

**CITY OF CLEBURNE, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Year Ended September 30, 2019**

**Prepared By  
Department of Finance**

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**CITY OF CLEBURNE, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

TABLE OF CONTENTS

**Page  
Number**

**INTRODUCTORY SECTION**

Letter of Transmittal .....	i – vii
Certificate of Achievement for Excellence in Financial Reporting.....	viii
Organization Chart.....	ix
Administrative Officials.....	x

**FINANCIAL SECTION**

Independent Auditor’s Report.....	1 – 3
Management’s Discussion and Analysis.....	4 – 9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position .....	10 – 11
Statement of Activities .....	12 – 13
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	14 – 15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	17 – 18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Net Position – Proprietary Funds.....	20 – 23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	24 – 25
Statement of Cash Flows – Proprietary Funds.....	26 – 27
Statement of Net Position – Fiduciary Fund.....	28
Statement of Change in Net Position – Fiduciary Fund.....	29
Notes to Financial Statements .....	30 – 62

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund balances – Budget and Actual – General Fund .....	63 – 65
Reconciliation for General Fund – Budget vs GAAP Presentation .....	66
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – 4B Sales Tax .....	67 – 68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – 4A Sales Tax .....	69 – 70
Notes to Required Budgetary Information .....	71
Schedule of Changes in Net Pension Liability and Related Ratios.....	72 – 73
Schedule of TMRS Contributions .....	74
Schedule of Changes in Net Pension Liability and Related Ratios – Fireman’s Relief & Retirement .....	75 – 76
Schedule of Fireman’s Relief and Retirement Fund Contributions.....	77
Schedule of Changes in Total OPEB Liability .....	78
Schedule of Total OPEB Liability and Related Ratios.....	79

Combining And Individual Fund Statement and Schedules

Nonmajor Governmental Funds:

Combining Balance Sheet.....	80 – 87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	88 – 95
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Debt Service Fund .....	96 – 97

**STATISTICAL SECTION** (Unaudited)

**Table**

Net Position by Component.....	1	98 – 99
Changes in Net Position .....	2	100 – 103
Fund Balances – Governmental Funds .....	3	104 – 105
Changes in Fund Balances – Governmental Funds.....	4	106 – 107
Governmental Funds Tax Revenue by Source .....	5	108
Assessed and Estimated Actual Value of Property .....	6	109 – 110
Property Tax Rates – Direct and Overlapping Governments.....	7	111 – 112
Principal Property Taxpayers .....	8	113 – 114
Property Tax Levies and Collections .....	9	115 – 116

Ratio of Outstanding Debt by Type.....	10	117 – 118
Ratio of General Obligation Bonded Debt To Assessed Value and Net General Obligation Bonded Debt Per Capita .....	11	119 – 120
Computation of Direct and Overlapping Bonded Debt .....	12	121
Computation of Legal Debt Margin .....	13	122
Schedule of Revenue Bond Coverage .....	14	123
Demographic and Economic Statistics .....	15	124
Principal Employers.....	16	125
Full-Time Equivalent City Government Employees by Function/Program.....	17	126 – 127
Operating Indicators by Function/Program .....	18	128 – 132
Capital Asset Statistics by Function/Program .....	19	133 – 134

**COMPLIANCE SECTION**

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		135 – 136
Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance .....		137 – 138
Schedule of Expenditures of Federal Awards.....		139
Notes to Schedule of Expenditures of Federal Awards .....		140
Schedule of Findings and Questioned Costs.....		141

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## **INTRODUCTORY SECTION**

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**Mayor**  
Scott Cain

March 17, 2020

**Mayor Pro-Tem**  
John Warren

To the Citizens of the City of Cleburne:

**Councilmembers**  
Dr. Robert O. Kelly  
Chris Boedeker  
Mike Mann

**City Manager**  
Steve Polasek

The Comprehensive Annual Financial Report for the City of Cleburne, Texas (the “City”) for the fiscal year ended September 30, 2019 is hereby submitted. This report is published to provide our citizens, the City Council, City staff, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial affairs have been included.

In developing and evaluating the City’s accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets from loss or unauthorized use or disposition, and the reliability of financial records for preparing the financial statements and maintain accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgements by management. We believe that the City’s current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

As required by Article 111, Section 53 of the City Charter, the financial statements have been audited by Pattillo, Brown & Hill, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City of Cleburne for the fiscal year ended September 30, 2019 are free of material misstatement. The independent audit involved examining the on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Cleburne’s financial statements for fiscal year ended September 30, 2019, are presented in conformity with generally accepted accounting principles, (GAAP).

This Report is presented in three sections: Introductory, Financial and Statistical. The Introductory section includes a letter of transmittal, a listing of the City officials and an organizational chart of the City. The Financial section includes a Management's Discussion and Analysis (MD&A), basic financial statements, combining and individual fund statements and schedules, as well as the independent auditor's report on the basic financial statements. As required by GAAP, the MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. The letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Cleburne's MD&A can be found immediately following the report of the independent auditors. The Statistical section includes financial and demographic information, usually presented on a multi-year basis that is relevant to a financial statement reader.

## CITY PROFILE

### Location



Cleburne is home to approximately 30,720 people and is the county seat of Johnson County. The City is located in the Dallas/Fort Worth Metroplex just 30 miles south of Fort Worth. It is 60 miles southwest of Dallas and only 60 miles from Dallas-Fort Worth International Airport. Cleburne is readily accessible via US Hwy 67, State Hwy 121 (Chisholm Trail Parkway), State Hwy 171, and State Hwy 174. The City encompasses approximately 32 square miles with adequate available land to support a population of up to 100,000 residents.

The City is a Texas home rule city operating under the Council-Manager form of government.

The City Council is comprised of the Mayor and four single member district Council members elected for staggered two year terms, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City.

### Services Provided

The City provides to its citizens a full range of municipal services. Major services provided under general government and enterprise functions are police and fire protection, first responder's paramedic and backup emergency ambulance service, water and sewer services, sanitation collection and disposal services, park, golf and recreational facilities, library, museum, city and county transportation, housing department, street improvements, economic development and general administrative services. Based upon the criterion set forth in GAAP, the both the Cleburne Type A Economic Development Corporation (4A Sales Tax) and the Cleburne Economic

Development Corporation (4B Sales Tax) are included within the City's reporting entity as a blended component unit.

### **Accounting System and Budgetary Control**

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

The City Charter provides that the City Council shall adopt the annual budget, which is prepared by the City Manager with assistance from the Finance Department. This proposed budget is reviewed by the City Council, a public hearing is held, and then formal adoption by the passage of a budget ordinance. The City Manager is authorized to transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency. Another provision in the Charter states that at the request of the City Manager and within the last three months of the budget year, the Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one office, department, or agency to another. In addition to the above amendments, staff presents a report of revenue and expenditures to the Council each month. This provides the opportunity for adjustments, if needed, to budgeted revenues and expenditures based on actual results during the fiscal year.

Budgetary control has been established at the individual department level. Financial reports are produced showing budget and actual expenditures by line item, and are available through the City's financial software to City departmental and divisional management. Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

## **ECONOMIC OUTLOOK AND FINANCIAL CONDITION**

### **Cleburne's Position in the Region**

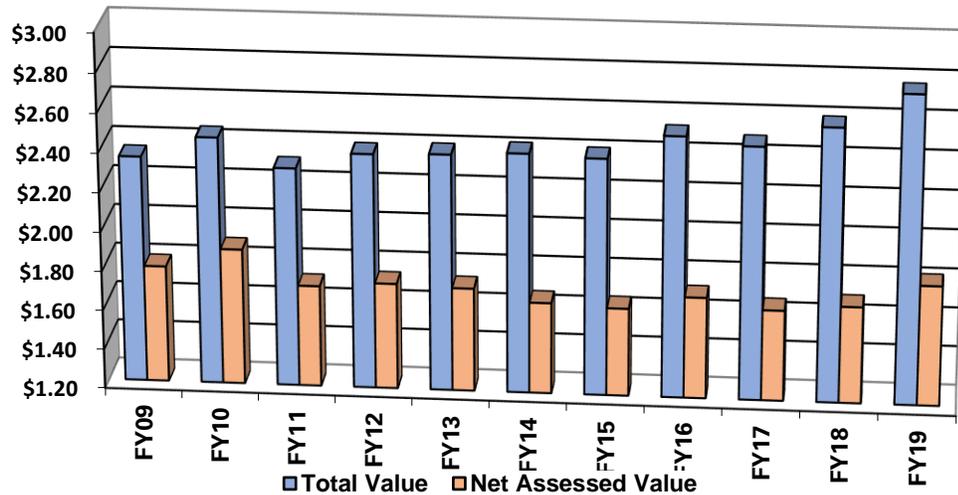
Cleburne's location near Dallas, Fort Worth, the DFW Airport, as well as major highway initiatives such as Hwy 121, will position our City for future growth. Adjacent to US Highway 67, Cleburne's industrial park has continued to grow and now has 1,200 acres with rail, roads, utilities and all services necessary for future growth. This area is home to a diversified group of manufacturing and distribution firms with manufactured products ranging from computer cleaning fluids to automobile, aviation and home building products. Distribution and service operations are equally diversified. There is a substantial amount of land ready for future developments with numerous acres currently zoned for commercial and industrial use. This bodes well for the City, as these uses generally require a lower level of City services while providing a higher level of revenue to the City, as compared to the typical residential development.

The gas industry has also made its mark on the Cleburne economy. Natural gas drilling in the City experienced a major boom as new technology allowed for new horizontal drilling techniques beginning in 2004. In 2008, drilling activities began to decline and the City realized a significant reduction in royalty revenues. Another decline occurred in 2010 and continued through 2013 when exploration began to stabilize. Since drilling began in October 2004, the City has collected over \$40,000,000 in natural gas royalty and lease revenues.

We have received recognition by the State for our innovative approach to the provision of water for industry. The City of Cleburne provides treated sewer effluent to industry for a variety of uses and is developing the infrastructure for some commercial uses. The scarcity of water in Texas will continue to fuel innovative solutions for water reuse.

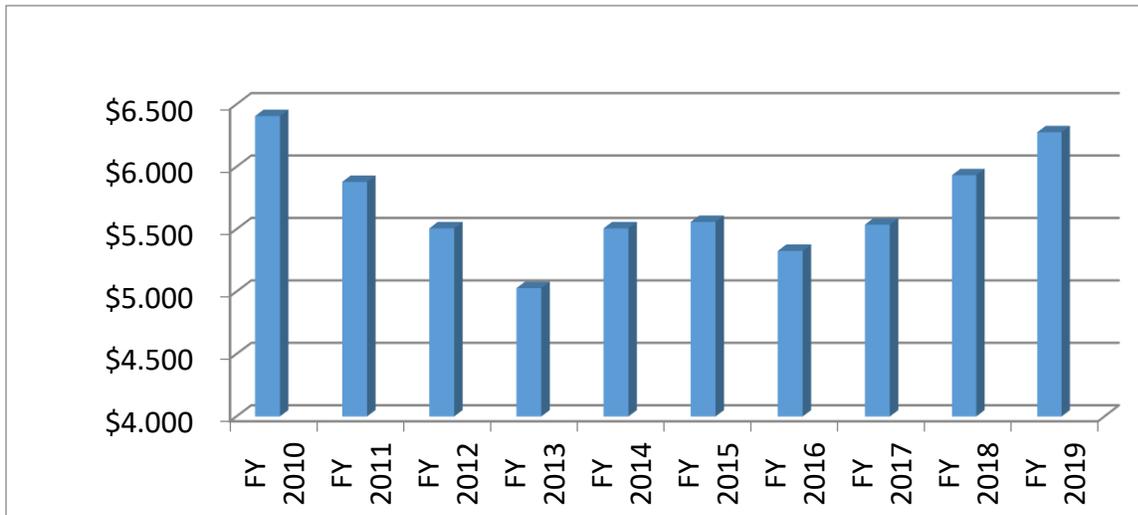
Total taxable value for all residential and commercial property in the City of Cleburne was \$1,811,338,111 for fiscal year 2019, a 7.5% increase from the previous year. This was due to an increase in property values from the economic effect of historically low gas production activity, which lead to loss of value on the tax roll from the gas wells. The total taxable value did include new construction totaling \$37,426,266, which was included in the assessed valuations for fiscal year 2019, as compared to \$18,313,842 for fiscal year 2018.

**Assessed Property Valuations  
(In Billions)**



Sales tax collections for fiscal year 2019 had an increase of 5.8%, after showing an increase in the prior fiscal year of 8.7%. The current sales tax collections are higher than the early recovery period of the gas well boom, and are nearing the gas well boom years. In future years, sales taxes are expected to continue to grow due to the new residential development that is coming into Johnson County as the Dallas/Fort-Worth Metroplex expands to the south.

## Sales Tax Collections (in millions)



### Long Term Financial Planning

Adopted in 2011 by the City Council, the vision and mission is for Cleburne to be a resourceful, safe and vibrant community in which to live, work, play and shop through managed growth and planning. In February 2017, a workshop was held with City Council and staff to determine a strategic plan and the key focus areas that would guide budget development for the next fiscal year and through the near term future fiscal years. From that workshop came the following key focus areas:

- Economic Development Incentives
- Public Infrastructure Enhancements
- Planning & Growth Management
- Aesthetic Enhancements/Quality of Life Programs
- Information Sharing/Community Involvement

Cleburne is poised for tremendous growth due to the mid-2014 completion of State Highway 121 (Chisholm Trail Parkway), connecting Cleburne to downtown Fort Worth in a 30 minute drive. In the summer of 2012 to prepare for this opportunity, City Council directed the staff to begin a charter revision, development ordinance review and annexation review. Citizen input, including committees and town hall meetings, resulted in charter revisions adopted by the voters in May 2013 and the annexation of 5,000 acres in November 2012, located primarily along major thoroughfares. City Council also directed the staff to update the comprehensive land use plan and downtown master plan, both of which were adopted in 2014. All of these preparations provide much needed development guidance as future growth expectations are realized. In Fiscal Year 2011, the City Council also adopted a Fund Balance Policy requiring a 90 day reserve for fund balance the General Fund. At the end of Fiscal Year 2019, the General Fund had a fund balance in excess of the required reserve. Additionally, at the February 2017 workshop the Council reviewed future street infrastructure needs and a funding plan for rehabilitation of existing streets. At subsequent meetings the Council reviewed the City's long range financial plan and in Fiscal Year 2018 implemented street, water, and wastewater impact fees to provide supplemental fund for the funding of needed capacity for future growth.

## **For the Future**

Transportation systems to and from the Dallas/Fort Worth Metroplex have and will continue to be an important part of the future of Cleburne. The extension of State Highway 121 (Chisholm Trail Parkway) connecting to US Highway 67 gives citizens quick and direct access to downtown Fort Worth. The City is working to prepare for the growth and additional influx of people likely to follow. With participation from other cities in the county, the public bus transportation system has been expanded to include all of Johnson County and provides limited commuter bus service to Fort Worth. With the future growth from additional residential, industrial and retail development, the City continues its focus on existing conditions and future infrastructure needs. In order to meet current demand while also positioning ourselves for future growth, public infrastructure, such as streets, water and wastewater, continues to be a major focus for the city. The implementation of impact fees coupled with water/wastewater rate increases will be necessary to fund roadway enhancements, water delivery and wastewater system capacity improvements.

In May of 2017, the city's new baseball stadium, The Depot at Cleburne Station, opened to the public. Funded through voter approval of a 4A sales tax, it is located at the terminus of Chisholm Trail Parkway where it intersects US Hwy 67. The site provides easy vehicular access and high visibility. Home to the Cleburne Railroaders of the American Association, the Depot is a state of the art facility that serves not only minor league baseball, but also minor league soccer, local events, concerts and youth tournaments. Surrounding the Depot is Cleburne Station, a proposed fifty-eight acre mixed-use development slated for retail, restaurant, office and entertainment. At approximately 485 acres, the Cleburne Regional Airport remains an untapped resource for the city. With an expanding aviation industry, a greater emphasis will be placed on creating related opportunities on undeveloped parcels within the airport grounds. These focus areas, along with a commitment to downtown redevelopment, quality residential expansion, growth of the industrial park and a commitment to preserving the heritage of Cleburne will allow the community to prosper well into the future.

## **OTHER INFORMATION**

### **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 Cleburne for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. With the exception of one year in the 1990's, the City of Cleburne has received a Certificate of Achievement for the last twenty-nine years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation award for its annual budget dated October 1, 2018. In order to qualify for this award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device.

### **Acknowledgements**

The preparation of this report could not have been accomplished on a timely basis without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report. Additionally, we would like to thank the Mayor, City Council and City Manager for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,



Troy Lestina  
Director of Finance



Marcie Freelen  
Assistant Director of Finance/Chief Accountant



Government Finance Officers Association

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

Presented to

**City of Cleburne  
Texas**

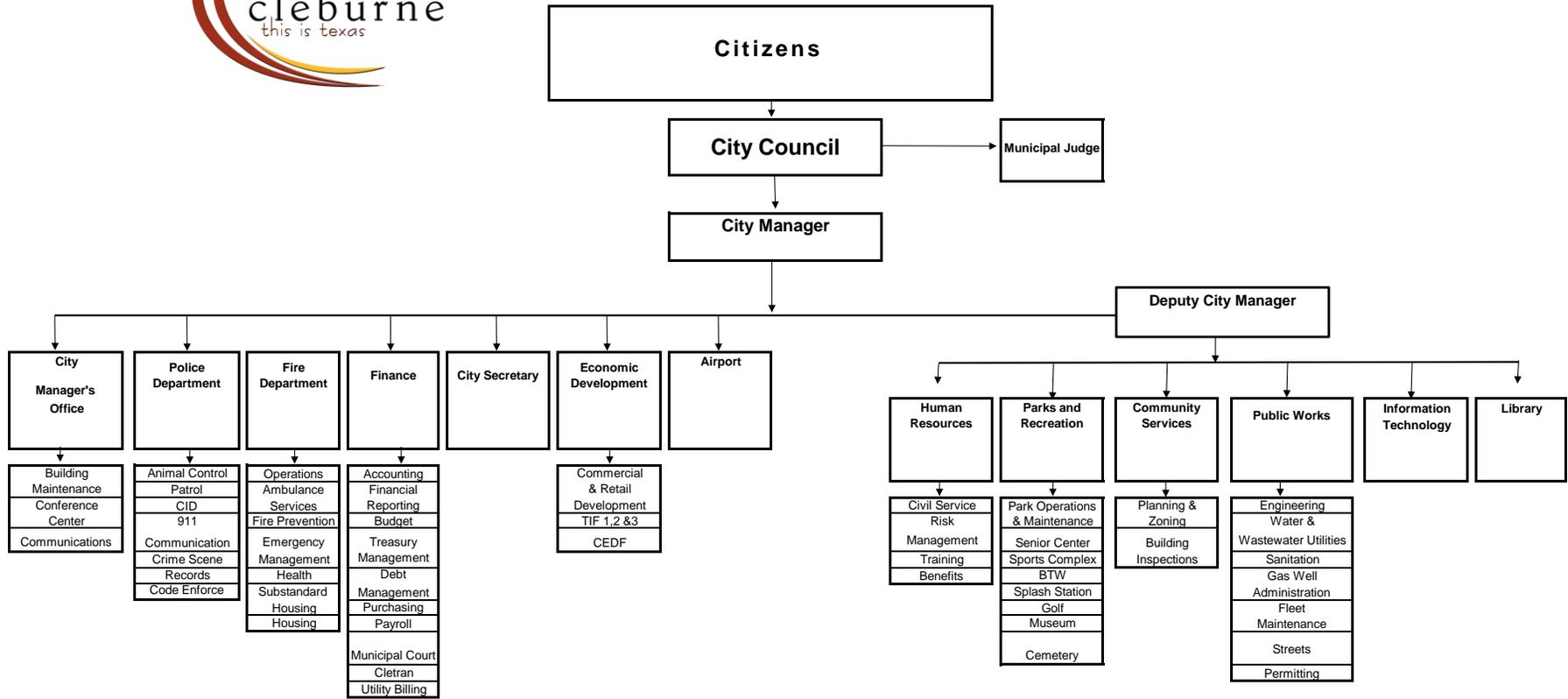
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

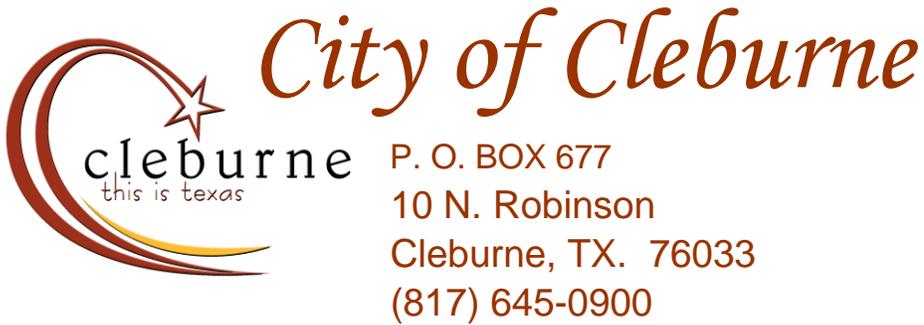
**September 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO

# ORGANIZATIONAL CHART





## Principal Officials

Mayor Scott Cain

Councilman Dr. Robert Kelly, District 1

Councilman Christopher Boedeker, District 2

Councilman Mike Mann, District 3

Mayor Pro Tem John Warren, District 4

## Appointed Officials by Council

City Manager, Steve Polasek

Municipal Judge, Michael Kurmes

## Department Directors

Deputy City Manager, Chris Fuller

Director of Finance, Troy Lestina

Police Chief, Rob Severance

Fire Chief, Scott Lail

Human Resources Director, Debra Powledge

City Secretary, Ivy Peterson

Parks and Recreation Director, Aaron Dobson

Community Development Director, Shane Pace

Director of Information Technology, David Raybuck

Director of Library Services, Tina Dunham

Director of Engineering Services, Cheryl Taylor

Public Works Director, Jeremy Hutt

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of  
The City Council and Citizens  
City of Cleburne, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleburne, Texas (the "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.

### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

## **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, budgetary comparison information, and pension and OPEB information 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 purposes of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 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.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 17, 2020

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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**City of Cleburne, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2019**  
**(Unaudited)**

As management of the City of Cleburne, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Cleburne for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded its liabilities as of September 30, 2019 by \$77,180,553 (*net position*). Of this amount, \$47,284,441 is invested in capital assets and \$13,755,517 is restricted. The remaining \$16,140,595 is unrestricted.
- The City's total net position increased by \$6,242,933.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$41,451,534. Over 38.29% of this amount, \$15,871,598 is unassigned and available for use within the City's designation and policies.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,888,919, or 45.34% of total General Fund expenditures.
- The City's total long-term debt decreased by \$9,942,675, or 8.64%, due to the repayment of existing debt.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements which begin on page 10 of this report, comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Cleburne include general government, public safety, public service (cultural and recreation), public works (development services) and sanitation. The *business-type activities* of the City of Cleburne include Water and Sewer, Municipal Airport, and Drainage Utility. The government-wide financial statements can be found on pages 10 to 13 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into two categories – governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations may be found on pages 16 and 19, respectively.

The City maintains thirty-nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, the 4B Sales Tax Corporation Fund, the 4A Sales Tax Corporation Fund, and the Capital Projects Fund, which are considered major funds. The thirty-four remaining governmental funds are combined into separate aggregated columns. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14 to 19 of this report. The combining statements for non-major governmental funds can be found on pages 80 to 95 of this report.

**Proprietary funds.** The City maintains three *enterprise funds* which are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer authority, Municipal Airport operations, and Drainage Utility services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Municipal Airport Fund, and Drainage Utility Fund, all of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 20 to 27 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because those funds are not available to support the City's programs. The City is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All the City's fiduciary activities are reported in separate statements and can be found on pages 28 to 29 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 to 62 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on page 63 to 79 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions and other post employment benefits. Combining and individual fund statements and schedules can be found on pages 80 to 95 of this report. Statistical information for the City is located on pages 98 to 134, and the single audit section can be found on pages 135 to 141.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cleburne, net position was \$77,180,553 as of September 30, 2019.

### City of Cleburne's Net Position

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2019	2018	2019	2018	2019	2018	2018-2019
Current and Other Assets	\$ 46,009,331	\$ 44,040,468	\$ 42,130,393	\$ 37,979,700	\$ 88,139,724	\$ 82,020,168	7.5%
Capital Assets	78,047,655	80,418,543	76,108,869	80,737,909	154,156,524	161,156,452	-4.3%
Total Assets	124,056,986	124,459,011	118,239,262	118,717,609	242,296,248	243,176,620	-0.4%
Total deferred outflows of resources	10,844,105	3,955,867	1,533,760	824,124	12,377,865	4,779,991	159.0%
Current and other liabilities	10,198,740	9,498,126	8,601,716	6,948,107	18,800,456	16,446,233	14.3%
Long-Term Liabilities	99,637,409	97,049,660	55,440,786	60,351,867	155,078,195	157,401,527	-1.5%
Total Liabilities	109,836,149	106,547,786	64,042,502	67,299,974	173,878,651	173,847,760	0.0%
Total deferred outflows of resources	2,982,973	2,780,693	631,936	390,538	3,614,909	3,171,231	14.0%
Net Position:							
Net investment in Capital Assets	26,473,023	17,499,327	20,811,418	20,222,975	47,284,441	37,722,302	25.3%
Restricted	2,890,175	2,248,195	10,865,342	11,243,217	13,755,517	13,491,412	2.0%
Unrestricted	(7,281,229)	(661,123)	23,421,824	20,385,029	16,140,595	19,723,906	-18.2%
Total Net Position	\$ 22,081,969	\$ 19,086,399	\$ 55,098,584	\$ 51,851,221	\$ 77,180,553	\$ 70,937,620	8.8%

The largest portion of the City's net position, \$47,284,441 (61.27%), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Cleburne uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$13,755,517 (17.82%), of the City's net position is restricted for special projects and debt service and cannot be used for any other purpose in accordance with the City's fund designation and fiscal policies and the unrestricted balance is \$16,140,595 (20.91%).

As of September 30, 2019, the City has positive balances in invested and restricted categories of net position, both for government as a whole, as well as for its separate governmental and business-type activities. There is a negative unrestricted net position in the governmental activities as of September 30, 2019 due to the effect of the implementation of GASB 75 related to the pension plan for the City's firefighters. The unrestricted net position for governmental activities is \$(7,281,229) and for business-type activities is \$23,421,824, which results in \$16,140,595 unrestricted net position for the City as a whole.

**Analysis of the City's Operations.** Overall, the City had an increase in net position of \$6,242,933 or 8.8%.

**Governmental activities:** Net position from governmental activities increased \$2,995,570 from \$19,086,399 to \$22,081,969, primarily due to additional revenue from strong sales tax collections that exceeded the prior year's receipts, stronger ambulance transport revenue collection and higher use of refuse options due to growth.

Total revenues for governmental activities increased from the previous year by \$1,428,607 primarily due to the aforementioned increases. Other contributing revenue increase were the increase in ad valorem tax collections and an increase in interest income. Total expenses for governmental activities increased \$3,785,131, due to an increase in spending in public works offset by a decrease in interest expense.

**Business-type activities:** Net position from business-type activities increased by \$3,247,363 from \$51,851,221 to \$55,098,584. This increase is primarily due to an increase in net position in the Water and Sewer fund due to net operational income from water and sewer sales, an increase in interest earnings and a decrease in transfer.

The following table provides a summary of the City's operations for year ended September 30, 2019 with comparative totals for year ended September 30, 2018.

### City of Cleburne's Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Total Percent Change 2018 - 2019
	2019	2018	2019	2018	2019	2018	
<b>Revenues</b>							
Program Revenues:							
Charges for Services	\$ 11,820,405	\$ 11,096,325	\$ 24,796,575	\$ 24,682,658	\$ 36,616,980	\$ 35,778,983	2.3%
Operating Grants and Contributions	3,118,063	3,058,211	42,833	20,738	3,160,896	3,078,949	2.7%
Capital Grants and Contributions	82,651	708,077	1,909	8,596	84,560	716,673	-88.2%
General Revenues:							
Ad Valorem Taxes	15,989,971	15,372,889	-	-	15,989,971	15,372,889	4.0%
Sales Taxes	12,748,038	12,071,525	-	-	12,748,038	12,071,525	5.6%
Occupancy Taxes	484,594	507,613	-	-	484,594	507,613	-4.5%
Franchise Taxes	3,556,093	3,320,125	-	-	3,556,093	3,320,125	7.1%
Interest Income	1,066,031	664,845	861,296	553,578	1,927,327	1,218,423	58.2%
Gain (Loss) on Sales of Capital Assets	10,279	131,556	-	28,208	10,279	159,764	100.0%
Insurance Recovery	75,130	-	-	4,046	75,130	4,046	-93.6%
Royalties	282,644	654,017	-	-	282,644	654,017	100.0%
Miscellaneous	689,889	909,998	122,679	104,078	812,568	1,014,076	-56.8%
Total Revenues	<u>49,923,788</u>	<u>48,495,181</u>	<u>25,825,292</u>	<u>25,401,902</u>	<u>75,749,080</u>	<u>73,897,083</u>	-19.9%
<b>Expenses</b>							
General Government	6,494,182	6,776,425	-	-	6,494,182	6,776,425	9.5%
Public Safety	18,192,039	18,443,746	-	-	18,192,039	18,443,746	-4.2%
Public Service	11,445,890	11,061,815	-	-	11,445,890	11,061,815	-1.4%
Public Works	8,165,185	4,078,735	-	-	8,165,185	4,078,735	3.5%
Sanitation	4,183,159	4,180,939	-	-	4,183,159	4,180,939	100.2%
Interest on Long Term Debt	1,965,376	2,119,040	-	-	1,965,376	2,119,040	0.1%
Water and Sewer	-	-	17,441,937	15,341,489	17,441,937	15,341,489	-7.3%
Municipal Airport	-	-	1,140,059	1,123,221	1,140,059	1,123,221	13.7%
Drainage Utility	-	-	478,320	360,519	478,320	360,519	1.5%
Total Expenses	<u>50,445,831</u>	<u>46,660,700</u>	<u>19,060,316</u>	<u>16,825,229</u>	<u>69,506,147</u>	<u>63,485,929</u>	32.7%
Increase (Decrease) in Net Position Before Transfers	(522,043)	1,834,481	6,764,976	8,576,673	6,242,933	10,411,154	9.5%
Transfers	3,517,613	3,772,067	(3,517,613)	(3,772,067)	-	-	-40.0%
Increase (Decrease) in Net Position	2,995,570	5,606,548	3,247,363	4,804,606	6,242,933	10,411,154	-40.0%
Prior Period Adjustment	-	(4,331,051)	-	(2,757,404)	-	(7,088,455)	100.0%
Net Position - Beginning	19,086,399	17,810,902	51,851,221	49,804,019	70,937,620	67,614,921	4.9%
Net Position - Ending	<u>\$ 22,081,969</u>	<u>\$ 19,086,399</u>	<u>\$ 55,098,584</u>	<u>\$ 51,851,221</u>	<u>\$ 77,180,553</u>	<u>\$ 70,937,620</u>	8.8%

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* and *nonspendable* resources. Such information is useful in assessing the City's financing requirements. During fiscal year ended September 30, 2011, the City implemented GASB 54, "Fund Balance, Reporting and Governmental Fund Type Definitions", for its governmental funds. Under GASB 54, fund balances are required to be reported according to the following classifications:

**Nonspendable fund balance** – Includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans or prepaids) or because they must remain in-tact such as the principal of an endowment.

Restricted fund balance – Includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation. Examples include impact fees and bond proceeds.

Committed fund balance – Includes the portion of net resources upon which the City Council has imposed limitations on use. Amounts that can be used only for the specific purposes determined by an ordinance of the City Council. Commitments may be changed or lifted only by the City Council taking the same *formal action* that originally imposed the constraint. The *formal action* must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.

Assigned fund balance – Includes the portion of net resources for which an *intended* use has been established by the City Council or the City Official authorized to do so by the Fund Balance Policy approved by City Council. Assignments of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance – Includes the amounts in the General Fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$41,451,534. Approximately 38.29% of this total amount, \$15,871,598 constitutes unassigned fund balance. The remainder of the fund balance is not available for new spending because it has already been restricted for: debt service (\$1,636,948), general government (\$855,926), public safety (\$42,266), and public services (\$586,758). The total amount of fund balance that is committed is \$8,973,310 and assigned is \$10,270,085, including \$1,847,496 for the subsequent year's General Fund Budget.

In the General Fund, actual fund balance increased for fiscal year 2019 by \$3,119,493. On the revenue side, collections were \$3,083,690 greater than anticipated and \$2,050,866 higher than fiscal year 2019. This was primarily due to increased sales tax receipts from continued economic recovery/growth, greater utilization of refuse and recreational services due to growth, and additional interest income due to the Fed's increase in interest rates. On the expenditure side, operating expenditures were \$35,046,207, with the increase as compared to the prior year from the acquisition of a sanitation truck, and equipment expenditures in various other departments. A budgeted transfer of \$500,000 was made from the General Fund to the General Capital Projects Fund for future projects such as street rehabilitation projects (\$500,000).

The Debt Service Fund had an increase in fund balance of \$362,145 to bring the year end fund balance to \$1,636,948. This increase is due to an increase in current and delinquent tax collections.

The 4B Sales Tax Corporation Fund actual fund balance increased \$720,688 for the 2019 fiscal year. This was \$411,231 more than anticipated sales tax collections and lower expenditures due to the deferral of budgeted railroad museum design costs to future fiscal years and a lower than anticipated transfer to the General Fund for operating costs of 4B Corporation departments.

In its fourth year of existence, the 4A Sales Tax Corporation Fund ending fund balance increased by \$488,351 from \$4,365,358 to \$4,853,709. During the current fiscal year, the major activity was the ½ cent sales tax collections of \$3,196,231 and expenditures of \$392,994 for the construction of infrastructure around the minor league baseball stadium and repayment of debt service in the amount of \$2,450,964.

In the General Capital Projects Fund, actual fund balances decreased by \$3,943,432. This was primarily due to the expenditures for the various road reconstruction projects in the amount of \$5,142,470.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$22,231,309, the Municipal Airport Fund amounted to \$(791,822), and the Drainage Utilities Fund amounted to \$1,626,136. The total change in net position for the three funds was \$3,374,022, \$(219,315) and \$92,656, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

**Fiduciary fund.** The Employee Benefits Trust Fund was established at the close of fiscal year 2011. By establishing this trust, the City expects to save approximately 2% of total health premium costs each year. The fiduciary fund statements can be found on pages 28 to 29.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The City's General Fund realized a \$1,758,580 increase in total revenues, or 5.39%, and a \$1,525,324 increase in operating expenditures, or 4.05% as compared to 2018. Revenues exceeded amounts budgeted in the following categories:

- Property taxes of \$80,789 due to collections of over 98.5% of the tax roll;
- Sales taxes of \$781,980 due to new growth in the surrounding rural areas and the strong national economic climate;
- Charges for Services of \$1,100,962 primarily from the utilization of refuse services due to growth

- Interest revenue of \$239,948 due to rising interest rates.

Expenditures were lower than budget due to retirement related position vacancies and financial management of expenditures. This resulted in a total fund balance of \$17,821,246, a \$5,065,340 increase, as compared to the adopted fund balance of a decrease of \$2,174,131 with a projected ending fund balance of \$12,764,476. During the year, there was a budget amendment to the Police Department budget in the amount of \$129,244 and a budget amendment to the Parks & Rec Department in the amount of \$60,650.

### CAPITAL ASSETS

The City of Cleburne's capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$154,136,850 (net of accumulated depreciation). The capital assets include land, buildings, equipment, improvements, infrastructure and construction in progress. The total decrease in capital assets for the fiscal year was 2.2% attributable to the overall depreciation expense with a 3.0% decrease for governmental activities due to additions netted against depreciation expense of almost \$5.5 million. There was a 5.76% decrease in business-type activities, as the cost of new wastewater infrastructure, airport apron improvements, and drainage system improvements were offset by depreciation expense greater than the cost of these additions.

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

- Capitalized street construction and improvements with a cost over \$1.1 million.
- Capitalized various equipment, such new police vehicles and a new sanitation truck with a total cost of over \$495,000.
- Capitalized new audio/video equipment at the Conference Center with a total cost of over \$150,000.
- Capitalized various equipment for the water/wastewater fund with a total cost of over \$198,000.
- Capitalized water/wastewater infrastructure improvements at a cost of almost \$809,000.

#### City of Cleburne's Capital Assets at Year End (Net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 4,569,266	\$ 4,569,266	\$ 2,520,104	\$ 2,520,104	\$ 7,089,370	\$ 7,089,370
Structures	41,468,985	43,495,982	28,411,637	29,960,906	69,880,622	73,456,888
Improvements other than Structures	13,677,318	13,985,956	6,979,376	7,517,441	20,656,694	21,503,397
Equipment	5,582,351	5,831,187	1,084,982	1,258,768	6,667,333	7,089,955
Infrastructure	10,670,956	10,016,794	32,130,336	29,328,008	42,801,292	39,344,802
Construction in Progress	2,078,779	2,519,358	4,982,434	10,152,682	7,061,213	12,672,040
Total	\$ 78,047,655	\$ 80,418,543	\$ 76,108,869	\$ 80,737,909	\$ 154,156,524	\$ 161,156,452

Additional information on the City of Cleburne's capital assets can be found in Note 7, pages 40 to 41, of this report.

### DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Cleburne had a total bonded debt, tax notes, revenue bonds, notes, sales tax debt and contracts payable of \$105,137,007. Of this amount, \$49,896,561 comprises bonded debt, capital leases and notes backed by the full faith and credit of the government, and \$245,446 is a sales tax liability due to an audit adjustment, which is repaid by a monthly amount of \$2,383 for fifteen years. Bonds secured solely by water and sewer revenues totaled \$54,995,000. There was not an issuance of bonded debt during the fiscal year.

#### City of Cleburne's Outstanding Debt at Year End Bonds and Notes Payable

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of Obligation Bond	\$ 2,385,000	\$ 2,385,000	\$ 16,435,000	\$ 17,810,000	\$ 18,820,000	\$ 20,195,000
General Obligation Bonds	29,996,173	33,243,614	-	-	29,996,173	33,243,614
Revenue Bonds	17,515,000	18,490,000	37,480,000	40,935,000	54,995,000	59,425,000
Notes	1,070,148	1,899,336	-	-	1,070,148	1,899,336
Capital leases	10,240	42,687	-	-	10,240	42,687
Sales Tax	245,446	274,045	-	-	245,446	274,045
Total	\$ 51,222,007	\$ 56,334,682	\$ 53,915,000	\$ 58,745,000	\$ 105,137,007	\$ 115,079,682

The City's General Obligation, Certificates of Obligation, and Water Works and Sewer System Revenue Bond ratings are listed below:

	Standard & Poor's	Fitch	Moody's
Certificates of Obligation Bonds	AA	AA-	Aa3
General Obligation Bonds	AA	AA-	Aa3
Revenue Bonds	AA	AA-	Aa3

Additional information on the City of Cleburne's long-term debt can be found respectively in Note 9, pages 41 and to 46 and Note 12.

### **ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES**

In the 2020 budget, General Fund revenues and transfers-in were budgeted to increase by 7.5% from the 2019 budget. Property taxes make up about 35.03% of the current budgeted revenues and transfers. Certified net assessed valuations increased 9.2% from the preceding year, from \$1,737,140,685 to \$1,896,546,479. This increase is primarily due to the valuation increases in residential, commercial and industrial valuations and new construction of \$31.7 million added to the tax roll. Also, there was a decrease in the property tax rate of \$.804018 to a new rate of \$.773206. Budgeted sales tax revenue is projected to increase by \$435,000, due to the trend of the monthly sales tax allocation increases as observed in Fiscal Year 2019. Guiding these budget factors is conservative fiscal management practices and balancing the needs of the community with available resources. The City will continue to pursue economic development opportunities, keep annual recurring costs at or below current levels, coupled with on-going organizational restructuring to improve efficiencies and accountability and continued investment in infrastructure, facilities, vehicles and equipment. The City Council adopted a formal 90 day fund balance policy for the General Fund during the fiscal year 2011, and those fund balances have a budgeted decrease of 11.35% in 2020 from the projected ending fund balance at September 30, 2019 of \$16,274,814 to \$14,427,318, due to a drawdown of \$1,847,496 for the aforementioned budget focus.

In the fiscal year 2020 Water and Sewer Fund budget, rates have increased to cover the anticipated borrowing of funds to expand the wastewater treatment facilities and add a reuse line as well as the City continues to focus on water loss issues that impact fund revenues. The Water and Sewer Fund is budgeted to end the 2020 fiscal year with an unreserved cash balance of \$20.1 million, excluding the Rate Mitigation Fund and debt reserves. The Rate Mitigation Fund is budgeted to have an ending balance of \$3.041 million, in addition to senior lien and payment reserves of \$1.62 million. Over the next few future fiscal years, unreserved cash balance will be subject to draw down, due to a needed expansion of the wastewater treatment plant for required treatment capacity to serve existing and future customers.

