 to Tax Year 2018), with appraised values being negatively impacted during this timeframe by the Great Recession. While we budgeted a 9% increase in property tax revenues in fiscal year 2018-2019, we also provided tax rate relief to property owners by lowering our tax rate from \$0.58094 to \$0.58 per \$100 valuation. Further, to take advantage of low interest rates and to allow more property tax revenue to be directed to General Fund operations, the City refinanced outstanding debt in six out of the last ten fiscal years. Going forward, the City will implement Senate Bill 2, which places a 3.5% cap on property tax revenue growth, excluding new construction. This new limit is a significant reduction of the 8% cap previously in place. Fortunately, the City has seen modest General Fund budget increases over the previous 10 years and the Council has continued to support prudent financial operations. The cap will create some new pressures upon our financial operations; however, Hurst continues to have a bright future considering our desirable location and history of successful economic development. Looking to the future, the City will also incorporate both optimistic and worst-case property value projections in its strategic planning process and will consider potential tax rate changes accordingly.

Over the past several years, as part of its "Transforming Hurst" redevelopment initiative, the City has constructed a new fire station, senior center, and conference center. The City has also completely remodeled its Justice Center and two Aquatics Centers – Chisholm and Central. Further, in 2016-2017, the City drafted a Redevelopment Plan that identified thirteen areas across the City to consider for development/redevelopment in the coming years. These initiatives have spurred surrounding private sector development, including a new Hilton Garden Inn next to the conference center that opened in the summer of 2018, a new 96-unit apartment community The Provision at North Valentine that is now leasing, and a new extended stay hotel Candlewood Suites in the Hurst Town Center that is scheduled to open in mid-2020. Overall, the City welcomed 107 new businesses to town in 2018-2019, including Pineapple Grill Texas, Ono Poke and Wounded Duck restaurants and a new Planet Fitness location. Citywide, retail space was 94.7% occupied. The North East Mall and The Shops at Northeast Mall were near 100% occupancy and added five new stores during the year.

The General Fund budget for fiscal year 2019-2020 increased by 1.2% over the previous year's adopted budget. The fiscal year 2019-2020 General Fund budget includes a 2.5% cost of living increase and additional appropriations for liability and disability insurance and public safety equipment. The General Fund budget for fiscal year 2019-2020 is balanced through increased property tax revenues and takes into consideration other anticipated revenue challenges, including declining sales tax revenues, declining municipal court revenues and the impacts of state mandates.

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

MAJOR INITIATIVES

FISCAL YEAR 2018-2019 - During the past fiscal year, the City of Hurst implemented and completed several major projects and programs. Departmental missions and programs are highlighted as follows:

The Legislative and Judicial Services Department includes the Legislative, Public Information and Judicial Divisions. In 2018-2019, the Legislative Division worked to effectively represent the residents of Hurst and improve the quality of life throughout the City. The Public Information Division administers elections, prepares agendas for and minutes of City Council meetings, and oversees public records. In 2018-2019, the Public Information Division administered the City's general and special elections, updated the City's electronic code of ordinances, and managed the board, commission and committee appointment process. The Judicial Division provides just, and impartial disposition of all cases filed in the Hurst Municipal Court. In 2018-2019, the Judicial Division continued its efforts to improve operational effectiveness and efficiency, including establishing a security committee, updating its policies and procedures manual and implementing online customer service initiatives.

The Administration Department effectively executes City Council policies, programs and directives, conducts City operations in an efficient and effective manner and responds promptly to citizen inquiries and requests. In 2018-2019, Administration enhanced its communications with the public, City Council and staff, including updating the City's Strategic Plan and sharing it with the public, producing the City's second annual budget video, revamping new employee orientation and providing core values training for all employees.

The Economic Development & Tourism Division seeks to expand the local economy by retaining existing businesses and attracting new businesses to Hurst. As evidence of their efforts, nineteen new restaurants opened in Hurst in 2018-2019, the most in the past ten years. Also, retail occupancy remains high at 94.7% of capacity.

The Hurst Conference Center (<https://hurstcc.com/>), which opened in September 2010, is a state of the art facility with over 50,000 square feet of event space. The Conference Center offers technologically advanced audio/visual services and exceptional on-site catering and is an ideal location for meetings, trade shows and events welcoming up to 900 guests. In addition, a new 140-room hotel that connects to the Conference Center, Hilton Garden Inn, opened in the summer of 2018. In 2018-2019, the Conference Center converted to LED lighting that it estimates will generate \$48,000 in annual cost savings, and it achieved its highest revenue to date at \$3.2 million.

The Public Works Department provides quality services to citizens through water, wastewater, drainage and traffic systems, while maintaining a safe and efficient working environment. In 2018-2019, the Engineering Division oversaw the ongoing Pipeline Road expansion project, began construction of the 44th year Community Development Block Grant project on Sheri Lane, and reviewed numerous private development projects. To maintain the City's 139 miles of paved concrete and asphalt streets, the Street/Drainage Division overlaid 7.5 lane miles of road surface and crack sealed 62,000 square yards of road surface. To maintain the City's 205 miles of water mains, the Water Division tested 95 commercial meters and repaired/replaced them as necessary. The Water Division also cleaned and inspected two elevated storage tanks. As a result of its efforts, the City continues to be recognized by the Texas Commission on Environmental Quality as a "Superior Public Water System." To maintain the City's 155 miles of sanitary sewer lines, the Wastewater Division managed the City's Sanitary Sewer Overflow Initiative program by cleaning 37 miles of sewer main, root treating 3 miles of sewer main, and completing 14 main repairs.

The Fiscal Services Department provides fiscally responsible control and guidance over all financial matters of the City. In 2018-2019, the City maintained its strong credit ratings and managed a debt issuance of \$9.175 million, which included \$7.225 million in General Obligation bonds for a new animal shelter and \$1.95 million in Certificates of Obligation for street improvements. Fiscal Services received its forty-fifth Certificate of Achievement for Excellence in Financial Reporting Award and its thirty-first consecutive Distinguished Budget Presentation Award.

The Utility Billing Division manages billing/collections for water, wastewater, sanitation and recycling services offered by the City. Staff reads over 12,000 meters each month. In 2018-2019, Utility Billing continued making courtesy calls in an effort to lower the number of customers who are disconnected for late payment, continued collection efforts for customers with past due balances, changed out approximately 800 aging meters throughout the City, and participated in supervisor training and a story boarding exercise to improve customer service. Additionally, the meter reading staff partnered with the billing staff to incorporate modern and efficient meter reading technology to reduce misreads and device malfunctions.

The Information Technology Division maintains the City's technology infrastructure, and in 2018-2019, they began a major software conversion for Building Inspections/Planning, implemented a new file back-up system, and rolled-out new anti-virus protection city-wide.

The Planning and Community Development Division coordinates the review of zoning, site plan and plat proposals, and is responsible for Code Enforcement activities. In 2018-2019, the Division was reorganized to gain efficiencies and established bi-monthly meetings of the Neighborhood and Community Advisory Committee to proactively maintain residential and commercial property values throughout the City.

The Equipment Services Division supports all City Departments by maintaining, repairing and replacing City equipment. Equipment Services is responsible for 275 pieces of equipment, and in 2018-2019, they performed preventive maintenance on 550 pieces of equipment and completed 1,400 equipment repairs.

The Human Resources Department partners with management and staff to serve all employees with excellence in such areas as employee relations, strategic planning, policy administration, and pay and benefits administration. In 2018-2019, Human Resources conducted its first new employee orientation session in collaboration with The Hurst Way Advocacy Team and established quarterly training for supervisors.

The Police Department is dedicated to providing exceptional service to its citizens and employees through a problem solving approach emphasizing a commitment to "Excellence through Teamwork." The Department's budget is supplemented by a .5% (half-cent) anti-crime sales tax that generated approximately \$5.3 million in 2018-2019. In 2018-2019, the Police Department expanded community outreach by partnering with high risk targets such as the Northeast Mall, schools and churches, and conducting special events such as "Chat with the Chief" and "Coffee with a Cop".

The Fire Department is committed to excellence through ongoing training and provides aggressive fire prevention, professional fire protection, rescue, emergency medical service, hazardous material response and emergency management. In 2018-2019, Fire responded to approximately 1,698 fire related calls and approximately 3,300 EMS related calls and completed approximately 1,601 fire inspections. The Fire Department also continued its annual ambulance subscription service for Hurst families that covers EMS costs not covered by insurance and engaged the community through its Citizen Fire Academy and Community Emergency Response Team programs. In addition, the Fire Department continued to participate in the Northeast Fire Department Association, which was created to combine/share the resources of local participating fire departments.

The Community Services Department offers recreational and educational opportunities to residents and non-residents alike at the City's 23 parks, 2 newly remodeled aquatics centers, a senior center, recreation center and library. The Community Services Budget is supplemented by a .5% (half-cent) sales tax that generated approximately \$5.3 million in 2018-2019. In 2018-2019, Community Services oversaw renovations at Smith Barfield Park, including playground replacement, landscape redesign and fence installation. Community Services organized marquee events, including the Christmas Tree Lighting, Eggstravaganza, Concert in the Park, Hurst Stars and Stripes 4th of July Event, and the Fall Festival. Community Services also launched a series of "Pop-Up" events, which are collaborations between the City and the local business and arts communities. These events offer family-friendly entertainment and include live theatrical and music performances. In 2018-2019, attendance remained strong at the facilities and programs offered by the City. 275,000 persons used the facilities at the recreation center, 153,000 used the facilities at the senior center, 60,000 swam at the aquatics centers, over 19,000 hit the courts at the Tennis Center, 6,000 signed-up for recreation classes, and 144,000 explored the educational and entertainment offerings at the Library.

FISCAL YEAR 2019-2020 – The following section highlights a few of the initiatives planned for next fiscal year:

- Economic Development will continue working with Simon Property Group on determining the highest and best use for the North East Mall and continue redevelopment efforts in Southeast Hurst using 380 agreements and other incentives where justified.
- The Hurst Conference Center (HCC) will continue to explore energy efficiency upgrades, including LED lighting and solar options, and evaluate its ability to be the first building in the City with Leadership in Energy and Environmental Design (LEED) certification. Additionally, HCC will make additional improvements to their A/V systems and upgrade other technology including their Wi-Fi system. These improvements are a response to customer demand and will improve the customer experience at HCC.
- Engineering will complete construction of its 44th Year Community Development Block Grant project and continue its work on the Pipeline Road expansion project.
- Finance will monitor debt refunding opportunities and the need for new debt issuance, monitor and implement new accounting standards, and update City Management and City Council on emerging national, state and local fiscal conditions.
- Information Technology will oversee the upgrade of the new permitting and code enforcement software, replacement of the citywide building access system, researching remote access alternatives, and providing cyber security training to City Council and staff.
- Planning and Community Development will complete its upgrade of new permitting and code enforcement software, enhance its oversight of multi-family housing by inspecting each property by May 31 of each year, and complete a document imaging project which includes the scanning and indexing of historical records.
- Human Resources will partner with Fiscal Services to support process improvement initiatives, and rollout a City recruitment plan.

- Police will begin construction of a new animal shelter and expand the multi-agency Victim Assistance Program.
- Fire will plan for the replacement of eight outdoor warning sirens and evaluate remodels at Fire Stations 1 and 3.
- Community Services will oversee major projects including improvements/renovations to the Recreation and Tennis Centers, Vivagene Copeland Park, and Parker Cemetery. Community Services will also be involved with the construction of the new Animal Shelter and Adoption Center and the City's first dog park.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control system should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

RISK MANAGEMENT

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

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

To ensure that the financial statements are fairly presented in accordance with generally accepted accounting principles, the City Council engaged BKD CPAs and Advisors to conduct an independent audit of our financial statements for the fiscal year ending September 30, 2019.

CERTIFICATE OF ACHIEVEMENT

THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) AWARDED A CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING TO THE CITY OF HURST FOR ITS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR ENDED SEPTEMBER 30, 2018. THIS WAS THE 45TH YEAR THAT THE GOVERNMENT HAS ACHIEVED THIS AWARD. IN ORDER TO BE AWARDED A CERTIFICATE OF ACHIEVEMENT, A GOVERNMENT MUST PUBLISH AN EASILY READABLE AND EFFICIENTLY ORGANIZED CAFR. THIS REPORT MUST SATISFY BOTH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND APPLICABLE LEGAL REQUIREMENTS. THE CERTIFICATE OF ACHIEVEMENT IS A PRESTIGIOUS NATIONAL AWARD RECOGNIZING CONFORMANCE WITH THE HIGHEST STANDARDS FOR PREPARATION OF STATE AND LOCAL GOVERNMENT FINANCIAL REPORTS. THE CERTIFICATE OF ACHIEVEMENT IS VALID FOR A PERIOD OF ONE YEAR ONLY. WE BELIEVE THAT OUR CURRENT CAFR CONTINUES TO MEET THE CERTIFICATE OF ACHIEVEMENT PROGRAM'S REQUIREMENTS AND WE ARE SUBMITTING IT TO GFOA TO DETERMINE ITS ELIGIBILITY FOR ANOTHER CERTIFICATE.

ACKNOWLEDGMENTS

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

Respectfully submitted,

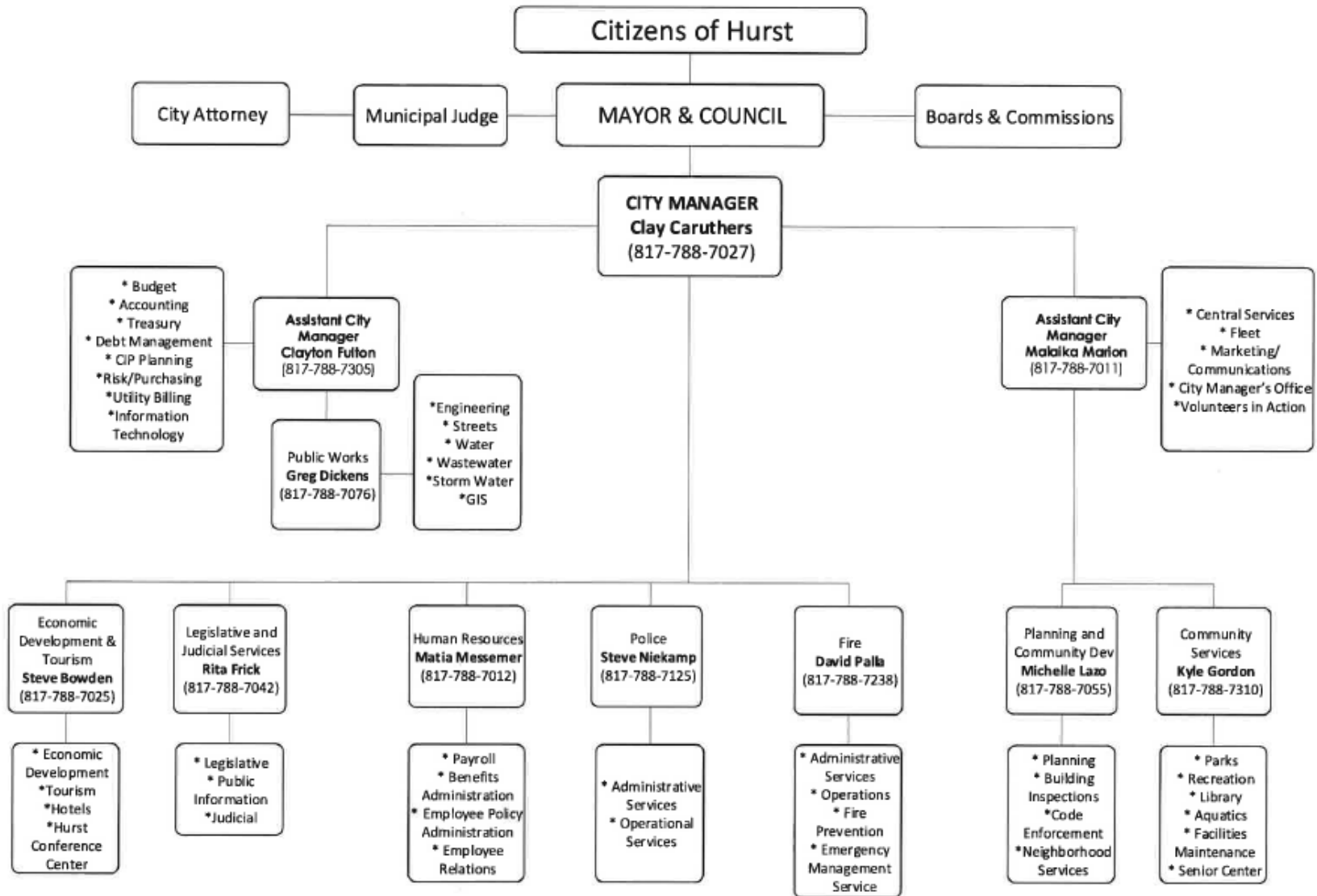
A handwritten signature in black ink, appearing to read "Clay Caruthers", with a long horizontal flourish extending to the right.

Clay Caruthers
CITY MANAGER



CITY OF HURST

Rev. 09/19





CITY OF HURST
LIST OF PRINCIPAL OFFICIALS
September 30, 2019

CITY COUNCIL

Henry Wilson	<i>Mayor</i>
Larry Kitchens	<i>Mayor Pro Tem</i>
David Booe	<i>Councilmember</i>
Cathy Thompson	<i>Councilmember</i>
Bill McLendon	<i>Councilmember</i>
Jon McKenzie	<i>Councilmember</i>
Cindy Shepard	<i>Councilmember</i>

MANAGEMENT TEAM

Clay Caruthers	<i>City Manager</i>
Clayton Fulton	<i>Assistant City Manager</i>
Malaika Farmer	<i>Assistant City Manager</i>
David Palla	<i>Fire Chief</i>
Steve Niekamp	<i>Police Chief</i>
Rita Frick	<i>City Secretary</i>
Gregory Dickens	<i>Executive Director Public Works</i>
Steve Bowden	<i>Executive Director Economic Development</i>
Matia Messemer	<i>Executive Director of Human Resources</i>
Michele Lazo	<i>Executive Director Planning & Community Development</i>
Kyle Gordon	<i>Executive Director of Community Services</i>
Paul Brown	<i>Managing Director Finance</i>

John Boyle	<i>City Attorney</i>
BKD CPAs & Advisors	<i>Auditors</i>





Government Finance Officers Association

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

Presented to

**City of Hurst
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO



Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hurst, Texas (City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund and major special revenue fund budgetary comparison information, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and individual fund schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

Prior-Year Comparative Information

The 2019 financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended September 30, 2018, from which such summarized information was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated March 9, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
March 9, 2020



City of Hurst, Texas
Management's Discussion and Analysis
Year Ended September 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Hurst's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2019. Please read this in conjunction with the transmittal letter and the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources for the City of Hurst exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2019, by \$187,181,302. Of this amount, \$17,556,557 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position decreased \$3,985,213, a decrease of 2.1%. The net position of business-type activities increased by \$136,336 or 0.3%, primarily due to operating revenues exceeding operating expenses which was offset by net transfers out of \$238,344. Net position of the City's governmental activities decreased by \$4,121,549 or 3.0%. Changes in net position discussed above were negatively affected by a weak investment market at December 31, 2018, which is the measurement date for both the pension and other postemployment benefit plans where deferred outflows of resources were recorded in response to investment losses for the year and associated increases to personnel costs to absorb such losses.

The City's business-type activities are made up of water and sewer delivery, storm water management and Hurst Conference Center (HCC) operations. The Water and Sewer Fund ended the year with an operating loss of \$57,528 and after transfers and contributions achieved an ending increase in net position of \$103,235. The Storm Water Management Fund provides for annual infrastructure maintenance and continues to accumulate reserves for large-scale projects identified in the City's Capital Improvements Plan (CIP). The Storm Water Management Fund contributed \$379,854 to the change in net position of business-type activities. HCC experienced a net decrease in net position of \$129,657. The City plans for HCC to remain around "break-even" operationally with economic development sales tax and hotel/motel occupancy tax supporting the center's debt. Each year, operational revenues are evaluated against expenditures and we reinvest in the facility to ensure that it remains a vibrant component of Hurst Town Center. With the addition of the Hilton Garden Inn attached to the HCC, we anticipate continued operational success at HCC.

Total cost of all of the City's programs was \$81,011,692 in 2019 compared to \$76,780,885 in 2018.

During the year, the City had governmental program expenses of \$54,610,487, which exceeded program and general revenues, contributions and transfers of \$50,488,938. Along with the poor investment market, planned use of reserves, pay-go capital projects and increased depreciation expense associated with major fixed asset additions contributed to the decrease in net position.

The business-type activities had program expenses of \$26,401,205, which were covered by operating revenues, contributions and transfers of \$26,537,541.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 through 14) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position, the difference between assets and deferred outflows, what the citizens own, and liabilities and deferred inflows, what the citizens owe, as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of its *financial health*. You will need to consider other non-financial factors, however, such as changes in the City's tax base, and the condition of the City's capital assets (roads, buildings and water and sewer lines) to assess the *overall health* of the City.

For the governmental funds, fund balance increased by \$8,613,559. Revenues increased by \$252,949 while expenditures increased by \$549,898 and other financing sources and uses increased by \$8,240,123 resulting from two debt issuances. Capital expenditures decreased by \$369,530 in fiscal year 2019 as proceeds from the 2019 issuances were received in July 2019, near year-end. Cost of living and market adjustments for employees and rising healthcare costs negatively affected fund balance.

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

Governmental Activities: most of the City's basic services are reported here, including the police, fire, municipal court, street maintenance, parks and recreation, financial services and general administration. Property taxes, sales taxes, charges for services, and fines/forfeitures finance most of these activities.

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

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

Our analysis of the City's major funds begins on page 15. The governmental funds financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage activity for particular purposes or to show that it is meeting legal responsibilities for using certain revenues. Understanding a fund's origin and purpose is essential for the appropriate presentation of fund balance per GASB 54, *Fund Balance Reporting and Government Fund Type Definitions*.

The City's two primary types of funds, governmental and proprietary, use different accounting approaches.

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

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

THE CITY AS A WHOLE

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$187,181,302, as of September 30, 2019.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 74,226,050	\$ 64,076,932	\$ 22,568,254	\$ 23,565,706	\$ 96,794,304	\$ 87,642,638
Capital assets	158,335,981	162,690,359	48,850,357	48,287,185	207,186,338	210,977,544
Total assets	232,562,031	226,767,291	71,418,611	71,852,891	303,980,642	298,620,182
Deferred outflows of resources	12,551,165	5,904,183	2,424,978	1,327,968	14,976,143	7,232,151
Long-term liabilities	97,663,812	80,014,113	16,476,771	15,581,340	114,140,583	95,595,453
Other liabilities	11,264,283	9,408,699	5,510,972	5,268,572	16,775,255	14,677,271
Total liabilities	108,928,095	89,422,812	21,987,743	20,849,912	130,915,838	110,272,724
Deferred inflows of resources	712,805	3,654,817	146,840	758,277	859,645	4,413,094
Net position						
Net investment in						
Capital assets	111,980,392	113,020,392	41,683,200	40,834,276	153,663,592	153,854,668
Restricted	15,961,153	16,581,980	-	-	15,961,153	16,581,980
Unrestricted	7,530,751	9,991,473	10,025,806	10,738,394	17,556,557	20,729,867
Total net position	\$ 135,472,296	\$ 139,593,845	\$ 51,709,006	\$ 51,572,670	\$ 187,181,302	\$ 191,166,515

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
General Revenue						
Sales Taxes	\$ 20,661,292	\$ 20,935,157	\$ -	\$ -	\$ 20,661,292	\$ 20,935,157
Franchise Taxes	2,935,945	2,975,917	-	-	2,935,945	2,975,917
Property Taxes	16,292,473	15,383,521	-	-	16,292,473	15,383,521
Occupancy Taxes	905,677	768,618	-	-	905,677	768,618
Investment earnings	1,539,049	799,902	509,870	249,592	2,048,919	1,049,494
Miscellaneous	1,189,108	1,245,930	-	-	1,189,108	1,245,930
Program revenue						
Charges for service	5,106,058	5,088,359	25,636,727	26,647,675	30,742,785	31,736,034
Operating grants and contributions	1,504,425	1,960,737	-	5,947	1,504,425	1,966,684
Capital grants and contributions	116,567	111,051	629,288	179,560	745,855	290,611
Total revenues	50,250,594	49,269,192	26,775,885	27,082,774	77,026,479	76,351,966
Program Expenses Including Indirect Expenses						
General government	8,148,665	8,272,338	-	-	8,148,665	8,272,338
Public safety	27,277,634	25,775,326	-	-	27,277,634	25,775,326
Culture and recreation	12,386,690	12,836,977	-	-	12,386,690	12,836,977
Public works	5,085,774	3,869,464	-	-	5,085,774	3,869,464
Interest on debt	1,711,724	1,770,980	-	-	1,711,724	1,770,980
Water and sewer	-	-	21,842,377	20,542,607	21,842,377	20,542,607
Stormwater management	-	-	950,588	2,777,085	950,588	2,777,085
Conference and meeting center	-	-	3,608,240	936,108	3,608,240	936,108
Total expenses	54,610,487	52,525,085	26,401,205	24,255,800	81,011,692	76,780,885
Excess (Deficit) Before Transfers	(4,359,893)	(3,255,893)	374,680	2,826,974	(3,985,213)	(428,919)
Transfers	238,344	225,000	(238,344)	(225,000)	-	-
Change in Net Position	(4,121,549)	(3,030,893)	136,336	2,601,974	(3,985,213)	(428,919)
Net Position Beginning	139,593,845	142,624,738	51,572,670	48,970,696	191,166,515	191,595,434
Net Position Ending	\$ 135,472,296	\$ 139,593,845	\$ 51,709,006	\$ 51,572,670	\$ 187,181,302	\$ 191,166,515

Net position of the City's governmental activities decreased, equaling \$135,472,296 at September 30, 2019 compared to \$139,593,845, at September 30, 2018.

Unrestricted net position of the City’s governmental activities, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased from \$9,991,473 at September 30, 2018, to \$7,530,751 at September 30, 2019. Restricted net position, the part of net position that is restricted mainly for debt service, capital projects, crime prevention and culture and recreation decreased from \$16,581,980 at September 30, 2018, to \$15,961,153 at September 30, 2019, due to decreases in debt service reserves and amounts for tourism, convention center and arts. Restricted and unrestricted net position, in total, decreased by \$3,081,549. The category, Net Investment in Capital Assets, decreased by \$1,040,000. The City’s infrastructure is evaluated annually, and maintenance schedules are updated accordingly.

The net position of the City’s business-type activities increased by \$136,336 or 0.3% in 2019 to \$51,709,006 compared to \$51,572,670 in 2018. An operating loss of \$202,215 occurred before transfers and contributions. Water and sewer rates were increased by 1.5% for fiscal year 2018-2019. Water and sewer activity income is heavily influenced by weather patterns. Overall, the Water & Sewer Fund remains fiscally sound.

THE CITY’S FUNDS

The following schedule presents a summary of general, special revenue, capital projects/special projects and debt service revenues and expenditures for the fiscal year ended September 30, 2019, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FY2019 Amount	Percent of Total	Increase (Decrease) from FY2018	Percent Increase (Decrease)
Taxes	\$ 40,797,443	82.28%	\$ 727,730	1.82%
Licenses and permits	1,091,085	2.20%	265,560	32.17%
Intergovernmental	1,504,425	3.03%	192,748	9.06%
Charges for services	2,319,048	4.68%	(898,755)	-37.49%
Fines and forfeitures	1,498,576	3.02%	(575,549)	-27.67%
Interest	1,290,490	2.60%	515,913	66.61%
Miscellaneous	<u>1,081,968</u>	<u>2.18%</u>	<u>25,302</u>	2.39%
Total revenues	<u>\$ 49,583,035</u>	<u>100.00%</u>	<u>\$ 252,949</u>	

Charges for services decreased primarily due to a drop in ambulance billing revenue and animal control fees. Intergovernmental revenues increased due to an increase in grant revenue. Licenses and permits increased and generally fluctuate due to uncertain levels of construction activity. Fines and forfeitures revenue decreased primarily due to declines in court revenues and a decline in revenue from red light cameras after a law was passed banning red light cameras. Taxes increased as an overall property value trend within the local area. Interest income increased primarily due to rising interest rates on Federal and municipal investments the City holds.

Expenditures	FY2019 Amount	Percent of Total	Increase (Decrease) from FY2018	Percent Increase (Decrease)
General government	\$ 4,380,033	8.92%	\$ 907,153	26.12%
Public safety	23,808,440	48.51%	3,853,683	16.45%
Culture and recreation	9,893,956	20.16%	(184,468)	-1.83%
Public works	2,317,724	4.72%	281,622	13.83%
Capital outlay	3,762,850	7.67%	(369,530)	-8.94%
Debt service				
Principal	3,065,000	6.24%	(363,872)	-10.61%
Interest and fees	<u>1,855,604</u>	<u>3.78%</u>	<u>(105,496)</u>	<u>-5.38%</u>
Total expenditures	<u>\$ 49,083,607</u>	<u>100.00%</u>	<u>\$ 4,019,092</u>	

Capital Outlay and public works maintenance amounts fluctuate each year according to construction schedules and asset replacement programs.

The General Fund is the chief operating fund of the City. General Fund revenues exceeded expenditures by \$3,461,991. As a result, \$1,397,564 million of this excess was transferred to the Special Projects Fund for one time capital expenditures and unfunded needs. An additional \$870,550 of this excess was transferred to the Loss Reserve fund to offset health care costs. Following close of the fiscal year, the spendable, unassigned fund balance of the General Fund was \$9,702,437 compared to \$8,989,839 at the year ended September 30, 2018. Staff monitors fund balance to ensure that ninety days of operations are always in reserve.

The Fund Balance in the Half Cent Development Corporation (HCDC) Special Revenue Fund increased by \$31,411 in 2019 after decreasing \$125,164 in 2018. The City issued debt in 2014 and 2016 to renovate its two aquatics centers and repairs at its Recreation Center. As a result, transfers to the Debt Service Fund have increased in recent fiscal years. The Fund Balance in the Anti-Crime Special Revenue Fund increased by \$47,717, after decreasing \$411,384 last year.

The fund balance in the Special Projects Fund decreased by \$1,204,637 in 2019 which resulted primarily from capital expenditures of \$3,392,792 for redevelopment and general improvement of City infrastructure, covered by revenues of \$1,319,823 and transfers in of \$1,661,902. Special Projects' ending fund balance is assigned for projects approved by City Council and Management.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: At September 30, 2019, the City had \$207,186,338 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer and storm-water facilities. (See table below.) This represents a net decrease of \$3,791,206, or 1.8%, from last year. The decrease in primarily due to depreciation expense out pacing fixed asset and CIP additions in 2019.

	Governmental Activities		Business-type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Land	\$ 59,407,854	\$ 58,160,798	\$ 564,612	\$ 564,612	\$ 59,972,466	\$ 58,725,410
Buildings	51,843,986	55,064,244	44,063,531	45,157,703	95,907,517	100,221,947
Improvements	32,215,121	35,495,842	233,980	250,955	32,449,101	35,746,797
Machinery & equipment	7,348,155	6,614,452	1,202,313	790,833	8,550,468	7,405,285
CIP	7,520,865	7,355,023	2,785,921	1,523,082	10,306,786	8,878,105
Total	\$ 158,335,981	\$ 162,690,359	\$ 48,850,357	\$ 48,287,185	\$ 207,186,338	\$ 210,977,544

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

Title	Amount
Pipeline Road Widening	\$ 1,048,492
City Hall Roof	841,759
Council Chamber Renovation	551,292
Animal Shelter	345,726
Smith Barfield Playground Replacement	276,266
Green Ribbon Phase III	264,150

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

Long-term Debt: At September 30, 2019, the total debt outstanding was \$65,845,000. Of this amount, \$64,985,000 comprises debt backed by the full faith and credit of the City. The remaining \$860,000 represents bonds secured by specific revenue sources. See *Note 7* to the financial statements for more detailed information on long-term debt activity.

	Governmental Activities		Business-type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
General obligation	\$ 40,890,000	\$ 35,785,000	\$ 6,760,000	\$ 7,780,000	\$ 47,650,000	\$ 43,565,000
Certificates of obligation	14,665,000	13,395,000	2,670,000	2,965,000	\$ 17,335,000	16,360,000
Sales tax revenue bonds	-	105,000	-	-	-	105,000
Tax notes	860,000	1,020,000	-	-	860,000	1,020,000
Total	\$ 56,415,000	\$ 50,305,000	\$ 9,430,000	\$ 10,745,000	\$ 65,845,000	\$ 61,050,000

The City's total debt increased by \$4,795,000, 7.9% during the current fiscal year. In fiscal year 2019, the City issued \$7,225,000 in general obligation bonds for the animal shelter and \$1,950,000 in certificates of obligation for street improvements.

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

MOODY'S INVESTOR SERVICES	STANDARD & POOR'S	
GENERAL OBLIGATION BONDS	AA2	AA
ENTERPRISE FUND OBLIGATIONS	AA2	AA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In March 2019, the City Council held a Strategic Planning Session to review the status of City services and to provide direction to staff for the 2019-2020 Budget. The major objectives of the budget process are to identify cost savings and to provide funding to implement the Council's strategic plans. The City utilizes a hybrid zero-base/program/line item budget approach in which all budget requests are tied to City strategies and programs and must be justified every year. The 2019-2020 budget reflects the positive financial condition of the City.

Sales taxes and property taxes are the two largest revenue sources for the City's governmental funds. Sales tax revenues have increased modestly in fiscal year 2019-2020. We anticipate sales tax revenues will remain stable but recognize they are dependent upon the economy. The City is very active in economic development activities and partnering with the Northeast Mall ownership to ensure the mall remains an asset to our community. Net taxable values increased by 10.3% in Tax Year 2019 over Tax Year 2018. The City increased its tax rate from \$0.58000 per \$100 valuation in fiscal year 2018-2019 to \$0.597299 in fiscal year 2019-2020. Because property tax revenues are impacted by various exemptions as well as the senior and disabled-citizen tax freeze, the City will continue to practice a conservative operational approach.

The Enterprise (Water/Wastewater) Fund's operating budget increased by 2.06%. This increase is due to increasing costs for wholesale water and wastewater treatment. It is the City's policy to pass through all, or part, of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority. For 2019-2020, the City of Hurst approved a 2.0% increase in water and sewer rates for residential and commercial customers. Due to sound financial planning, the Enterprise Fund has been able to overcome variations in rainfall and finish the fiscal year in a stable financial position.

Other Enterprise funds are established to account for Storm Drainage and Hurst Conference Center operations. The Storm Drainage fee generates approximately \$1.1 million per year and all proceeds are utilized to mitigate flooding and other drainage issues throughout the City. The Hurst Conference Center completed its ninth full year of operations in 2019-2020. Events held at the facility include everything from intimate gatherings to corporate events hosting up to approximately 1,000 people. The financial opportunities for the facility will continue to improve as marketing efforts and customer experiences create additional and repeat business.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 1505 Precinct Line Road, Hurst, Texas, 817.788.7067 or email pbrown@hursttx.gov. To view financial documents, you may also visit the City's Website at www.hursttx.gov.



City of Hurst, Texas
Statement of Net Position
September 30, 2019 with Summarized
Totals for September 30, 2018

	Governmental Activities	Business-type Activities	Totals	
			2019	2018
Assets				
Cash and cash equivalents	\$ 5,653,466	\$ 1,519,986	\$ 7,173,452	\$ 6,035,643
Investments	59,570,613	15,963,268	75,533,881	67,309,291
Net receivables	6,881,700	3,800,144	10,681,844	9,809,724
Internal balances	1,914,317	(1,914,317)	-	-
Inventories and prepaid expenses	205,954	221,057	427,011	542,577
Restricted assets				
Cash and cash equivalents	-	1,105,706	1,105,706	1,864,129
Investments	-	1,872,410	1,872,410	2,081,274
Total current assets	74,226,050	22,568,254	96,794,304	87,642,638
Land	59,407,854	564,612	59,972,466	58,725,410
Depreciable assets, net	91,407,263	45,499,824	136,907,087	143,374,029
Construction in progress	7,520,864	2,785,921	10,306,785	8,878,105
Total noncurrent assets	158,335,981	48,850,357	207,186,338	210,977,544
Total assets	232,562,031	71,418,611	303,980,642	298,620,182
Deferred Outflows of Resources				
Deferred outflows related to pensions	9,731,973	1,648,499	11,380,472	3,998,196
Deferred outflows related to OPEB	1,539,401	401,312	1,940,713	1,408,224
Deferred loss on bond refunding	1,279,791	375,167	1,654,958	1,825,731
Total deferred outflows of resources	12,551,165	2,424,978	14,976,143	7,232,151
Total assets and deferred outflows of resources	\$ 245,113,196	\$ 73,843,589	\$ 318,956,785	\$ 305,852,333
Liabilities				
Accounts payable and accrued liabilities	\$ 4,241,349	\$ 1,607,655	5,849,004	\$ 5,524,346
Escrow deposits and unearned revenue	140,853	492,045	632,898	769,016
Customer deposits	-	1,872,410	1,872,410	1,834,225
Current portion of net OPEB liability	676,031	172,505	848,535	810,899
Current portion of long-term liabilities	6,206,050	1,366,357	7,572,407	6,549,684
Total current liabilities	11,264,283	5,510,972	16,775,254	15,488,170
Net pension liability	24,565,804	4,361,989	28,927,793	14,246,069
Net OPEB liability, net of current portion	12,844,580	3,277,582	16,122,163	15,407,080
Long-term liabilities, net of current portion	60,253,428	8,837,200	69,090,628	65,131,405
Total noncurrent liabilities	97,663,812	16,476,771	114,140,584	94,784,554
Total liabilities	108,928,095	21,987,743	130,915,838	110,272,724
Deferred Inflows of Resources				
Deferred inflows related to pensions	632,814	117,929	750,743	4,230,520
Deferred inflows related to OPEB	79,991	28,911	108,902	182,574
Total deferred inflows of resources	712,805	146,840	859,645	4,413,094
Net Position				
Net investment in capital assets	111,980,392	41,683,200	153,663,592	153,854,668
Restricted for				
Debt service	1,178,367	-	1,178,367	1,362,037
Capital projects	3,454	-	3,454	102,269
Community development	3,977,763	-	3,977,763	3,941,674
Public safety	6,125,768	-	6,125,768	6,107,762
Municipal court	530,917	-	530,917	573,857
Parks	528,213	-	528,213	456,081
Traffic safety	503,408	-	503,408	898,885
Tourism, convention center, arts	1,769,829	-	1,769,829	2,008,278
Urban transit	1,220,895	-	1,220,895	1,053,066
Other	122,539	-	122,539	78,071
Unrestricted	7,530,751	10,025,806	17,556,557	20,729,867
Total net position	135,472,296	51,709,006	187,181,302	191,166,515
Total liabilities, deferred inflows of resources, and net position	\$ 245,113,196	\$ 73,843,589	\$ 318,956,785	\$ 305,852,333

City of Hurst, Texas
Statement of Activities
Year Ended September 30, 2019 with Summarized
Totals for Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 8,148,665	\$ 159,535	\$ 981,914	\$ -
Public safety	27,277,634	2,597,631	82,099	-
Culture and recreation	12,386,690	1,290,885	440,412	-
Public works	5,085,774	1,058,007	-	116,567
Interest expense	1,711,724	-	-	-
Total governmental activities	54,610,487	5,106,058	1,504,425	116,567
Business-type Activities				
Water and sewer services	21,842,377	21,229,151	-	467,797
Stormwater management services	950,588	1,137,792	-	161,491
Conference and meeting center	3,608,240	3,269,784	-	-
Total business-type activities	26,401,205	25,636,727	-	629,288
Total primary government	\$ 81,011,692	\$ 30,742,785	\$ 1,504,425	\$ 745,855

General Revenues

Property taxes, penalty
and interest
Sales taxes
Franchise taxes
Occupancy taxes
Investment earnings
Miscellaneous
Transfers

Total general revenues and transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Totals	
		2019	2018
\$ (7,007,216)	\$ -	\$ (7,007,216)	\$ (7,091,873)
(24,597,904)	-	(24,597,904)	(22,918,701)
(10,655,393)	-	(10,655,393)	(10,627,539)
(3,911,200)	-	(3,911,200)	(2,955,845)
(1,711,724)	-	(1,711,724)	(1,770,980)
(47,883,437)	-	(47,883,437)	(45,364,938)
-	(145,429)	(145,429)	1,876,901
-	348,695	348,695	329,821
-	(338,456)	(338,456)	370,660
-	(135,190)	(135,190)	2,577,382
(47,883,437)	(135,190)	(48,018,627)	(42,787,556)
16,292,473	-	16,292,473	15,383,521
20,661,292	-	20,661,292	20,935,157
2,935,945	-	2,935,945	2,975,917
905,677	-	905,677	768,618
1,539,049	509,870	2,048,919	1,049,494
1,189,108	-	1,189,108	1,245,930
238,344	(238,344)	-	-
43,761,888	271,526	44,033,414	42,358,637
(4,121,549)	136,336	(3,985,213)	(428,919)
139,593,845	51,572,670	191,166,515	191,595,434
<u>\$ 135,472,296</u>	<u>\$ 51,709,006</u>	<u>\$ 187,181,302</u>	<u>\$ 191,166,515</u>

City of Hurst, Texas
Governmental Funds
Balance Sheet
September 30, 2019 With Summarized
Totals for September 30, 2018

	<u>Special Revenue Funds</u>		
	<u>General Fund</u>	<u>HCDC</u>	<u>Anti-Crime</u>
Assets			
Cash and cash equivalents	\$ 1,141,148	\$ 223,331	\$ -
Investments	12,463,653	2,902,820	5,302,477
Receivables, net			
Taxes	1,067,375	907,454	900,215
Court	981,561	-	-
Other	1,692,693	18,903	89,247
Inventories and other	1,883	-	-
Due from other funds	1,144,854	-	-
	<u>18,493,167</u>	<u>4,052,508</u>	<u>6,291,939</u>
Total assets	<u>\$ 18,493,167</u>	<u>\$ 4,052,508</u>	<u>\$ 6,291,939</u>
Liabilities			
Accounts payable and accrued items	\$ 2,432,329	\$ 84,581	\$ 186,108
Escrow deposits payable and unearned revenue	140,853	-	-
Due to other funds	-	-	323,062
	<u>2,573,182</u>	<u>84,581</u>	<u>509,170</u>
Total liabilities	<u>2,573,182</u>	<u>84,581</u>	<u>509,170</u>
Deferred Inflows of Resources			
Unavailable revenue	1,108,841	-	-
Total deferred inflows of resources	<u>1,108,841</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable			
Inventory	1,883	-	-
Restricted	5,083,249	3,967,927	5,782,769
Assigned	23,575	-	-
Unassigned	9,702,437	-	-
	<u>14,811,144</u>	<u>3,967,927</u>	<u>5,782,769</u>
Total fund balances	<u>14,811,144</u>	<u>3,967,927</u>	<u>5,782,769</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,493,167</u>	<u>\$ 4,052,508</u>	<u>\$ 6,291,939</u>

<u>Capital Projects Funds</u>		Nonmajor Governmental Funds	<u>Totals</u>	
Special Projects	2019 GO Bond Fund		2019	2018
\$ 1,416,111	\$ -	\$ 359,568	\$ 3,140,158	\$ 829,028
15,624,836	7,525,196	6,134,937	49,953,919	42,300,771
-	-	30,786	2,905,830	2,862,306
-	-	-	981,561	-
1,113,426	-	20,086	2,934,355	3,053,791
-	-	-	1,883	2,401
-	-	-	1,144,854	10,110,184
<u>\$ 18,154,373</u>	<u>\$ 7,525,196</u>	<u>\$ 6,545,377</u>	<u>\$ 61,062,560</u>	<u>\$ 59,158,481</u>
\$ 471,570	\$ -	\$ 38,783	\$ 3,213,371	\$ 3,023,260
-	-	-	140,853	368,969
-	-	-	323,062	7,189,830
<u>471,570</u>	<u>-</u>	<u>38,783</u>	<u>3,677,286</u>	<u>10,582,059</u>
-	-	26,076	1,134,917	939,624
-	-	26,076	1,134,917	939,624
-	-	-	1,883	2,401
-	7,525,196	6,480,518	28,839,659	19,738,864
17,682,803	-	-	17,706,378	18,905,694
-	-	-	9,702,437	8,989,839
<u>17,682,803</u>	<u>7,525,196</u>	<u>6,480,518</u>	<u>56,250,357</u>	<u>47,636,798</u>
<u>\$ 18,154,373</u>	<u>\$ 7,525,196</u>	<u>\$ 6,545,377</u>	<u>\$ 61,062,560</u>	<u>\$ 59,158,481</u>

City of Hurst, Texas
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
September 30, 2019

Total governmental fund balances	\$ 56,250,357
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital assets.	155,874,769
Accrued interest on governmental activities debt is not reported in the funds until paid.	(229,584)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.	1,134,917
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide financial statements.	13,080,901
Other postemployment benefits and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.	(11,642,371)
Pension related liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.	(14,969,431)
The portion of the internal service funds due to business activities is reported in governmental activities in the government-wide financial statements.	1,092,525
Compensated absences are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.	(6,041,427)
Bonds payable and capital lease obligations are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities. Losses on issuance of refunding bonds are not reported in the funds but are reported as deferred outflows in the statement of net position.	<u>(59,078,360)</u>
Net position of governmental activities	<u>\$ 135,472,296</u>



City of Hurst, Texas
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2019 With Summarized
Totals for Year Ended September 30, 2018

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>HCDC</u>	<u>Anti-Crime</u>
Revenues			
Taxes, penalty and interest	\$ 27,637,746	\$ 4,940,683	\$ 5,250,689
Licenses/permits	1,091,085	-	-
Support from governmental entities	981,914	-	82,099
Charges for services	2,319,048	-	-
Fines and fees	1,498,576	-	-
Interest	438,979	90,708	145,189
Miscellaneous	610,351	2,611	27,364
	<hr/>	<hr/>	<hr/>
Total revenues	34,577,699	5,034,002	5,505,341
Expenditures			
Current			
General government	3,820,489	-	-
Public safety	18,403,916	-	5,404,524
Culture and recreation	6,573,579	3,320,377	-
Public works	2,317,724	-	-
Capital outlay	-	331,401	5,400
Debt service			
Principal retirement	-	-	-
Interest and fiscal agent fees	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	31,115,708	3,651,778	5,409,924
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	3,461,991	1,382,224	95,417
Other Financing Sources (Uses)			
Issuance of debt	-	-	-
Premium on bond issuance	-	-	-
Transfers in	190,391	-	-
Transfers out	(3,297,836)	(1,350,813)	(47,700)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(3,107,445)	(1,350,813)	(47,700)
Net Change in Fund Balances	354,546	31,411	47,717
Fund Balances, Beginning of Year	14,456,598	3,936,516	5,735,052
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	<u>\$ 14,811,144</u>	<u>\$ 3,967,927</u>	<u>\$ 5,782,769</u>