The fiscal year 2020 budgeted revenues for the Municipal Airport Fund are budgeted to decrease due smaller volume of sales of jet fuel. Expenditures are anticipated to remain level.

The 2020 Drainage Utility Fund revenues and expenses are expected to remain level, as there was no drainage fee increase included in the budget. There is an anticipated draw down of fund balance of over \$370,000 for the Eastside Drainage Study, the Boone/Chase Drainage Improvements and the Nottingway Drainage Structure Repair.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Division, Attn: Director of Finance, at P.O. Box 677, Cleburne, Texas 76033-0677, call (817) 645-0910, or email [finance@cleburne.net](mailto:finance@cleburne.net).

**BASIC  
FINANCIAL STATEMENTS**

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**CITY OF CLEBURNE, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 41,512,827	\$ 26,686,496	\$ 68,199,323
Receivables (net of allowance for doubtful accounts):			
Ad valorem taxes	421,352	-	421,352
Sales taxes	2,135,104	-	2,135,104
Accounts	992,996	3,408,179	4,401,175
Other	204,170	-	204,170
Due from other governments	445,620	-	445,620
Internal balances	224,832	( 224,832)	-
Inventories	58,239	235,912	294,151
Prepays	14,191	-	14,191
Restricted - cash and cash equivalents	-	12,024,638	12,024,638
Capital assets not being depreciated:			
Land	4,569,266	2,520,104	7,089,370
Construction in progress	2,078,779	4,982,434	7,061,213
Capital assets, net of accumulated depreciation:			
Structures	41,468,985	28,411,637	69,880,622
Improvements	13,677,318	6,979,376	20,656,694
Equipment	5,582,351	1,084,982	6,667,333
Infrastructure	10,670,956	32,130,336	42,801,292
Total assets	<u>124,056,986</u>	<u>118,239,262</u>	<u>242,296,248</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	288,622	288,622
Deferred outflow related to pensions- TMRS	4,658,863	1,095,661	5,754,524
Deferred outflow related to pensions- FRR	5,549,652	-	5,549,652
Deferred outflow retiree health plan - OPEB	482,317	107,770	590,087
Deferred outflow SDBF - OPEB	153,273	41,707	194,980
Total deferred outflows of resources	<u>10,844,105</u>	<u>1,533,760</u>	<u>12,377,865</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF CLEBURNE, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	\$ 1,791,761	\$ 907,077	\$ 2,698,838
Accrued liabilities	1,258,514	215,369	1,473,883
Retainage payable	254,519	33,049	287,568
Due to other governments	84,119	-	84,119
Accrued interest payable	310,819	300,705	611,524
Current liabilities payable from restricted assets:			
Deposits	52,154	502,390	554,544
Unearned revenue	20,417	4,732	25,149
Escrows	164,117	-	164,117
Due within one year:			
Bonds and loans payable	5,321,951	6,499,321	11,821,272
Compensated absences	651,871	79,228	731,099
Total OPEB liability - retiree health plan	252,320	58,151	310,471
Total OPEB Liability - TMRS SDBF	7,351	1,694	9,045
Due in more than one year:			
Bonds and loans payable	46,498,127	49,086,752	95,584,879
Net pension liability- TMRS	16,981,310	3,993,629	20,974,939
Net pension liability- FRR	17,092,446	-	17,092,446
Total OPEB liability - retiree health plan	6,087,304	1,432,789	7,520,093
Total OPEB liability - TMRS SDBF	911,760	214,461	1,126,221
Long-term risk liability	6,228,448	-	6,228,448
Compensated absences	5,866,841	713,155	6,579,996
Total liabilities	<u>109,836,149</u>	<u>64,042,502</u>	<u>173,878,651</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to pensions- TMRS	672,687	158,201	830,888
Deferred inflow related to pensions- FRR	295,918	-	295,918
Deferred inflow related to OPEB- SDB	43,364	10,198	53,562
Deferred inflow related to OPEB- Retiree Health	1,971,004	463,537	2,434,541
Total deferred inflows of resources	<u>2,982,973</u>	<u>631,936</u>	<u>3,614,909</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,473,023	20,811,418	47,284,441
Restricted for:			
Debt service	1,405,225	2,225,121	3,630,346
Capital projects	-	8,640,221	8,640,221
Public service	370,401	-	370,401
General government	855,926	-	855,926
Public safety	42,266	-	42,266
Public works	216,357	-	216,357
Unrestricted	( 7,281,229)	23,421,824	16,140,595
Total net position	<u>\$ 22,081,969</u>	<u>\$ 55,098,584</u>	<u>\$ 77,180,553</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF CLEBURNE, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Program Activities	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 6,494,182	\$ 1,166,240	\$ 38,470
Public safety	18,192,039	1,989,830	175,738
Public service	11,445,890	1,655,769	2,740,451
Public works	8,165,185	1,466,606	163,404
Sanitation	4,183,159	5,541,960	-
Interest and fiscal charges on long-term debt	1,965,376	-	-
Total governmental activities	50,445,831	11,820,405	3,118,063
Business-type activities:			
Drainage Utility Fund	478,320	611,640	-
Municipal Airport Fund	1,140,059	753,005	42,833
Water & Sewer Fund	17,441,937	23,431,930	-
Total business-type activities	19,060,316	24,796,575	42,833
Total primary government	\$ 69,506,147	\$ 36,616,980	\$ 3,160,896

General revenues:  
 Ad valorem taxes  
 Sales taxes  
 Occupancy taxes  
 Franchise taxes  
 Interest earnings  
 Gain on sale of capital assets  
 Royalties  
 Insurance recovery  
 Miscellaneous  
 Transfers  
 Total general revenues and transfers  
 Change in net position  
 Net position - beginning  
 Net position - ending

Program Revenues and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
\$ -	\$( 5,289,472)	\$ -	\$( 5,289,472)
82,651	( 15,943,820)	-	( 15,943,820)
-	( 7,049,670)	-	( 7,049,670)
-	( 6,535,175)	-	( 6,535,175)
-	1,358,801	-	1,358,801
-	( 1,965,376)	-	( 1,965,376)
<u>82,651</u>	<u>( 35,424,712)</u>	<u>-</u>	<u>( 35,424,712)</u>
-	-	133,320	133,320
1,909	-	( 342,312)	( 342,312)
-	-	5,989,993	5,989,993
<u>1,909</u>	<u>-</u>	<u>5,781,001</u>	<u>5,781,001</u>
<u>\$ 84,560</u>	<u>\$( 35,424,712)</u>	<u>\$ 5,781,001</u>	<u>\$( 29,643,711)</u>
	15,989,971	-	15,989,971
	12,748,038	-	12,748,038
	484,594	-	484,594
	3,556,093	-	3,556,093
	1,066,031	861,296	1,927,327
	10,279	-	10,279
	282,644	-	282,644
	75,130	-	75,130
	689,889	122,679	812,568
	3,517,613	( 3,517,613)	-
	<u>38,420,282</u>	<u>( 2,533,638)</u>	<u>35,886,644</u>
	2,995,570	3,247,363	6,242,933
	<u>19,086,399</u>	<u>51,851,221</u>	<u>70,937,620</u>
	<u>\$ 22,081,969</u>	<u>\$ 55,098,584</u>	<u>\$ 77,180,553</u>

**CITY OF CLEBURNE, TEXAS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	General Fund	Debt Service	4B Sales Tax
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 20,706,803	\$ 1,636,947	\$ 3,042,195
Receivables (net of allowance for doubtful accounts):			
Receivables - ad valorem taxes	342,255	79,097	-
Receivables - sales taxes	1,067,826	-	533,639
Receivables - accounts	988,077	-	-
Receivables - other	11,567	-	98,767
Due from other funds	241,385	-	-
Due from other governments	31,679	-	-
Inventories	53,075	-	-
Prepays	14,191	-	-
Total assets	<u>23,456,858</u>	<u>1,716,044</u>	<u>3,674,601</u>
<b>LIABILITIES</b>			
Accounts payable	727,940	-	-
Accrued liabilities	1,201,337	-	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to other governments	83,114	-	-
Deposits payable	51,654	-	-
Unearned revenue	20,417	-	-
Escrow accounts	113,961	-	-
Total liabilities	<u>2,198,423</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - ambulance	455,606	-	-
Unavailable revenue - court fines	55,239	-	-
Unavailable revenue - property taxes	342,255	79,096	-
Total deferred inflow of resources	<u>853,100</u>	<u>79,096</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable:			
Inventories	53,075	-	-
Deposits	51,654	-	-
Prepays	14,191	-	-
Restricted for:			
Debt service	-	1,636,948	-
General government	22,773	-	-
Public safety	-	-	-
Public services	-	-	-
Impact fees	-	-	-
Committed for:			
Capital projects	-	-	-
General government	-	-	-
Public service	-	-	3,674,601
Assigned for:			
Public safety	-	-	-
Public service	-	-	-
Public works	-	-	-
Capital projects	2,527,227	-	-
Subsequent year's budget	1,847,496	-	-
Unassigned	15,888,919	-	-
Total fund balances	<u>20,405,335</u>	<u>1,636,948</u>	<u>3,674,601</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 23,456,858</u>	<u>\$ 1,716,044</u>	<u>\$ 3,674,601</u>

The accompanying notes to financial statements are an integral part of this statement.

4A Sales Tax	General Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,346,465	\$ 5,900,450	\$ 5,879,967	\$ 41,512,827
-	-	-	421,352
533,639	-	-	2,135,104
4,919	-	-	992,996
-	-	93,836	204,170
-	-	-	241,385
-	-	413,941	445,620
-	-	5,164	58,239
-	-	-	14,191
<u>4,885,023</u>	<u>5,900,450</u>	<u>6,392,908</u>	<u>46,025,884</u>
3,814	867,925	192,082	1,791,761
-	-	57,177	1,258,514
-	185,583	68,936	254,519
-	-	16,553	16,553
-	-	1,005	84,119
-	-	500	52,154
-	-	-	20,417
<u>27,500</u>	<u>13,826</u>	<u>8,830</u>	<u>164,117</u>
<u>31,314</u>	<u>1,067,334</u>	<u>345,083</u>	<u>3,642,154</u>
-	-	-	455,606
-	-	-	55,239
-	-	-	421,351
-	-	-	932,196
-	-	5,164	58,239
-	-	500	52,154
-	-	-	14,191
-	-	-	1,636,948
-	-	833,153	855,926
-	-	42,266	42,266
-	-	370,401	370,401
-	-	216,357	216,357
-	-	1,772,237	1,772,237
-	-	1,317,822	1,317,822
4,853,709	445,000	-	8,973,310
-	-	138,114	138,114
-	-	313,823	313,823
-	-	561,129	561,129
-	4,388,116	494,180	7,409,523
-	-	-	1,847,496
-	-	( 17,321)	15,871,598
<u>4,853,709</u>	<u>4,833,116</u>	<u>6,047,825</u>	<u>41,451,534</u>
\$ 4,885,023	\$ 5,900,450	\$ 6,392,908	\$ 46,025,884

**CITY OF CLEBURNE, TEXAS**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

<b>Total Fund Balance - Total Governmental Funds</b>	\$	41,451,534
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.		78,047,655
Revenues not recognized as revenue until future periods are deferred in the funds.		932,196
Accrued Interest Payable on long-term debt does not require current financial resources. Therefore, accrued interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	(	310,819)
Deferred outflows of resources associated with pension and OPEB obligations do not require current financial resources. Therefore, the following deferred outflows are not reported in the funds.		10,844,105
Long-Term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.		
General obligation bonds	(	29,996,173)
Certificates of obligation	(	2,385,000)
Revenue bonds	(	17,515,000)
Notes payable	(	1,070,148)
Capital leases	(	10,240)
Sales tax due to state	(	245,446)
Unamortized bond premiums	(	598,071)
Landfill liability	(	6,228,448)
Compensated absences	(	6,518,712)
TMRS pension plan	(	16,981,310)
Fireman's relief and retirement plan	(	17,092,446)
OPEB liability - TMRS SDBF	(	919,111)
OPEB liability - Retiree health plan	(	6,339,624)
Deferred inflows of resources associated with pension long-term debt do not require current financial resources. Therefore, the following deferred inflows are not reported in the funds.	(	<u>2,982,973)</u>
Net Position of Governmental Activities	\$	<u>22,081,969</u>

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**CITY OF CLEBURNE, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Debt Service</u>	<u>4B Sales Tax</u>
<b>REVENUES</b>			
Property taxes	\$ 12,707,805	\$ 2,943,547	\$ -
Sales taxes	6,326,980	-	3,196,231
Occupancy taxes	-	-	-
Franchise taxes	3,511,169	-	-
Permits and fees	505,809	-	-
Intergovernmental	193,011	-	-
Charges for services	9,436,528	-	-
Impact fees	-	-	-
Fines and forfeitures	723,873	-	-
Interest revenue	503,034	41,710	65,364
Contributions	38,470	-	-
Royalties	-	-	-
Miscellaneous	<u>423,642</u>	<u>-</u>	<u>33,410</u>
Total revenues	<u>34,370,321</u>	<u>2,985,257</u>	<u>3,295,005</u>
<b>EXPENDITURES</b>			
Current:			
General government	5,443,493	-	110,778
Public safety	16,183,390	-	-
Public service	5,271,977	-	184,285
Public works	3,233,492	-	-
Sanitation	3,824,769	-	-
Debt service:			
Principal retirement	13,736	3,176,973	723,069
Interest and fiscal charges	447	326,563	391,906
Capital outlay:			
General government	113,403	-	-
Public safety	280,296	-	-
Public service	131,477	-	268,416
Public works	239,852	-	-
Sanitation	<u>309,875</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>35,046,207</u>	<u>3,503,536</u>	<u>1,678,454</u>
Excess (deficiency) of revenues over expenditures	<u>( 675,886)</u>	<u>( 518,279)</u>	<u>1,616,551</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,561,992	880,424	-
Transfers out	( 786,031)	-	( 959,117)
Insurance recovery	9,139	-	63,254
Sale of assets	<u>10,279</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,795,379</u>	<u>880,424</u>	<u>( 895,863)</u>
Net change in fund balances	3,119,493	362,145	720,688
Fund balances - beginning	<u>17,285,842</u>	<u>1,274,803</u>	<u>2,953,913</u>
Fund balances - ending	<u>\$ 20,405,335</u>	<u>\$ 1,636,948</u>	<u>\$ 3,674,601</u>

The accompanying notes to financial statements are in integral part of this part.

4A Sales Tax	General Projects	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ 339,563	\$ 15,990,915
3,196,231	-	-	12,719,442
-	-	484,594	484,594
-	-	44,924	3,556,093
-	-	754,691	1,260,500
-	-	2,703,616	2,896,627
-	-	114,656	9,551,184
-	-	214,844	214,844
-	-	75,326	799,199
111,970	199,037	144,916	1,066,031
-	-	265,524	303,994
-	-	282,644	282,644
24,108	-	204,175	685,335
<u>3,332,309</u>	<u>199,037</u>	<u>5,629,473</u>	<u>49,811,402</u>
-	49,093	513,477	6,116,841
-	-	196,776	16,380,166
69,402	112,500	2,619,839	8,258,003
-	3,868,641	16	7,102,149
-	-	-	3,824,769
1,260,000	-	-	5,173,778
1,190,964	-	-	1,909,880
-	-	150,813	264,216
-	-	79,801	360,097
323,592	-	16,278	739,763
-	1,112,236	56,153	1,408,241
-	-	-	309,875
<u>2,843,958</u>	<u>5,142,470</u>	<u>3,633,153</u>	<u>51,847,778</u>
<u>488,351</u>	<u>( 4,943,433)</u>	<u>1,996,320</u>	<u>( 2,036,376)</u>
-	1,880,425	103,668	7,426,509
-	( 880,424)	( 1,283,324)	( 3,908,896)
-	-	2,737	75,130
-	-	-	10,279
<u>-</u>	<u>1,000,001</u>	<u>( 1,176,919)</u>	<u>3,603,022</u>
488,351	( 3,943,432)	819,401	1,566,646
4,365,358	8,776,548	5,228,424	39,884,888
<u>\$ 4,853,709</u>	<u>\$ 4,833,116</u>	<u>\$ 6,047,825</u>	<u>\$ 41,451,534</u>

**CITY OF CLEBURNE, TEXAS**

RECONCILIATION OF THE STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds	\$	1,566,646
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlay 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 of capital assets acquired in the current period including those acquired through capital contributions and grants.</p>		
Capital additions purchased and traded		3,110,582
Depreciation expense on capital assets is reported in the Statement of Activities, but does not require the use of current financial resources. This is the net amount of depreciation expense recorded in the current period.		( 5,481,470)
Certain revenues are deferred in the funds. These are the changes in these amounts this year.		( 1,619)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Issuance of debt	( 87,559)	
Principal retirement	5,200,231	
Amortization of premiums/discounts due to bond issuance	<u>77,396</u>	
		5,144,735
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds. However, the Statement of Activities is presented on an accrual basis and expenses are reported when incurred. This amount is the net effect of these differences.</p>		
Compensated absences	120,983	
Pension liability	( 1,130,250)	
OPEB	<u>( 334,037)</u>	
		( 1,343,304)
Change in net position of governmental activities.	\$	<u>2,995,570</u>

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**CITY OF CLEBURNE, TEXAS**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Water &amp; Sewer</u>	<u>Municipal Airport</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 24,839,914	\$ 224,882
Receivables (net of allowance for doubtful accounts)	3,372,130	8,022
Due from other funds	448,798	-
Inventories	172,307	63,605
Total current assets	<u>28,833,149</u>	<u>296,509</u>
Noncurrent assets:		
Restricted cash and cash equivalents		
Deposits	502,390	-
Construction	8,640,221	-
Impact Fees	356,201	-
Debt service	2,525,826	-
Total restricted cash and cash equivalents	<u>12,024,638</u>	<u>-</u>
Capital assets		
Land	2,520,104	-
Structures	66,734,791	1,659,824
Improvements	14,993,534	1,795,145
Equipment	3,561,901	348,345
Infrastructure	60,360,106	2,819,786
Construction in progress	4,982,434	-
Less: accumulated depreciation	( 82,866,073)	( 3,389,658)
Total capital assets, net of accumulated depreciation	<u>70,286,797</u>	<u>3,233,442</u>
Total noncurrent assets	<u>82,311,435</u>	<u>3,233,442</u>
Total assets	<u>111,144,584</u>	<u>3,529,951</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on refunding	288,622	-
Deferred outflow related to pensions	1,028,909	66,752
Deferred outflow retiree health plan - OPEB	105,508	2,262
Deferred outflow SDBF - OPEB	34,862	6,845
Total deferred outflows of resources	<u>1,457,901</u>	<u>75,859</u>

Business-type Activities - Enterprise Funds

<u>Drainage Utility</u>	<u>Total Enterprise Funds</u>
\$ 1,621,700	\$ 26,686,496
28,027	3,408,179
-	448,798
-	235,912
<u>1,649,727</u>	<u>30,779,385</u>
-	502,390
-	8,640,221
-	356,201
-	2,525,826
<u>-</u>	<u>12,024,638</u>
-	2,520,104
-	68,394,615
-	16,788,679
252,569	4,162,815
6,043,143	69,223,035
-	4,982,434
<u>( 3,707,082)</u>	<u>( 89,962,813)</u>
<u>2,588,630</u>	<u>76,108,869</u>
<u>2,588,630</u>	<u>88,133,507</u>
<u>4,238,357</u>	<u>118,912,892</u>
-	288,622
-	1,095,661
-	107,770
-	41,707
<u>-</u>	<u>1,533,760</u>