See Notes to Financial Statements

Capital Projects Funds		Nonmajor Governmental Funds	Totals	
Special Projects	2019 GO Bond Fund		2019	2018
\$ -	\$ -	\$ 2,968,325	\$ 40,797,443	\$ 40,069,713
-	-	-	1,091,085	825,525
440,412	-	-	1,504,425	2,079,974
-	-	-	2,319,048	2,126,300
-	-	-	1,498,576	2,397,331
437,769	25,196	152,649	1,290,490	774,577
441,642	-	-	1,081,968	1,056,666
<u>1,319,823</u>	<u>25,196</u>	<u>3,120,974</u>	<u>49,583,035</u>	<u>49,330,086</u>
430,926	90,649	37,969	4,380,033	3,472,880
-	-	-	23,808,440	23,423,951
-	-	-	9,893,956	10,078,424
-	-	-	2,317,724	2,036,102
3,392,792	-	33,257	3,762,850	4,132,380
-	-	3,065,000	3,065,000	3,428,872
-	-	1,855,604	1,855,604	1,961,100
<u>3,823,718</u>	<u>90,649</u>	<u>4,991,830</u>	<u>49,083,607</u>	<u>48,533,709</u>
<u>(2,503,895)</u>	<u>(65,453)</u>	<u>(1,870,856)</u>	<u>499,428</u>	<u>796,377</u>
-	7,225,000	1,950,000	9,175,000	-
-	365,649	87,969	453,618	-
1,661,902	-	1,700,224	3,552,517	3,790,919
(362,644)	-	(8,011)	(5,067,004)	(3,916,911)
<u>1,299,258</u>	<u>7,590,649</u>	<u>3,730,182</u>	<u>8,114,131</u>	<u>(125,992)</u>
(1,204,637)	7,525,196	1,859,326	8,613,559	670,385
<u>18,887,440</u>	<u>-</u>	<u>4,621,192</u>	<u>47,636,798</u>	<u>46,966,413</u>
<u>\$ 17,682,803</u>	<u>\$ 7,525,196</u>	<u>\$ 6,480,518</u>	<u>\$ 56,250,357</u>	<u>\$ 47,636,798</u>

City of Hurst, Texas
Reconciliation of Changes in Fund Balances of Governmental
Funds to Change in Net Position in the Statement of Activities
Year Ended September 30, 2019

Net change in fund balances - total governmental funds	\$ 8,613,559
Amounts reported for governmental funds in the statement of activities are different because:	
Change in revenues not considered available in the governmental funds.	195,293
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.	(4,312,462)
The net effect of various transactions involving capital assets (i.e. sales and contributions) is to increase net position.	116,567
Proceeds from debt issuance are an other financing source in the funds, but a debt issuance increases long-term liabilities in the statement of net position.	(9,628,618)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,065,000
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	248,115
Governmental funds report the effect of losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	(106,000)
Current year change in accrued interest payable does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds.	1,765
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources balances.	(3,058,904)
Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources balances.	(102,742)
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.	(11,135)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The change in net position of the internal service funds is reported with governmental activities (net of amount allocated to business-type activities).	858,013
Change in net position of governmental activities	<u>\$ (4,121,549)</u>



City of Hurst, Texas
Proprietary Funds
Statement of Net Position
September 30, 2019 with Summarized
Totals for September 30, 2018

	Business-type Activities			Totals	
	Conference & Center Fund	Nonmajor Stormwater Fund			
	Water & Sewer		2019	2018	
Assets					
Current Assets					
Cash and cash equivalents	\$ -	\$ 1,486,745	\$ 33,241	\$ 1,519,986	\$ 2,938,326
Investments	14,301,592	-	1,661,676	15,963,268	16,482,739
Accounts receivable (net of allowance for uncollectible accounts of \$84,547 in 2019 and \$0 in 2018)	3,193,734	127,112	131,881	3,452,727	3,646,341
Other receivables	337,526	-	9,891	347,417	210,398
Due from other funds	-	-	-	-	906,134
Inventory of materials and supplies, at cost	195,482	23,994	-	219,476	211,157
Prepays and other assets	-	1,581	-	1,581	121,450
Restricted assets					
Cash and cash equivalents	1,105,706	-	-	1,105,706	1,864,129
Investments	1,872,410	-	-	1,872,410	2,081,274
Total current assets	21,006,450	1,639,432	1,836,689	24,482,571	28,461,948
Noncurrent Assets					
Capital assets, at cost	83,690,285	81,366	4,579,485	88,351,136	85,966,491
Accumulated depreciation	(38,809,058)	(58,862)	(632,859)	(39,500,779)	(37,679,306)
Total noncurrent assets	44,881,227	22,504	3,946,626	48,850,357	48,287,185
Total assets	65,887,677	1,661,936	5,783,315	73,332,928	76,749,133
Deferred Outflows of Resources					
Deferred pension outflows	1,226,840	321,861	99,798	1,648,499	602,524
Deferred OPEB outflows	298,572	74,201	28,539	401,312	285,504
Deferred loss on bond refunding	375,167	-	-	375,167	439,940
Total deferred outflows of resources	1,900,579	396,062	128,337	2,424,978	1,327,968
Total assets and deferred outflows of resources	\$ 67,788,256	\$ 2,057,998	\$ 5,911,652	\$ 75,757,906	\$ 78,077,101
Liabilities					
Current Liabilities					
Accounts payable and accrued items	\$ 1,318,378	\$ 167,208	\$ 86,717	\$ 1,572,303	\$ 1,604,349
Due to other funds	821,792	-	-	821,792	4,020,813
Unearned revenue	-	492,045	-	492,045	400,047
Current liabilities payable from restricted assets					
Accrued bond interest	35,352	-	-	35,352	41,101
Customer deposits	1,872,410	-	-	1,872,410	1,834,225
Current portion of net OPEB liability	130,544	30,305	11,656	172,505	164,401
Current portion of long-term liabilities	1,336,347	24,500	5,510	1,366,357	1,388,850
Total current liabilities	5,514,823	714,058	103,883	6,332,764	9,453,786
Net pension liability	3,194,847	894,792	272,350	4,361,989	2,132,705
Net OPEB liability, net of current portion	2,480,333	575,791	221,458	3,277,582	3,123,626
Long-term liabilities, net of current portion	8,794,511	34,850	7,839	8,837,200	10,160,608
Total long-term liabilities	14,469,691	1,505,433	501,647	16,476,771	15,416,939
Total liabilities	19,984,514	2,219,491	605,530	22,809,535	24,870,725
Deferred Inflows of Resources					
Deferred pension inflows	83,088	28,065	6,776	117,929	721,262
Deferred OPEB inflows	16,754	8,780	3,377	28,911	37,015
Total deferred inflows of resources	99,842	36,845	10,153	146,840	758,277
Net Position					
Net investment in capital assets	37,714,070	22,504	3,946,626	41,683,200	40,834,276
Unrestricted	9,989,830	(220,842)	1,349,343	11,118,331	11,613,823
Total net position	47,703,900	(198,338)	5,295,969	52,801,531	52,448,099
Total liabilities, deferred inflows of resources and net position	\$ 67,788,256	\$ 2,057,998	\$ 5,911,652	75,757,906	\$ 78,077,101
Adjustment to net position to reflect the consolidation of internal service fund activities related to enterprise funds				(1,092,525)	
Net position of business-type activities				\$ 51,709,006	

See Notes to Financial Statements

**Governmental Activities-
Internal Service Funds**

2019	2018
\$ 2,513,308	\$ 2,268,289
9,616,694	8,525,781
-	-
59,954	36,888
-	443,988
39,071	42,569
165,000	165,000
-	-
-	-
<u>12,394,027</u>	<u>11,482,515</u>
13,043,305	13,094,974
(10,582,093)	(10,389,841)
<u>2,461,212</u>	<u>2,705,133</u>
<u>14,855,239</u>	<u>14,187,648</u>
287,915	104,372
62,786	42,438
-	-
<u>350,701</u>	<u>146,810</u>
<u>\$ 15,205,940</u>	<u>\$ 14,334,458</u>
\$ 798,394	\$ 624,288
-	249,663
-	-
-	-
-	-
25,643	24,438
20,965	20,541
<u>845,002</u>	<u>918,930</u>
726,972	360,466
487,208	464,323
38,935	38,150
<u>1,253,115</u>	<u>862,939</u>
<u>2,098,117</u>	<u>1,781,869</u>
19,493	107,103
7,429	5,502
<u>26,922</u>	<u>112,605</u>
2,461,212	2,705,133
10,619,689	9,734,851
<u>13,080,901</u>	<u>12,439,984</u>
<u>\$ 15,205,940</u>	<u>\$ 14,334,458</u>

City of Hurst, Texas
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2019 with Summarized
Totals for Year Ended September 30, 2018

	Business-type Activities				
	Water & Sewer	Conference & Meeting Center Fund	Nonmajor Stormwater Fund	Totals	
					2019
Operating Revenues					
Water and sewer services	\$ 20,769,729	\$ -	\$ -	\$ 20,769,729	\$ 21,928,509
Storm drainage utility fee	-	-	1,098,010	1,098,010	1,088,337
Service fees	-	3,269,784	-	3,269,784	3,147,745
Other	459,422	-	39,782	499,204	487,031
Total operating revenues	<u>21,229,151</u>	<u>3,269,784</u>	<u>1,137,792</u>	<u>25,636,727</u>	<u>26,651,622</u>
Operating Expenses					
Personnel services	4,689,857	1,627,666	383,770	6,701,293	6,068,019
Contractual services	9,192,894	-	-	9,192,894	8,623,281
Repairs and maintenance	522,216	699,519	168,121	1,389,856	824,129
Materials and supplies	139,876	118,905	4,236	263,017	342,291
Depreciation and amortization	1,655,900	54,374	154,000	1,864,274	1,788,478
Indirect cost/street rental fees	3,792,379	-	83,856	3,876,235	3,795,813
Other	1,293,557	1,107,776	150,040	2,551,373	2,454,919
Total operating expenses	<u>21,286,679</u>	<u>3,608,240</u>	<u>944,023</u>	<u>25,838,942</u>	<u>23,896,930</u>
Operating income (loss)	(57,528)	(338,456)	193,769	(202,215)	2,754,692
Nonoperating Revenues (Expenses)					
Interest revenue	476,134	-	33,736	509,870	249,592
Interest expense	(338,602)	-	-	(338,602)	(282,731)
Gain (loss) on sale of property and equipment	-	-	(6,565)	(6,565)	2,000
Total nonoperating revenues (expenses)	<u>137,532</u>	<u>-</u>	<u>27,171</u>	<u>164,703</u>	<u>(31,139)</u>
Income (loss) before contributions and transfers	80,004	(338,456)	220,940	(37,512)	2,723,553
Transfers In	2,406,315	580,500	-	2,986,815	1,763,004
Transfers Out	(2,850,881)	(371,701)	(2,577)	(3,225,159)	(1,988,004)
Contributions	467,797	-	161,491	629,288	179,560
Change in Net Position	103,235	(129,657)	379,854	353,432	2,678,113
Net Position, Beginning of Year	47,600,665	(68,681)	4,916,115	52,448,099	49,769,986
Net Position, End of Year	<u>\$ 47,703,900</u>	<u>\$ (198,338)</u>	<u>\$ 5,295,969</u>	<u>\$ 52,801,531</u>	<u>\$ 52,448,099</u>
Adjustment to change in net position to reflect the consolidation of internal service fund activities related to enterprise funds				(217,096)	
Change in Net Position of Business-type Activities				<u>\$ 136,336</u>	

See Notes to Financial Statements

**Governmental Activities-
Internal Service Funds**

2019	2018
\$ -	\$ -
-	-
9,556,234	9,146,377
57,210	124,794
<u>9,613,444</u>	<u>9,271,171</u>
8,233,127	6,996,835
190,704	196,063
561,633	423,559
1,243,583	1,251,506
794,800	866,160
-	-
-	-
<u>11,023,847</u>	<u>9,734,123</u>
(1,410,403)	(462,952)
248,559	116,867
-	-
<u>49,930</u>	<u>64,470</u>
298,489	181,337
(1,111,914)	(281,615)
1,752,831	350,992
-	-
-	-
640,917	69,377
<u>12,439,984</u>	<u>12,370,607</u>
<u>\$ 13,080,901</u>	<u>\$ 12,439,984</u>

City of Hurst, Texas
Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2019 with Summarized
Totals for Year Ended September 30, 2018

	Business-type Activities				
	Water & Sewer	Conference & Meeting Center Fund	Nonmajor Stormwater Fund	Totals	
				2019	2018
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 21,243,633	\$ 3,402,523	\$ 1,146,860	\$ 25,793,016	\$ 26,279,260
Receipts from interfund services provided	-	-	-	-	-
Payments to suppliers	(11,089,825)	(1,907,202)	(264,656)	(13,261,683)	(12,604,337)
Payments on behalf of employees	(4,245,713)	(1,490,541)	(344,547)	(6,080,801)	(5,718,064)
Payments for interfund services used	(3,792,379)	-	(167,712)	(3,960,091)	(3,793,944)
Net cash provided by operating activities	<u>2,115,716</u>	<u>4,780</u>	<u>369,945</u>	<u>2,490,441</u>	<u>4,162,915</u>
Cash Flows from Noncapital Financing Activities					
Transfers to other funds	(5,966,046)	(371,701)	(2,577)	(6,340,324)	(1,906,355)
Transfers from other funds	3,312,449	580,500	-	3,892,949	888,824
Net cash provided by (used in) noncapital financing activities	<u>(2,653,597)</u>	<u>208,799</u>	<u>(2,577)</u>	<u>(2,447,375)</u>	<u>(1,017,531)</u>
Proceeds from long-term debt	-	-	-	-	1,360,000
Debt principal payments	(1,315,000)	-	-	(1,315,000)	(1,400,000)
Interest paid on revenue bonds	(331,845)	-	-	(331,845)	(83,735)
Purchases of property and equipment	(1,591,998)	-	(206,160)	(1,798,158)	(874,825)
Proceeds from sale of property and equipment	-	-	(6,565)	(6,565)	2,000
Net cash used in capital and related financing activities	<u>(3,238,843)</u>	<u>-</u>	<u>(212,725)</u>	<u>(3,451,568)</u>	<u>(996,560)</u>
Cash Flows from Investing Activities					
Proceeds from sale/maturities of investments	12,669,917	-	901,367	13,571,284	13,632,819
Purchase of investments	(11,587,167)	-	(1,255,782)	(12,842,949)	(14,716,492)
Interest received on investments	476,134	-	27,270	503,404	262,235
Net cash used in investing activities	<u>1,558,884</u>	<u>-</u>	<u>(327,145)</u>	<u>1,231,739</u>	<u>(821,438)</u>
Net increase in cash and cash equivalents	<u>(2,217,840)</u>	<u>213,579</u>	<u>(172,502)</u>	<u>(2,176,763)</u>	<u>1,327,386</u>
Cash and Cash Equivalents, Beginning of Year	<u>3,323,546</u>	<u>1,273,166</u>	<u>205,743</u>	<u>4,802,455</u>	<u>3,475,069</u>
Cash and Cash Equivalents, End of Year	<u>1,105,706</u>	<u>1,486,745</u>	<u>33,241</u>	<u>2,625,692</u>	<u>4,802,455</u>
Noncash Investing, Capital and Financing Activities					
Capital contributions received in-kind	467,797	-	161,491	629,288	179,560
Reconciliation to Statement of Net Position					
Cash and cash equivalents	-	1,486,745	33,241	1,519,986	2,938,326
Restricted cash and cash equivalents	1,105,706	-	-	1,105,706	1,864,129
	<u>\$ 1,105,706</u>	<u>\$ 1,486,745</u>	<u>\$ 33,241</u>	<u>\$ 2,625,692</u>	<u>\$ 4,802,455</u>

See Notes to Financial Statements

**Governmental Activities-
Internal Service Funds**

2019	2018
\$ 47,486	\$ 86,645
9,750,559	9,284,293
(1,842,114)	(1,942,416)
(8,107,098)	(6,907,596)
-	-
(151,167)	520,926
-	-
1,752,831	350,992
1,752,831	350,992
-	-
-	-
-	-
(550,879)	(668,464)
49,930	64,470
(500,949)	(603,994)
3,004,861	5,373,191
(6,497,707)	(5,643,603)
2,637,150	141,249
(855,696)	(129,163)
245,019	138,761
2,268,289	2,129,528
2,513,308	2,268,289
-	-
2,513,308	2,268,289
-	-
\$ 2,513,308	\$ 2,268,289

City of Hurst, Texas
Proprietary Funds
Statement of Cash Flows (Continued)
Year Ended September 30, 2019 with Summarized
Totals for Year Ended September 30, 2018

	Business-type Activities				
	Water & Sewer	Conference & Meeting Center	Nonmajor Stormwater Fund	Totals	
				2019	2018
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ (57,528)	\$ (338,456)	\$ 193,769	\$ (202,215)	\$ 2,754,692
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	1,655,900	54,374	154,000	1,864,274	1,788,478
Change in assets and deferred outflows					
Accounts receivable	(23,703)	77,696	9,068	63,061	(395,931)
Inventory of materials and supplies	(8,897)	578	-	(8,319)	(8,233)
Due to/from other funds	-	-	(83,856)	(83,856)	1,869
Prepays and other assets	118,669	1,200	-	119,869	9,247
Deferred pension outflows	(777,343)	(205,043)	(63,589)	(1,045,975)	835,138
Deferred OPEB outflows	(82,514)	(24,045)	(9,249)	(115,808)	(158,697)
Change in liabilities and deferred inflows					
Accounts payable and other	(51,054)	(19,735)	60,109	(10,680)	(248,811)
Customer deposits and unearned revenue	38,185	91,998	-	130,183	(86,109)
Net pension liability	1,596,208	501,310	131,766	2,229,284	(1,263,323)
Net OPEB liability	122,640	28,470	10,950	162,060	209,149
Deferred pension inflows	(403,590)	(165,844)	(33,899)	(603,333)	688,431
Deferred OPEB inflows	(11,257)	2,277	876	(8,104)	37,015
Net cash provided by operating activities	<u>\$ 2,115,716</u>	<u>\$ 4,780</u>	<u>\$ 369,945</u>	<u>\$ 2,490,441</u>	<u>\$ 4,162,915</u>

Governmental Activities	
Internal Service Funds	
2019	2018
\$ (1,410,403)	\$ (462,952)
794,800	866,160
(9,724)	2,893
3,498	(161,052)
194,325	137,916
-	-
(183,543)	152,182
(20,348)	(23,588)
175,315	81,939
-	-
366,506	(208,820)
24,090	31,090
(87,610)	99,656
1,927	5,502
\$ (151,167)	\$ 520,926

City of Hurst, Texas
Fiduciary Fund
Statement of Fiduciary Net Position
September 30, 2019

	<u>OPEB Trust</u>
Assets	
Investments – equity mutual funds	\$ 3,349,831
Total assets	<u>\$ 3,349,831</u>
Net Position	
Restricted for other postemployment benefits	\$ 3,349,831
Total net position	<u>\$ 3,349,831</u>

City of Hurst, Texas
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2019

	OPEB Trust
Additions	
Contributions	
Employer	\$ 1,073,668
Net investment loss	(171,374)
Total additions	902,294
 Deductions	
Benefit payments	680,984
Administrative expenses	7,904
Total deductions	688,888
Change in net position	213,406
Net Position, Beginning of Year	3,136,425
Net Position, Ending of Year	\$ 3,349,831



City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

Note 1: Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. These financial statements include the financial activities of the overall government except the fiduciary fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Certain eliminations have been made as prescribed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB 34) in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department, and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues susceptible to accrual as available if they are collected within 60 days after year-end.

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

The major governmental funds are:

General Fund: The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. General operating and capital expenditures not paid through other funds are paid from the General Fund.

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

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

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

2019 G.O. Bond Capital Projects Fund: To account for the financing and construction of voter approved projects. Financing was provided by general obligation bond proceeds.

Internal Service Funds

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

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

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

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

Proprietary Funds

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

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

Conference & Meeting Center Fund: To account for the operations of the City's conference and meeting center and is designated as a major fund. Fees are charged for use of the center. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Fiduciary Fund

The other postemployment benefit (OPEB) trust fund is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions. The City utilizes a trust to hold required contributions for OPEBs. Plan trustees must act in accordance with the specific purposes and terms of the OPEB plan. The accompanying statement of fiduciary net position and statement of changes in fiduciary net position are presented as of and for the year ended December 31, 2018, the Plan's year-end, in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74).

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

Cash and Cash Equivalents

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

Accounts Receivable

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

Investments

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

Inventories

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method).

Capital Assets

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

Assets

Buildings	10 – 40 Years
Furniture & Fixtures	4 – 10 Years
Improvements OTB	5 – 40 Years
Machinery & Equipment	2 – 30 Years
Streets	15 – 30 Years
Vehicles	2 – 15 Years
Water System	4 – 50 Years
Sewer System	5 – 50 Years
Stormwater System	4 – 40 Years

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

Compensated Absences

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

Defined Benefit Pension Plan

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

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

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

Defined Benefit Other Postemployment Benefit Plan

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

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

Interfund Transactions

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable fund balance, is employed by the City. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities. The City allows encumbrances to lapse leaving no reservation of fund balance at September 30, 2019.

Deferred Outflows/Inflows of Resources

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

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability or increase in net pension asset in the year subsequent to their deferral.
- OPEB benefit and premium payments after measurement date – These benefit payments are deferred and reported as a reduction in total OPEB liability in the year subsequent to their deferral.
- Experience difference – Pensions – These amounts represent the differences between expected and actual pension experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Assumption changes – Pensions and OPEB – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Investment difference – Pensions and OPEB – These amounts represent the difference in projected and actual earnings on pension and OPEB plan assets. These differences are deferred and amortized over a closed five-year period.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

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

- Unavailable revenue – This amount represents uncollected property taxes and municipal court fees. This amount is deferred and recognized once payments are received in the following fiscal year.
- Experience difference – Pensions and OPEB – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Assumption changes – OPEB – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period

Minimum Fund Balance

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

Fund Balance Classifications and Uses

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

A description of the purposes of the restricted, committed, and assigned governmental fund balances at September 30, 2019 and 2018, follows:

	2019					2018		
	General Fund	HCDC	Anti-Crime	Special Projects	2019 GO Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds	Total Governmental Funds
Nonspendable inventory	\$ 1,883	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,883	\$ 2,401
Restricted for								
Capital projects	-	-	-	-	7,525,196	5,302,151	12,827,347	3,259,155
Community development	23,542	3,967,927	-	-	-	-	3,991,469	3,941,674
Public safety	383,806	-	5,782,769	-	-	-	6,166,575	6,107,762
Debt service	-	-	-	-	-	1,178,367	1,178,367	1,362,037
Municipal court	530,917	-	-	-	-	-	530,917	573,857
Parks	528,213	-	-	-	-	-	528,213	456,081
Traffic safety	503,408	-	-	-	-	-	503,408	898,884
Tourism, convention center, arts	1,769,929	-	-	-	-	-	1,769,929	2,008,278
Urban transit	1,220,895	-	-	-	-	-	1,220,895	1,053,065
Other	122,539	-	-	-	-	-	122,539	78,071
Assigned								
Capital and special projects	-	-	-	17,682,803	-	-	17,682,803	18,887,440
Other	23,575	-	-	-	-	-	23,575	18,254
Unassigned	9,702,437	-	-	-	-	-	9,702,437	8,989,839
Total fund balance	\$ 14,811,144	\$ 3,967,927	\$ 5,782,769	\$ 17,682,803	\$ 7,525,196	\$ 6,480,518	\$ 56,250,357	\$ 47,636,798

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Prior-Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements for the year ended September 30, 2018.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

New Accounting Pronouncements

The City has adopted and implemented the following GASB statements which have become effective for fiscal year 2019:

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83)

- This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Adoption of GASB 83 had no effect on the City’s financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88)

- This Statement defines debt for purposes of financial statement disclosure and establishes disclosure requirements for additional information related to debt including balances of unused lines of credit, assets pledged as collateral for debt and significant contractual terms including what would happen in the event of default, significant termination events and any significant subjective acceleration clauses. Adoption of GASB 88 had no effect on the City’s financial statements.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* (GASB 89)

- This Statement supersedes the requirements of paragraphs 5-22 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and requires interest costs incurred before the end of a construction period to be recognized as expense in the period incurred under the economic resources measurement focus. Adoption of GASB 89 had no effect on the City’s financial statements.