**CITY OF CLEBURNE, TEXAS**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Water &amp; Sewer</u>	<u>Municipal Airport</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 851,659	\$ 31,827
Accrued liabilities	201,733	13,636
Retainage payable	33,049	-
Due to other funds	-	673,630
Accrued interest payable	300,705	-
Unearned revenue	-	4,732
Compensated absences payable in less than one year	73,774	5,454
Current maturities - bonds, loans and leases	6,499,321	-
Total OPEB liability - retiree health plan	54,876	3,275
Total OPEB Liability - TMRS SDBF	1,599	95
Current liabilities payable from restricted assets:		
Deposits	502,390	-
Total current liabilities	<u>8,519,106</u>	<u>732,649</u>
Noncurrent liabilities:		
Compensated absences	664,058	49,097
Revenue bonds payable	49,086,752	-
Net pension liability	3,750,319	243,310
Total OPEB liability - retiree health plan	1,345,229	87,560
Total OPEB Liability - TMRS SDBF	201,387	13,074
Total noncurrent liabilities	<u>55,047,745</u>	<u>393,041</u>
Total liabilities	<u>63,566,851</u>	<u>1,125,690</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow related to pensions	148,563	9,638
Deferred inflow retiree health plan - retiree health plan	435,296	28,241
Deferred inflow retiree health plan - OPEB	9,577	621
Total deferred inflows of resources	<u>593,436</u>	<u>38,500</u>
<b>NET POSITION</b>		
Net investment in capital assets	14,989,346	3,233,442
Restricted for:		
Debt Service	2,225,121	-
Capital projects	8,640,221	-
Impact fees	356,201	-
Unrestricted	<u>22,231,309</u>	<u>( 791,822)</u>
Total net position	<u>\$ 48,442,198</u>	<u>\$ 2,441,620</u>

The accompanying notes to financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

<u>Drainage Utility</u>	<u>Total Enterprise Funds</u>
\$ 23,591	\$ 907,077
-	215,369
-	33,049
-	673,630
-	300,705
-	4,732
-	79,228
-	6,499,321
-	58,151
-	1,694
-	502,390
<u>23,591</u>	<u>9,275,346</u>
-	713,155
-	49,086,752
-	3,993,629
-	1,432,789
-	214,461
-	55,440,786
<u>23,591</u>	<u>64,716,132</u>
-	158,201
-	463,537
-	10,198
-	631,936
2,588,630	20,811,418
-	2,225,121
-	8,640,221
-	356,201
<u>1,626,136</u>	<u>23,065,623</u>
<u>\$ 4,214,766</u>	<u>\$ 55,098,584</u>

**CITY OF CLEBURNE, TEXAS**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Water &amp; Sewer</u>	<u>Municipal Airport</u>
<b>OPERATING REVENUES</b>		
Water sales	\$ 13,511,413	\$ -
Sewer sales	8,586,676	-
Water and sewer connections	150,347	-
Penalty charges	310,989	-
Impact fees	354,721	-
Service charges	130,301	753,005
Intergovernmental	-	42,833
Miscellaneous	100,865	21,814
Total operating revenues	<u>23,145,312</u>	<u>817,652</u>
<b>OPERATING EXPENSES</b>		
Personnel services	5,023,978	352,656
Supplies	1,475,639	420,200
Contractual services	3,542,575	159,655
Depreciation expense	5,139,594	207,548
Total operating expenses	<u>15,181,786</u>	<u>1,140,059</u>
Operating income (loss)	<u>7,963,526</u>	<u>( 322,407)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest revenue	826,661	30
Interest expense and fiscal charges	( 2,260,151)	-
Amortization of bond costs	387,483	-
Total nonoperating revenues (expenses)	<u>( 1,046,007)</u>	<u>30</u>
Income (loss) before contributions and transfers	6,917,519	( 322,377)
Contributions	-	1,909
Transfers in	-	101,153
Transfers out	( 3,543,497)	-
Change in net position	3,374,022	( 219,315)
Total net position - beginning	45,068,176	2,660,935
Total net position - ending	<u>\$ 48,442,198</u>	<u>\$ 2,441,620</u>

The accompanying notes to financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

<u>Drainage Utility</u>	<u>Total Enterprise Funds</u>
\$ -	\$ 13,511,413
-	8,586,676
-	150,347
9,749	320,738
-	354,721
601,891	1,485,197
-	42,833
-	<u>122,679</u>
<u>611,640</u>	<u>24,574,604</u>
-	5,376,634
15,422	1,911,261
192,095	3,894,325
<u>270,803</u>	<u>5,617,945</u>
<u>478,320</u>	<u>16,800,165</u>
<u>133,320</u>	<u>7,774,439</u>
34,605	861,296
-	( 2,260,151)
-	<u>387,483</u>
<u>34,605</u>	<u>( 1,011,372)</u>
167,925	6,763,067
-	1,909
-	101,153
<u>( 75,269)</u>	<u>( 3,618,766)</u>
92,656	3,247,363
<u>4,122,110</u>	<u>51,851,221</u>
<u>\$ 4,214,766</u>	<u>\$ 55,098,584</u>

**CITY OF CLEBURNE, TEXAS**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Municipal Airport
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 22,816,437	\$ 907,212
Operational grant proceeds	-	42,833
Cash payments to suppliers for goods and services	( 3,169,165)	( 250,549)
Cash payments to employees for services	( 4,531,397)	( 618,649)
Net cash provided by (used for) operating activities	15,115,875	80,847
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in (out) to other funds	( 3,543,497)	101,153
Net cash provided by (used for) noncapital financing activities	( 3,543,497)	101,153
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	( 1,539,347)	33,555
Contributions	-	1,909
Principal paid on revenue bond maturities	( 5,332,980)	-
Interest and charges paid on revenue bonds	( 2,145,609)	-
Net cash provided by (used for) capital and related financing activities	( 9,017,936)	35,464
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	826,661	30
Net cash provided by (used for) investing activities	826,661	30
Net increase (decrease) in cash and cash equivalents	3,381,103	217,494
Cash and cash equivalents at beginning of year	33,483,449	7,388
Cash and cash equivalents at end of year	\$ 36,864,552	\$ 224,882
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ 7,963,526	\$( 322,407)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization expense	5,527,077	207,548
Changes in assets and liabilities:		
Accounts receivable	( 352,960)	11,390
Deferred outflows of resources	( 772,508)	( 52,625)
Due to other funds	44,202	120,823
Accounts payable	435,072	( 28,085)
Accrued liabilities	71,516	5,661
Customer deposits	24,085	-
Deferred inflows of resources	593,436	17,086
Unearned revenues	-	180
OPEB obligation	( 331,905)	( 11,493)
Compensated absences	22,991	8,455
Inventory	7,543	( 10,709)
Pension liabilities	1,883,800	135,023
Net cash provided by (used for) operating activities	\$ 15,115,875	\$ 80,847

The accompanying notes to financial statements are an integral part of this statement.

Business-Type Activities - Enterprise  
Funds

Drainage Utilities	Total
\$ 605,105	\$ 24,328,754
-	42,833
( 186,808)	( 3,606,522)
-	( 5,150,046)
<u>418,297</u>	<u>15,615,019</u>
( 75,269)	( 3,517,613)
( 75,269)	( 3,517,613)
( 11,783)	( 1,517,575)
-	1,909
-	( 5,332,980)
-	( 2,145,609)
<u>( 11,783)</u>	<u>( 8,994,255)</u>
<u>34,605</u>	<u>861,296</u>
<u>34,605</u>	<u>861,296</u>
365,850	3,964,447
<u>1,255,850</u>	<u>34,746,687</u>
\$ <u>1,621,700</u>	\$ <u>38,711,134</u>
\$ 133,320	\$ 7,774,439
270,803	6,005,428
( 6,535)	( 348,105)
-	( 825,133)
-	165,025
20,709	427,696
-	77,177
-	24,085
-	610,522
-	180
-	( 343,398)
-	31,446
-	( 3,166)
-	<u>2,018,823</u>
<u>\$ 418,297</u>	<u>\$ 15,615,019</u>

**CITY OF CLEBURNE, TEXAS**

STATEMENT OF NET POSITION  
FIDUCIARY FUND

SEPTEMBER 30, 2019

	<u>Fiduciary Fund</u>
	<u>Employee Benefits Trust</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 66,755
Other receivable	<u>2,254</u>
Total assets	<u>69,009</u>
<b>LIABILITIES</b>	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
<b>NET POSITION</b>	
Net position restricted for pensions	<u>\$ 69,009</u>

**CITY OF CLEBURNE, TEXAS**

STATEMENT OF CHANGE IN NET POSITION  
FIDUCIARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Fiduciary Fund</u>
	<u>Employee Benefits Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Employer and plan members	\$ 6,489
Investment earnings:	
Interest	9,805
Total additions	<u>16,294</u>
<b>DEDUCTIONS</b>	
Benefits and refunds paid to plan members and beneficiaries	<u>-</u>
Total deductions	<u>-</u>
Change in net position	<u>16,294</u>
Net Position -- beginning	<u>52,715</u>
Net Position -- ending	<u>\$ 69,009</u>

# CITY OF CLEBURNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

#### B. Reporting Entity

The City of Cleburne (the "City") was incorporated as a municipal corporation in the State of Texas on May 3, 1871. The City is governed by an elected mayor and four-member City Council representing single member districts. The City is a home rule city and operates under the Council-Manager form of government. The City provides the following services as authorized by its Charter: public safety, public services, public works, sanitation and waterworks.

The accompanying financial statements present the City and its component units, 4A Sales Tax Corporation and 4B Sales Tax Corporation, entities for which the City is the primary beneficiary of the services it provides. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The 4A Sales Tax Corporation and 4B Sales Tax Corporation, although a legally separate entities, are in substance, part of the City's operations.

The financial statements of the City have been prepared in conformance with generally accepted accounting principles (GAAP) as applied to government units. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). Significant accounting policies of the City are described below.

**Blended Component Unit.** The 4B Sales Tax Corporation (4B Corp) is governed by a board appointed entirely by the City Council. The ½ cent 4B sales tax was approved by the citizens of Cleburne, and funds projects and supports operations that exclusively benefit the City. The legal liability for the debt issued by the 4B Corp remains with the City. The 4B Sales Tax Corp is reported as a major governmental fund. The 4A Sales Tax Corporation is governed by a board appointed by the City Council. The board is the City Council. The ½ cent 4A sales tax was approved by the citizens of Cleburne, and funds the construction of The Depot baseball stadium and supports operations that exclusively benefit the City. The legal liability for the debt issued by the 4A Sales Tax Corporation remains with the City. The 4A Sales Tax Corporation is reported as a major governmental fund.

#### C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided between the government's water and sewer fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

#### **D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, fiduciary and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of the governmental funds.

The *4A sales tax corporation fund* is used to account for the financial resources collected through the ½ cent sales tax adopted by the voters.

The *4B sales tax corporation fund* is used to account for the financial resources collected through the ½ cent sales tax adopted by the voters.

The *general projects fund* is used to account for the acquisition and construction of the government's major capital projects, other than those financed by proprietary funds.

The government reports the following major enterprise funds:

The *water and sewer fund* accounts for the accumulation of resources, maintenance, operations and capital investment necessary for the continued delivery of water and sewer services.

The *municipal airport fund* is used to account for the provision of airport services.

The *drainage utility fund* is used to account for the resources, maintenance, operations and capital investment for continued storm water services throughout the City.

Additionally, the government reports the following fund types:

The *employee benefits trust fund* accounts for the resources held for the payment of health benefits for City employees and retirees.

During the course of operations, the government has activity between funds for various purposes. Any balances are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated, so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated, so that only the net amount in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated, so that only the net amount is included in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using *the current financial resources measurement focus* and *the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payments are due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within 60 days of year end. All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and employee benefit trust funds are reported using the *economic resources focus* and the *accrual basis of accounting*.

## **F. Budgetary Information**

### **1. *Budgetary Basis of Accounting***

Annual budgets are adopted on a budgetary basis consistent with generally accepted accounting principles for the general fund, debt service fund, 4A corporation fund, 4B corporation fund, water and sewer fund, municipal airport fund, and drainage utility fund. The capital projects fund is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfer of appropriations between departments require approval of the council. The legal level of budgetary control is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

### **2. *Deficit Fund Equity***

The Miscellaneous Grants Fund has a deficit fund balance of \$1,806. The deficit is due to a timing issue. The deficit will be addressed as part of the development of the Fiscal Year 2020-2021 budget.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

Investments for the City are reported at fair value, except for the positions in the four governmental investment pools that the City participates in. The City's investment in pool are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The amounts for the investment pools are included for financial reporting purposes in cash and cash equivalents on the Statement of Net Position.

**3. Inventories and Prepaid Items**

Inventories are valued at cost using the first-in, first-out method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditure/expenses when consumed rather than when purchased.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of three or more years.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs that are essentially amounts spent in relation to capital assets, which do not increase the capacity of efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. Tax-exempt bonds have been issued to finance specific capital projects.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

Structures	20-40 years
Improvements	20-30 years
Equipment	3-20 years
Infrastructure	20-30 years

## **5. Pensions**

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 Firefighter's Relief and Retirement (FRR) and additions to/deductions from TMRS's and FRR's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and FRR. 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.

## **6. Other Post-Employment Benefits**

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefit Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year rather than prefunding. Benefit payments are treated as being equal to the City's yearly contribution for retirees. For purposes of measuring the total SDBF OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total SDBF liability and additions to/deductions from the City's total SDBF liability have been determined on the same basis as they are reported by TMRS. The SDBF expense and deferred (inflows)/outflows of resources related to SDBF, primarily result from changes in the components of the total SDBF liability. Most changes in the total SDBF liability will be included in SDBF expense in the period of the change. For example, changes in the total SDBF liability resulting from current-period service cost, interest on the Total OPEB Liability, and changes of benefit terms are required to be included in SDBF expense immediately. Changes in the total SDBF liability that have not been included in SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to SDBF.

The City provides post-employment medical care (Medical OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses, and their dependents through the City's group health insurance plans. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By the City not contributing anything toward the plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. As an irrevocable trust has not been established, the plan is not accounted for as a trust fund. For this purpose, plan contributions are recognized in the period that the direct and indirect subsidies are paid by the City. Total OPEB liability, OPEB-related deferred outflows and inflows of resources, and OPEB expense is based on the actuarial measurement dates.

## **7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position applying to a future period and will not be recognized as an outflow of resources, either expenses or expenditures, until that time. The City reports the following items qualifying for this category:

- Deferred charges on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension deficit earnings reported in the statement of net position - A deferred charge is recorded for the difference between actual investment earnings and expected investment earnings during the period and is amortized over future periods.

- Deferred pension actuarial losses reported in the statement of net position - A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan contributions reported in the statement of net position -A deferred charge is recorded for pension contribution amounts paid by the City after the current year's measurement date (December 2018) and will be fully recognized in the next period on the next measurement date (December 2019).
- Deferred pension and other postemployment benefit plan actuarial assumption changes - A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position applying to a future period and will not be recognized as an inflow of resources, or revenues, until that time. The City reports the following items qualifying for reporting in this category:

- Deferred pension excess earnings reported in the statement of net position - A deferred charge is recorded for the difference between actual investment earnings and expected investment earnings during the period and is amortized over future periods.
- Deferred pension actuarial gains reported in the statement of net position - A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension actuarial assumption changes -A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.
- Deferred unavailable revenues reported on the balance sheet of the governmental funds - A deferred amount is recorded for the billed revenues not yet collected or available. These amounts are deferred and recognized as inflow of resources in the period the amounts become available.

### **8. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### **9. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## **10. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing City Council has authorized the finance director to assign fund balance. The council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimate revenue and appropriation in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### **H. Revenues and Expenditures/Expenses**

#### **1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customer or applicants who purchase, use, or directly benefit from goods, services, or privileges provide by a given function or segment and 2) grant and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources tare reported as general revenue rather than a program revenues.

#### **2. Property Taxes**

Property taxes attach as an enforceable lien on real property and are levied as of October 1<sup>st</sup> on the assessed value as of the prior January for all real property and certain personal property located in the City. Taxes are due upon receipt of tax statement. After January 31<sup>st</sup>, the applicable property is subject to lien, and penalties and interest are assessed. After June 30<sup>th</sup>, accounts are referred to delinquent tax attorneys for collection.

#### **3. Compensated Absences**

The City's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payout upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignation or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

#### **4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the water and sewer fund, municipal airport fund and drainage utility fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

### **A. Violations of Legal or Contractual Provisions**

The City was over budget in the City attorney, Public works, Sanitation, Debt service, and Transfers out function in the General Fund. The City offset the budget shortfall by underspending overall expenditures within the General Fund. The City's 4B Sales Tax fund was over budget in the General Government, Public Service and interest and fiscal charges function. The fund offset the budget shortfall by underspending in other expenditure categories.

The City's 4A Sales Tax fund was over budget in the Public Works function. The fund offset the budget shortfall by underspending in other expenditure categories.

## **III. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does have a deposit policy for custodial credit risk. As of September 30, 2019, the City's bank balance was \$3,470,831 and that amount was not exposed to custodial credit risk because it was collateralized with securities held by the pledging bank's agent in the City's name.

## **IV. INVESTMENTS**

State statutes, City bond ordinances and City resolutions authorize the City's investments. Government pool investments are not categorized, in accordance with GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book entry form. Government pool investments as of September 30, 2019, of \$76,811,998 were invested in LOGIC: \$18,116,025; TexPool: \$7,340,827; TexStar: \$16,727,183; and Texas CLASS: \$34,627,963.

The Texas State Comptroller of Public Accounts is the sole office, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc., under an agreement with the Comptroller, acting on behalf of the Trust Company.

The Comptroller maintains oversight of the services provided to TexPool by Federated Investors, Inc. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. Finally, TexPool is rated AAAM by Standard and Pools.

TexPool uses amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. A complete copy of the TexPool Operating Procedures may be obtained by contacting TexPool Participant Services, 1001 Texas Avenue, Suite 1400, Houston, TX 77002.

JPMorgan Investment Management, Inc. ("JPMIM") and First Southwest Asset Management, Inc. ("FSAM") serve as co-administrators for TexStar under an agreement with the TexStar board of directors (the "Board"). JPMIM provides investment management, fund accounting, transfer agency and custodial services for the pool; and FSAM provides participant services and marketing. In addition, the TexStar Advisory Board advises for TexStar's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed of three representatives of participants in TexStar and one member designated by each of the co-administrators who do not have a business relationship with TexStar. Finally, TexStar is rated AAAM by Standard and Poor's.

TexStar uses market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexStar is the same as the value of TexStar shares. A complete copy of the TexStar Operating Procedures may be obtained by contacting TexStar Participant Services, 1201 Elm Street, Suite 3500, Dallas, TX 75270.

JPMorgan Investment Management, Inc. ("JPMIM") and First Southwest Asset Management Inc. ("FSAM") serve as co-administrators for LOGIC under an agreement with the LOGIC board of directors (the "Board"). JPMIM provides investment management, fund accounting, transfer agency and custodial services. FSAM provides administrative and participant services and marketing. In addition, the LOGIC Advisory Board advises for LOGIC's Investment Policy and approves any fee increases. The Advisory Board is comprised of government officials, employees, or elected officials of participant government entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two Advisory Board members represent the co-administrators. Finally, LOGIC is rated AAAM by Standard & Poor's.

LOGIC uses market value to report net assets to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the value of LOGIC shares. A complete copy of the LOGIC Operating Procedures may be obtained by contacting LOGIC, 1201 Elm Street, Suite 3500, Dallas, TX 75270.

Cutwater Investor Services Corp. ("CISC") serves as the program administrator and investment advisor and is responsible for making all of the investment decisions within Texas CLASS. Wells Fargo Bank, N.A. serves as custodian for the pool. In addition, the Texas CLASS Advisory Board advises for Texas CLASS' Investment Policy, Investment Strategy, and other matters as requested by the Board of Trustees and Program Administrator. The Advisory Board is composed of participants and other persons who do not have a business relationship with the pool. Finally, Texas CLASS is rated AAAM by Standard & Poor's.

Texas CLASS uses fair value to report net assets to compute share prices. A complete copy of the Texas CLASS Operating Procedures may be obtained by contacting Texas CLASS, 717 17<sup>th</sup> Street, Suite 1850, Denver, CO 80202.

The City utilizes a pooled investment concept for most of its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

State statutes authorize the City to invest in obligation of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

*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 to two years or less.

*Credit risk.* State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the following:

- a. Obligations of the United States of America, its agencies and instrumentalities that meet the requirement of the Act.
- b. Direct obligations of the State of Texas and agencies thereof that meet the requirement of the Act.
- c. Other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas or United States of America that meet the requirement of the Act.
- d. Obligations of the States, agencies thereof, Counties, Cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or its equivalent that meet the requirement of the Act.
- e. Certificates of deposit issued by state and national depository institutions that have its main office or branch office in this state.