Future Adoption of Accounting Principles

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2019.

Statement No.	Title	Adoption Required
84	Fiduciary Activities	September 30, 2020
87	Leases	September 30, 2021
91	Conduit Debt Obligations	September 30, 2021

City of Hurst, Texas
Notes to Basic Financial Statements
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Note 2: Budgetary Data and Stewardship

The City is required to annually adopt budgets for the General, Special Revenue and Debt Service Funds on a basis consistent with GAAP. Budgeted amounts are originally adopted by the City Council for the 2018-2019 budget. There were no individual amendments to the original appropriations. Such appropriations lapse at year-end.

- 1) The City follows these procedures in establishing budgetary data reflected in the basic financial statements.
- 2) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- 3) Public hearings are conducted to obtain taxpayer comments.
- 4) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- 5) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council, after public hearings.
- 6) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and the Debt Service Funds.
- 7) Budgetary data for the Capital Projects Funds has not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.

Note 3: Deposits and Investments

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

External Investment Pools: The City's pool investments as of September 30, 2019, were invested in TexPool and TexSTAR (Texas Short Term Asset Reserve program).

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

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

TexPool and TexSTAR are not registered with the Securities and Exchange Commission (SEC) as investment companies. TexPool and TexSTAR are investment pools that have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

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

Investments: The City's investments are registered or held by the City or its agent in the City's name at September 30, 2019, and are as follows:

	<u>Value</u>	<u>Weighted Average</u>
Certificates of deposit	\$ 18,146,235	1.18
Investment in Master Trust	3,349,831	-
Investment pools	18,689,519	0.09
U.S. Treasury Obligations	14,990,587	1.29
Federal Agency Securities	<u>25,579,950</u>	<u>1.37</u>
Portfolio weighted average maturity	<u>\$ 80,756,122</u>	<u>1.23</u>

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

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

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

City of Hurst, Texas
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OPEB Trust Fund Investments: The City has contracted with Public Agency Retirement Services (PARS) for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. PARS provides its participants a range of investment strategies, and the City has selected the PARS Balanced HighMark Plus Portfolio. The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay present and future obligations to the Plan. The Balanced Portfolio's goal is to provide growth of both principal and income. The Plan's underlying investments are allocated between equity, fixed income securities and cash. The OPEB Plan does not have a formal policy for custodial credit risk. As of December 31, 2018, all investments are registered in the name of the OPEB Plan's custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of \$3,349,831 as of December 31, 2018. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust's funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

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

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

City of Hurst, Texas
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Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury Securities	\$ 14,990,587	\$ 14,990,587	\$ -	\$ -
U.S. Agency Securities	25,579,950	-	25,579,950	-
Investment in Master Trust	3,349,831	-	-	3,349,831
Total investments by fair value level	<u>43,920,368</u>	<u>\$ 14,990,587</u>	<u>\$ 25,579,950</u>	<u>\$ 3,349,831</u>
Investments Measured at Net Asset Value – TexSTAR	9,337,801			
Investments Measured at Amortized Cost – TexPool	9,351,718			
Non-negotiable Certificates of Deposit	<u>18,146,235</u>			
Total investments	<u>\$ 80,756,122</u>			

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

Investments

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

City of Hurst, Texas
Notes to Basic Financial Statements
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Investment in State Investment Pools

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

Note 4: Property Tax

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located in the City. The total assessed value upon which the fiscal 2019 levy is based is approximately \$3,924,748,407. Such assessed value is computed based on 100% appraised values.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation and by the City's Home Rule Charter to \$1.50 per \$100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2019, is \$0.58000 per \$100 of assessed valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are due by January 31 following the levy date. Current tax collections for the year ended September 30, 2019, are approximately 99% of the tax levy.

City of Hurst, Texas
Notes to Basic Financial Statements
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Note 5: Net Receivables

Net receivables consist of the following at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Governmental Activities		
Taxes receivable	\$ 3,776,842	\$ 3,608,372
Contract receivables	600,000	600,000
Charges to users	981,561	951,191
Interest	331,664	172,835
Other	<u>1,191,633</u>	<u>620,587</u>
Total governmental activities net receivables	<u>6,881,700</u>	<u>5,952,985</u>
Business-type Activities		
Charges to users	3,325,615	3,455,294
Interest	134,484	79,853
Other	<u>340,045</u>	<u>321,592</u>
Total business-type activities net receivables	<u>3,800,144</u>	<u>3,856,739</u>
Total net receivables	<u>\$ 10,681,844</u>	<u>\$ 9,809,724</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

Note 6: Capital Assets

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

	Balance October 1, 2018	Additions	Disposals/ Reclassifications	Balance September 30, 2019
Capital Assets Not Being Depreciated				
Land	\$ 58,160,798	\$ 1,247,056	\$ -	\$ 59,407,854
Construction in progress	7,355,023	4,363,727	(4,197,886)	7,520,864
	<u>65,515,821</u>	<u>5,610,783</u>	<u>(4,197,886)</u>	<u>66,928,718</u>
Capital Assets Being Depreciated				
Buildings and improvements	92,440,555	420,927	-	92,861,482
Improvements other than buildings	160,035,530	116,567	7,419	160,159,516
Machinery and equipment	30,632,519	2,565,249	(630,186)	32,567,582
Total depreciable	<u>283,108,604</u>	<u>3,102,743</u>	<u>(622,767)</u>	<u>285,588,580</u>
Less Accumulated Depreciation for				
Buildings and improvements	(37,376,311)	(3,641,185)	-	(41,017,496)
Improvements other than buildings	(124,539,688)	(3,404,706)	-	(127,944,394)
Machinery and equipment	(24,018,067)	(1,824,221)	622,861	(25,219,427)
Total accumulated depreciation	<u>(185,934,066)</u>	<u>(8,870,112)</u>	<u>622,861</u>	<u>(194,181,317)</u>
Total depreciable - net	<u>97,174,538</u>	<u>(5,767,369)</u>	<u>94</u>	<u>91,407,263</u>
Governmental activities capital assets, net	<u>\$ 162,690,359</u>	<u>\$ (156,586)</u>	<u>\$ (4,197,792)</u>	<u>\$ 158,335,981</u>
	Balance October 1, 2017	Additions	Disposals/ Reclassifications	Balance September 30, 2018
Capital Assets Not Being Depreciated				
Land	\$ 57,578,715	\$ 582,083	\$ -	\$ 58,160,798
Construction in progress	3,945,616	3,527,834	(118,427)	7,355,023
	<u>61,524,331</u>	<u>4,109,917</u>	<u>(118,427)</u>	<u>65,515,821</u>
Capital Assets Being Depreciated				
Buildings and improvements	92,335,294	105,073	188	92,440,555
Improvements other than buildings	159,588,637	328,466	118,427	160,035,530
Machinery and equipment	30,447,865	392,853	(208,199)	30,632,519
Total depreciable	<u>282,371,796</u>	<u>826,392</u>	<u>(89,584)</u>	<u>283,108,604</u>
Less Accumulated Depreciation for				
Buildings and improvements	(33,394,897)	(3,981,414)	-	(37,376,311)
Improvements other than buildings	(120,883,463)	(3,656,225)	-	(124,539,688)
Machinery and equipment	(22,436,523)	(1,820,024)	238,480	(24,018,067)
Total accumulated depreciation	<u>(176,714,883)</u>	<u>(9,457,663)</u>	<u>238,480</u>	<u>(185,934,066)</u>
Total depreciable - net	<u>105,656,913</u>	<u>(8,631,271)</u>	<u>148,896</u>	<u>97,174,538</u>
Governmental activities capital assets, net	<u>\$ 167,181,244</u>	<u>\$ (4,521,354)</u>	<u>\$ 30,469</u>	<u>\$ 162,690,359</u>

City of Hurst, Texas
Notes to Basic Financial Statements
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Depreciation is charged to functions as follows:

	2019	2018
Governmental Activities		
General government	\$ 1,664,672	\$ 1,774,939
Public safety	2,019,755	2,153,542
Culture and recreation	2,363,274	2,519,816
Public works	2,822,411	3,009,366
Total governmental activities depreciation expense	\$ 8,870,112	\$ 9,457,663

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

Construction in progress consists of the following at September 30, 2019:

	Project Authorization	Expended Through September 30, 2019	Committed September 30, 2019
Pipeline Road Widening	\$ 4,779,918	\$ 4,093,338	\$ 686,580
Animal Shelter	723,228	378,157	345,071
City Hall Roof Repair	1,044,429	870,359	174,070
Other	11,728,899	2,179,010	9,549,889
Total	\$ 18,276,474	\$ 7,520,864	\$ 10,755,610

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

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

	Balance October 1, 2018	Additions	Disposals/ Reclassifications	Balance September 30, 2019
Capital Assets Not Being Depreciated				
Land	\$ 564,612	\$ -	\$ -	\$ 564,612
Construction in progress	1,523,082	1,685,372	(422,533)	2,785,921
	<u>2,087,694</u>	<u>1,685,372</u>	<u>(422,533)</u>	<u>3,350,533</u>
Capital Assets Being Depreciated				
Utility plant in service	79,936,139	88,762	410,881	80,435,782
Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,433,399	664,640	(42,480)	4,055,559
Total depreciable	<u>83,878,800</u>	<u>753,402</u>	<u>368,401</u>	<u>85,000,603</u>
Less Accumulated Depreciation for				
Utility plant in service	(34,778,436)	(1,594,357)	542	(36,372,251)
Buildings and improvements	(258,307)	(16,975)	-	(275,282)
Machinery and equipment	(2,642,566)	(252,942)	42,262	(2,853,246)
Total accumulated depreciation	<u>(37,679,309)</u>	<u>(1,864,274)</u>	<u>42,804</u>	<u>(39,500,779)</u>
Total depreciable - net	<u>46,199,491</u>	<u>(1,110,872)</u>	<u>411,205</u>	<u>45,499,824</u>
Business-type activities capital assets, net	<u>\$ 48,287,185</u>	<u>\$ 574,500</u>	<u>\$ (11,328)</u>	<u>\$ 48,850,357</u>
	Balance October 1, 2017	Additions	Disposals/ Reclassifications	Balance September 30, 2018
Capital Assets Not Being Depreciated				
Land	\$ 399,478	\$ 165,134	\$ -	\$ 564,612
Construction in progress	2,304,343	767,513	(1,548,774)	1,523,082
	<u>2,703,821</u>	<u>932,647</u>	<u>(1,548,774)</u>	<u>2,087,694</u>
Capital Assets Being Depreciated				
Utility plant in service	78,433,263	-	1,502,876	79,936,139
Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,265,763	121,738	45,898	3,433,399
Total depreciable	<u>82,208,288</u>	<u>121,738</u>	<u>1,548,774</u>	<u>83,878,800</u>
Less Accumulated Depreciation for				
Utility plant in service	(33,226,762)	(1,551,674)	-	(34,778,436)
Buildings and improvements	(211,332)	(46,975)	-	(258,307)
Machinery and equipment	(2,452,737)	(189,829)	-	(2,642,566)
Total accumulated depreciation	<u>(35,890,831)</u>	<u>(1,788,478)</u>	<u>-</u>	<u>(37,679,309)</u>
Total depreciable - net	<u>46,317,457</u>	<u>(1,666,740)</u>	<u>1,548,774</u>	<u>46,199,491</u>
Business-type activities capital assets, net	<u>\$ 49,021,278</u>	<u>\$ (734,093)</u>	<u>\$ -</u>	<u>\$ 48,287,185</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

Construction in progress consists of the following at September 30, 2019:

	Project Authorization	Expended Through September 30, 2019	Committed as September 30, 2019
Valley View Sewer Interceptor	\$ 1,223,135	\$ 1,090,780	\$ 132,355
Pipeline Road Widening	1,164,266	967,978	196,288
Cimorron Trail Drainage	211,211	15,225	195,986
Other	<u>2,950,074</u>	<u>711,938</u>	<u>2,238,136</u>
Total	<u>\$ 5,548,686</u>	<u>\$ 2,785,921</u>	<u>\$ 2,762,765</u>

Note 7: Long-term Liabilities

The following is a summary of changes in long-term liabilities of the City for the years ended September 30, 2019 and 2018:

	October 01, 2018	Additions	Reductions	September 30, 2019	Current Portion
Governmental Activities					
Bonds payable and premiums					
General obligation bonds	\$ 35,785,000	\$ 7,225,000	\$ (2,120,000)	\$ 40,890,000	\$ 2,455,000
Certificates of obligation	13,395,000	1,950,000	(680,000)	14,665,000	780,000
Sales tax revenue bonds	105,000	-	(105,000)	-	-
Tax Notes	1,020,000	-	(160,000)	860,000	165,000
Premium	<u>3,737,648</u>	<u>453,618</u>	<u>(248,115)</u>	<u>3,943,151</u>	<u>287,422</u>
Total bonds payable	54,042,648	9,628,618	(3,313,115)	60,358,151	3,687,422
Compensated absences	<u>6,088,983</u>	<u>2,276,001</u>	<u>(2,263,657)</u>	<u>6,101,327</u>	<u>2,518,628</u>
Governmental Activities Long-term liabilities	<u>\$ 60,131,631</u>	<u>\$ 11,904,619</u>	<u>\$ (5,576,772)</u>	<u>\$ 66,459,478</u>	<u>\$ 6,206,050</u>

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

	October 01, 2018	Additions	Reductions	September 30, 2019	Current Portion
Business-type Activities					
Bonds payable and premiums					
General obligation bonds	\$ 7,780,000	\$ -	\$ (1,020,000)	\$ 6,760,000	\$ 930,000
Certificates of obligation	2,965,000	-	(295,000)	2,670,000	320,000
Premium	560,730	-	(69,047)	491,683	65,577
Total bonds payable	<u>11,305,730</u>	<u>-</u>	<u>(1,384,047)</u>	<u>9,921,683</u>	<u>1,315,577</u>
Compensated absences	243,728	388,329	(350,183)	281,874	50,780
Business-type Activities					
Long-term liabilities	<u>\$ 11,549,458</u>	<u>\$ 388,329</u>	<u>\$ (1,734,230)</u>	<u>\$ 10,203,557</u>	<u>\$ 1,366,357</u>

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

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

Governmental Activities

	Outstanding	Due Next Year
Tax Notes		
\$1,180,000 Series 2017 Tax Notes due in annual installments of \$160,000 to \$180,000 through August 2024, plus interest at 1.790%	<u>\$ 860,000</u>	<u>\$ 165,000</u>
Tax and Water and Sewer (Limited Pledge)		
Certificates of Obligation		
\$2,030,000 Series 2009 Certificates of Obligation due in annual installments of \$60,000 to \$145,000 through August 2029, plus interest at 2.00% to 4.625%, partially refunded in July 2017	\$ 205,000	\$ 100,000
\$7,355,000 Series 2014 Certificates of Obligation due in annual installments of \$265,000 to \$495,000 through August 2034, interest at 3.00% to 3.75%	5,900,000	315,000
\$3,750,000 Series 2015 Certificates of Obligation due in annual installments of \$95,000 to \$185,000 through August 2035, plus interest at 2.00% to 4.00%	2,235,000	105,000
\$4,905,000 Series 2016 Certificates of Obligation due in annual installments of \$175,000 to \$345,000 through August 2036, interest at 2.00% to 4.00%	4,375,000	190,000
\$1,950,000 Series 2019 Certificates of Obligation due in annual installments of \$70,000 to \$125,000 through August 2038, plus interest at 3.00%	<u>1,950,000</u>	<u>70,000</u>
Certificates of obligation	<u>\$ 14,665,000</u>	<u>\$ 780,000</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

	Outstanding	Due Next Year
Tax and Water and Sewer (Limited Pledge)		
General Obligation		
\$2,960,000 Series 2011 General Obligation Refunding Bonds due in annual installments of \$125,000 to \$350,000 through August 2022, plus interest at 2.00% to 4.00%	\$ 815,000	\$ 340,000
\$15,565,000 Series 2012 General Obligation Improvement Bonds due in annual installments of \$255,000 to \$870,000 through August 2042, plus interest at 2.00% to 3.375%	13,550,000	360,000
\$1,810,000 Series 2012 General Obligation Refunding Bonds due in annual installments of \$100,000 to \$205,000 through August 2023, plus interest at 2.00% to 4.00%	765,000	180,000
\$5,705,000 Series 2013 General Obligation Refunding Bonds due in annual installments of \$290,000 to \$585,000 through August 2026, plus interest at 2.00% to 3.50%	3,730,000	500,000
\$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of \$10,000 to \$370,000 through August 2027, plus interest at 2.00% to 4.00%	2,650,000	295,000
\$1,345,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$5,000 to \$160,000 through September 2028, plus interest at 2.00% to 4.00%	1,230,000	120,000
\$4,945,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$15,000 to \$340,000 through September 2038, plus interest at 2.00% to 4.00%	4,745,000	175,000
\$4,950,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$15,000 to \$340,000 through September 2038, plus interest at 2.00% to 4.00%	4,750,000	180,000
\$1,500,000 Series 2017 General Obligation Refunding Bonds due in annual installments of \$15,000 to \$190,000 through August 2029, plus interest at 2.190%	1,430,000	55,000
\$7,225,000 Series 2019 General Obligation Bonds due in annual installments of \$250,000 to \$470,000 through August 2039, plus interest at 2.5% to 4.5%	7,225,000	250,000
General obligation	\$ 40,890,000	\$ 2,455,000

City of Hurst, Texas
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Business-type Activities

	Outstanding	Due Next Year
Certificates of Obligation		
\$4,070,000 Series 2009 Certificates of Obligation due in annual installments of \$120,000 to \$290,000 through August 2029, plus interest at 2.00% to 4.625%, partially refunded in July 2017	\$ 410,000	\$ 200,000
\$3,750,000 Series 2015 Certificates of Obligation due in annual installments of \$40,000 to \$80,000 through August 2035, plus interest at 2.00% to 4.00%	960,000	45,000
\$1,360,000 Series 2018 Certificates of Obligation due in annual installments of \$60,000 to \$75,000 through August 2038, plus interest at 0.13% to 1.53%	1,300,000	75,000
Total certificates of obligation	\$ 2,670,000	\$ 320,000
General Obligation Refunding Bonds		
\$2,395,000 Series 2011 General Obligation Refunding Bonds due in annual installments of \$40,000 to \$285,000 through August 2022, plus interest at 2.00% to 4.00%	\$ 690,000	\$ 275,000
\$1,215,000 Series 2012 General Obligation Refunding Bonds due in annual installments of \$100,000 to \$135,000 through August 2023, plus interest at 2.00% to 4.00%	495,000	115,000
\$2,125,000 Series 2013 General Obligation Refunding Bonds due in annual installments of \$160,000 to \$315,000 through August 2026, plus interest at 2.00% to 3.50%	1,110,000	170,000
\$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of \$5,000 to \$160,000 through August 2027, plus interest at 2.00% to 4.00%	1,215,000	225,000
\$1,070,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$90,000 to \$125,000 through September 2028, plus interest at 2.00% to 4.00%	980,000	90,000
\$2,350,000 Series 2017 General Obligation Refunding Bonds due in annual installments of \$25,000 to \$285,000 through August 2029, plus interest of 2.190%	2,270,000	55,000
Total general obligation bonds	\$ 6,760,000	\$ 930,000

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

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

The annual requirements including interest to amortize all bonds outstanding at September 30, 2019, follow:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 3,400,000	\$ 2,049,443	\$ 1,250,000	\$ 282,818
2021	3,520,000	1,927,186	1,175,000	240,731
2022	3,390,000	1,816,379	1,035,000	202,339
2023	3,375,000	1,694,088	945,000	170,166
2024	3,290,000	1,565,392	815,000	138,947
2025-2029	14,245,000	6,048,752	3,130,000	356,766
2030-2034	12,840,000	3,662,174	700,000	95,356
2035-2039	9,850,000	1,527,006	380,000	14,450
2040-2044	2,505,000	217,175	-	-
Total	\$ 56,415,000	\$ 20,507,595	\$ 9,430,000	\$ 1,501,573

City of Hurst, Texas
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Note 8: Defined Benefit Pension Plans

Plan Description: The City participates as one of over 887 plans in the nontraditional, joint contributory, agent multiple-employer defined benefit pension plan administered by 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 (TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.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 payment options.

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

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

Employee deposit rate:	7%
Matching ratio (City to Employee):	2 to 1
Years required for vesting	5 years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity increase to retirees*	30% of CPI-U

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

City of Hurst, Texas
Notes to Basic Financial Statements
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At the December 31, 2018, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	272
Inactive employees entitled to but not yet receiving benefits	193
Active employees	398
	863

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

Employees for the City of Hurst were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Hurst were 10.85% and 10.75% in calendar years 2019 and 2018, respectively. The City’s contributions to TMRS for the year ended September 30, 2019, were \$2,904,605 and were equal to the required contributions.

Net Pension Liability: The City’s net pension liability (NPL) was measured as of December 31, 2018, 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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Inflation	2.50%
Overall payroll growth	3.00%

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

City of Hurst, Texas
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Actuarial assumptions used in the December 31, 2018, valuation was based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates are based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

Asset Class	Target	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.50%	4.30%
International equity	17.50%	6.10%
Core fixed income	10.00%	1.00%
Non-core fixed income	20.00%	3.39%
Real return	10.00%	3.78%
Real estate	10.00%	4.44%
Absolute return	10.00%	3.56%
Private equity	5.00%	7.75%
Total	<u>100.00%</u>	

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

Changes in the Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Assets (b)	Net Pension Liability (a) - (b)
Balance at October 1, 2018	\$ 168,561,029	\$ 154,314,960	14,246,069
Changes for the year			
Service cost	4,141,532	-	4,141,532
Interest	11,221,017	-	11,221,017
Difference between expected and actual experience	(778,214)	-	(778,214)
Contributions – employer	-	2,806,311	(2,806,311)
Contributions – employee	-	1,810,318	(1,810,318)
Net investment income	-	(4,620,014)	4,620,014
Benefit payments, including refunds of employee contributions	(8,789,026)	(8,789,026)	-
Administrative expense	-	(89,337)	89,337
Other changes	-	(4,667)	4,667
Net changes	<u>5,795,309</u>	<u>(8,886,415)</u>	<u>14,681,724</u>
Balance at September 30, 2019	<u>\$ 174,356,338</u>	<u>\$ 145,428,545</u>	<u>\$ 28,927,793</u>

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate	1% Increase in Discount
City's net pension liability	\$ 51,879,744	\$ 28,927,793	\$ 9,936,560

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, 2019, the City recognized pension expense of \$6,727,413.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 674,999	\$ 750,743
Changes of assumptions	543,423	-
Net difference between projected and actual earnings on pension plan investments	7,958,520	-
Contributions subsequent to the measurement date	2,203,550	-
Total	\$ 11,380,492	\$ 750,743

City of Hurst, Texas
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\$2,203,550 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2020	\$ 3,307,271
2021	1,212,370
2022	1,026,960
2023	<u>2,879,598</u>
Total	<u>\$ 8,426,199</u>

Note 9: Interfund Balances

Interfund Due To/Due From balances are primarily used to recognize: (1) internal allocations to internal service funds from other funds receiving services, (2) services provided by the General Fund to the Water and Sewer Enterprise Fund, (3) street rental fees from the Water and Sewer Enterprise Fund due to the General Fund and (4) services provided by the General Fund to the Anti-Crime Special Revenue and HCDC Special Revenue Funds. These interfund balances are typically paid in the following fiscal year. At September 30, 2019, the respective interfund balances follow:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 1,144,854
Anti-crime Special Revenue Fund	323,062	-
Water and Sewer Enterprise Fund	<u>821,792</u>	<u>-</u>
	<u>\$ 1,144,854</u>	<u>\$ 1,144,854</u>

City of Hurst, Texas
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A summary of interfund transfers for the year ended September 30, 2019, follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 190,391	\$ 3,297,836
HCDC Special Revenue Fund	-	1,350,813
Anti-Crime	-	47,700
Special Projects Capital Projects Fund	1,661,902	362,644
Water & Sewer Enterprise Fund	2,406,315	2,850,881
Conference & Meeting Center Fund	580,500	371,701
Nonmajor governmental funds	1,700,224	8,011
Nonmajor Stormwater Fund	-	2,577
Internal service funds	<u>1,752,831</u>	<u>-</u>
	<u>\$ 8,292,163</u>	<u>\$ 8,292,163</u>

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

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

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

Note 10: Indirect Cost/Street Rental Fees

The General Fund provides certain general and administrative services and use of the City's streets to the proprietary fund types. Charges for such services totaled \$6,483,122 in 2019 and \$6,452,922 in 2018 and are reflected as reductions of expenditures in the General Fund and as expenses in the proprietary fund types.