- f. Fully collateralized repurchase agreements, including flexible repurchase agreements with a defined termination date, whose underlying purchased securities meet the requirement of the Act. The ownership of the collateral for the repurchase agreement is transferred to the City, and deposited with a safekeeping agent for the duration of the contract and a signed master repurchase agreement has been executed with the counterparty. The securities received for repurchase agreements must have a market value greater or equal to 102 percent at the time funds are disbursed. All transactions shall be governed by a Master Repurchase Agreement between the City and the primary government securities dealer or financial institution doing business in this State that is initiating the Repurchase Agreement transaction.
- g. Joint pools of political subdivisions in the State of Texas, as authorized by the Interlocal Cooperation Act, as amended, and the Public Funds Investment Act, as amended, which invest in instruments and follow practices required by the Act. A pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating agency.
- h. Money Market Mutual Funds that meet the requirement of the Act.
- i. Certificate of Deposit Account Registry Service (CDARS) deposited with a certificate of deposit issued by a depository institution that has its main office or branch office in this state that is selected by the investing entity pursuant to the requirements of Section 2256.010 of the Government Code.

### Fair Value Measurements

The City categorizes its fair value measurements within the fair market value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets. These types of investments primarily include common stock and equities traded on public exchanges.

Level 2 – Significant observable inputs for the asset other than quoted prices included within Level 1 that are observable for similar securities, but not exact. These types of investments include US Government obligations and obligations of government agencies.

Level 3 – Significant unobservable inputs for an asset, as they trade infrequently or not at all. (The City does not value any investments using Level 3 inputs.)

The City does not have any investments requiring this valuation level disclosure at this time.

## V. RECEIVABLES

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible) line for certain funds and aggregated columns. Below is the detail of receivables for general, debt service, 4A sales tax corporation, 4B sales tax corporation, water and wastewater, municipal airport, and drainage, including the applicable allowances for uncollectible accounts:

Receivables	General Fund	Debt Service Fund	4A Sales Tax Corp Fund	4B Sales Tax Corp Fund	Non-Major Governmental Funds	Water & Sewer	Municipal Airport	Drainage Utilities
Taxes - property	\$ 711,621	\$ 172,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - sales	1,067,826	-	533,639	533,639	-	-	-	-
Trade accounts	1,645,311	-	-	-	-	3,601,584	8,022	28,027
Due from other governments	31,679	-	-	-	413,941	-	-	-
Other	357,349	-	98,767	4,919	93,837	-	-	-
Gross receivables	3,813,786	172,417	632,406	538,558	507,778	3,601,584	8,022	28,027
Less: Allowance for uncollectibles	( 1,372,382)	( 93,320)	-	-	-	( 229,454)	-	-
Net receivables	\$ 2,441,404	\$ 79,097	\$ 632,406	\$ 538,558	\$ 507,778	\$ 3,372,130	\$ 8,022	\$ 28,027

**VI. INTERFUND BALANCES**

The composition of interfund balances as of September 30, 2019 is as follows:

	Due From		
	General Fund	Water & Sewer	Total
Due To:			
Non-Major	\$ 16,553	\$ -	\$ 16,553
Municipal Airport	<u>224,832</u>	<u>448,798</u>	<u>673,630</u>
Total	<u>\$ 241,385</u>	<u>\$ 448,798</u>	<u>\$ 690,183</u>

The outstanding balances between funds result mainly from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several non-major governmental funds which the General Fund expects to collect in the subsequent year.

**VII. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,569,266	\$ -	\$ -	\$ 4,569,266
Construction-in-progress	<u>2,519,358</u>	<u>56,154</u>	<u>496,733</u>	<u>2,078,779</u>
Total capital assets, not being depreciated	<u>7,088,624</u>	<u>56,154</u>	<u>496,733</u>	<u>6,648,045</u>
Capital assets, being depreciated:				
Structures	60,310,473	72,042	-	60,382,515
Improvements	24,845,775	761,394	5,214	25,601,955
Equipment	18,799,997	1,186,000	111,147	19,874,850
Infrastructure	<u>42,707,671</u>	<u>1,531,725</u>	<u>-</u>	<u>44,239,396</u>
Total capital assets, being depreciated	<u>146,663,916</u>	<u>3,551,161</u>	<u>116,361</u>	<u>150,098,716</u>
Less accumulated depreciation for:				
Structures	16,814,491	2,099,039	-	18,913,530
Improvements	10,859,819	1,070,032	5,214	11,924,637
Equipment	12,968,810	1,434,836	111,147	14,292,499
Infrastructure	<u>32,690,877</u>	<u>877,563</u>	<u>-</u>	<u>33,568,440</u>
Total accumulated depreciation	<u>73,333,997</u>	<u>5,481,470</u>	<u>116,361</u>	<u>78,699,106</u>
Total capital assets being depreciated, net	<u>73,329,919</u>	<u>( 1,930,309)</u>	<u>-</u>	<u>71,399,610</u>
Governmental activities capital assets, net	<u>\$ 80,418,543</u>	<u>\$ ( 1,874,155)</u>	<u>\$ 496,733</u>	<u>\$ 78,047,655</u>

Depreciation expense was charged to the function/programs of the governmental activities of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 334,311
Public safety	585,915
Public service	3,145,178
Public works	1,068,602
Sanitation	<u>347,464</u>
Total depreciation expense - governmental activities	<u>\$ 5,481,470</u>

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,520,104	\$ -	\$ -	\$ 2,520,104
Construction-in-progress	10,152,682	858,055	6,028,303	4,982,434
Total capital assets, not being depreciated	<u>12,672,786</u>	<u>858,055</u>	<u>6,028,303</u>	<u>7,502,538</u>
Capital assets, being depreciated:				
Structures	67,929,397	465,218	-	68,394,615
Improvements	16,788,679	-	-	16,788,679
Equipment	3,999,603	163,212	-	4,162,815
Infrastructure	63,692,312	5,530,723	-	69,223,035
Total capital assets, being depreciated	<u>152,409,991</u>	<u>6,159,153</u>	<u>-</u>	<u>158,569,144</u>
Less accumulated depreciation for:				
Structures	37,968,491	2,014,487	-	39,982,978
Improvements	9,271,238	538,065	-	9,809,303
Equipment	2,740,834	336,999	-	3,077,833
Infrastructure	34,364,305	2,728,394	-	37,092,699
Total accumulated depreciation	<u>84,344,868</u>	<u>5,617,945</u>	<u>-</u>	<u>89,962,813</u>
Total capital assets being depreciated, net	<u>68,065,123</u>	<u>541,208</u>	<u>-</u>	<u>68,606,331</u>
Business-type activities capital assets, net	<u>80,737,909</u>	<u>1,399,263</u>	<u>6,028,303</u>	<u>76,108,869</u>
Total Government	<u>\$ 161,156,452</u>	<u>\$ (474,892)</u>	<u>\$ 6,525,036</u>	<u>\$ 154,156,524</u>

Depreciation expense was charged to the function/programs of the business-type activities of the primary government as follows:

**Business-type activities:**

Water and Sewer	\$ 5,139,594
Municipal Airport	207,548
Drainage Utilities	<u>270,803</u>
Total depreciation expense - business-type activities	<u>\$ 5,617,945</u>

## VIII. LEASE OBLIGATIONS

### Operating Lease

The City leases equipment under noncancellable operating leases. The leases have terms of 3-5 years and are for the golf course, sports complex, and Splash Station. The total costs for the leases were \$237,898 for the year ended September 30, 2019. The future lease payments for these leases are as follows:

#### Operating Leases

Year Ending September 30	Golf Course	Airport	Wastewater Treatment	Total
2020	\$ 93,066	\$ 990	\$ 8,042	\$ 102,098
2021	93,066	-	-	93,066
2022	<u>85,310</u>	<u>-</u>	<u>-</u>	<u>85,310</u>
Total	<u>\$ 271,442</u>	<u>\$ 990</u>	<u>\$ 8,042</u>	<u>\$ 280,474</u>

The City leases copier equipment for multiple departments under noncancellable operating leases. The departments are charged a percentage of the lease amount according to each department's usage on a monthly basis.

Year Ending September 30	Annual Commitment
2020	\$ 56,165
2021	55,505
2022	<u>35,090</u>
Total	<u>\$ 146,760</u>

*Capital lease*

The City entered into a lease agreement as lessee to finance the acquisition of an irrigation computer and software valued at \$17,065. The equipment has a three-year estimated useful life. This year, \$3,318 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and net present value of these minimum lease payments as of September 30, 2019, were as follows:

Capital Leases

Year Ending September 30	Governmental Activities
2020	\$ 3,414
2021	3,413
2022	<u>3,413</u>
Present value of minimum lease payments	<u>\$ 10,240</u>

**IX. LONG-TERM LIABILITIES**

General Obligation Bonds

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

General obligations bonds outstanding at September 30, 2019 are as follows:

*Governmental activities:*

General Obligation Bonds:	Interest Rate	Original Issue	Issue Date	Maturity Date	Outstanding
2010 General Obligation Refunding Bonds	2.00% - 4.00%	5,848,413	12/15/2010	2/15/2022	4,646,173
2011 General Obligation Refunding Bonds	2.00% - 3.00%	2,655,000	12/13/2011	2/15/2024	1,465,000
2016 General Obligation Bonds	2.89%-4.43%	24,875,000	1/1/2016	8/15/2036	<u>23,885,000</u>
					<u>\$ 29,996,173</u>

Revenue Bonds

The City issues revenue bonds to provide funds for the acquisition and construction of major capital improvements. The revenue bonds related to governmental activities are obligations of the City solely secured by a pledge of the revenues. The revenues include the proceeds of a one-half percent sales and use tax levied. The revenue bonds related to business-type activities are obligations of the City secured by a pledge of net revenues for payment of principal and interest on the bonds.

The ordinances authorizing the issuance of Waterworks and Wastewater System Revenue Bonds created the Interest and Sinking Fund and Reserve Fund. The gross revenue of the waterworks and wastewater system, after deduction of reasonable expenses of operations and maintenance, are pledged to such funds in amounts equal to the total annual principal and interest requirements of the bonds and amount required to maintain the Reserve Fund. At September 30, 2019, the City was in compliance with these requirements.

The purpose of the bond issuances are as follows:

2009A and 2009B Revenue Bonds – Planning, design, and permitting phases to implement water management strategies identified in the 2006 Region 'G' Water Plan and the 2007 State Water Plan. This consists of the Lake Whitney Water Supply Project which includes a deep water intake structure, diversion pump station and a raw water pipeline. It also consists of a 5.0 MGD expansion to the City's existing water treatment plant.

2010 Revenue Bonds – Construction of water treatment plant expansion

2010 Revenue Refunding Bonds – Lower debt service requirements

2013 Revenue Bonds – Land acquisition, related acquisition services, planning and environmental for the Lake Whitney Water Supply Project.

Exhibited in the tables below are comparisons of pledged revenues to related principal and interest requirements for the fiscal year ending September 30, 2019.

*Governmental activities:*

Sales Tax Revenues	\$ 6,392,462
2017 4B Revenue Refunding Bonds	<u>( 1,091,600)</u>
	<u>\$ 5,300,862</u>

*Business-type activities:*

Net Revenues	\$ 7,943,852
2009A Revenue Bonds	( 84,619)
2009B Revenue Bonds	( 340,017)
2010 Revenue Bonds	( 951,054)
2010 Revenue Refunding Bonds	( 274,594)
2013 Revenue Bonds	<u>( 140,531)</u>
	<u>\$ 6,153,037</u>

Most of the revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expense of the system and second to establish and maintain the revenue bond funds. Remaining revenues may then be used for any lawful purpose. These bonds have maturities that range from 20 to 30 years. Revenue bonds outstanding at September 30, 2019 are as follows:

*Governmental activities:*

Revenue Bonds:	Interest Rate	Original Issue	Issue Date	Maturity Date	Outstanding	Pledge
2016 4A Revenue Bonds	1.43% - 4.00%	\$ 6,450,000	10/25/2016	8/15/2036	\$ 5,910,000	\$ 8,012,194
2017 4B Sales Tax Revenue Refunding Bonds	2.0% - 4.0%	12,985,000	2/14/2017	2/15/2032	<u>11,605,000</u>	14,185,863
					<u>\$ 17,515,000</u>	

*Business-type activities:*

Revenue Bonds:	Interest Rate	Original Issue	Issue Date	Maturity Date	Outstanding	Pledge
2009A Revenue Bonds	0.148% - 3.066%	\$ 1,180,000	4/21/2009	2/15/2029	\$ 725,000	\$ 831,960
2009B Revenue Bonds	0.148% - 3.066%	4,750,000	4/21/2009	2/15/2029	2,955,000	3,394,678
2010 Revenue Bonds	.021% - 2.587%	14,500,000	10/1/2010	2/15/2030	2,320,000	2,648,753
2010 Revenue Refunding Bonds	2.00% - 4.25%	4,860,000	12/15/2010	2/15/2024	8,655,000	9,750,284
2013 Revenue Bonds	.09% - 2.05%	2,380,000	11/26/2013	2/15/2033	<u>1,780,000</u>	1,960,645
					<u>\$ 16,435,000</u>	

Combination Tax and Revenue Bonds

The City issued combination tax and revenue bonds to provide funds for construction of major capital improvements. These bonds constitute obligations of the City secured by a lien on and pledge of the net revenues and taxes. They are collateralized by the revenue of the water and sewer system and property taxes of the governmental funds. These bonds have maturities that range from 13 to 21 years. Combination tax and revenue bonds outstanding at September 30, 2019 are as follows:

*Governmental activities:*

Combination Tax and Revenue Bonds:	Interest Rate	Original Issue	Issue Date	Maturity Date	Outstanding
2015 Combination Tax and Revenue Certificates of Obligation Bonds	2.0%-4.0%	\$ 2,400,000	9/15/2015	2/15/2035	\$ 2,385,000

*Business-type activities:*

Combination Tax and Revenue Bonds:	Interest Rate	Original Issue	Issue Date	Maturity Date	Outstanding
2013 Combination Tax and Revenue Refunding Bonds	3.5% - 5%	\$ 37,390,000	12/15/2013	2/15/2026	\$ 23,830,000
2013 Combination Tax and Revenue Certificates of Obligation Bonds	3.5% - 5%	8,430,000	12/15/2013	2/15/2034	7,560,000
2015 Combination Tax and Revenue Certificates of Obligation Bonds	3.0%-4.0%	6,685,000	9/15/2015	2/15/2035	<u>6,090,000</u>
					<u>\$ 37,480,000</u>

Other Obligations

During fiscal years 2009 and 2010, the City financed \$7,238,225 with the State of Texas Comptroller's office (SECO notes) to fund an energy efficiency project for citywide enhancements to be paid in quarterly installments of \$152,941 beginning May 31, 2011 and ending November 30, 2020 and \$67,165 beginning May 31, 2011 and ending February 28, 2021.

The City received a determination in 2013 by the State of Texas Comptroller's office that the City had received \$429,097 in sales tax receipts from the Comptroller's office in error over the past several years. The Comptroller's office agreed to allow the City to repay the excess sales tax revenue interest free over a period of fifteen years through reduced sales tax allocations from the state. The state began withholding \$2,383 monthly from the City's sales tax allocations beginning in May 2013. As of September 30, 2019, this liability is reported at \$245,449 in the governmental activities statement of net position.

Annual long-term debt service requirements to maturity are as follows:

September 30	Governmental Activities				
	Certificates of Obligation Bonds and Self Supported Bonds		General Obligation Bonds		Requirements
	Principal	Interest	Principal	Interest	
2020	\$ 1,120,000	\$ 642,049	\$ 3,241,173	\$ 1,094,476	\$ 6,097,698
2021	1,160,000	603,617	3,145,000	1,010,376	5,918,993
2022	1,200,000	563,152	2,330,000	904,651	4,997,803
2023	1,240,000	528,964	1,460,000	832,726	4,061,690
2024	1,260,000	499,709	1,515,000	777,176	4,051,885
2025-2029	6,910,000	1,912,899	6,620,000	3,724,689	19,167,588
2030-2034	5,925,000	705,988	7,975,000	1,905,638	16,511,626
2035-2039	<u>1,085,000</u>	<u>57,700</u>	<u>3,710,000</u>	<u>248,526</u>	<u>5,101,226</u>
Total	<u>\$ 19,900,000</u>	<u>\$ 5,514,078</u>	<u>\$ 29,996,173</u>	<u>\$ 10,498,258</u>	<u>\$ 65,908,509</u>

September 30	SECO Notes		Requirements
	Principal	Interest	
2020	\$ 855,780	\$ 24,645	\$ 880,425
2021	214,368	2,635	217,003
Total	<u>\$ 1,070,148</u>	<u>\$ 27,280</u>	<u>\$ 1,097,428</u>

September 30	Business-type Activities			
	Revenue and Refunding Bonds		Certificates of Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 5,695,000	\$ 1,469,034	\$ 385,000	\$ 557,675
2021	5,940,000	1,221,063	400,000	545,900
2022	5,085,000	986,599	415,000	533,675
2023	5,300,000	769,582	430,000	521,000
2024	5,530,000	543,163	440,000	506,538
2025-2029	11,925,000	665,447	4,635,000	2,099,713
2030-2034	790,000	23,857	6,380,000	855,750
2035-2039	-	-	565,000	11,300
Total	<u>\$ 40,265,000</u>	<u>\$ 5,678,745</u>	<u>\$ 13,650,000</u>	<u>\$ 5,631,551</u>

Long-term risk liability –

The long-term risk liability is for landfill closure and post closure care costs. State and federal laws and regulations require the City to place a cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating liability in the government-wide governmental activities sanitation expense in each period based on landfill capacity used as of each balance sheet date. The City is required by state and federal laws and regulations to provide financial assurance for closure and post closure care.

The City reported \$6,228,448 as landfill closure and post closure care liability in the governmental activities Statement of Net Position. This represents the cumulative amount reported to date based on the estimated current permitted capacity of the landfill. The available capacity is 0.57% of the landfill's total capacity. This remaining capacity is used solely for the disposal of sludge created through the water treatment process. Based on this disposal volume, the City expects to close the landfill 12 years from the end of the current fiscal year, or the year 2031. The total cost of closure and post closure care is an estimate and is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws and regulations.

Compensated absences –

Compensated absences represent the estimated liability for employees' accrued vacation and sick leave for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the fund based on the assignment of an employee at termination. The governmental funds typically used in prior years to liquidate the liability for compensated absences are the general fund, HUD fund, and transportation fund.

Transactions for the year ended September 30, 2019 are summarized as follows:

	Beginning Balance	Additions/ Accretion	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 33,243,614	\$ 87,559	\$ ( 3,335,000)	\$ 29,996,173	\$ 3,241,173
Certificates of Obligation	2,385,000	-	-	2,385,000	110,000
Revenue Bonds	18,490,000	-	( 975,000)	17,515,000	1,010,000
Notes	1,899,336	-	( 829,188)	1,070,148	855,780
Capital Leases	42,687	-	( 32,447)	10,240	3,414
Sales Tax Due to State	274,042	-	( 28,596)	245,446	28,596
Unamortized Premiums	675,467	-	( 77,396)	598,071	72,988
	<u>57,010,146</u>	<u>87,559</u>	<u>( 5,277,627)</u>	<u>51,820,078</u>	<u>5,321,951</u>
Long-term Risk Liability	6,228,448	-	-	6,228,448	-
Compensated Absences	6,639,695	896,515	( 1,017,498)	6,518,712	651,871
Total Governmental Activities	<u>\$ 69,878,289</u>	<u>\$ 984,074</u>	<u>\$ ( 6,295,125)</u>	<u>\$ 64,567,238</u>	<u>\$ 5,973,822</u>
<b>Business-type Activities</b>					
Revenue Bonds Payable	\$ 17,810,000	\$ -	\$ ( 1,375,000)	\$ 16,435,000	\$ 1,400,000
Refunding Bonds Payable	26,900,000	-	( 3,070,000)	23,830,000	4,295,000
Certificates of Obligation	14,035,000	-	( 385,000)	13,650,000	385,000
Unamortized Bond Premiums	2,251,220	-	( 527,515)	1,723,705	441,672
Unamortized Bond Discounts	( 77,167)	-	24,535	( 52,632)	( 22,351)
	<u>60,919,053</u>	<u>-</u>	<u>( 5,332,980)</u>	<u>55,586,073</u>	<u>6,499,321</u>
Compensated Absences	760,937	98,927	( 67,481)	792,383	79,228
Total Business-type Activities	<u>61,679,990</u>	<u>98,927</u>	<u>( 5,400,461)</u>	<u>56,378,456</u>	<u>6,578,549</u>
Total Government	<u>\$ 131,558,279</u>	<u>\$ 1,083,001</u>	<u>\$ ( 11,695,586)</u>	<u>\$ 120,945,694</u>	<u>\$ 12,552,371</u>

### Net Pension Liability and Net Other Post Employment Benefit (OPEB) Obligation

When these liabilities are liquidated for governmental activities, the General Fund will be primarily responsible.

## X. PENSION OBLIGATIONS

### Employee Retirement Plans

The City of Cleburne participates in two pension plans; Texas Municipal Retirement System (TMRS) an agent-multiple employer traditional, joint contributory, hybrid defined benefit pension plan; and the Cleburne Firemen's Relief and Retirement Fund (FRRF), a single employer, contributory, defined benefit plan. Both plans are described in detail below. Aggregate amounts for the two pension plans are as follows:

	TMRS	FRRF	Total
Pension liability	\$ 92,806,273	\$ 36,455,254	\$ 129,261,527
Pension assets	<u>71,831,334</u>	<u>19,362,808</u>	<u>91,194,142</u>
Net pension liability	<u>\$ 20,974,939</u>	<u>\$ 17,092,446</u>	<u>\$ 38,067,385</u>
Deferred outflows of resources	\$ 5,754,524	\$ 5,549,652	\$ 11,304,176
Deferred inflows of resources	830,888	295,918	1,126,806
Pension expense	3,406,476	2,085,569	5,492,045

**Texas Municipal Retirement System (TMRS)**

*Plan Description.* The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	7.00%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service requirement eligibility (expressed as age / years of service)	60/5, 0/20
Updated service credit	50% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI Repeating

*Employees covered by benefit terms.*

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	213
Inactive employees entitled to but not receiving benefits	175
Active employees	<u>286</u>
	<u>674</u>

*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 were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.85% and 15.69% in calendar year 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$2,375,680, 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:

Inflation	2.5% per year
Salary increases	3.5% to 10.50% including inflation
Investment Rate of Return	6.75%

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%. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. The rates are projected on a fully generation basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generation basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the a re between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2017, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.55%
International equity	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.65%
Real return	10.0%	4.03%
Real estate	10.0%	5.00%
Absolute return	10.0%	4.00%
Private equity	5.0%	8.00%
Total	100.0%	

*Discount Rate.* The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

*Changes in Net Pension Liability.*

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) - (b)
Balance at 12/31/2017	\$ 89,792,548	\$ 75,544,310	\$ 14,248,238
Changes for the year:			
Service cost	2,195,963	-	2,195,963
Interest	5,975,104	-	5,975,104
Difference between expected actual experience	( 416,390)	-	( 416,390)
Contributions - employer	-	2,314,229	( 2,314,229)
Contributions - employee	-	1,022,056	( 1,022,056)
Net investment income	-	( 2,262,289)	2,262,289
Benefit payments	( 4,740,952)	( 4,740,952)	-
Administrative expense	-	( 43,735)	43,735
Other	-	( 2,285)	2,285
Net changes	<u>3,013,725</u>	<u>( 3,712,976)</u>	<u>6,726,701</u>
Balance at 12/31/2018	<u>\$ 92,806,273</u>	<u>\$ 71,831,334</u>	<u>\$ 20,974,939</u>

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

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

	1 % Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 33,414,305	\$ 20,974,939	\$ 10,781,606

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

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended September 30, 2019, the City recognized pension expense of \$3,406,476.

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 economic experience	\$ -	\$ 830,888
Changes in actuarial assumptions	162,359	-
Difference between projected and actual investment earnings	3,899,259	-
Contributions subsequent to the measurement date	<u>1,692,906</u>	<u>-</u>
Total	<u>\$ 5,754,524</u>	<u>\$ 830,888</u>

\$1,692,906 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:

Year end September 30:	Net of Deferred Outflows Minus Deferred Inflows
2020	\$ 1,097,528
2021	268,485
2022	402,564
2023	<u>1,462,152</u>
Total	<u>\$ 3,230,729</u>

**Firefighter Relief and Retirement Fund (FRRF)**

*Plan Description.* The city contributes to the retirement plan for firefighters in the Cleburne Fire Department known as the Cleburne Firefighter’s Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters’ Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Cleburne Firefighter’s Relief and Retirement Fund. The city does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Cleburne Firefighter’s Relief and Retirement Fund at 114 West Wardville, Cleburne, Texas 76033. See that report for all information about the plan fiduciary net position.

*Benefits provided.* Firefighters in the Cleburne Fire Department are covered by the Cleburne Firefighter’s Relief and Retirement Fund which provides service retirement, death, disability, and termination benefits. These benefits fully vest after 20 years of credited service. Firefighters become eligible for normal service retirement at age 50 with 20 years of service. If a terminated firefighter has a vested benefit but is not eligible for normal retirement, he may elect an actuarially equivalent early retirement benefit or he may wait to retire starting on the date he would have first satisfied both age and service requirements for normal retirement if he had remained a Cleburne firefighter. The present plan, effective October 1, 2011, provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 68% of Final 60-Month Average Salary plus \$97 for each year of service in excess of 20.

A retiring firefighter eligible for normal service retirement has the option to elect the Reverse Deferred Retirement Option Plan (Reverse DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Final 60-Month Average Salary as if he had terminated employment on his selected Reverse DROP benefit calculation date, which is no earlier than the later of the date he meets the normal service retirement eligibility requirements and the date 60 months preceding the date he actually retires. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the fund after the Reverse DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the Reverse DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

*Employees Covered by Benefit Terms.*

In the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>63</u>
	<u>110</u>

*Contributions.* The contribution provisions of the Fund are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the city.

The funding policy of the Fund requires contributions equal to 14% of pay by the firefighters beginning in October 2018, the rate elected by the firefighters according to TLFFRA. Before that it was 13%. The city currently contributes the same rate of payroll contributed for the city's other employees under the Texas Municipal Retirement System plus 6% of payroll but not less than 22%. The actual city contribution rate was 22.42% in 2017 and 22.06% in 2018. The Fund's December 31, 2018 actuarial valuation includes the assumption that the city contribution rate will be 22.0% over the unfunded liability amortization period. The costs of administering the plan are paid from the Fund assets.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. The board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending December 31, 2018, the money-weighted rate of return on pension plan investments was (7.41)%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed city contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

*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 the actuarial valuation as of December 31, 2018.

Total pension liability	\$ 36,455,254
Plan fiduciary net position	<u>19,362,808</u>
City's net pension liability	<u>\$ 17,092,446</u>

*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:

Inflation	3% per year
Salary increases	3% per year, plus promotion, step, and longevity increases that vary by
Investment Rate of Return	7.35%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pubs-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the longterm expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.38%) and by adding expected inflation (3%). In addition, the final 7.35% assumption was selected by rounding down. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Equities		
Large cap domestic	23%	5.80%
Small cap domestic	13%	6.00%
International developed	16%	6.15%
Emerging markets	7%	7.35%
Fixed Income		
Domestic core	18%	1.22%
Global	17%	1.68%
Alternatives		
Real estate	6%	4.42%
Cash	0%	0.00%
Total	<u>100%</u>	
Weighted Average		4.38%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.35%. No projection of cash flows was used to determine the discount rate because the December 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 49 years. Because of the 49-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.35% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

#### 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 7.35%, 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 (6.35%) or 1-percentage-point higher (8.35%) than the current rate:

	1% Decrease in Discount Rate (6.35%)	Discount Rate (7.35%)	1% Increase in Discount Rate (8.35%)
City's net pension liability	\$ 21,259,452	\$ 17,092,446	\$ 13,465,250

*Pension Plan Fiduciary Net Position.* The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

*Changes in Net Pension Liability.*

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) - (b)
Amounts as of September 30, 2017 <sup>1</sup>	\$ 34,846,159	\$ 22,879,830	\$ 11,966,329
Changes for the year:			
Service cost	878,062	-	878,062
Interest	2,465,684	-	2,465,684
Change of benefit terms	( 346,046)	-	( 346,046)
Difference between expected and actual experience	1,659,598	-	1,659,598
Contributions by the city	-	994,346	( 994,346)
Contributions by the firefighters	-	595,377	( 595,377)
Net investment income	-	( 1,626,309)	1,626,309
Benefit payments, including refunds of employee contributions	( 3,429,563)	( 3,429,563)	-
Administrative expense	-	( 50,873)	50,873
Assumption changes	381,360	-	381,360
Net changes	<u>1,609,095</u>	<u>( 3,517,022)</u>	<u>5,126,117</u>
Amounts as of September 30, 2018 <sup>2</sup>	<u>\$ 36,455,254</u>	<u>\$ 19,362,808</u>	<u>\$ 17,092,446</u>

<sup>1</sup>Measurements for the fiscal year ended September 30, 2017 were taken as of December 31, 2016.

<sup>2</sup>Measurements for the fiscal year ended September 30, 2018 were taken as of December 31, 2017.

*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 \$2,085,569. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

Components of Pension Expense	
Service cost	\$ 878,062
Interest	2,465,684
Employee contributions	( 595,377)
Projected earnings on pension plan investments	(1,590,249)
Amortization of differences between projected and actual earnings on plan investments	898,846
Amortization of changes of assumptions	190,369
Amortization of differences between expected and actual experience	133,407
Pension plan administrative expenses	50,873
Changes in benefit provisions	<u>( 346,046)</u>
Total pension expense	<u>\$ 2,085,569</u>

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
Net difference between projected and actual earnings on pension plan investments	\$ 2,368,362	\$ -
Changes of assumptions	979,569	-
Contributions subsequent to the measurement date	733,101	-
Differences between expected and actual experience	<u>1,468,620</u>	<u>295,918</u>
Total	<u>\$ 5,549,652</u>	<u>\$ 295,918</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Net of Deferred Outflows Minus Deferred Inflows
2020	\$ 1,153,830
2021	772,148
2022	747,739
2023	925,886
2024	282,575
Thereafter	<u>638,455</u>
Total	<u>\$ 4,520,633</u>

The total of the contributions, \$733,101, by the City to the Fund contributed subsequent to the measurement date of the net pension liability, December 31, 2018, through September 30, 2019 is a deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2020.

## **XI. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS**

*Plan Description.* The City provides health care benefits for retired employees and their eligible dependents unless the person is eligible for group health benefits coverage through another employer. Employees qualifying for retirement from the City (with at least 25 years of service with the City of Cleburne) may receive City paid health coverage for up to five years after they have retired or reached the age of 65, whichever comes first. An employee can elect retiree coverage only if he/she was covered under the plan at the time of retirement. Similarly, a retiree may elect to cover only those eligible dependents that were covered under the plan at the time the employee retires. Dependent coverage will be paid by the retiree. Employees reaching the age of 60 with 5 years of service may retire from the City; continued benefit coverage is available if paid by the retiree.

### Duty and Non-Duty Disability Retirement

Employees qualifying for disability retirement will be provided the same benefits as other retirees.

### Duty and Non-Duty Death-in-Service

In the event an employee dies while employed with the City, the employee's dependents are eligible for COBRA coverage at their expense.

### Medicare Eligibility

Coverage supplements Medicare once retiree/spouse/dependent is enrolled in Medicare.

### Spouse and Dependent Coverage

A retiree may elect to cover only those eligible dependents who were covered under the plan at the time the employee retires. Spouses are eligible to purchase medical/dental/vision/life retiree health coverage for life. The City does not contribute to the premium.

### Employee/Retiree Contributions

Active employees do not contribute toward the cost of retiree benefits. Retired employees are currently eligible for a 5 year municipality benefit subsidy medical towards cost after 25 or more years of service; continuation of the benefit is contingent upon the City Council's continued approval. Retirement with anything less than 25 years of service does not qualify for any City subsidy and all premiums must be paid by the employee.

Coverage

The City administers a single-employer plan for retirees which includes coverage as described below.

Medical – The City offers three pre 65 Aetna health care coverage plans. The United Healthcare AARP Medicare plan includes prescription coverage and is available for those over the age of 65.

Dental – The City offers dental coverage through Met Life.

Vision – The City offers vision coverage through Superior Vision of Texas.

Life Insurance - Optional life insurance is available for retirees and family members at time of retirement. The policy is subject to an age reduction schedule (65% at age 65, 45% at age 70, 30% at age 75 and 20% at age 80). The retiree coverage is for \$10,000 at a premium rate of \$8.00 monthly, spouse/child coverage is for \$5,000 and \$2,500, respectively, at a premium rate of \$1.50 monthly, and insurance is subject to age reduction schedule dependent upon retiree's age.

*Funding Policy and Annual OPEB Cost.* The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	90
Active employees	<u>310</u>
Total	<u><u>400</u></u>

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation Date	12/31/2018
Actuarial cost method	Entry Age Normal Method
Discount rate	3.71%
Inflation rate	2.50%
Projected salary increases	3.50% to 10.50% for TMRS and 3.25% to 9.45% for Firefighters, including inflation
Demographic Assumptions	TMRS: Based on the experience study covering the four year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS). Firefighters: The demographic assumptions are based on the same assumptions used to value the Cleburne Firefighter's Relief and Retirement Fund (Firefighters).
Mortality	TMRS: 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. Firefighters: For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables, projected to year 2024 by scale AA.
Health Care Trend Rates	7.20% decreasing to an ultimate rate of 5.50% over 10 years; ultimate trend rate includes a 1.50% adjustment for the excise tax
Participation Rates	90% for retirees with over 25 years at retirement; 0% for retirees with less than 25 years and age less than 50 at retirement; 15% for retirees with less than 25 years and age at least 50 at retirement

The City's total OPEB liability of \$7,830,564 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2018.

	Total OPEB Liability
Balance at 12/31/2017	\$ 9,982,294
Changes for the year:	
Service cost	585,054
Interest	335,316
Difference between expected and actual experience	( 2,559,479)
Changes of assumptions	( 223,745)
Benefit payments	( 288,876)
Net changes	( 2,151,730)
Balance at 12/31/2018	\$ <u>7,830,564</u>

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.71%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability	\$ 8,638,773	\$ 7,830,564	\$ 7,102,697

For the year ended September 30, 2019, the City recognized OPEB expense of \$633,330. At September 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 25,793	\$ 2,238,827
Changes in actuarial assumptions	342,476	195,714
Contributions subsequent to the measurement date	<u>221,818</u>	<u>-</u>
Totals	<u>\$ 590,087</u>	<u>\$ 2,434,541</u>

\$221,818 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the City paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2019. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2020	\$( 287,040)
2021	( 287,040)
2022	( 287,040)
2023	( 287,040)
2024	( 287,040)
Thereafter	<u>( 631,072)</u>
Total	<u>\$( 2,066,272)</u>

## XII. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

### TMRS Supplemental Death Benefits Fund

**Plan Description.** The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

**Benefits Provided.** The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	169
Inactive employees entitled to but not yet receiving benefits	40
Active employees	<u>286</u>
Total	<u>495</u>

**Contributions.** The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.22% for 2019 and 0.21% for 2018, of which 0.07% and 0.06%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2019 and 2018 were \$32,816 and \$30,304, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

**Actuarial Assumptions.** The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	12/31/2018
Actuarial cost method	Entry Age Normal Method
Discount rate	3.71%
Inflation rate	2.50% per annum
Projected salary increases	3.5% to 10.5% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

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 Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

**Discount Rate.** The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.71% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.71%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability	\$ 1,313,072	\$ 1,135,266	\$ 996,845

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.** At September 30, 2019, the City reported a liability of \$1,135,266 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2018. For the year ended September 30, 2019, the City recognized OPEB expense of \$103,730. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at 12/31/2017	\$ 965,353
Changes for the year:	
Service cost	37,962
Interest	32,436
Difference between expected and actual experience	173,983
Changes of assumptions and other inputs	( 65,708)
Benefit payments	<u>( 8,760)</u>
Net changes	<u>169,913</u>
Balance at 12/31/2018	<u>\$ 1,135,266</u>

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 141,823	\$ -
Changes in actuarial assumptions	45,415	53,562
Contributions subsequent to the measurement date	<u>7,742</u>	<u>-</u>
Totals	<u>\$ 194,980</u>	<u>\$ 53,562</u>

\$7,742 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2020. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>		
2020	\$	33,332
2021		33,332
2022		33,332
2023		25,475
2024		<u>8,205</u>
Total	\$	<u>133,676</u>

**XIII. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

*Construction commitments.* The City has active construction projects as of September 30, 2019. The projects include street construction, improvements and the construction of water and wastewater facilities. At year end the City’s commitments with contractors are as follows:

Project	Spent to Date	Commitment Remaining
Miscellaneous Grants	\$ 1,378,728	\$ 98,524
Total Projects	\$ 1,378,728	\$ 98,524

The construction of water facility improvements and sewer facility improvements are being funded by the proceeds of bonds. All other construction projects are being funded by capital grants, operational revenue and the proceeds of other bonds.

**XIV. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (the Risk Pool) to provide insurance for workers’ compensation benefits, liability and property coverage.

At September 30, 2019, the Risk Pool was self-sustaining based on premiums charged, so that total contributions plus compounded earnings on these contributions will be sufficient to satisfy claims and liabilities and other expenses. Premiums are assessed based on the rates set by the Texas State Board of Insurance and may be adjusted, on an annual basis, by the Risk Pool’s Board of Trustees for each participating political subdivision’s experience. The City is not liable for payments beyond the annual contributions.

The Risk Pool has purchased stop-loss coverage to protect the assets of the pool from catastrophic losses. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years, and there have been no significant reductions in insurance coverage during the current year.

**XV. FUND BALANCE**

**Minimum fund balance policy.** The governing council has adopted a financial policy to maintain a minimum level of fund balance 25 percent, or 90 days, of the fund’s annual operating expenditures in the general fund. Fund balance that exceeds this minimum level may only be used for non-recurring capital projects and programs. The City avoids appropriation of fund balance in annual operating expenditures in order to ensure that current expenditures are funded with only current revenues. If this policy is not met, an explanation of the circumstances requiring the deviation from policy must be presented and approved by the council. The council communication must include a plan to move back in line with these established policies.

**XVI. INTERFUND TRANSFERS**

The composition of interfund transfers for the year ended September 30, 2019, is as follows:

	Transfers Out						Total
	General Fund	4B Sales Tax Corp Fund	Capital Projects	Non-Major Governmental	Water & Sewer	Drainage Utilities	
Transfers In:							
General Fund	\$ -	\$ 959,117	\$ -	\$ 782,273	\$ 2,745,333	\$ 75,269	\$ 4,561,992
Debt Service	-	-	880,424	-	-	-	880,424
General Projects	586,174	-	-	501,051	793,200	-	1,880,425
Non-Major	98,704	-	-	-	4,964	-	103,668
Municipal Airport	101,153	-	-	-	-	-	101,153
Total	<u>\$ 786,031</u>	<u>\$ 959,117</u>	<u>\$ 880,424</u>	<u>\$ 1,283,324</u>	<u>\$ 3,543,497</u>	<u>\$ 75,269</u>	<u>\$ 7,527,662</u>

Transfers are primarily used to move funds from: (1) the proprietary funds to the general fund for an allocated amount of wages and other related costs of personnel who perform administrative services, (2) the non-major governmental funds to the debt service fund to pay various long term debt, (3) the non-major governmental funds to proprietary funds was for capital grant match and to the general fund for various operating and capital expenditures, (4) the transfer from the general fund to the capital projects fund is primarily for capital replacement.

## **XVII. CONTINGENCIES**

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

## **XVIII. TAX ABATEMENT INCENTIVES**

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. A portion of the City's economic development agreements are authorized under Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code. The economic development agreements are designed to support the creation of new businesses, the expansion and retention of existing businesses within the City, and the attraction of companies that offer high impact jobs and share the community's values. Recipients may be eligible to receive economic assistance based on the employment, economic or community impact of the project requesting assistance. Recipients generally commit to building or remodeling real property and related infrastructures, redeveloping properties, expanding operations or bringing targeted businesses to the City. These agreements have no formal recapture provisions. For FY 2019, the City abated \$624,546 in taxes.

The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of sales taxes received by the City, may result in fee reductions such as utility charges or building inspection and permit fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs, or other expenses. The City had one entity with an agreement under Chapter 380. There is no formal recapture provision, with the exception of the entity violating 8 USC Section 132a(s) for employment of undocumented workers. For FY 2019, the City rebated \$115,207 in taxes.

## **XIX. IMPLEMENTATION OF NEW ACCOUNTING STATEMENTS**

The Governmental Accounting Standards (GASB) issued the following statements which became effective for the fiscal year 2019.

Statement No. 83 "Certain Asset Retirement Obligations" - This Statement addresses accounting and financial reporting for certain asset retirement obligations, a legally enforceable liability associated with the retirement of a tangible capital asset. Criteria are established for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for these obligations. This Statement had no impact on the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" - This Statement is to improve the information that is disclosed in notes to government financial statements related to debt.

The following statements for the GASB are effective for future fiscal years ending as listed below. The City is in the process of reviewing and evaluating these statements and their potential impact on the City's financial statements.