Note 11: Water and Sewer Contracts

On May 9, 2018, the City entered into a 20-year contract with the City of Fort Worth for the transportation, treatment and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. Sewer charges for 2019 under this contract were approximately \$2,798,456.

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On November 16, 2010, the City entered into a 20-year contract with the City of Fort Worth for the purchase of water. The City is obligated to pay varying amounts based on annual consumption and new rates established under the terms of the contract. During 2019, water purchases under the contract cost approximately \$4,614,509.

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

In 1975, the City entered into another contract expiring in 2023 with the Authority for the construction of a wastewater collection point on the Authority's system. The contract enables the City to utilize the Authority's system for disposal of wastewater. Under the terms of the contract, the City is obligated to share in the cost of the operation and maintenance of the system based on sewage actually discharged. Wastewater treatment charges incurred during 2019 under the 1969 and 1975 contracts with the Authority approximates \$1,709,353.

Note 12: Contingent Liabilities

Grant Programs

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

Litigation

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

Note 13: Risk Management

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

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

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

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

Changes in the Funds’ claims liability amount and administrative service amounts in fiscal years 2019 and 2018 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>		<u>Claims Payments</u>	<u>End of Fiscal Year Liability</u>
Loss Reserve Fund					
2017-2018	\$ 399,995	\$ 4,646,236	Claims	\$ 4,642,384	\$ 403,847
			ASO	\$ 1,155,410	
2018-2019	\$ 403,847	\$ 5,347,655	Claims	\$ 5,367,078	\$ 384,424
			ASO	\$ 1,461,522	
General Fund – General Liability					
2017-2018	\$ 100,000	\$ 85,275		\$ 85,275	\$ 100,000
2018-2019	\$ 100,000	\$ 173,146		\$ 173,146	\$ 100,000

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

City of Hurst, Texas
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Note 14: Other Postemployment Benefit (OPEB) Plan

Plan Description

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

Eligibility

The benefit is available to retirees and their spouses.

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

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

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

Benefits Provided

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

City of Hurst, Texas
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BEFORE AGE 65 – Enroll in the City’s Retiree Health Plan. The City will contribute to the cost of the eligible retiree/spouse/dependent coverage. The eligible retiree will also contribute towards this coverage and the cost will vary based on the eligible retiree’s years of consecutive full-time service to the City immediately prior to TMRS service retirement and level of coverage. Upon reaching the age of 65, the retiree/spouse will have the AFTER AGE 65 options listed above.

Surviving Dependents

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

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

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

Life Insurance

Effective for employees retiring October 1, 1997, or later, the City continues life insurance for the retiree at 50% of the City provided life insurance the retiree had as an active employee at no cost to the retiree. Effective October 1, 2011, the maximum retiree life insurance is \$75,000. The amount of retiree life insurance coverage is subject to the same percentage reductions as active employees at age 70 or older.

Dental

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

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

A measurement date of December 31, 2018, was used for the September 30, 2019, liability and expense. The information that follows was determined as of a valuation date of December 31, 2017.

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At December 31, 2018, the following employees were covered by the benefit terms:

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

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

Investments

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

Investment Policy

The plan’s policy in regard to the allocation of invested assets is established by the City. The current asset allocation policy at the end of 2019 is as follows:

Asset Class	Target Allocation
Equity	60.00%
Fixed Income	35.00%
Cash	5.00%
Total	100.00%

Concentrations

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

City of Hurst, Texas
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Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was (4.66)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability: The City’s net OPEB liability of \$16,970,698 (\$13,520,611 governmental activities and \$3,450,087 business-type activities) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017.

Actuarial Assumptions: The total OPEB liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	5.21% as of December 31, 2018 (5.18% as of December 31, 2017)
Inflation	2.50%
Salary Increase	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.00% after 15 years
Participation Rates	Participation rates vary based on years of City service. For employees with over 20 years of City service, participation rates vary from 35% to 95%.

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

For the purpose of developing the single discount rate, the City’s future contributions were based on a 30-year, open amortization. Based on this funding policy, the last year in the single discount rate projection period for which projected benefit payments were fully funded was 2043.

For the purpose of the December 31, 2018, valuation, the expected rate of return on OPEB plan investments is 6.85%; the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”); and the resulting Single Discount Rate is 5.21%.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

Changes in the Net OPEB Liability:

Change in the Net OPEB Liability	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2017	\$ 19,354,404	\$ 3,136,425	\$ 16,217,979
Changes for the year:			
Service cost	768,566	-	768,566
Interest	1,004,827	-	1,004,827
Difference between expected and actual experience	(67,845)	-	(67,845)
Changes of assumptions	(58,439)	-	(58,439)
Contributions – employer	-	1,073,668	(1,073,668)
Net investment income	-	(171,374)	171,374
Benefit payments	(680,984)	(680,984)	-
Administrative expense	-	(7,904)	7,904
Net changes	<u>966,125</u>	<u>213,406</u>	<u>752,719</u>
Balance at December 31, 2018	<u>\$ 20,320,529</u>	<u>\$ 3,349,831</u>	<u>\$ 16,970,698</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates: The net OPEB liability of the City has been calculated using a discount rate of 5.21%. The following presents the net OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease in Discount Rate (4.21%)	Current Discount Rate Assumption (5.21%)	1% Increase in Discount Rate (6.21%)
Net OPEB liability	<u>\$ 19,210,895</u>	<u>\$ 16,970,698</u>	<u>\$ 14,999,658</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

The net OPEB liability of the City has been calculated using the assumed health care cost trend rates of 7.00% decreasing to 4.00%. The following presents the net OPEB liability using health care cost trend rates 1.00% higher and 1.00% lower than the current health care cost trend rates.

	<u>1% Decrease</u>	Current Healthcare Cost Trend Rate Assumption	<u>1% Increase</u>
Net OPEB liability	<u>\$ 15,166,645</u>	<u>\$ 16,970,698</u>	<u>\$ 19,137,378</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2019, the City recognized OPEB expense of \$1,658,885. At September 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 58,507
Changes of assumptions	467,318	50,395
Net difference between projected and actual earnings on OPEB investments	182,588	-
Contributions subsequent to the measurement date	<u>1,290,807</u>	<u>-</u>
Total	<u>\$ 1,940,713</u>	<u>\$ 108,902</u>

Contributions subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2020.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

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

<u>Year Ended September 30,</u>		
2020	\$	105,612
2021		105,612
2022		105,612
2023		151,256
2024		71,376
Thereafter		<u>1,536</u>
Total	\$	<u><u>541,004</u></u>

Note 15: Tax Abatement Disclosures

As of September 30, 2019, the City offers tax incentives under Chapter 380 of the Texas Local Government Code. Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services to promote state and local economic development and to stimulate business and commercial activity. There are no other economic development programs that provide for tax incentives currently offered by the City of Hurst.

In 1987, Texas voters approved a constitutional amendment allowing for public expenditures to support economic development activities. The amendment explicitly provides for programs that use public funds for the purposes of development and diversification of the state’s economy. Then in 1989, Chapter 380 of the Local Government code greatly expanded this by enabling municipalities to also engage in using public funds to support economic development. Chapter 380 agreements do not require a year limit and allows municipalities to provide monies, loans, city personnel and city services for the promotion and encouragement of economic development. Although Chapter 380 provides for broad use of city resources, the City closely evaluates each proposed 380 agreement on a case by case basis. While the City typically places a hard cap on years and financial support, whichever occurs first, we do have one agreement that does not cap the number of years and only expires when the total financial support is met. The year and financial caps are negotiated in each distinct agreement.

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2019

In FY 19, the City of Hurst rebated (abated) \$1,475,048 in property and sales taxes. The table below summarizes the tax sharing agreements in place for FY 19.

Company	% of Property Taxes Abated	% of Sales Taxes Abated	% of Hotel Occupancy Taxes Abated	Total Taxes Abated
Simon Properties	N/A	70%/65%	N/A	\$ 1,007,749
Hurst One, LLC	50%	80%	N/A	\$ 128,786
Sky Group Investments	60%	0%	N/A	\$ 12,498
CN Churchill IV LLC	100%	0%	100%	\$ 326,025
EREP Sprouts Crossing I, LLC	0%	0%	N/A	\$ -
Phillips Edison	0%	0%	N/A	\$ -

Of the six active 380 agreements, the City did not rebate any taxes to EREP Sprouts Crossing I, LLC or to Phillips Edison as they did not meet their performance requirements.

Required Supplementary Information



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

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total Pension Liability					
Service cost	\$ 3,237,732	\$ 3,659,696	\$ 3,973,289	\$ 4,106,510	\$ 4,141,532
Interest (on the Total Pension Liability)	9,694,314	10,074,733	10,295,405	10,751,911	11,221,017
Difference between expected and actual experience	(1,004,246)	(346,324)	502,382	764,482	(778,214)
Change of assumptions	-	2,268,583	-	-	-
Benefit payments, including refunds of employee contributions	<u>(6,537,857)</u>	<u>(6,870,568)</u>	<u>(7,556,886)</u>	<u>(8,592,383)</u>	<u>(8,789,026)</u>
Net Change in Total Pension Liability	5,389,943	8,786,120	7,214,190	7,030,520	5,795,309
Total Pension Liability - Beginning	<u>140,140,256</u>	<u>145,530,199</u>	<u>154,316,319</u>	<u>161,530,509</u>	<u>168,561,029</u>
Total Pension Liability - Ending (a)	<u>145,530,199</u>	<u>154,316,319</u>	<u>161,530,509</u>	<u>168,561,029</u>	<u>174,356,338</u>
Plan Fiduciary Net Position					
Contributions - employer	2,402,228	2,450,163	2,376,553	2,687,273	2,806,311
Contributions - employee	1,570,083	1,688,782	1,727,426	1,789,807	1,810,318
Net investment income	7,524,651	201,292	9,037,883	19,293,284	(4,620,014)
Benefit payments, including refunds of employee contributions	(6,537,857)	(6,870,568)	(7,556,886)	(8,592,383)	(8,789,026)
Administrative expense	(78,569)	(122,612)	(102,096)	(100,013)	(89,337)
Other	<u>(6,459)</u>	<u>(6,056)</u>	<u>(5,503)</u>	<u>(5,069)</u>	<u>(4,667)</u>
Net Change in Plan Fiduciary Net Position	4,874,077	(2,658,999)	5,477,377	15,072,899	(8,886,415)
Plan Fiduciary Net Position - Beginning	<u>131,549,606</u>	<u>136,423,683</u>	<u>133,764,684</u>	<u>139,242,061</u>	<u>154,314,960</u>
Plan Fiduciary Net Position - Ending (b)	<u>136,423,683</u>	<u>133,764,684</u>	<u>139,242,061</u>	<u>154,314,960</u>	<u>145,428,545</u>
City's Net Pension Liability - Ending (a) - (b)	<u>\$ 9,106,516</u>	<u>\$ 20,551,635</u>	<u>\$ 22,288,448</u>	<u>\$ 14,246,069</u>	<u>\$ 28,927,793</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.74%	86.68%	86.20%	91.55%	83.41%
Covered Payroll	\$ 22,349,232	\$ 23,504,794	\$ 24,663,496	\$ 25,553,888	\$ 25,836,133
City's Net Pension Liability as a Percentage of Covered Payroll	40.75%	87.44%	90.37%	55.75%	111.97%

Other Information:

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

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

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

	Measurement Year 2017	Measurement Year 2018
Total OPEB Liability		
Service cost	\$ 689,481	\$ 768,566
Interest (on the Total OPEB Liability)	981,235	1,004,827
Difference between expected and actual experience	-	(67,845)
Change of assumptions	644,834	(58,439)
Benefit payments, including refunds of employee contributions	(849,310)	(680,984)
Net Change in Total OPEB Liability	1,466,240	966,125
Total OPEB Liability - Beginning	17,888,164	19,354,404
Total OPEB Liability - Ending (a)	19,354,404	20,320,529
Plan Fiduciary Net Position		
Employer contributions	877,112	1,073,668
Net investment income	413,998	(171,374)
Benefit payments	(849,310)	(680,984)
Administrative expense	(7,175)	(7,904)
Net Change in Plan Fiduciary Net Position	434,625	213,406
Plan Fiduciary Net Position - Beginning	2,701,800	3,136,425
Plan Fiduciary Net Position - Ending (b)	3,136,425	3,349,831
City's Net OPEB Liability - Ending (a) - (b)	\$ 16,217,979	\$ 16,970,698
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	16.21%	16.48%
Covered Employee Payroll	\$ 25,094,883	\$ 25,064,769
City's Net OPEB Liability as a Percentage of Covered Employee Payroll	64.63%	67.71%

Notes to schedule:

Changes of assumptions reflect the effect of changes in the discount rate each period. The following are the discount rates used in each period: 2018 - 5.21%, 2017 - 5.18%, 2016 - 5.51%

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

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

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2019</u>
Actuarially determined contribution	\$ 1,044,493	\$ 1,308,968
Contribution in relation to the actuarially determined contribution	<u>1,103,792</u>	<u>1,512,327</u>
Contribution Deficiency (Excess)	<u>\$ (59,299)</u>	<u>\$ (203,359)</u>
Covered Payroll	\$ 26,669,986	\$ 27,538,631
Contributions as a Percentage of Covered Payroll	4.14%	5.49%

Notes to Schedule:

Valuation Date: December 31, 2017

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of pay
Amortization Period	Open, 30-years
Asset Valuation Method	Market value
Inflation	2.5%
Healthcare Cost Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.00% after 15 years
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	6.85%, net of investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

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

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

Plan Year	Annual Money- Weighted Rate of Return
2017	15.64 %
2018	(4.66) %

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

City of Hurst, Texas
Required Supplementary Information
General Fund – Schedule of Revenues, Expenditures and Changes in Fund
Balance – Budget to Actual – GAAP Basis
Year Ended September 30, 2019 with Comparative Actual for Year Ended
September 30, 2018

	2019				2018
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes					
Property taxes	\$ 13,836,655	\$ 13,836,655	\$ 14,149,028	\$ 312,373	\$ 12,617,464
Penalties and interest	65,000	65,000	82,853	17,853	69,431
City sales taxes	9,353,975	9,353,975	10,314,407	960,432	10,521,343
Mixed beverage taxes	148,000	148,000	155,513	7,513	148,603
Franchise taxes	2,923,000	2,923,000	2,935,945	12,945	2,975,917
	<u>26,326,630</u>	<u>26,326,630</u>	<u>27,637,746</u>	<u>1,311,116</u>	<u>26,332,758</u>
Licenses and Permits					
Building inspection	730,000	730,000	1,058,007	328,007	802,568
Paving inspection	5,000	5,000	8,858	3,858	4,767
Other	13,000	13,000	24,220	11,220	18,190
	<u>748,000</u>	<u>748,000</u>	<u>1,091,085</u>	<u>343,085</u>	<u>825,525</u>
Intergovernmental					
Grants	437,278	437,278	981,914	544,636	1,045,223
	<u>437,278</u>	<u>437,278</u>	<u>981,914</u>	<u>544,636</u>	<u>1,045,223</u>
Fines and Fees					
Municipal court	2,450,000	2,450,000	1,480,642	(969,358)	2,375,759
Library	22,000	22,000	17,934	(4,066)	21,572
	<u>2,472,000</u>	<u>2,472,000</u>	<u>1,498,576</u>	<u>(973,424)</u>	<u>2,397,331</u>
Charges for Services					
Recreational activity fees	827,300	827,300	842,401	15,101	838,923
Aquatic fees	400,000	400,000	448,484	48,484	417,111
Ambulance fees	795,000	795,000	919,640	124,640	779,553
Other	134,850	134,850	108,523	(26,327)	90,713
	<u>2,157,150</u>	<u>2,157,150</u>	<u>2,319,048</u>	<u>161,898</u>	<u>2,126,300</u>
Miscellaneous					
Interest income	119,000	119,000	438,979	319,979	245,996
Miscellaneous	286,835	286,835	610,351	323,516	332,647
	<u>405,835</u>	<u>405,835</u>	<u>1,049,330</u>	<u>643,495</u>	<u>578,643</u>
	<u>\$ 32,546,893</u>	<u>\$ 32,546,893</u>	<u>\$ 34,577,699</u>	<u>\$ 2,030,806</u>	<u>\$ 33,305,780</u>

City of Hurst, Texas
Required Supplementary Information
General Fund – Schedule of Revenues, Expenditures and Changes in Fund
Balance – Budget to Actual – GAAP Basis (Continued)
Year Ended September 30, 2019 with Comparative Actual for Year Ended
September 30, 2018

	2019				2018
	Original Budget	Final Budget	Actual	Variance	Actual
Expenditures					
General Government					
City Council	\$ 49,680	\$ 49,680	\$ 25,074	\$ 24,606	\$ 27,309
City Secretary	427,573	427,573	256,190	171,383	251,108
Administration (City Manager)	746,683	786,786	489,861	296,925	268,983
Judicial (municipal court)	727,310	727,310	706,011	21,299	674,502
Development	783,063	783,063	505,223	277,840	502,906
Personnel	392,558	392,558	303,042	89,516	284,231
Accounting (finance)	405,488	405,488	193,881	211,607	164,943
Nondepartmental	2,404,486	2,404,486	967,332	1,437,154	695,551
Information systems	47,104	47,104	17,925	29,179	17,147
Building maintenance	681,900	681,900	355,950	325,950	394,996
Total general government	<u>6,665,845</u>	<u>6,705,948</u>	<u>3,820,489</u>	<u>2,885,459</u>	<u>3,281,676</u>
Public Safety					
Ambulance	1,386,670	1,386,670	1,434,993	(48,323)	1,369,135
Police	11,942,272	12,205,060	9,840,691	2,364,369	9,600,405
Fire	7,196,607	7,194,587	7,128,232	66,355	7,143,578
Total public safety	<u>20,525,549</u>	<u>20,786,317</u>	<u>18,403,916</u>	<u>2,382,401</u>	<u>18,113,118</u>
Culture and Recreation					
Administration	614,988	614,988	255,330	359,658	307,192
Recreation	1,468,021	1,467,980	1,362,778	105,202	1,337,030
Aquatics	471,610	471,610	384,327	87,283	386,434
Parks	2,522,203	2,542,203	2,340,134	202,069	2,462,632
Library	1,776,006	1,776,006	1,635,906	140,100	1,667,386
Senior citizens	592,614	592,614	595,104	(2,490)	548,600
Total culture and recreation	<u>7,445,442</u>	<u>7,465,401</u>	<u>6,573,579</u>	<u>891,822</u>	<u>6,709,274</u>
Public Works					
Streets	2,724,922	2,719,860	1,505,968	1,213,892	1,293,488
Engineering community development	306,331	306,331	108,234	198,097	97,984
Code enforcement	750,177	750,177	703,522	46,655	638,785
Total public works	<u>3,781,430</u>	<u>3,776,368</u>	<u>2,317,724</u>	<u>1,458,644</u>	<u>2,030,257</u>
Total Expenditures	<u>\$ 38,418,266</u>	<u>\$ 38,734,034</u>	<u>\$ 31,115,708</u>	<u>\$ 7,618,326</u>	<u>\$ 30,134,325</u>
Excess of Revenues					
Over Expenditures	<u>\$ (5,871,373)</u>	<u>\$ (6,187,141)</u>	<u>\$ 3,461,991</u>	<u>\$ 9,649,132</u>	<u>\$ 3,171,455</u>

City of Hurst, Texas
Required Supplementary Information
General Fund – Schedule of Revenues, Expenditures and Changes in Fund
Balance – Budget to Actual – GAAP Basis (Continued)
Year Ended September 30, 2019 with Comparative Actual for Year Ended
September 30, 2018

	2019				2018
	Original Budget	Final Budget	Actual	Variance	Actual
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ -	\$ 190,391	\$ 190,391	\$ 7,256
Transfers out	-	-	(3,297,836)	(3,297,836)	(2,469,652)
Total other financing uses	-	-	(3,107,445)	(3,107,445)	(2,462,396)
Revenues Over Expenditures and Other Financing Uses	(5,871,373)	(6,187,141)	354,546	6,541,687	709,059
Fund Balance, Beginning of Year	14,456,598	14,456,598	14,456,598	-	13,818,977
Fund Balance, End of Year	<u>\$ 8,585,225</u>	<u>\$ 8,269,457</u>	<u>\$ 14,811,144</u>	<u>\$ 6,541,687</u>	<u>\$ 14,528,036</u>

City of Hurst, Texas
Required Supplementary Information
Major Special Revenue Funds – Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget to Actual – GAAP Basis
Year Ended September 30, 2019 with Comparative Actual for Year Ended
September 30, 2018

	Original Budget	Final Budget	HCDC		2018 Actual
			2019 Actual	Variances	
Revenues					
Sales taxes	\$ 4,857,991	\$ 4,857,991	\$ 4,940,683	\$ 82,692	\$ 4,975,008
Support from governmental entities	-	-	-	-	10,746
Interest	55,000	55,000	90,708	35,708	59,079
Miscellaneous	-	-	2,611	2,611	11,388
Total revenues	4,912,991	4,912,991	5,034,002	121,011	5,056,221
Expenditures					
Public safety	-	-	-	-	-
Culture and recreation	3,494,019	3,353,455	3,320,377	33,078	3,374,995
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	70,724	13,000	331,401	(318,401)	472,555
Total expenditures	3,564,743	3,366,455	3,651,778	(285,323)	3,847,550
Excess of revenues over expenditures expenditures	1,348,248	1,546,536	1,382,224	(164,312)	1,208,671
Other Financing Uses					
Transfers in	-	-	-	-	-
Transfers out	(1,328,803)	(1,328,802)	(1,350,813)	(22,011)	(1,333,835)
Total other financing uses	(1,328,803)	(1,328,802)	(1,350,813)	(22,011)	(1,333,835)
Revenues over expenditures and other financing uses	19,445	3,410	31,411	28,001	(125,164)
Fund Balance, Beginning of Year	3,936,516	3,936,516	3,936,516	-	4,061,680
Fund Balance, End of Year	\$ 3,955,961	\$ 3,939,926	\$ 3,967,927	\$ 28,001	\$ 3,936,516

City of Hurst, Texas
Required Supplementary Information
Major Special Revenue Funds – Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget to Actual – GAAP Basis (Continued)
Year Ended September 30, 2019 with Comparative Actual for Year Ended
September 30, 2018

	Original Budget	Final Budget	Anti-Crime 2019 Actual	Variances	2018 Actual
Revenues					
Sales taxes	\$ 5,279,876	\$ 5,279,876	\$ 5,250,689	\$ (29,187)	\$ 5,290,203
Support from governmental entities	82,000	82,000	82,099	99	70,601
Interest	90,000	90,000	145,189	55,189	117,710
Miscellaneous	29,645	29,645	27,364	(2,281)	34,359
Total revenues	5,481,521	5,481,521	5,505,341	23,820	5,512,873
Expenditures					
Public safety	5,516,571	5,590,647	5,404,522	186,125	5,303,781
Culture and recreation	-	-	-	-	-
Principal retirement	-	-	-	-	453,872
Interest and fiscal charges	-	-	-	-	12,481
Capital outlay	-	-	5,400	(5,400)	154,123
Total expenditures	5,516,571	5,590,647	5,409,922	180,725	5,924,257
Excess of revenues over expenditures	(35,050)	(109,126)	95,419	204,545	(411,384)
Other Financing Uses					
Transfers in	-	-	-	-	-
Transfers out	-	-	(47,700)	(47,700)	-
Total other financing uses	-	-	(47,700)	(47,700)	-
Revenues over expenditures	(35,050)	(109,126)	47,719	156,845	(411,384)
Fund Balance — Beginning of Year	5,735,052	5,735,052	5,735,052	-	6,146,436
Fund Balance — End of Year	\$ 5,700,002	\$ 5,625,926	\$ 5,782,771	\$ 156,845	\$ 5,735,052

Combining Statements and Individual Fund Schedules



City of Hurst, Texas

Fund Descriptions

GENERAL FUND

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

NON MAJOR DEBT SERVICE FUNDS

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

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

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

NON MAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

2019 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

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

City of Hurst

Fund Descriptions (Continued)

INTERNAL SERVICE FUNDS

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

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

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

City of Hurst, Texas
General Fund
Comparative Balance Sheets
September 30, 2019 and 2018

Assets

	2019	2018
Cash and cash equivalents	\$ 1,141,148	\$ -
Investments	12,463,653	13,265,466
Taxes receivable	1,067,375	1,103,438
Court receivables	981,561	951,191
Accounts receivable	1,692,693	1,023,758
Inventories and other	1,883	2,401
Due from other funds	1,144,854	6,428,144
	\$ 18,493,167	\$ 22,774,398

Liabilities and Fund Balance

Liabilities

Accounts payable and accrued items	\$ 2,432,329	\$ 2,290,577
Deposits, bonds, and other liabilities	140,853	368,969
Due to other funds	-	4,745,116
	2,573,182	7,404,662

Deferred Inflows of Resources

Unavailable revenue	1,108,841	913,138
Total deferred inflows of resources	1,108,841	913,138

Fund Balance

Nonspendable		
Inventory	1,883	2,401
Spendable		
Restricted	5,083,249	5,446,104
Assigned	23,575	18,254
Unassigned	9,702,437	8,989,839
	14,811,144	14,456,598
Total fund balance		
	\$ 18,493,167	\$ 22,774,398

Total liabilities, deferred inflows and fund balance

City of Hurst, Texas
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2019 with Comparative
Total for September 30, 2018

	Capital Projects					
	Debt Service	Street/ Drainage Improvements	2006 CO Bond	2007 GO Bond	2007 CO Bond	
Assets						
Cash and cash equivalents	\$ 18,790	\$ 89,849	\$ 25	\$ 39,913	\$ 43,128	\$ 121,498
Investments	1,193,650	-	-	-	-	200,000
Receivables						
Taxes	30,786	-	-	-	-	-
Other	-	-	-	-	-	4,960
Total assets	<u>\$ 1,243,226</u>	<u>\$ 89,849</u>	<u>\$ 25</u>	<u>\$ 39,913</u>	<u>\$ 43,128</u>	<u>\$ 326,458</u>
Liabilities						
Accounts payable and accrued items	\$ 38,783	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>38,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	26,076	-	-	-	-	-
Total deferred inflows of resources	<u>26,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	1,178,367	89,849	25	39,913	43,128	326,458
Total fund balances	<u>1,178,367</u>	<u>89,849</u>	<u>25</u>	<u>39,913</u>	<u>43,128</u>	<u>326,458</u>
Total liabilities and deferred inflows of resources and fund balances	<u>\$ 1,243,226</u>	<u>\$ 89,849</u>	<u>\$ 25</u>	<u>\$ 39,913</u>	<u>\$ 43,128</u>	<u>\$ 326,458</u>

Capital Projects

2015 CO Bond	2016 CO Bond	2019 CO Bonds	Escrow Projects	Totals	
				2019	2018
\$ 37,730	\$ -	\$ -	\$ 8,635	\$ 359,568	\$ 322,541
2,734,631	-	2,006,656	-	6,134,937	4,319,574
-	-	-	-	30,786	31,475
12,985	-	-	2,141	20,086	12,871
<u>\$ 2,785,346</u>	<u>\$ -</u>	<u>\$ 2,006,656</u>	<u>\$ 10,776</u>	<u>\$ 6,545,377</u>	<u>\$ 4,686,461</u>
\$ -	\$ -	\$ -	\$ -	\$ 38,783	\$ 38,783
-	-	-	-	38,783	38,783
-	-	-	-	26,076	26,486
-	-	-	-	26,076	26,486
2,785,346	-	2,006,656	10,776	6,480,518	4,621,192
2,785,346	-	2,006,656	10,776	6,480,518	4,621,192
<u>\$ 2,785,346</u>	<u>\$ -</u>	<u>\$ 2,006,656</u>	<u>\$ 10,776</u>	<u>\$ 6,545,377</u>	<u>\$ 4,686,461</u>

City of Hurst, Texas
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2019 with Comparative
Total for Year Ended September 30, 2018

	Capital Projects					
	Debt Service	Street/ Drainage Improvements	2006 CO Bond	2007 GO Bond	2007 CO Bond	2009 CO Bond
Revenues						
Taxes, penalty and interest	\$ 2,968,325	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	68,385	(1,644)	-	-	-	6,700
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>3,036,710</u>	<u>(1,644)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,700</u>
Expenditures						
Bond principal payments	3,065,000	-	-	-	-	-
Bond issue costs/interest	1,855,604	-	-	-	-	-
General government	-	-	-	-	-	-
Capital outlay	-	-	-	-	3,255	17,866
Total expenditures	<u>4,920,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,255</u>	<u>17,866</u>
Excess (deficiency) of revenues over (under) expenditures	(1,883,894)	(1,644)	-	-	(3,255)	(11,166)
Other Financing Sources (Uses)						
Issuance of debt	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-
Transfers in	1,700,224	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,700,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(183,670)	(1,644)	-	-	(3,255)	(11,166)
Fund Balances, Beginning of Year	<u>1,362,037</u>	<u>91,493</u>	<u>25</u>	<u>39,913</u>	<u>46,383</u>	<u>337,624</u>
Fund Balances, End of Year	<u>\$ 1,178,367</u>	<u>\$ 89,849</u>	<u>\$ 25</u>	<u>\$ 39,913</u>	<u>\$ 43,128</u>	<u>\$ 326,458</u>

Capital Projects

2015 CO Bond	2016 CO Bond	2019 CO Bond	Escrow Projects	Totals	
				2019	2018
\$ -	\$ -	\$ -	\$ -	\$ 2,968,325	\$ 3,471,744
72,552	-	6,656	-	152,649	95,556
-	-	-	-	-	7,193
<u>72,552</u>	<u>-</u>	<u>6,656</u>	<u>-</u>	<u>3,120,974</u>	<u>3,574,493</u>
-	-	-	-	3,065,000	2,975,000
-	-	-	-	1,855,604	1,948,619
-	-	37,969	-	37,969	-
<u>12,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,257</u>	<u>370,153</u>
<u>12,136</u>	<u>-</u>	<u>37,969</u>	<u>-</u>	<u>4,991,830</u>	<u>5,293,772</u>
60,416	-	(31,313)	-	(1,870,856)	(1,719,279)
-	-	1,950,000	-	1,950,000	-
-	-	87,969	-	87,969	-
-	-	-	-	-	-
-	-	-	-	1,700,224	1,696,618
<u>-</u>	<u>(8,011)</u>	<u>-</u>	<u>-</u>	<u>(8,011)</u>	<u>-</u>
<u>-</u>	<u>(8,011)</u>	<u>2,037,969</u>	<u>-</u>	<u>3,730,182</u>	<u>1,696,618</u>
60,416	(8,011)	2,006,656	-	1,859,326	(22,661)
<u>2,724,930</u>	<u>8,011</u>	<u>-</u>	<u>10,776</u>	<u>4,621,192</u>	<u>4,643,853</u>
<u>\$ 2,785,346</u>	<u>\$ -</u>	<u>\$ 2,006,656</u>	<u>\$ 10,776</u>	<u>\$ 6,480,518</u>	<u>\$ 4,621,192</u>

City of Hurst, Texas
Debt Service Funds
Combining Balance Sheet
September 30, 2019 with Comparative
Total for September 30, 2018

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals	
				2019	2018
Assets					
Cash and cash equivalents	\$ 14,839	\$ -	\$ 3,951	\$ 18,790	\$ 15,681
Investments	436,869	756,781	-	1,193,650	1,380,150
Receivables, net					
Taxes	30,786	-	-	30,786	31,475
Total assets	<u>\$ 482,494</u>	<u>\$ 756,781</u>	<u>\$ 3,951</u>	<u>\$ 1,243,226</u>	<u>\$ 1,427,306</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable and accrued items	\$ 12,186	\$ 26,597	\$ -	\$ 38,783	\$ 38,783
Total liabilities	<u>12,186</u>	<u>26,597</u>	<u>-</u>	<u>38,783</u>	<u>38,783</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>26,076</u>	<u>-</u>	<u>-</u>	<u>26,076</u>	<u>26,486</u>
Total deferred inflows of resources	<u>26,076</u>	<u>-</u>	<u>-</u>	<u>26,076</u>	<u>26,486</u>
Restricted Fund Balances	<u>444,232</u>	<u>730,184</u>	<u>3,951</u>	<u>1,178,367</u>	<u>1,362,037</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 482,494</u>	<u>\$ 756,781</u>	<u>\$ 3,951</u>	<u>\$ 1,243,226</u>	<u>\$ 1,427,306</u>

City of Hurst, Texas

Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2019 with Comparative

Total for Year Ended September 30, 2018

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals	
				2019	2018
Revenues					
Taxes, penalty and interest	\$ 2,968,325	\$ -	\$ -	\$ 2,968,325	\$ 3,471,744
Interest	44,222	24,163	-	68,385	50,229
Miscellaneous	-	-	-	-	7,193
Total revenues	<u>3,012,547</u>	<u>24,163</u>	<u>-</u>	<u>3,036,710</u>	<u>3,529,166</u>
Expenditures					
Principal retirement	2,135,000	760,000	170,000	3,065,000	2,975,000
Interest and fiscal charges	1,093,801	570,603	191,200	1,855,604	1,948,619
Total expenditures	<u>3,228,801</u>	<u>1,330,603</u>	<u>361,200</u>	<u>4,920,604</u>	<u>4,923,619</u>
Excess (deficiency) of revenues over (under) expenditures	(216,254)	(1,306,440)	(361,200)	(1,883,894)	(1,394,453)
Other Financing Sources (Uses)					
Transfers in	8,011	1,330,813	361,400	1,700,224	1,696,618
Total other financing resources	<u>8,011</u>	<u>1,330,813</u>	<u>361,400</u>	<u>1,700,224</u>	<u>1,696,618</u>
Net Change in Fund Balance	(208,243)	24,373	200	(183,670)	302,165
Fund Balances, Beginning of Year	<u>652,475</u>	<u>705,811</u>	<u>3,751</u>	<u>1,362,037</u>	<u>1,059,872</u>
Fund Balances, End of Year	<u>\$ 444,232</u>	<u>\$ 730,184</u>	<u>\$ 3,951</u>	<u>\$ 1,178,367</u>	<u>\$ 1,362,037</u>

City of Hurst, Texas
Debt Service Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual
Year Ended September 30, 2019 with Comparative
Actual for Year Ended September 30, 2018

	Debt Service			
	2019		2018	
	Budget	Actual	Variance	Actual
Revenues				
Taxes, penalty and interest	\$ 3,175,595	\$ 2,968,325	\$ (207,270)	\$ 3,471,744
Interest	10,000	44,222	34,222	32,275
Miscellaneous	-	-	-	7,193
Total revenues	<u>3,185,595</u>	<u>3,012,547</u>	<u>(173,048)</u>	<u>3,511,212</u>
Expenditures				
Principal retirement	2,135,000	2,135,000	-	2,070,000
Interest and fiscal charges	<u>1,091,086</u>	<u>1,093,801</u>	<u>(2,715)</u>	<u>1,158,396</u>
Total expenditures	<u>3,226,086</u>	<u>3,228,801</u>	<u>(2,715)</u>	<u>3,228,396</u>
Excess (deficiency) of revenues over (under) expenditures	(40,491)	(216,254)	(175,763)	282,816
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	-
Payment to bonds escrow agent	-	-	-	-
Transfers in	<u>-</u>	<u>8,011</u>	<u>8,011</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>8,011</u>	<u>8,011</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures Other Financing Uses	(40,491)	(208,243)	(167,752)	282,816
Fund Balance, Beginning of Year	<u>652,475</u>	<u>652,475</u>	<u>-</u>	<u>369,659</u>
Fund Balance, End of Year	<u>\$ 611,984</u>	<u>\$ 444,232</u>	<u>\$ (167,752)</u>	<u>\$ 652,475</u>

City of Hurst, Texas
Debt Service Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (Continued)
Year Ended September 30, 2019 with Comparative
Actual for Year Ended September 30, 2018

	HCDC Debt Service			
	2019			2018
	Budget	Actual	Variance	Actual
Revenues				
Interest	\$ -	\$ 24,163	\$ 24,163	\$ 17,146
Miscellaneous	-	-	-	-
Total revenues	-	24,163	24,163	17,146
Expenditures				
Principal retirement	760,000	760,000	-	740,000
Interest and fiscal charges	568,803	570,603	(1,800)	592,723
Total expenditures	1,328,803	1,330,603	(1,800)	1,332,723
Deficiency of revenues under expenditures	(1,328,803)	(1,306,440)	22,363	(1,315,577)
Other Financing Sources				
Transfers in	1,328,803	1,330,813	2,010	1,333,835
Total other financing sources	1,328,803	1,330,813	2,010	1,333,835
Revenues and Other Financing Sources Over Expenditures	-	24,373	24,373	18,258
Fund Balance, Beginning of Year	705,811	705,811	-	687,553
Fund Balance, End of Year	\$ 705,811	\$ 730,184	\$ 24,373	\$ 705,811

City of Hurst, Texas
Debt Service Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (Continued)
Year Ended September 30, 2019 with Comparative
Actual for Year Ended September 30, 2018

	Hotel/Motel Debt Service			2018 Actual
	Budget	2019 Actual	Variance	
Revenues				
Interest	\$ -	\$ -	\$ -	\$ 808
Miscellaneous	-	-	-	-
Total revenues	-	-	-	808
Expenditures				
Principal retirement	170,000	170,000	-	165,000
Interest and fiscal charges	190,900	191,200	(300)	197,500
Total expenditures	360,900	361,200	(300)	362,500
Deficiency of revenues under expenditures	(360,900)	(361,200)	(300)	(361,692)
Other Financing Sources				
Refunding bonds issued	-	-	-	-
Premium on bond issuance	-	-	-	-
Payment to bonds escrow agent	-	-	-	-
Transfers in	360,900	361,400	(500)	362,783
Total other financing sources	360,900	361,400	(500)	362,783
Revenues and Other Financing Sources Over Expenditures	-	200	(200)	1,091
Fund Balance, Beginning of Year	3,751	3,751	-	2,660
Fund Balance, End of Year	\$ 3,751	\$ 3,951	\$ (200)	\$ 3,751

City of Hurst, Texas
Internal Service Funds
Combining Statement of Net Position
September 30, 2019 with Comparative
Total for September 30, 2018

	Fleet Service	Loss Reserve	Information Services	Totals	
				2019	2018
Assets					
Current Assets					
Cash and cash equivalents	\$ 468,608	\$ 1,678,375	\$ 366,325	\$ 2,513,308	\$ 2,268,289
Investments	3,791,400	2,773,305	3,051,989	9,616,694	8,525,781
Inventory of supplies, at cost	39,071	-	-	39,071	42,569
Due from other funds	-	-	-	-	443,988
Other receivables	29,795	10,587	19,572	59,954	36,888
Prepaid expenses	-	165,000	-	165,000	165,000
Total current assets	4,328,874	4,627,267	3,437,886	12,394,027	11,482,515
Property and Equipment, at Cost					
Improvements other than buildings	433,451	-	-	433,451	433,451
Machinery and equipment	6,287,595	-	5,970,032	12,257,627	12,066,065
Construction in progress	-	-	352,227	352,227	595,458
Accumulated depreciation	(5,699,178)	-	(4,882,915)	(10,582,093)	(10,389,841)
Total property and equipment	1,021,868	-	1,439,344	2,461,212	2,705,133
Total assets	5,350,742	4,627,267	4,877,230	14,855,239	14,187,648
Deferred Outflows of Resources					
Deferred pension outflows	111,052	-	176,863	287,915	104,372
Deferred OPEB outflows	28,539	-	34,247	62,786	42,438
Total deferred outflows	139,591	-	211,110	350,701	146,810
Total assets and deferred outflows	\$ 5,490,333	\$ 4,627,267	\$ 5,088,340	\$ 15,205,940	\$ 14,334,458
Liabilities					
Current Liabilities					
Accounts payable and accrued items	\$ 33,327	\$ 643,678	\$ 121,389	\$ 798,394	\$ 624,288
Due to other funds	-	-	-	-	249,663
Current portion of net OPEB liability	11,656	-	13,987	25,643	24,438
Current portion of compensated absences	9,175	-	11,790	20,965	20,541
Total current liabilities	54,158	643,678	147,166	845,002	918,930
Noncurrent Liabilities					
Net pension liability	282,532	-	444,440	726,972	360,466
Net OPEB liability, net of current portion	221,458	-	265,750	487,208	464,323
Compensated absences	17,040	-	21,895	38,935	38,150
Total liabilities	575,188	643,678	879,251	2,098,117	1,781,869
Deferred Inflows of Resources					
Deferred pension inflows	8,024	-	11,469	19,493	107,103
Deferred OPEB inflows	3,377	-	4,052	7,429	5,502
Total deferred inflows	11,401	-	15,521	26,922	112,605
Net Position					
Net investment in capital assets	1,021,868	-	1,439,344	2,461,212	2,705,133
Unrestricted	3,881,876	3,983,589	2,754,224	10,619,689	9,734,851
Total net position	4,903,744	3,983,589	4,193,568	13,080,901	12,439,984
Total liabilities, deferred inflows, and net position	\$ 5,490,333	\$ 4,627,267	\$ 5,088,340	\$ 15,205,940	\$ 14,334,458

City of Hurst, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
September 30, 2019 with Comparative
Total for September 30, 2018

	Fleet Service	Loss Reserve	Information Services	Totals	
				2019	2018
Operating Revenues					
Service fees	\$ 1,758,901	\$ 5,812,664	\$ 1,984,669	\$ 9,556,234	\$ 9,146,377
Other	13,998	37,206	6,006	57,210	124,794
	<u>1,772,899</u>	<u>5,849,870</u>	<u>1,990,675</u>	<u>9,613,444</u>	<u>9,271,171</u>
Operating Expenses					
Personnel services	415,697	7,206,266	611,164	8,233,127	6,996,835
Contractual services	-	-	190,704	190,704	196,063
Repairs and maintenance	47,718	-	513,915	561,633	423,559
Materials and supplies	745,786	-	497,797	1,243,583	1,251,506
Depreciation and amortization	526,931	-	267,869	794,800	866,160
	<u>1,736,132</u>	<u>7,206,266</u>	<u>2,081,449</u>	<u>11,023,847</u>	<u>9,734,123</u>
	36,767	(1,356,396)	(90,774)	(1,410,403)	(462,952)
Non-operating Revenues					
Interest	101,172	71,335	76,052	248,559	116,867
Gain (loss) on sale of property and equipment	49,930	-	-	49,930	64,470
	<u>151,102</u>	<u>71,335</u>	<u>76,052</u>	<u>298,489</u>	<u>181,337</u>
Transfers In	<u>(2,577)</u>	<u>1,285,064</u>	<u>470,344</u>	<u>1,752,831</u>	<u>350,992</u>
Change in Net Position	185,292	3	455,622	640,917	69,377
Net Position, Beginning of Year	<u>4,718,452</u>	<u>3,983,586</u>	<u>3,737,946</u>	<u>12,439,984</u>	<u>12,370,607</u>
Net Position, End of Year	<u>\$ 4,903,744</u>	<u>\$ 3,983,589</u>	<u>\$ 4,193,568</u>	<u>\$ 13,080,901</u>	<u>\$ 12,439,984</u>

City of Hurst, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2019 with Comparative
Total for Year Ended September 30, 2018

	Fleet Service	Loss Reserve	Information Services	Totals	
				2019	2018
Cash Flow from Operating Activities					
Receipts from customers and users	\$ 4,274	\$ 37,206	\$ 6,006	\$ 47,486	\$ 86,645
Receipts from interfund services provided	1,621,284	6,144,606	1,984,669	9,750,559	9,284,293
Payments on behalf of suppliers	(789,651)	77,149	(1,129,612)	(1,842,114)	(1,942,416)
Payments on behalf of employees	(373,223)	(7,182,468)	(551,407)	(8,107,098)	(6,907,596)
Net cash provided by (used in) operating activities	462,684	(923,507)	309,656	(151,167)	520,926
Noncapital Financing Activities					
Transfers to other funds	-	-	-	-	-
Transfers from other funds	(2,577)	1,285,064	470,344	1,752,831	350,992
Net cash provided by (used in) noncapital financing activities	(2,577)	1,285,064	470,344	1,752,831	350,992
Capital and Related Financing Activities					
Proceeds from sale of property and equipment	49,930	-	-	49,930	64,470
Purchases of property and equipment	(281,986)	-	(268,893)	(550,879)	(668,464)
Net cash used in capital and related financing activities	(232,056)	-	(268,893)	(500,949)	(603,994)
Investing Activities					
Proceeds from sale/maturity of investments	-	1,712,001	1,292,860	3,004,861	5,373,191
Purchase of investments	(2,497,754)	(1,799,475)	(2,200,478)	(6,497,707)	(5,643,603)
Interest received on investments	2,503,105	70,055	63,990	2,637,150	141,249
Net cash provided by (used in) investing activities	5,351	(17,419)	(843,628)	(855,696)	(129,163)
Net Increase (Decrease) in Cash and Cash Equivalents	233,402	344,138	(332,521)	245,019	138,761
Cash and Cash Equivalents, Beginning of Year	235,206	1,334,237	698,846	2,268,289	2,129,528
Cash and Cash Equivalents, End of Year	\$ 468,608	\$ 1,678,375	\$ 366,325	\$ 2,513,308	\$ 2,268,289
Reconciliation of Operating Income (Loss) to Net Cash					
Operating income (loss)	\$ 36,767	\$ (1,356,396)	\$ (90,774)	\$ (1,410,403)	\$ (462,952)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	526,931	-	267,869	794,800	866,160
Change in assets and deferred outflows:					
Other receivables	(9,724)	-	-	(9,724)	2,893
Due from other funds	112,046	-	-	112,046	(6,182)
Inventory of supplies	3,498	-	-	3,498	(161,052)
Deferred pension outflows	(70,635)	-	(112,908)	(183,543)	152,182
Deferred OPEB outflows	(9,249)	-	(11,099)	(20,348)	(23,588)
Change in liabilities and deferred inflows:					
Due to other funds	(249,663)	331,942	-	82,279	144,098
Accounts payable and other liabilities	1,103	100,947	73,265	175,315	81,939
Net pension liability	150,474	-	216,032	366,506	(208,820)
Net OPEB liability	10,950	-	13,140	24,090	31,090
Deferred pension inflows	(40,690)	-	(46,920)	(87,610)	99,656
Deferred OPEB inflows	876	-	1,051	1,927	5,502
Net Cash Provided by (Used In) Operating Activities	\$ 462,684	\$ (923,507)	\$ 309,656	\$ (151,167)	\$ 520,926



Statistical Section (Unaudited)



City of Hurst, Texas

Table Descriptions

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	95-100
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	101-107
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	108-112
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	113-114
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	115-117

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

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

	Fiscal Year Ended			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 123,682,675	\$ 123,412,159	\$ 121,727,955	\$ 121,033,272
Restricted	23,953,817	19,722,460	19,694,881	18,778,425
Unrestricted	<u>23,437,822</u>	<u>28,479,875</u>	<u>31,841,636</u>	<u>31,971,587</u>
 Total governmental activities net position	 <u>\$ 171,074,314</u>	 <u>\$ 171,614,494</u>	 <u>\$ 173,264,472</u>	 <u>\$ 171,783,284</u>
Business-type Activities				
Net investment in capital assets	\$ 25,423,579	\$ 27,468,477	\$ 27,973,330	\$ 32,065,030
Restricted	4,442,197	5,823,608	7,231,573	8,680,903
Unrestricted	<u>9,886,405</u>	<u>9,724,120</u>	<u>10,649,487</u>	<u>7,565,755</u>
 Total business-type activities net position	 <u>\$ 39,752,181</u>	 <u>\$ 43,016,205</u>	 <u>\$ 45,854,390</u>	 <u>\$ 48,311,688</u>
Primary Government				
Net investment in capital assets	\$ 149,106,254	\$ 150,880,636	\$ 149,701,285	\$ 153,098,302
Restricted	28,396,014	25,546,068	26,926,454	27,459,328
Unrestricted	<u>33,324,227</u>	<u>38,203,995</u>	<u>42,491,123</u>	<u>39,537,342</u>
 Total primary government net position	 <u>\$ 210,826,495</u>	 <u>\$ 214,630,699</u>	 <u>\$ 219,118,862</u>	 <u>\$ 220,094,972</u>

Notes: Beginning amounts for 2018 were restated as per GASB 75.