Statement No. 84 "*Fiduciary Activities*" – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This statement will become effective for the city in fiscal year 2020.

Statement No. 87 "*Leases*" – This Statement is to improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the city in fiscal year 2021.

## **XX. Subsequent Event**

In October 2019, the City issued Waterworks and Sewer System Revenue Bonds, Series 2019 in the amount of \$41,000,000. The purpose of the debt issuance is to expand the Wastewater Treatment Plant and West Loop Reuse Projects.

On October 2019, the City entered into a lease purchase agreement with Government Capital Corporation for the purchase of maintenance equipment for the City's municipal golf course in the amount of \$381,658.

On January 28, 2020, the City entered into a lease purchase agreement with Government Capital Corporation for the purchase of heavy equipment for the City's street maintenance and drainage operations in the amount of \$314,534.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 12,627,016	\$ 12,627,016	\$ 12,707,805	\$ 80,789
Sales taxes	5,545,000	5,545,000	6,326,980	781,980
Franchise taxes	3,232,000	3,232,000	3,511,169	279,169
Permits and fees	374,500	374,500	505,809	131,309
Intergovernmental	35,038	35,038	193,011	157,973
Charges for services	7,590,454	7,590,454	8,691,416	1,100,962
Fines and forfeitures	631,500	631,500	723,873	92,373
Interest revenue	200,000	200,000	439,948	239,948
Miscellaneous	49,500	49,500	268,687	219,187
Total revenues	<u>30,285,008</u>	<u>30,285,008</u>	<u>33,368,698</u>	<u>3,083,690</u>
<b>EXPENDITURES</b>				
Current:				
General government				
City council	43,001	43,001	23,315	19,686
City manager	532,139	532,139	495,365	36,774
City attorney	208,005	208,005	211,629	( 3,624)
City secretary	558,769	558,769	476,596	82,173
Finance	734,422	734,421	654,847	79,574
Human resources	607,683	607,683	537,842	69,841
Municipal court	353,125	353,125	315,952	37,173
Information services	1,002,768	1,011,768	987,020	24,748
Non-departmental	1,519,682	1,516,269	1,431,262	85,007
Economic development	389,065	389,065	275,577	113,488
Total general government	<u>5,948,659</u>	<u>5,954,245</u>	<u>5,409,405</u>	<u>544,840</u>
Public safety				
Police services	8,059,441	8,188,685	7,424,435	764,250
Code compliance	175,753	175,753	163,924	11,829
Animal control	401,002	401,002	387,457	13,545
Ambulance services	267,827	267,827	267,552	275
Fire protection	7,873,652	7,873,652	7,648,562	225,090
Health	307,074	307,074	291,460	15,614
Total public safety	<u>17,084,749</u>	<u>17,213,993</u>	<u>16,183,390</u>	<u>1,030,603</u>

**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
Public service				
Washington recreation center	\$ 243,279	\$ 243,279	\$ 202,300	\$ 40,979
Cemetery maintenance	334,604	334,604	312,606	21,998
Parks and recreation	887,158	947,808	849,576	98,232
Municipal golf course	1,219,405	1,213,035	1,127,026	86,009
Municipal pools	812,607	812,607	590,994	221,613
Sports complex	564,863	568,881	501,974	66,907
Building maintenance	634,348	634,348	524,301	110,047
Conference center	429,540	429,540	394,086	35,454
Library	604,799	604,799	553,642	51,157
Layland museum	227,810	227,810	180,291	47,519
Railroad museum	60,784	60,784	35,181	25,603
Total public service	<u>6,019,197</u>	<u>6,077,495</u>	<u>5,271,977</u>	<u>805,518</u>
Public works				
Public works	168,844	168,844	192,785	( 23,941)
Engineering	340,428	340,428	255,681	84,747
Planning and zoning	295,166	295,166	236,832	58,334
Inspections	472,900	472,900	465,117	7,783
Gas well administration	286,001	286,001	251,452	34,549
Fleet maintenance	397,397	397,397	387,034	10,363
Street maintenance	1,610,212	1,610,212	1,444,591	165,621
Total public works	<u>3,570,948</u>	<u>3,570,948</u>	<u>3,233,492</u>	<u>337,456</u>
Sanitation				
Sanitation	3,418,702	3,418,702	3,824,769	( 406,067)
Total sanitation	<u>3,418,702</u>	<u>3,418,702</u>	<u>3,824,769</u>	<u>( 406,067)</u>
Total current expenditures	<u>36,042,255</u>	<u>36,235,383</u>	<u>33,923,033</u>	<u>2,312,350</u>
Debt service				
Total debt service	<u>-</u>	<u>14,183</u>	<u>14,183</u>	<u>-</u>
Capital outlay:				
General government				
Information services	125,000	116,000	113,403	2,597
Total general government	<u>125,000</u>	<u>116,000</u>	<u>113,403</u>	<u>2,597</u>

**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
Public safety				
Police services	\$ 150,000	\$ 20,756	\$ 19,702	\$ 1,054
Ambulance services	10,000	10,000	10,000	-
Fire protection	15,608	15,608	13,913	1,695
Total public safety	<u>175,608</u>	<u>46,364</u>	<u>43,615</u>	<u>2,749</u>
Public service				
Parks and recreation	248,500	192,850	37,497	155,353
Municipal golf course	18,200	13,800	13,800	-
Library	31,500	31,500	30,949	551
Layland museum	50,896	50,896	49,231	1,665
Total public service	<u>349,096</u>	<u>289,046</u>	<u>131,477</u>	<u>157,569</u>
Public works				
Street maintenance	12,500	12,500	12,500	-
Total public works	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Total capital outlay	<u>662,204</u>	<u>463,910</u>	<u>300,995</u>	<u>162,915</u>
Total expenditures	<u>36,704,459</u>	<u>36,713,476</u>	<u>34,238,211</u>	<u>2,475,265</u>
Excess (deficiency) of revenues over expenditures	<u>( 6,419,451)</u>	<u>( 6,428,468)</u>	<u>( 869,513)</u>	<u>5,558,955</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,961,802	4,961,802	4,685,671	( 276,131)
Transfers out	( 716,482)	( 716,482)	( 909,710)	( 193,228)
Sale of assets	-	-	10,279	10,279
Total other financing sources (uses)	<u>4,245,320</u>	<u>4,245,320</u>	<u>3,786,240</u>	<u>( 459,080)</u>
Net change in fund balances	<u>( 2,174,131)</u>	<u>( 2,183,148)</u>	<u>2,916,727</u>	<u>5,099,875</u>
Fund balances - beginning	<u>14,938,607</u>	<u>14,938,607</u>	<u>14,938,607</u>	<u>-</u>
Fund balances - ending	<u>\$ 12,764,476</u>	<u>\$ 12,755,459</u>	<u>\$ 17,855,334</u>	<u>\$ 5,099,875</u>

**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
RECONCILIATION FOR GENERAL FUND  
BUDGET VS. GAAP PRESENTATION

FOR THE YEAR ENDED SEPTEMBER 30, 2019

**Revenues**

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 33,368,698
Revenues of non-budgeted fund	
Charges for services	745,112
Miscellaneous	<u>193,425</u>
Total revenues of non-budgeted fund	<u>938,537</u>
Interest on pooled investments from non-budgeted revenues	<u>63,086</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances	<u>34,370,321</u>

**Expenditures**

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	34,238,211
Expenditures of non-budgeted fund	
Current:	
General government	
Non-departmental	<u>34,088</u>
Total general government	<u>34,088</u>
Capital outlay:	
Public safety	
Police	185,362
Fire	<u>51,319</u>
Total public safety	<u>236,681</u>
Public works	
Inspections	25,243
Fleet Maintenance	134,433
Street	<u>67,676</u>
Total public works	<u>227,352</u>
Sanitation	
Sanitation	<u>309,875</u>
Total sanitation	<u>309,875</u>
Total expenditures of non-budgeted fund	<u>807,996</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	<u>35,046,207</u>

**Other financing sources (uses)**

Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedule	3,786,240
Insurance recovery	<u>9,139</u>
Total other financing sources and uses as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	\$ <u>3,795,379</u>

**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
4B TAX SALES  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts	
	Original	Final
<b>REVENUES</b>		
Sales taxes	\$ 2,785,000	\$ 2,785,000
Interest revenue	31,000	31,000
Miscellaneous	-	-
Total revenues	2,816,000	2,816,000
<b>EXPENDITURES</b>		
Current:		
General government	110,756	110,756
Public service	237,375	198,316
Total current	348,131	309,072
Debt service:		
Principal retirement	724,375	724,375
Interest and fiscal charges	390,600	390,600
Total debt service	1,114,975	1,114,975
Capital outlay:		
Public service	404,330	471,155
Total capital outlay	404,330	471,155
Total expenditures	1,867,436	1,895,202
Excess (deficiency) of revenues over expenditures	948,564	920,798
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	( 1,277,282)	( 1,277,282)
Insurance recovery	-	-
Total other financing sources (uses)	( 1,277,282)	( 1,277,282)
Net change in fund balances	( 328,718)	( 356,484)
Fund balances - beginning	2,953,913	2,953,913
Fund balances - ending	\$ 2,625,195	\$ 2,597,429

Actual	Variance with Final Budget
\$ 3,196,231	\$ 411,231
65,364	34,364
<u>33,410</u>	<u>33,410</u>
<u>3,295,005</u>	<u>479,005</u>
110,778	( 22)
<u>184,285</u>	<u>14,031</u>
<u>295,063</u>	<u>14,009</u>
723,069	1,306
<u>391,906</u>	<u>( 1,306)</u>
<u>1,114,975</u>	<u>-</u>
<u>268,416</u>	<u>202,739</u>
<u>268,416</u>	<u>202,739</u>
<u>1,678,454</u>	<u>419,487</u>
<u>1,616,551</u>	<u>898,492</u>
( 959,117)	318,165
<u>63,254</u>	<u>63,254</u>
<u>( 895,863)</u>	<u>381,419</u>
720,688	1,077,172
<u>2,953,913</u>	<u>-</u>
<u>\$ 3,674,601</u>	<u>\$ 1,077,172</u>

**CITY OF CLEBURNE, TEXAS**

SUPPLEMENTARY INFORMATION  
 4A SALES TAX FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts	
	Original	Final
<b>REVENUES</b>		
Sales taxes	\$ 2,785,000	\$ 2,785,000
Interest revenue	40,000	40,000
Miscellaneous revenue	-	-
Total revenues	2,825,000	2,825,000
<b>EXPENDITURES</b>		
Current:		
Public service	121,883	73,476
Total current	121,883	73,476
Debt service:		
Principal retirement	1,260,000	1,260,000
Interest and fiscal charges	1,192,864	1,192,864
Total debt service	2,452,864	2,452,864
Capital outlay		
Public service	291,742	340,149
Total capital outlay	291,742	340,149
Total expenditures	2,866,489	2,866,489
Excess (deficiency) of revenues over expenditures	( 41,489)	( 41,489)
Net change in fund balances	( 41,489)	( 41,489)
Fund balances - beginning	4,365,358	4,365,358
Fund balances - ending	\$ 4,323,869	\$ 4,323,869

Actual	Variance with Final Budget
\$ 3,196,231	\$ 411,231
111,970	71,970
<u>24,108</u>	<u>24,108</u>
<u>3,332,309</u>	<u>507,309</u>
<u>69,402</u>	<u>4,074</u>
<u>69,402</u>	<u>4,074</u>
1,260,000	-
<u>1,190,964</u>	<u>1,900</u>
<u>2,450,964</u>	<u>1,900</u>
<u>323,592</u>	<u>16,557</u>
<u>323,592</u>	<u>16,557</u>
<u>2,843,958</u>	<u>22,531</u>
<u>488,351</u>	<u>529,840</u>
488,351	529,840
<u>4,365,358</u>	<u>-</u>
<u>\$ 4,853,709</u>	<u>\$ 529,840</u>

## **CITY OF CLEBURNE, TEXAS**

### **NOTES TO REQUIRED BUDGETARY INFORMATION**

SEPTEMBER 30, 2019

#### **Budgetary Controls and Procedures**

The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager, at least 60 days prior to the beginning of each budget year, or no later than 15 days after the tax roll is submitted to the City, shall submit to the City Council a proposed budget and an explanatory budget message. The proposed budget, budget message, and all supporting schedules are public records in the office of the City Secretary and are open to public inspection by anyone and may be distributed to those interested. The proposed budget is advertised and City Council holds a public hearing on the budget as submitted, at which all interested persons are given an opportunity to speak for or against the proposed budget. The proposed budget requires a favorable majority vote by members of the Council. The budget must be adopted no later than the end of the last month of fiscal year before the new budget goes in effect.

The City Manager may at any time with the approval of the Council transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency. At the request of the City Manager, the Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one office, department, or agency to another.

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**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY  
AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

<b>Plan Year</b>	2014	2015
<b>Total Pension Liability</b>		
Service Cost	\$ 2,091,825	\$ 2,191,277
Interest (on the Total Pension Liability)	5,457,221	5,702,587
Changes of benefit terms	-	-
Difference between expected and actual experience	288,763	( 842,570)
Changes of assumptions	-	974,155
Benefit payments, including refunds of employee contributions	( 4,372,011)	( 4,392,612)
<b>Net Change in Total Pension Liability</b>	3,465,798	3,632,837
<b>Total Pension Liability - Beginning</b>	79,100,396	82,566,194
<b>Total Pension Liability - Ending (a)</b>	\$ 82,566,194	\$ 86,199,031
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 2,552,382	\$ 2,477,157
Contributions - Employee	1,003,871	971,010
Net Investment Income	3,553,580	95,641
Benefit payments, including refunds of employee contributions	( 4,372,011)	( 4,392,612)
Administrative Expense	( 37,101)	( 58,256)
Other	( 3,050)	( 2,877)
<b>Net Change in Plan Fiduciary Net Position</b>	2,697,671	( 909,937)
<b>Plan Fiduciary Net Position - Beginning</b>	62,119,670	64,817,341
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 64,817,341	\$ 63,907,404
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 17,748,853	\$ 22,291,627
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	78.50%	74.14%
<b>Covered Payroll</b>	\$ 13,889,090	\$ 13,593,531
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	127.79%	163.99%

**Notes to Schedule:**

GASB 68 requires 10 fiscal years of data to be provided in this schedule. Information prior to 2014 is not available.

2016	2017	2018
\$ 2,318,866	\$ 2,218,615	\$ 2,195,963
5,591,913	5,762,831	5,975,104
( 2,355,691)	-	-
( 862,958)	( 148,909)	( 416,390)
-	-	-
( 4,319,226)	( 4,611,924)	( 4,740,952)
372,904	3,220,613	3,013,725
<u>86,199,031</u>	<u>86,571,935</u>	<u>89,792,548</u>
\$ <u>86,571,935</u>	\$ <u>89,792,548</u>	\$ <u>92,806,273</u>
\$ 2,573,316	\$ 2,390,022	\$ 2,314,229
1,010,261	1,032,087	1,022,056
4,318,703	9,345,966	( 2,262,289)
( 4,319,226)	( 4,611,924)	( 4,740,952)
( 48,777)	( 48,439)	( 43,735)
( 2,628)	( 2,455)	( 2,285)
3,531,649	8,105,257	( 3,712,976)
<u>63,907,404</u>	<u>67,439,053</u>	<u>75,544,310</u>
\$ <u>67,439,053</u>	\$ <u>75,544,310</u>	\$ <u>71,831,334</u>
\$ 19,132,882	\$ 14,248,238	\$ 20,974,939
77.90%	84.13%	77.40%
\$ 14,113,606	\$ 14,741,627	\$ 14,600,816
135.56%	96.65%	143.66%

**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF CONTRIBUTIONS FOR THE LAST 10 FISCAL YEARS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	\$ 2,317,956	\$ 2,317,956	\$ -	\$ 14,652,957	15.82%
2011	2,418,819	2,418,819	-	14,197,956	17.04%
2012	2,524,095	2,524,095	-	13,832,445	18.25%
2013	2,525,209	2,525,209	-	13,308,290	18.97%
2014	2,515,681	2,515,681	-	13,583,152	18.52%
2015	2,519,366	2,519,366	-	13,762,872	18.31%
2016	2,528,236	2,528,236	-	13,760,144	18.37%
2017	2,517,466	2,517,466	-	14,851,451	16.95%
2018	2,331,452	2,331,452	-	14,430,400	16.16%
2019	2,314,229	2,314,229	-	14,600,816	15.85%

**Notes to Schedule of Contributions**

**Valuation Date:**

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.

Mortality

RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

Notes

There were no benefit changes during the year.

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**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
FIREMAN'S RELIEF RETIREMENT  
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY  
AND RELATED RATIOS FOR THE LAST 10 YEARS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Plan Year	2014	2015
<b>1. Total Pension Liability</b>		
a. Service Cost	\$ 756,063	\$ 767,474
b. Interest	2,196,564	2,307,437
c. Changes of benefit provisions	-	-
d. Changes between expected and actual experience	-	-
e. Changes of assumptions	306,946	-
f. Benefit payments	( 1,250,864)	( 2,334,496)
<b>g. Net Change in Total Pension Liability</b>	2,008,709	740,415
<b>h. Total Pension Liability - Beginning</b>	29,156,896	31,165,605
<b>i. Total Pension Liability - Ending</b>	\$ 31,165,605	\$ 31,906,020
<b>2. Plan Fiduciary Net Position</b>		
a. Contributions by the city	\$ 974,139	\$ 973,303
b. Contributions by the employees	520,717	520,697
c. Net investment income	1,136,603	( 367,291)
d. Benefit payments	( 1,250,864)	( 2,334,496)
e. Administrative expenses	( 31,104)	( 30,420)
<b>g. Net Change in Plan Fiduciary Net Position</b>	1,349,491	( 1,238,207)
<b>h. Plan Fiduciary Net Position - Beginning</b>	19,634,181	20,983,672
<b>i. Plan Fiduciary Net Position - Ending</b>	\$ 20,983,672	\$ 19,745,465
<b>3. City's Net Pension Liability - Ending [Item 1(i) - 2(i)]</b>	\$ 10,181,933	\$ 12,160,555
<b>4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	67.3%	61.9%
<b>5. Covered Payroll for Year (Estimated)<sup>4</sup></b>	\$ 4,017,037	\$ 4,005,362
<b>6. City's Net Pension Liability as a Percentage of Covered Payroll</b>	253.5%	303.6%

**Notes to Schedule:**

<sup>1</sup> Until a full 10-year trend is compiled, only available information is shown. The measurement date is December 31, nine months prior to the fiscal year end. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

<sup>2</sup> Determined from the ending total pension liability as of December 31, 2014, but based on the actuarial assumptions for the December 31, 2012 actuarial valuation, using the roll back procedure allowed for the initial year of implementing GASB 68.

<sup>3</sup> Determined from the beginning of year total pension liability using the roll forward procedure allowed by GASB 68.

<sup>4</sup> Contributions by the firefighters divided by their contribution rate.