Table A-1

Fiscal Year Ended					
2014	2015	2016	2017	2018 (a)	2019
\$ 117,648,033	\$ 120,518,416	\$ 116,996,558	\$ 114,347,361	\$ 113,020,392	\$ 111,980,392
25,403,597	21,707,954	24,767,252	16,117,137	16,581,980	15,961,153
<u>28,731,273</u>	<u>23,104,601</u>	<u>16,858,946</u>	<u>23,931,997</u>	<u>9,991,473</u>	<u>7,530,751</u>
<u>\$ 171,782,903</u>	<u>\$ 165,330,971</u>	<u>\$ 158,622,756</u>	<u>\$ 154,396,495</u>	<u>\$ 139,593,845</u>	<u>\$ 135,472,296</u>
\$ 32,606,567	\$ 33,786,264	\$ 36,190,346	\$ 38,973,677	\$ 40,834,276	\$ 41,683,200
10,031,203	11,358,914	12,911,394	-	-	-
<u>6,500,430</u>	<u>3,816,191</u>	<u>468,067</u>	<u>12,949,090</u>	<u>10,738,394</u>	<u>10,025,806</u>
<u>\$ 49,138,200</u>	<u>\$ 48,961,369</u>	<u>\$ 49,569,807</u>	<u>\$ 51,922,767</u>	<u>\$ 51,572,670</u>	<u>\$ 51,709,006</u>
\$ 150,254,600	\$ 154,304,680	\$ 153,186,904	\$ 153,321,038	\$ 153,854,668	\$ 153,663,592
35,434,800	33,066,868	37,678,646	16,117,137	16,581,980	15,961,153
<u>35,231,703</u>	<u>26,920,792</u>	<u>17,327,013</u>	<u>36,881,087</u>	<u>20,729,867</u>	<u>17,556,557</u>
<u>\$ 220,921,103</u>	<u>\$ 214,292,340</u>	<u>\$ 208,192,563</u>	<u>\$ 206,319,262</u>	<u>\$ 191,166,515</u>	<u>\$ 187,181,302</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities				
General government	\$ 2,801,900	\$ 4,526,058	\$ 3,126,927	\$ 4,230,124
Public safety	20,382,533	20,844,894	20,466,809	21,410,618
Culture and recreation	9,604,717	10,236,270	10,304,959	10,890,525
Public works	4,944,232	5,044,657	4,592,603	4,873,864
Interest expense	1,984,840	2,051,488	1,707,178	2,099,507
Total governmental activities expenses	<u>39,718,222</u>	<u>42,703,367</u>	<u>40,198,476</u>	<u>43,504,638</u>
Business-type activities				
Water and sewer	17,642,853	17,391,811	17,502,966	18,163,625
Stormwater management services	560,894	602,273	610,975	653,428
Conference and meeting center	543,330	1,611,672	1,850,420	2,118,967
Total business-type activities expenses	<u>18,747,077</u>	<u>19,605,756</u>	<u>19,964,361</u>	<u>20,936,020</u>
Total primary government expenses	<u>\$ 58,465,299</u>	<u>\$ 62,309,123</u>	<u>\$ 60,162,837</u>	<u>\$ 64,440,658</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 175,655	\$ 39,950	\$ 11,140	\$ 14,015
Public safety	3,016,775	3,195,869	2,877,874	3,520,712
Culture and recreation	1,167,016	1,261,039	1,226,934	1,151,018
Public works	511,549	596,443	629,575	655,304
Operating grants and contributions	2,271,486	1,532,532	1,550,145	844,446
Capital grants and contributions	168,744	728,462	435,849	78,548
Total governmental activities program revenues	<u>7,311,225</u>	<u>7,354,295</u>	<u>6,731,517</u>	<u>6,264,043</u>
Business-type activities				
Charges for services				
Water and sewer services	16,009,016	20,380,121	19,232,852	19,814,150
Stormwater management services	1,090,340	1,093,535	1,076,413	1,081,300
Conference and meeting center	74,458	1,300,577	1,675,759	2,031,709
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	616,666
Total business-type activities program revenues	<u>17,173,814</u>	<u>22,774,233</u>	<u>21,985,024</u>	<u>23,543,825</u>
Total primary government program revenues	<u>\$ 24,485,039</u>	<u>\$ 30,128,528</u>	<u>\$ 28,716,541</u>	<u>\$ 29,807,868</u>

Table A-2

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	4,337,097	\$	5,256,773	\$	8,168,344	\$	5,503,950	\$	8,330,340	\$	8,148,665
	21,306,312		23,039,603		24,614,274		26,946,144		25,445,464		27,277,634
	10,845,533		11,142,994		12,112,717		12,554,825		12,836,977		12,386,690
	4,655,157		4,756,586		5,174,276		4,928,786		3,869,464		5,085,774
	1,980,775		2,146,970		2,328,484		1,888,355		2,042,840		1,711,724
	<u>43,124,874</u>		<u>46,342,926</u>		<u>52,398,095</u>		<u>51,822,060</u>		<u>52,525,085</u>		<u>54,610,487</u>
	18,757,469		19,752,412		20,384,872		20,090,660		20,542,607		21,842,377
	730,385		689,554		879,123		1,015,099		936,108		950,588
	<u>2,024,417</u>		<u>2,004,236</u>		<u>2,362,568</u>		<u>2,654,063</u>		<u>2,777,085</u>		<u>3,608,240</u>
	<u>21,512,271</u>		<u>22,446,202</u>		<u>23,626,563</u>		<u>23,759,822</u>		<u>24,255,800</u>		<u>26,401,205</u>
\$	<u>64,637,145</u>	\$	<u>68,789,128</u>	\$	<u>76,024,658</u>	\$	<u>75,581,882</u>	\$	<u>76,780,885</u>	\$	<u>81,011,692</u>
\$	14,900	\$	22,670	\$	18,470	\$	19,165	\$	135,242	\$	159,535
	3,150,918		3,278,888		3,551,541		3,229,547		2,894,515		2,597,631
	1,144,472		1,004,909		1,156,952		1,244,593		1,256,034		1,290,885
	657,700		630,248		682,420		780,953		802,568		1,058,007
	669,691		738,969		862,969		1,613,979		1,960,737		1,504,425
	<u>78,875</u>		<u>28,803</u>		<u>218,830</u>		<u>265,990</u>		<u>111,051</u>		<u>116,567</u>
	<u>5,716,556</u>		<u>5,704,487</u>		<u>6,491,182</u>		<u>7,154,227</u>		<u>7,160,147</u>		<u>6,727,050</u>
	19,031,909		19,609,118		19,892,629		21,183,069		22,394,948		21,229,151
	1,086,935		1,094,476		1,098,287		1,375,194		1,104,982		1,137,792
	2,003,045		1,927,152		2,553,445		2,811,704		3,147,745		3,269,784
	-		-		44,622		10,931		5,947		-
	<u>114,148</u>		<u>680,309</u>		<u>693,753</u>		<u>811,985</u>		<u>179,560</u>		<u>629,288</u>
	<u>22,236,037</u>		<u>23,311,055</u>		<u>24,282,736</u>		<u>26,192,883</u>		<u>26,833,182</u>		<u>26,266,015</u>
\$	<u>27,952,593</u>	\$	<u>29,015,542</u>	\$	<u>30,773,918</u>	\$	<u>33,347,110</u>	\$	<u>33,993,329</u>	\$	<u>32,993,065</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Net (Expense)/Revenue				
Governmental activities	\$ (32,406,997)	\$ (35,349,072)	\$ (33,466,959)	\$ (37,240,595)
Business-type activities	(1,573,263)	3,168,477	2,020,663	2,607,805
 Total primary government net expense	<u>\$ (33,980,260)</u>	<u>\$ (32,180,595)</u>	<u>\$ (31,446,296)</u>	<u>\$ (34,632,790)</u>
 General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes, penalty and interest	\$ 12,325,131	\$ 12,533,019	\$ 12,393,133	\$ 13,191,743
Sales taxes	17,060,525	18,130,410	18,502,765	18,419,603
Franchise taxes	2,970,646	3,127,482	2,965,411	2,953,568
Occupancy taxes	485,037	550,589	589,551	593,921
Interest	883,025	632,620	417,154	396,545
Miscellaneous	2,390,790	657,629	800,643	784,102
Transfers	(518,320)	257,503	(512,570)	38,331
 Total governmental activities	<u>\$ 35,596,834</u>	<u>\$ 35,889,252</u>	<u>\$ 35,156,087</u>	<u>\$ 36,377,813</u>
 Business-type activities				
Interest	\$ 214,231	\$ 183,569	\$ 141,843	\$ 117,280
Miscellaneous	9,400	169,481	123,959	-
Transfers	518,320	(257,503)	512,570	(38,331)
 Total business-type activities	<u>741,951</u>	<u>95,547</u>	<u>778,372</u>	<u>78,949</u>
 Total primary government	<u>\$ 36,338,785</u>	<u>\$ 35,984,799</u>	<u>\$ 35,934,459</u>	<u>\$ 36,456,762</u>
 Change in Net Position				
Governmental activities	\$ 3,189,837	\$ 540,180	\$ 1,689,128	\$ (862,782)
Business-type activities	(831,312)	3,264,024	2,799,035	2,686,754
 Total primary government	<u>\$ 2,358,525</u>	<u>\$ 3,804,204</u>	<u>\$ 4,488,163</u>	<u>\$ 1,823,972</u>

Table A-2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ (37,408,318)	\$ (40,638,439)	\$ (45,906,913)	\$ (44,667,833)	\$ (45,364,938)	\$ (47,883,437)
723,766	864,853	656,173	2,433,061	2,577,382	(135,190)
<u>\$ (36,684,552)</u>	<u>\$ (39,773,586)</u>	<u>\$ (45,250,740)</u>	<u>\$ (42,234,772)</u>	<u>\$ (42,787,556)</u>	<u>\$ (48,018,627)</u>
\$ 13,545,880	\$ 14,087,316	\$ 13,982,919	\$ 14,814,146	\$ 15,383,521	\$ 16,292,473
19,376,108	20,716,458	20,685,644	20,043,791	20,935,157	20,661,292
3,088,049	3,038,771	2,967,123	2,961,774	2,975,917	2,935,945
565,970	646,284	716,281	705,786	768,618	905,677
318,888	275,954	385,477	430,170	799,902	1,539,049
513,042	1,172,033	280,870	1,251,454	1,245,930	1,189,108
-	76,667	180,384	234,451	225,000	238,344
<u>\$ 37,407,937</u>	<u>\$ 40,013,483</u>	<u>\$ 39,198,698</u>	<u>\$ 40,441,572</u>	<u>\$ 42,334,045</u>	<u>\$ 43,761,888</u>
\$ 102,566	\$ 104,120	\$ 132,649	\$ 154,350	\$ 249,592	\$ 509,870
-	-	-	-	-	-
-	(76,667)	(180,384)	(234,451)	(225,000)	(238,344)
102,566	27,453	(47,735)	(80,101)	24,592	271,526
<u>\$ 37,510,503</u>	<u>\$ 40,040,936</u>	<u>\$ 39,150,963</u>	<u>\$ 40,361,471</u>	<u>\$ 42,358,637</u>	<u>\$ 44,033,414</u>
\$ (381)	\$ (624,956)	\$ (6,708,215)	\$ (4,226,261)	(3,030,893)	(4,121,549)
826,332	892,306	608,438	2,352,960	2,601,974	136,336
<u>\$ 825,951</u>	<u>\$ 267,350</u>	<u>\$ (6,099,777)</u>	<u>\$ (1,873,301)</u>	<u>\$ (428,919)</u>	<u>\$ (3,985,213)</u>

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 2,586	\$ 1,803	\$ 1,883	\$ 1,883
Restricted	1,267,140	1,259,818	1,601,639	1,637,359
Committed	323,735	380,220	335,771	255,713
Assigned	632,498	664,696	653,976	519,597
Unassigned	7,122,679	7,073,761	7,452,789	7,616,609
Total general fund	<u>\$ 9,348,638</u>	<u>\$ 9,380,298</u>	<u>\$ 10,046,058</u>	<u>\$ 10,031,161</u>
All Other Governmental Funds				
Nonspendable	\$ 237,712	\$ 237,712	\$ -	\$ -
Restricted	22,448,965	18,462,642	34,575,812	28,314,389
Committed	-	-	-	-
Assigned	16,971,027	17,475,636	19,607,928	21,302,952
Total all other governmental funds	<u>\$ 39,657,704</u>	<u>\$ 36,175,990</u>	<u>\$ 54,183,740</u>	<u>\$ 49,617,341</u>

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

Table A-3

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,883	\$ 1,883	\$ 1,883	\$ 1,883	\$ 2,401	\$ 1,883
1,854,120	2,344,861	3,104,302	4,086,043	5,446,104	5,083,249
198,349	305,069	365,042	-	-	-
560,867	586,595	581,219	568,555	18,254	23,575
8,389,715	9,049,255	9,172,096	9,162,496	8,989,839	9,702,437
<u>\$ 11,004,934</u>	<u>\$ 12,287,663</u>	<u>\$ 13,224,542</u>	<u>\$ 13,818,977</u>	<u>\$ 14,456,598</u>	<u>\$ 14,811,144</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,936,284	19,363,093	21,662,950	14,851,969	14,292,760	23,756,410
-	-	-	-	-	-
22,228,199	18,697,454	17,066,513	18,295,467	18,887,440	17,682,803
<u>\$ 47,164,483</u>	<u>\$ 38,060,547</u>	<u>\$ 38,729,463</u>	<u>\$ 33,147,436</u>	<u>\$ 33,180,200</u>	<u>\$ 41,439,213</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes (see table A-5)	\$ 32,837,927	\$ 34,332,945	\$ 34,492,773	\$ 35,218,498
Licenses/permits	734,734	640,068	664,545	713,052
Support from governmental entities	2,440,230	2,241,677	1,977,424	921,963
Charges for services	1,913,155	1,927,918	1,836,085	2,003,246
Fines and fees	2,083,728	2,224,380	2,460,599	2,631,489
Interest	873,080	475,670	495,265	384,411
Miscellaneous	1,741,151	593,525	1,239,389	583,476
Total revenues	<u>42,624,005</u>	<u>42,436,183</u>	<u>43,166,080</u>	<u>42,456,135</u>
Expenditures				
General government	2,261,416	3,010,139	2,205,316	2,164,066
Public safety	19,194,093	19,690,902	19,206,211	19,999,125
Culture and recreation	7,857,643	8,329,136	8,346,440	8,685,188
Public works	1,892,440	1,656,102	1,513,196	1,753,187
Capital outlay	28,151,295	7,622,738	4,253,081	8,128,080
Debt service				
Principal	2,465,204	2,711,122	3,112,129	3,218,161
Interest	1,957,078	1,833,400	1,857,766	2,162,350
Total expenditures	<u>63,779,169</u>	<u>44,853,539</u>	<u>40,494,139</u>	<u>46,110,157</u>
Excess of revenues over (under) expenditures	(21,155,164)	(2,417,356)	2,671,941	(3,654,022)
Other Financing Sources (Uses)				
Capital lease	2,164,583	-	-	-
Proceeds from borrowing	-	-	15,565,000	-
Proceeds from refunding	-	6,465,000	1,810,000	-
Premium on bond issuance	-	214,911	1,355,339	-
Payments to escrow agent	-	(7,573,039)	(1,996,858)	-
Transfers in	5,619,616	4,514,611	4,382,005	4,118,286
Transfers out	(5,313,815)	(4,654,181)	(5,113,917)	(5,045,560)
Total other financing sources (uses)	<u>2,470,384</u>	<u>(1,032,698)</u>	<u>16,001,569</u>	<u>(927,274)</u>
Net Change in Fund Balances	<u>\$ (18,684,780)</u>	<u>\$ (3,450,054)</u>	<u>\$ 18,673,510</u>	<u>\$ (4,581,296)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>14.17%</u>	<u>13.90%</u>	<u>15.89%</u>	<u>16.50%</u>

Table A-4

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 36,605,578	\$ 38,494,929	\$ 38,414,972	\$ 38,900,450	\$ 40,069,713	\$ 40,797,443	
725,334	707,089	782,782	878,517	825,525	1,091,085	
745,240	767,772	874,576	1,613,979	1,960,737	1,504,425	
1,893,181	1,699,806	2,035,396	2,065,177	2,126,300	2,319,048	
2,520,998	2,405,478	2,448,040	2,436,813	2,516,568	1,498,576	
261,494	218,049	313,953	412,492	774,577	1,290,490	
507,367	1,068,886	543,025	1,195,603	1,056,666	1,081,968	
<u>43,259,192</u>	<u>45,362,009</u>	<u>45,412,744</u>	<u>47,503,031</u>	<u>49,330,086</u>	<u>49,583,035</u>	
2,315,113	2,976,887	3,268,525	3,664,549	3,472,880	4,380,033	
20,214,409	20,798,447	21,506,049	23,618,438	23,423,951	23,808,440	
8,434,981	8,436,777	9,344,037	9,950,204	10,078,424	9,893,956	
1,540,946	1,754,088	2,095,586	2,109,784	2,036,102	2,317,724	
14,132,822	15,866,943	6,787,480	8,313,541	4,132,380	3,762,850	
3,327,924	3,459,807	3,134,902	3,466,724	3,428,872	3,065,000	
2,089,622	2,206,311	2,287,885	2,119,020	1,961,100	1,855,604	
<u>52,055,817</u>	<u>55,499,260</u>	<u>48,424,464</u>	<u>53,242,260</u>	<u>48,533,709</u>	<u>49,083,607</u>	
(8,796,625)	(10,137,251)	(3,011,720)	(5,739,229)	796,377	499,428	
-	490,105	-	-	-	-	
7,355,000	2,625,000	4,905,000	1,180,000	-	9,175,000	
5,705,000	3,235,000	11,240,000	1,500,000	-	-	
603,685	574,285	1,931,800	-	-	453,618	
(5,984,367)	(3,505,346)	(12,517,062)	(1,478,363)	-	-	
4,084,294	3,475,606	3,414,597	3,395,882	3,790,919	3,552,517	
<u>(4,446,072)</u>	<u>(4,578,606)</u>	<u>(4,356,820)</u>	<u>(3,845,882)</u>	<u>(3,916,911)</u>	<u>(5,067,004)</u>	
<u>7,317,540</u>	<u>2,316,044</u>	<u>4,617,515</u>	<u>751,637</u>	<u>(125,992)</u>	<u>8,114,131</u>	
\$ <u>(1,479,085)</u>	\$ <u>(7,821,207)</u>	\$ <u>1,605,795</u>	\$ <u>(4,987,592)</u>	\$ <u>670,385</u>	\$ <u>8,613,559</u>	
<u>16.67%</u>	<u>16.68%</u>	<u>14.97%</u>	<u>14.20%</u>	<u>13.82%</u>	<u>12.18%</u>	

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

Table A-5

Fiscal Year	Property	Sales/ Occupancy	Mixed Beverage	Franchise	Total
2010	\$ 12,321,719	\$ 17,443,126	\$ 102,436	\$ 2,970,646	\$ 32,837,927
2011	12,524,464	18,572,224	108,775	3,127,482	34,332,945
2012	12,435,046	18,996,433	95,883	2,965,411	34,492,773
2013	13,251,406	18,921,380	92,144	2,953,568	35,218,498
2014	13,575,451	19,823,691	118,387	3,088,049	36,605,578
2015	14,093,416	21,219,368	143,374	3,038,771	38,494,929
2016	14,045,924	21,262,957	138,968	2,967,123	38,414,972
2017	15,189,099	20,613,996	135,581	2,961,774	38,900,450
2018	16,158,639	20,598,410	148,603	2,975,917	39,881,569
2019	17,201,601	20,767,078	155,513	2,935,945	41,060,137

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

Table B-1

Fiscal Year Ended 30-Sep	Residential Property	Commercial Property	Industrial Property	Appraised Value	Tax-Exempt Property	Total Direct Tax Rate
2010	\$ 1,606,422	\$ 993,369	\$ 33,263	\$ 2,633,054	\$ 232,761	0.535
2011	1,576,336	932,584	32,531	2,541,451	242,157	0.578
2012	1,572,194	932,314	31,484	2,535,992	244,648	0.578
2013	1,581,124	947,359	42,682	2,571,165	248,574	0.608
2014	1,607,262	988,250	36,291	2,631,803	246,939	0.608
2015	1,685,063	1,034,091	40,550	2,759,704	251,249	0.606
2016	1,587,424	975,963	34,254	2,597,641	238,300	0.611
2017	1,745,042	1,144,598	37,283	2,926,923	298,859	0.588
2018	1,867,873	1,249,125	44,304	3,161,302	368,576	0.581
2019	2,116,580	1,360,984	43,893	3,521,457	324,355	0.580

Source: Tarrant County Appraisal District.

Note: Assessed value is 100% of actual value.

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

Table B-2

Fiscal Year	City Direct Rates			Overlapping Rates ^a			
	Basic Rate	General Debt Service	Total Direct Rate	HEB School District	Tarrant County	Hospital	Tarrant County College
2010	0.409791	0.125209	0.535	1.29545	0.26400	0.22790	0.13767
2011	0.445284	0.132716	0.578	1.28819	0.26400	0.22790	0.13764
2012	0.445369	0.132631	0.578	1.41400	0.26400	0.22790	0.14897
2013	0.445369	0.163128	0.608	1.40750	0.26400	0.22790	0.14897
2014	0.445369	0.163128	0.608	1.38750	0.26400	0.22790	0.14950
2015	0.460829	0.145171	0.606	1.37500	0.26400	0.22790	0.14950
2016	0.474277	0.136284	0.611	1.35000	0.26400	0.22790	0.14950
2017	0.461648	0.126252	0.588	1.31600	0.25400	0.22790	0.14473
2018	0.465042	0.115898	0.581	1.26300	0.24400	0.22443	0.14006
2019	0.471551	0.108449	0.580	1.27300	0.23400	0.22443	0.13607

Source: Tarrant County Appraisal District.

Notes: The City's basic property tax rate must be set according to the State of Texas' Truth-in-Taxation and other applicable laws. Truth-in-Taxation requires an effective and rollback tax rate calculation to be performed and under certain conditions the rates must be published locally. If the City Council adopts a tax rate above the rollback rate (the calculated rate required to generate 8.00% more operating funds than earned in the previous year), then citizens can call for a rollback election to reduce the tax rate. Rates for debt service are not subject to rollback election and are set based on each year's requirements. The State of Texas does limit the City's overall tax rate to \$2.50 per \$100 valuation while the City's Charter limits the overall tax rate to \$1.50 per \$100 valuation.

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

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

Table B-3

Taxpayer	2010			2019		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Melvin Simon & Associates Inc.	\$ 174,191,698	1	7.71%	\$ 142,923,836	1	4.68%
Shops at Northeast Mall LLC				62,704,411	2	2.05%
Westdale Hills 2013 LP				42,391,716	3	1.39%
Kelly-Moore Paint Co. Inc.	20,831,228	4	0.92%	29,572,776	4	0.97%
Cooks creek 255 LLC				29,200,000	5	0.96%
Wal-Mart Real Estate Bus Trust	23,039,505	3	1.02%	25,167,989	6	0.82%
Dillard's Properties Inc./Dillard	25,692,351	2	1.14%	24,752,690	7	0.81%
Valley Oaks Apartments				22,803,117	8	0.75%
Mayfair Station LLC	18,650,000	5	0.83%	21,014,692	9	0.69%
Macy's Tx I LP/Macy's Retail	17,794,557	8	0.79%	18,595,301	10	0.61%
Oncor Electric Delivery	15,884,283	10	0.70%	-		0.00%
Somerset Village Partners LP	18,399,351	6	0.81%	-		0.00%
Kroger Market Street Village	17,915,492	7	0.79%	-		0.00%
Hurst City Apartment Partners	16,975,881	9	0.75%	-		0.00%
Total	\$ 349,374,346		15.47%	\$ 419,126,528		13.71%

Source: Tarrant Appraisal District

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

Table B-4

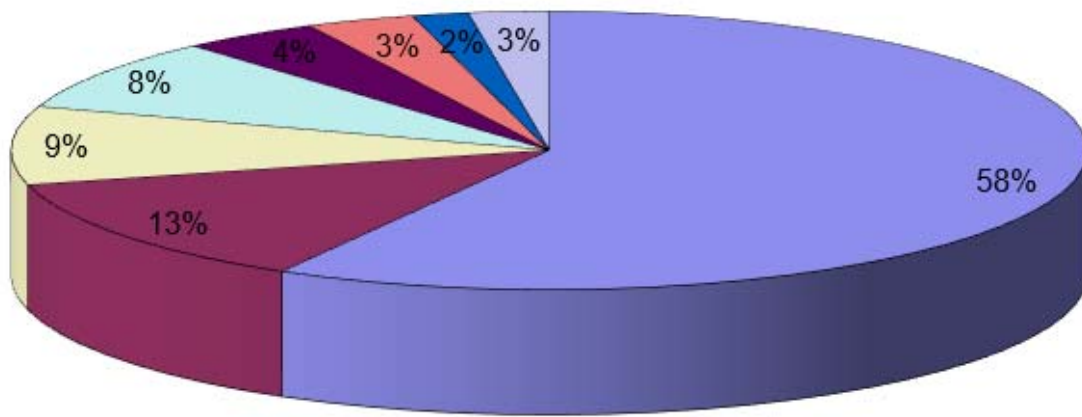
Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 12,323,931	\$ 12,198,061	99.0%	\$ 42,725	\$ 12,240,786	99.3%
2011	12,515,487	12,376,485	98.9%	68,729	12,445,214	99.4%
2012	12,355,434	12,248,093	99.1%	91,490	12,339,583	99.9%
2013	13,169,789	13,098,911	99.5%	69,952	13,168,863	100.0%
2014	13,492,137	13,408,082	99.4%	75,382	13,483,464	99.9%
2015	14,059,530	13,953,040	99.2%	61,963	14,015,003	99.7%
2016	14,079,556	13,951,219	99.1%	11,772	13,962,991	99.2%
2017	15,052,747	14,831,734	98.5%	199,103	15,030,837	99.9%
2018	16,103,519	15,993,536	99.3%	133,422	16,126,959	100.1%
2019	17,258,532	17,049,741	98.8%	51,611	17,101,353	99.1%

Source: Tarrant County tax assessor and collector.

City of Hurst, Texas
Sales Tax Sources by NAICS Code
September 30, 2019

Table B-5

SALES TAX SOURCES



- Retail Trade - \$12,278,940
- Other - \$1,915,912
- Utilities - \$875,591
- Construction - \$357,323

- Accommodation and Food Services - \$2,685,549
- Information - \$1,771,343
- Manufacturing - \$686,587
- Wholesale Trade - \$508,904

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

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

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

Table B-6

Fiscal Year Ended September 30,	Sales Tax Revenue General Fund	Sales Tax Sharing General Fund	Net Sales Tax Revenue General Fund	Net Sales Tax Revenue ACHCST Fund	Sales Tax Revenue CSHCST Fund	Sales Tax Sharing CSHCST Fund	Net Sales Tax Revenue CSHCST Fund
2010	\$ 9,138,934	\$ 724,048	\$ 8,414,886	\$ 4,335,642	\$ 4,569,585	\$ 362,024	\$ 4,207,561
2011	9,548,273	676,706	8,871,567	4,714,199	4,774,222	338,353	4,435,869
2012	9,734,599	703,694	9,030,905	4,860,403	4,867,421	351,847	4,515,574
2013	9,713,270	726,364	8,986,906	4,839,025	4,864,710	363,182	4,501,528
2014	10,086,852	605,778	9,481,074	5,028,717	5,050,819	302,889	4,747,930
2015	10,756,525	630,372	10,126,153	5,358,521	5,387,596	315,186	5,072,410
2016	10,823,317	759,423	10,063,894	5,438,519	5,423,974	379,711	5,044,262
2017	10,521,878	768,090	9,753,788	5,225,540	5,261,090	332,210	4,928,880
2018	10,611,912	859,187	9,752,725	5,290,203	5,306,115	331,107	4,975,008
2019	10,552,862	882,832	9,670,030	5,250,689	5,276,599	335,916	4,940,682
1.00%	Local Sales Tax, Effective July 1, 1993						
0.50%	Community Services Half-Cent Sales Tax, Effective July 1, 1993						
0.50%	Anti-Crime Half-Cent Sales Tax, Effective January 1, 1996						
<u>2.00%</u>	<u>Total Local Sales Tax Rate</u>						

Note: ACHCST refers to the Anti-Crime Half-Cent Sales Tax Fund. CSHCST refers to the Community Services Half-Cent Sales Tax Fund

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

City of Hurst, Texas
Principal Water Customers
September 30, 2019

Table B-7

	Consumption (1,000 Gallons)	Water Amount	Sewer Amount	Total Bill
Westdale Asset Manager	57,681	\$ 451,245	\$ 295,040	\$ 746,285
City of Hurst	47,104	310,005	71,060	381,065
Bell Helicopter	37,750	265,931	55,429	321,360
Brookwind Ltd.	27,149	198,909	142,113	341,022
Tarrant County College	21,282	143,093	61,103	204,196
Wellesley Park Apartments	16,420	125,123	93,633	218,756
Valley Oaks Apartments, LLC	16,345	137,658	113,330	250,988
Barrington Crossing Apartments	14,103	95,618	73,599	169,216
Hunter Chase Apartments	13,957	112,040	88,567	200,607
DCP 601 Brown Trail, LLC	<u>13,892</u>	<u>104,366</u>	<u>76,334</u>	<u>180,701</u>
Total	<u><u>265,683</u></u>	<u><u>\$ 1,943,989</u></u>	<u><u>\$ 1,070,207</u></u>	<u><u>\$ 3,014,195</u></u>

City of Hurst, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(principal only; dollars in thousands, except per capita)

Table C-1

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonds	Lease Obligation	Certificates of Obligation	Sales Tax Revenue Bonds	Water Revenue Bonds	Certificates of Obligation	Revenue & General Obligation Refunding				
2010	\$ 11,380	\$ 2,165	\$ 27,034	\$ 4,390	\$ -	\$ 14,566	\$ 4,770	\$ 64,305	5.72%	\$ 1,610	
2011	13,210	2,165	23,095	2,875	-	11,460	6,490	59,295	3.11%	1,530	
2012	29,320	1,822	20,300	2,225	-	9,535	6,930	70,132	6.76%	1,877	
2013	29,404	1,544	19,584	1,555	-	9,013	6,360	67,460	6.01%	1,714	
2014	30,455	1,256	24,116	1,020	-	6,781	7,392	71,020	6.27%	1,788	
2015	27,945	1,325	24,425	680	-	6,030	7,440	67,845	6.23%	1,770	
2016	37,735	896	16,860	445	-	4,515	7,455	67,906	6.19%	1,769	
2017	37,415	454	15,660	205	-	1,925	8,860	64,519	5.63%	1,680	
2018	35,785	-	14,415	105	-	2,965	7,780	61,050	5.28%	1,589	
2019	40,890	-	15,525	-	-	2,670	6,760	65,845	5.66%	1,710	

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

^b See Table D-1 for personal income and population data.

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

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

City of Hurst, Texas
Ratios of Net General Bonded Debt to Assessed Value and
Net Value Bonded Debt Per Capita
Last Ten Fiscal Years

(principal only; dollars in thousands, except per capita)

Table C-2

Fiscal Year	General Bonded Debt Outstanding				Less Debt Service Fund	Net Bonded Debt	Percentage of Appraised Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Total					
2010	\$ 11,380	\$ 15,654	\$ 27,034	\$ 514	\$ 26,520	1.03%	\$ 711	
2011	13,210	14,959	28,169	496	27,673	0.98%	669	
2012	29,320	11,230	40,550	449	40,101	0.94%	641	
2013	29,320	20,300	49,620	1,182	48,438	1.93%	1,252	
2014	30,455	23,840	54,295	1,146	53,149	1.86%	1,277	
2015	27,945	24,425	52,370	1,084	51,286	2.03%	1,338	
2016	37,735	16,860	54,595	997	53,598	1.86%	1,397	
2017	37,415	15,660	53,075	1,048	52,027	2.06%	1,355	
2018	35,785	14,415	50,200	1,373	48,827	1.54%	1,271	
2019	40,890	15,525	56,415	1,171	55,244	1.57%	1,435	

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

^a See Table B-1 for property value data.

^b Population data can be found in Table D-1.

City of Hurst, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2019
(dollars in thousands)

Table C-3

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Direct and Overlapping Debt
Direct			
City of Hurst	\$ 55,244	100%	\$ 55,244
Debt Repaid with Property Taxes			
Hurst-Eules-Bedford Independent School District	375,921	14.15%	53,193
Birdville Independent School District	397,327 *	11.21%	44,540
Grapevine/Colleyville Independent School District	366,856	0.66%	2,421
Tarrant County	266,375 *	1.73%	4,608
Tarrant County Hospital District	17,735 *	1.73%	307
Keller Independent School District	610,903	0.23%	1,405
			<hr/>
Subtotal, overlapping debt			106,475
			<hr/>
Total direct and overlapping debt			\$ 161,719
			<hr/> <hr/>

^a**Source:** Texas Municipal Reports

^bGross Debt Outstanding

City of Hurst, Texas

Legal Debt Margin Information

Table C-4

The City of Hurst does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation, for cities operating under a Home Rule Charter. The City's Charter provides that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The City's tax margin for the year ended September 30, 2019, was:

Maximum rate per \$100 valuation under Article XI	\$ 2.500000
City of Hurst's 2018-19 rate	<u>0.580000</u>
Margin	<u><u>\$ 1.920000</u></u>

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

Fiscal Year	Water Revenue Bonds						
	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2010	\$ 17,387,284	\$ 16,538,863	\$ 848,421	\$ -	\$ -	0.00%	
2011	20,557,055	17,385,994	3,171,061	-	-	0.00%	
2012	19,365,425	17,463,816	1,901,609	-	-	0.00%	
2013	19,922,694	18,004,763	1,917,931	-	-	0.00%	
2014	19,125,902	18,556,729	569,173	-	-	0.00%	
2015	19,686,799	19,483,803	202,996	-	-	0.00%	
2016	20,145,243	20,259,538	(114,295)	-	-	0.00%	
2017	21,349,781	20,027,047	1,322,734	-	-	0.00%	
2018	22,628,247	20,466,468	2,161,779	-	-	0.00%	
2019	21,229,151	21,286,679	(57,528)	-	-	0.00%	

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

Table C-5

Sales Tax Revenue Bonds ^a						
HCCSDC	Less:	Net	Debt Service		Coverage	
Sales Tax	Operating	Available	Principal	Interest		
Revenue	Expenses ^b	Revenue				
\$ 4,207,561	\$ 2,224,925	\$ 1,982,636	\$ 740,000	\$ 214,098	2.08	%
4,435,869	2,522,416	1,913,453	630,000	17,291	2.96	%
4,515,574	2,448,519	2,067,055	650,000	69,000	2.87	%
4,501,528	2,467,786	2,033,742	670,000	53,400	2.81	%
4,747,930	2,409,652	2,338,278	535,000	37,320	4.09	%
5,072,410	2,525,601	2,546,809	340,000	24,480	6.99	%
5,044,263	3,028,990	2,015,273	235,000	16,320	8.02	%
4,928,877	3,401,889	1,526,988	240,000	10,680	6.09	%
4,975,008	3,347,995	1,627,013	100,000	4,840	15.52	%
4,940,683	3,651,778	1,288,905	105,000	1,260	12.13	%

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

Table D-1

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2010	38,600	\$ 1,085,934	\$ 28,133	36.9	13.5	6,688	7.7%
2011	37,330	1,050,205	28,133	38.2	13.5	6,756	7.6%
2012	37,360	1,036,516	27,744	38.8	13.5	6,265	6.0%
2013	38,194	1,088,987	28,512	38.8	13.5	6,521	5.8%
2014	38,280	1,091,439	28,512	38.8	13.5	6,636	4.9%
2015	38,340	1,089,354	28,413	37.9	13.2	6,707	3.8%
2016	38,380	1,097,054	28,584	38.3	13.2	6,897	4.1%
2017	38,410	1,145,770	29,830	38.4	13.2	6,930	3.5%
2018	38,410	1,156,256	30,103	38.3	13.3	7,036	3.4%
2019	38,510	1,162,771	30,194	37.2	13.4	6,729	4.9%

Sources: Population provided by the North Central Texas Council of Governments Regional Data Center. Median age, education level and personal income data provided by the US Census Bureau. Unemployment data provided by the Texas Workforce Commission. School enrollment data provided by the Texas Education Agency.

Note: Personal income is in thousands.

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

Table D-2

Employer	2010			2019		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Bell Helicopter Textron, Inc.	4,000	1	20.43%	3,800	1	18.24%
North East Mall (Collective employment of stores other than major employers listed)	1,659	2	8.47%	1,706	2	8.19%
Shops at Northeast Mall (Outside)	750	3	3.83%	800	3	3.84%
HEB ISD	-		-	757	4	3.63%
Tarrant County College	479	5	2.45%	575	5	2.76%
Walmart Supercenter	575	4	2.94%	479	6	2.30%
City of Hurst	338	7	1.73%	426	7	2.04%
Dillard's Department Store	400	6	2.04%	338	8	1.62%
Macy's	231	8	1.18%	231	9	1.11%
J.C. Penney Company	210	10	1.07%	225	10	1.08%
Target Superstore	225	9	1.15%	-		-
Total	8,867		45.30%	9,336		44.81%

Source: City Economic Development Division/City Records.

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

Function/Program	Fiscal Year				
	2010	2011	2012	2013	2014
General Government					
Management services	7.0	7.0	7.0	8.5	8.5
Finance	11.0	10.0	10.0	10.0	10.0
Planning	3.0	3.0	6.0	6.0	6.0
Building	2.0	2.0	2.0	2.0	2.0
Other	28.0	25.0	23.5	26.5	26.5
Conference Center	-	-	-	-	30.0
Police					
Officers	74.0	74.0	74.0	73.0	72.0
Civilians	51.3	51.3	51.3	52.5	48.5
Fire					
Firefighters and officers	56.0	56.0	55.0	60.0	60.0
Civilians	1.5	1.5	1.5	1.5	1.5
Other Public Works					
Engineering	10.5	10.5	7.5	9.0	9.0
Other	25.0	25.8	22.0	22.0	22.0
Parks and Recreation	68.0	66.3	52.0	44.5	44.5
Library	29.0	30.0	31.0	28.5	28.5
Water	29.0	29.8	26.5	26.0	26.0
Wastewater	9.0	9.0	9.0	9.0	9.0
Total	<u>404.3</u>	<u>401.2</u>	<u>378.3</u>	<u>379.0</u>	<u>404.0</u>

Source: Human Resources & Budget Offices.

Table E-1

Fiscal Year				
2015	2016	2017	2018	2019
8.7	7.0	8.0	8.0	8.0
10.0	9.0	9.0	9.0	9.0
6.0	6.0	6.0	6.0	6.0
3.0	2.0	2.0	2.0	2.0
38.2	42.0	36.5	34.2	35.1
21.3	24.2	24.2	21.7	21.7
75.0	75.0	75.0	75.0	75.0
54.5	49.5	48.5	48.5	48.5
56.0	56.0	56.0	56.0	56.0
1.9	1.6	1.6	1.5	1.5
8.7	9.2	9.2	9.2	9.0
19.6	19.8	23.9	23.9	23.9
67.2	69.2	66.1	70.2	72.9
27.5	26.7	26.7	28.3	28.3
23.7	23.5	19.0	19.0	19.0
9.0	9.0	10.0	10.0	10.0
<u>430.3</u>	<u>429.7</u>	<u>421.7</u>	<u>422.5</u>	<u>425.9</u>

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

Function/Program	Fiscal Year				
	2010	2011	2012	2013	2014
General Government					
Building permits issued					
Commercial					
Number issued	119	134	156	165	136
Estimated cost	\$18,889,983	\$15,979,899	\$ 20,436,524	\$ 53,890,287	\$ 14,761,218
Residential					
Number issued	144	121	92	141	144
Estimated cost	\$2,626,350	\$2,212,308	\$ 2,310,930	\$ 3,994,351	\$ 4,787,971
Public Safety					
Police					
Physical arrests	3,623	3,353	3,250	3,088	2,857
Parking violations	258	469	421	186	141
Traffic violations	20,990	17,602	16,311	14,161	17,894
Fire/Emergency Medical Services					
Emergency responses	4,265	4,503	4,735	4,597	4,468
Patients transported	1,959	2,023	2,281	2,209	2,170
Fires extinguished	133	171	118	106	91
Average Response Time:					
Fire	4:43	4:47	5:03	4:36	5:11
EMS	4:51	4:45	4:45	4:43	5:06
Inspections	812	988	1,463	1,545	1,412
Public Works					
Street resurfacing (miles)	17.8	17.8	8	9	5
Potholes repaired (sq. yards)	63,000	65,000	52,000	43,000	26,000
Culture and Recreation					
Parks and recreation					
Athletic field reservations issued	86	129	184	120	88
Recreation center admissions	421,416	341,228	342,961	368,034	296,719
Library					
Volumes in collection	135,206	143,544	150,197	160,844	161,608
Total volumes borrowed	420,664	387,486	428,484	444,705	434,205
Water and Sewer					
Water customer billings at 9/30	12,245	12,240	12,155	11,526	12,237
Water main breaks	28	36	38	38	56
Average daily consumption (millions of gallons)	5.90	5.92	5.63	5.65	5.16

Sources: Various city departments.

As of September 30, 2019, this amount represents square footage as the City can no longer request valuation on residential property.

Table E-2

Fiscal Year				
2015	2016	2017	2018	2019
111	123	136	132	145
\$ 34,515,346	\$ 35,918,137	\$ 24,515,873	\$ 14,936,691	\$ 48,862,248
128	191	158	124	98
\$ 3,111,349	\$ 4,831,284	\$ 3,514,922	\$ 5,161,297	\$ 83,202 (a)
2,897	2,592	2,607	2,351	1,901
197	152	168	148	93
15,996	15,327	14,942	13,581	10,590
4,702	4,811	4,873	4,996	4,867
2,040	2,267	2,216	2,065	2,131
86	112	100	122	85
5:01	5:06	4:35	5:07	5:01
5:03	4:28	4:59	5:09	5:36
847	579	300	1,584	1,651
8	7	7	6	7
11,537	12,200	6,612	4,540	2,317
92	87	60	51	55
290,380	281,861	270,356	240,979	236,039
142,851	145,474	142,751	135,659	124,157
405,826	378,417	348,932	416,395	411,691
12,226	12,257	12,327	12,193	12,385
84	40	27	41	39
4.96	4.90	5.02	5.23	4.88

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

Function/Program	Fiscal Year Ended				
	2010	2011	2012	2013	2014
Police					
Stations	1	1	1	1	1
Store fronts	2	2	2	2	2
Patrol units	28	26	29	30	30
Fire Stations	3	3	3	3	3
Other Public Works					
Streets (miles)	141	146	146	146	146
Traffic signals	50	41	41	41	55
Parks and Recreation					
Acreage	290	280	280	280	280
Playgrounds	16	16	16	16	16
Family aquatic centers	2	2	2	2	2
Water					
Water mains (miles)	200.00	211.00	202.50	204.00	199.00
Fire hydrants	1,269	1,268	1,196	1,268	1,205
Storage capacity (millions of gallons)	9.40	8.90	8.90	8.30	8.00
Wastewater					
Sanitary sewers (miles)	163.00	156.00	155.00	156.00	154.20
Storm sewers (miles)	86.00	86.00	86.00	86.00	86.00

Sources: Various city departments.

Table E-3

Fiscal Year Ended				
2015	2016	2017	2018	2019
1	1	1	1	1
3	2	2	2	2
27	26	28	28	28
3	3	3	3	3
146	148	148	148	148
55	56	56	56	56
290	280	280	280	280
16	16	16	16	16
2	2	2	2	2
201.11	204.00	205.00	205	205
1,233	1,226	1,235	1,240	1,330
9.40	9.40	9.40	9.4	9.4
153.06	154.50	154.50	154.84	155.00
88.95	86.00	86.00	86.00	86.00