2016	2017	2018
\$ 794,336	\$ 850,423	\$ 878,062
2,399,520	2,440,734	2,465,684
-	-	( 346,046)
( 468,631)	-	1,659,598
857,002	-	381,360
<u>( 1,413,500)</u>	<u>( 2,519,745)</u>	<u>( 3,429,563)</u>
2,168,727	771,412	1,609,095
<u>31,906,020</u>	<u>34,074,747</u>	<u>34,846,159</u>
\$ <u>34,074,747</u>	\$ <u>34,846,159</u>	\$ <u>36,455,254</u>
\$ 1,001,437	\$ 1,010,880	\$ 994,346
533,552	586,148	595,377
1,475,986	2,495,332	( 1,626,309)
( 1,413,500)	( 2,519,745)	( 3,429,563)
<u>( 19,791)</u>	<u>( 15,934)</u>	<u>( 50,873)</u>
1,577,684	1,556,681	( 3,517,022)
<u>19,745,465</u>	<u>21,323,149</u>	<u>22,879,830</u>
\$ <u>21,323,149</u>	\$ <u>22,879,830</u>	\$ <u>19,362,808</u>
\$ 12,751,598	\$ 11,966,329	\$ 17,092,446
62.6%	65.7%	53.1%
\$ 4,104,246	\$ 4,508,831	\$ 4,507,461
310.7%	265.4%	379.2%

**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
FIREMAN'S RELIEF AND RETIREMENT  
SCHEDULE OF CONTRIBUTIONS FOR THE LAST 10 FISCAL YEARS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fiscal Year Ended September 30,	Annual Required Contribution	Contributions in Relation to the Annual Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	\$ 866,177	\$ 866,177	\$ -	\$ 3,931,813	22.03%
2011	900,345	900,345	-	3,918,499	22.98%
2012	922,594	922,594	-	3,807,206	24.23%
2013	956,225	956,225	-	3,828,401	24.98%
2014	957,885	957,885	-	3,763,088	25.45%
2015	984,011	984,011	-	4,048,534	24.31%
2016	969,946	969,946	-	3,973,288	24.41%
2017	1,012,372	1,012,372	-	4,442,749	22.79%
2018	1,001,397	1,001,397	-	4,518,774	22.16%
2019	994,346	994,346	-	4,507,461	22.06%

**Notes to Schedule of Contributions**

**Valuation Date:**

Notes

Annual required contributions are not actuarially determined. According to City ordinance, since December 2017 the City contributes to the Fireman's Relief and Retirement Fund at the rate of 21%, the assumed actuarial valuation rate over the unfunded liability amortization period.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	15 years
Asset Valuation Method	5-year smoothing
Inflation	3.25%
Salary Increases	3.25% annual general compensation increase plus promotion, step, and longevity increases which average 1.98% per year over 30-year career.
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
Retirement Age	Average expected age at retirement of 54.9.
Mortality	RP-2000 Combined Healthy Mortality Tables projected to 2024 for males and for females (sex distinct)

**CITY OF CLEBURNE, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

<b>Plan Year ended December 31,</b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>A. Total OPEB liability</b>		
Service Cost	\$ 33,906	\$ 37,962
Interest	32,107	32,436
Difference between expected and actual experience	-	173,983
Changes of assumptions	72,051	( 65,708)
Benefit payments, including refunds of employee contributions	( 10,319)	( 8,760)
Net change in Total OPEB liability	127,745	169,913
Total OPEB liability - beginning	<u>837,608</u>	<u>965,353</u>
Total OPEB liability - ending	<u>\$ 965,353</u>	<u>\$ 1,135,266</u>
<b>B. Covered employee payroll</b>	<b>\$ 14,741,627</b>	<b>\$ 14,600,816</b>
<b>C. Total OPEB liability as a percentage of covered employee payroll</b>	<b>6.55%</b>	<b>7.78%</b>

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**CITY OF CLEBURNE, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
RETIREE HEALTHCARE PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2019

<b>Plan Year ended December 31,</b>	<u><b>2017</b></u>	<u><b>2018</b></u>
<b>A. Total OPEB liability</b>		
Service Cost	\$ 515,434	\$ 585,054
Interest (on the Total OPEB Liability)	345,305	335,316
Difference between expected and actual experience	34,427	( 2,559,479)
Changes of assumptions	457,128	( 223,745)
Benefit payments, including refunds of employee contributions	<u>( 350,800)</u>	<u>( 288,876)</u>
Net change in Total OPEB liability	1,001,494	( 2,151,730)
Total OPEB liability - beginning	<u>8,980,800</u>	<u>9,982,294</u>
Total OPEB liability - ending (a)	<u>\$ 9,982,294</u>	<u>\$ 7,830,564</u>
<b>B. Covered employee payroll</b>	\$ 19,216,013	\$ 19,140,334
<b>C. Total OPEB liability as a percentage of covered employee payroll</b>	51.95%	40.91%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Note: Changes of assumptions reflect a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

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**COMBINING AND INDIVIDUAL  
STATEMENTS AND SCHEDULES**

## **Non-Major Governmental Funds**

H.U.D. Grant Fund – To account for the funds received from the Department of Housing and Urban Development that are legally restricted to subsidize rental and utility expenses of low income families.

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

C/C Transit Fund – To account for the revenues from operations and federal and state grants that are specifically restricted to administrative, operating, and capital expenditures, for the sole benefit of the City's and County's transportation system.

Mineral and Lease Royalty Fund – To account for the funds received from mineral interests and lease royalties from online gas wells.

General Special Revenue Funds – To account for miscellaneous funds designated for special programs of the City.

**CITY OF CLEBURNE, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>Housing and Urban Development</u>	<u>Hotel/Motel Tax</u>	<u>Transportation</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 45,504	\$ 452,123	\$ 100
Receivables (net of allowance for doubtful accounts)	-	57,919	60
Due from other governments	-	-	413,941
Inventories	-	-	-
Total assets	<u>\$ 45,504</u>	<u>\$ 510,042</u>	<u>\$ 414,101</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,779	\$ 101,669	\$ 26,383
Accrued liabilities	9,959	-	46,045
Retainage payable	-	-	-
Due to other funds	15,706	-	847
Due to other governments	-	-	-
Deposits payable	-	-	-
Escrows	-	-	-
Total liabilities	<u>31,444</u>	<u>101,669</u>	<u>73,275</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable:			
Inventories	-	-	-
Deposits	-	-	-
Restricted for:			
General government	-	408,373	-
Public safety	-	-	-
Public service	29,575	-	340,826
Public works	-	-	-
Committed for:			
Capital projects	-	-	-
General government	-	-	-
Assigned for:			
Public safety	-	-	-
Public service	-	-	-
Public works	-	-	-
Capital projects	-	-	-
Unassigned	( 15,515)	-	-
Total fund balances	<u>14,060</u>	<u>408,373</u>	<u>340,826</u>
Total liabilities and fund balances	<u>\$ 45,504</u>	<u>\$ 510,042</u>	<u>\$ 414,101</u>

Law Enforcement	TIF #1 - Industrial Park	TIF #2 - Downtown	TIF #3 - Northwest Loop	Emergency Management	Certificate of Franchise
\$ 14,533	\$ 1,809,677	\$ 1,114,344	\$ 203,478	\$ 688	\$ 331,490
-	-	-	-	-	9,551
-	-	-	-	-	-
<u>\$ 14,533</u>	<u>\$ 1,809,677</u>	<u>\$ 1,114,344</u>	<u>\$ 203,478</u>	<u>\$ 688</u>	<u>\$ 341,041</u>
\$ -	\$ 37,440	\$ -	\$ -	\$ 688	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>37,440</u>	<u>-</u>	<u>-</u>	<u>688</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	341,041
14,533	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,772,237	-	-	-	-
-	-	1,114,344	203,478	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,533</u>	<u>1,772,237</u>	<u>1,114,344</u>	<u>203,478</u>	<u>-</u>	<u>341,041</u>
<u>\$ 14,533</u>	<u>\$ 1,809,677</u>	<u>\$ 1,114,344</u>	<u>\$ 203,478</u>	<u>\$ 688</u>	<u>\$ 341,041</u>

**CITY OF CLEBURNE, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	Street Restitution	Recreation	Mineral and Lease Royalty
<b>ASSETS</b>			
Cash and cash equivalents	\$ 68,952	\$ 17,546	\$ 473,316
Receivables (net of allowance for doubtful accounts)	-	-	20,882
Due from other governments	-	-	-
Inventories	-	-	-
Total assets	<u>\$ 68,952</u>	<u>\$ 17,546</u>	<u>\$ 494,198</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 63	\$ 18
Accrued liabilities	-	-	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits payable	-	-	-
Escrows	-	-	-
Total liabilities	<u>-</u>	<u>63</u>	<u>18</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable:			
Inventories	-	-	-
Deposits	-	-	-
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Public service	-	-	-
Public works	-	-	-
Committed for:			
Capital projects	-	-	-
General government	-	-	-
Assigned for:			
Public safety	-	-	-
Public service	-	17,483	-
Public works	68,952	-	-
Capital projects	-	-	494,180
Unassigned	-	-	-
Total fund balances	<u>68,952</u>	<u>17,483</u>	<u>494,180</u>
Total liabilities and fund balances	<u>\$ 68,952</u>	<u>\$ 17,546</u>	<u>\$ 494,198</u>

Disposal Well	Gas Well Administration	Impact Fees	Miscellaneous Grants	Court Technology	Court Fine Fee
\$ 490,340	\$ -	\$ 216,384	\$ 63,020	\$ 59,358	\$ 1,812
-	-	-	5,424	-	-
-	-	-	-	-	-
<u>\$ 490,340</u>	<u>\$ -</u>	<u>\$ 216,384</u>	<u>\$ 68,444</u>	<u>\$ 59,358</u>	<u>\$ 1,812</u>
\$ -	\$ -	\$ 27	\$ 1,314	\$ -	\$ -
-	-	-	-	-	-
-	-	-	68,936	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>27</u>	<u>70,250</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	59,358	1,812
-	-	-	-	-	-
-	-	216,357	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
490,340	-	-	-	-	-
-	-	-	-	-	-
<u>490,340</u>	<u>-</u>	<u>216,357</u>	<u>( 1,806)</u>	<u>59,358</u>	<u>1,812</u>
<u>\$ 490,340</u>	<u>\$ -</u>	<u>\$ 216,384</u>	<u>\$ 68,444</u>	<u>\$ 59,358</u>	<u>\$ 1,812</u>

**CITY OF CLEBURNE, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>Child Safety</u>	<u>Court Security</u>	<u>Abandoned Vehicles</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,471	\$ 10,345	\$ 33,845
Receivables (net of allowance for doubtful accounts)	-	-	-
Due from other governments	-	-	-
Inventories	-	-	-
Total assets	<u>\$ 7,471</u>	<u>\$ 10,345</u>	<u>\$ 33,845</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 4,600	\$ 11,637
Accrued liabilities	-	-	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits payable	-	-	-
Escrows	-	-	8,830
Total liabilities	<u>-</u>	<u>4,600</u>	<u>20,467</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable:			
Inventories	-	-	-
Deposits	-	-	-
Restricted for:			
General government	-	5,745	-
Public safety	7,471	-	13,378
Public service	-	-	-
Public works	-	-	-
Committed for:			
Capital projects	-	-	-
General government	-	-	-
Assigned for:			
Public safety	-	-	-
Public service	-	-	-
Public works	-	-	-
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances	<u>7,471</u>	<u>5,745</u>	<u>13,378</u>
Total liabilities and fund balances	<u>\$ 7,471</u>	<u>\$ 10,345</u>	<u>\$ 33,845</u>

<u>Police Forfeiture</u>	<u>Truancy Prevention and Diversion</u>	<u>Museum Board</u>	<u>Museum Donations</u>	<u>Police Donations</u>	<u>Parks Donations</u>
\$ 6,884	\$ 19,276	\$ 56,172	\$ 158,601	\$ 15,921	\$ 52,701
-	-	-	-	-	-
-	-	5,164	-	-	-
<u>\$ 6,884</u>	<u>\$ 19,276</u>	<u>\$ 61,336</u>	<u>\$ 158,601</u>	<u>\$ 15,921</u>	<u>\$ 52,701</u>
\$ -	\$ 274	\$ 17	\$ 1,615	\$ 558	\$ -
-	1,173	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,005	-	-	-	-
-	-	-	-	-	500
-	-	-	-	-	-
<u>-</u>	<u>2,452</u>	<u>17</u>	<u>1,615</u>	<u>558</u>	<u>500</u>
-	-	5,164	-	-	-
-	-	-	-	-	500
-	16,824	-	-	-	-
6,884	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	15,363	-
-	-	56,155	156,986	-	51,701
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,884</u>	<u>16,824</u>	<u>61,319</u>	<u>156,986</u>	<u>15,363</u>	<u>52,201</u>
<u>\$ 6,884</u>	<u>\$ 19,276</u>	<u>\$ 61,336</u>	<u>\$ 158,601</u>	<u>\$ 15,921</u>	<u>\$ 52,701</u>

**CITY OF CLEBURNE, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>Library Board</u>	<u>Library Donations</u>	<u>Public Works Donations</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,830	\$ 19,668	\$ 1,837
Receivables (net of allowance for doubtful accounts)	-	-	-
Due from other governments	-	-	-
Inventories	-	-	-
Total assets	<u>\$ 11,830</u>	<u>\$ 19,668</u>	<u>\$ 1,837</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits payable	-	-	-
Escrows	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable:			
Inventories	-	-	-
Deposits	-	-	-
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Public service	-	-	-
Public works	-	-	-
Committed for:			
Capital projects	-	-	-
General government	-	-	-
Assigned for:			
Public safety	-	-	-
Public service	11,830	19,668	-
Public works	-	-	1,837
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances	<u>11,830</u>	<u>19,668</u>	<u>1,837</u>
Total liabilities and fund balances	<u>\$ 11,830</u>	<u>\$ 19,668</u>	<u>\$ 1,837</u>

<u>Fire Donations</u>	<u>Total Nonmajor Funds</u>
\$ 122,751	\$ 5,879,967
-	93,836
-	413,941
-	5,164
<u>\$ 122,751</u>	<u>\$ 6,392,908</u>
\$ -	\$ 192,082
-	57,177
-	68,936
-	16,553
-	1,005
-	500
-	8,830
<u>-</u>	<u>345,083</u>
-	5,164
-	500
-	833,153
-	42,266
-	370,401
-	216,357
-	1,772,237
-	1,317,822
122,751	138,114
-	313,823
-	561,129
-	494,180
-	( 17,321)
<u>122,751</u>	<u>6,047,825</u>
<u>\$ 122,751</u>	<u>\$ 6,392,908</u>

**CITY OF CLEBURNE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Housing and Urban Development	Hotel/Motel Tax	Transportation
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Occupancy taxes	-	484,594	-
Franchise taxes	-	-	-
Permits and fees	-	-	-
Intergovernmental	1,489,111	-	1,004,533
Charges for services	93	-	94,016
Impact fees	-	-	-
Fines and forfeitures	8,229	-	-
Interest revenue	296	12,441	3,262
Contributions	-	-	112,537
Royalties	-	-	-
Miscellaneous	-	25,000	-
Total revenues	<u>1,497,729</u>	<u>522,035</u>	<u>1,214,348</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	464,257	-
Public safety	-	-	-
Public service	1,472,717	-	1,105,873
Public works	-	-	-
Capital outlay:			
General government	-	150,813	-
Public safety	-	-	-
Public service	-	-	14,582
Public works	-	-	-
Total expenditures	<u>1,472,717</u>	<u>615,070</u>	<u>1,120,455</u>
Excess (deficiency) of revenues over expenditures	<u>25,012</u>	<u>( 93,035)</u>	<u>93,893</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	62,247	-	-
Transfers out	-	-	( 1,051)
Insurance Recovery	-	-	2,737
Total other financing sources (uses)	<u>62,247</u>	<u>-</u>	<u>1,686</u>
Net change in fund balances	87,259	( 93,035)	95,579
Fund balances - beginning	<u>( 73,199)</u>	<u>501,408</u>	<u>245,247</u>
Fund balances - ending	<u>\$ 14,060</u>	<u>\$ 408,373</u>	<u>\$ 340,826</u>

Law Enforcement	TIF #1 - Industrial Park	TIF #2 - Downtown	TIF #3 - Northwest Loop	Emergency Management	Certificate of Franchise
\$ -	\$ 148,912	\$ 92,637	\$ 98,014	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	44,924
4,620	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
321	39,098	24,088	3,072	1	7,288
-	-	-	-	-	-
-	-	-	-	-	-
-	84,305	51,030	13,840	-	-
<u>4,941</u>	<u>272,315</u>	<u>167,755</u>	<u>114,926</u>	<u>1</u>	<u>52,212</u>
-	-	-	-	-	-
2,600	-	-	-	24,821	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	44,842	5,111	-	-	-
<u>2,600</u>	<u>44,842</u>	<u>5,111</u>	<u>-</u>	<u>24,821</u>	<u>-</u>
<u>2,341</u>	<u>227,473</u>	<u>162,644</u>	<u>114,926</u>	<u>( 24,820)</u>	<u>52,212</u>
-	-	-	-	24,820	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	24,820	-
<u>2,341</u>	<u>227,473</u>	<u>162,644</u>	<u>114,926</u>	<u>-</u>	<u>52,212</u>
<u>12,192</u>	<u>1,544,764</u>	<u>951,700</u>	<u>88,552</u>	<u>-</u>	<u>288,829</u>
<u>\$ 14,533</u>	<u>\$ 1,772,237</u>	<u>\$ 1,114,344</u>	<u>\$ 203,478</u>	<u>\$ -</u>	<u>\$ 341,041</u>

**CITY OF CLEBURNE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Street Restitution</u>	<u>Recreation</u>	<u>Mineral and Lease Royalty</u>
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Occupancy taxes	-	-	-
Franchise taxes	-	-	-
Permits and fees	-	-	-
Intergovernmental	-	-	-
Charges for services	-	8,520	-
Impact fees	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	1,632	510	14,341
Contributions	-	-	-
Royalties	-	-	231,123
Miscellaneous	-	-	30,000
Total revenues	<u>1,632</u>	<u>9,030</u>	<u>275,464</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	299
Public safety	-	-	-
Public service	-	7,116	-
Public works	-	-	-
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public service	-	-	-
Public works	-	-	-
Total expenditures	<u>-</u>	<u>7,116</u>	<u>299</u>
Excess (deficiency) of revenues over expenditures	<u>1,632</u>	<u>1,914</u>	<u>275,165</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	( 5,000)	( 500,000)
Insurance Recovery	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>( 5,000)</u>	<u>( 500,000)</u>
Net change in fund balances	1,632	( 3,086)	( 224,835)
Fund balances - beginning	<u>67,320</u>	<u>20,569</u>	<u>719,015</u>
Fund balances - ending	<u>\$ 68,952</u>	<u>\$ 17,483</u>	<u>\$ 494,180</u>

Disposal Well	Gas Well Administration	Impact Fees	Miscellaneous Grants	Court Technology	Court Fine Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	754,691	-	-	-	-
-	-	-	205,352	-	-
-	-	214,844	-	-	-
-	-	-	-	16,962	1,749
10,916	13,082	1,513	624	1,294	63
-	-	-	-	-	-
51,521	-	-	-	-	-
-	-	-	-	-	-
<u>62,437</u>	<u>767,773</u>	<u>216,357</u>	<u>205,976</u>	<u>18,256</u>	<u>1,812</u>
-	-	-	-	10,592	-
-	-	-	129,487	-	-
-	-	-	3,045	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	79,801	-	-
-	-	-	1,394	-	-
-	-	-	6,200	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>219,927</u>	<u>10,592</u>	<u>-</u>
<u>62,437</u>	<u>767,773</u>	<u>216,357</u>	<u>( 13,951)</u>	<u>7,664</u>	<u>1,812</u>
-	-	-	16,601	-	-
-	( 767,773)	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	( 767,773)	-	16,601	-	-
<u>62,437</u>	<u>-</u>	<u>216,357</u>	<u>2,650</u>	<u>7,664</u>	<u>1,812</u>
<u>427,903</u>	<u>-</u>	<u>-</u>	<u>( 4,456)</u>	<u>51,694</u>	<u>-</u>
\$ <u>490,340</u>	\$ <u>-</u>	\$ <u>216,357</u>	\$ <u>( 1,806)</u>	\$ <u>59,358</u>	\$ <u>1,812</u>

**CITY OF CLEBURNE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Child Safety</u>	<u>Court Security</u>	<u>Abandoned Vehicles</u>
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Occupancy taxes	-	-	-
Franchise taxes	-	-	-
Permits and fees	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Impact fees	-	-	-
Fines and forfeitures	1,400	12,706	9,169
Interest revenue	181	365	722
Contributions	-	-	-
Royalties	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>1,581</u>	<u>13,071</u>	<u>9,891</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	12,037	-
Public safety	1,452	-	17,805
Public service	-	-	-
Public works	-	-	-
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public service	-	-	-
Public works	-	-	-
Total expenditures	<u>1,452</u>	<u>12,037</u>	<u>17,805</u>
Excess (deficiency) of revenues over expenditures	<u>129</u>	<u>1,034</u>	<u>( 7,914)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	( 9,500)	-
Insurance Recovery	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>( 9,500)</u>	<u>-</u>
Net change in fund balances	129	( 8,466)	( 7,914)
Fund balances - beginning	<u>7,342</u>	<u>14,211</u>	<u>21,292</u>
Fund balances - ending	<u>\$ 7,471</u>	<u>\$ 5,745</u>	<u>\$ 13,378</u>

Police Forfeiture	Truancy Prevention and Diversion	Museum Board	Museum Donations	Police Donations	Parks Donations
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,277	5,161	-	4,563
-	-	-	-	-	-
-	25,111	-	-	-	-
242	492	1,396	2,459	252	1,265
-	-	1,853	108,833	18,460	12,750
-	-	-	-	-	-
-	-	-	-	-	-
<u>242</u>	<u>25,603</u>	<u>5,526</u>	<u>116,453</u>	<u>18,712</u>	<u>18,578</u>
-	26,292	-	-	-	-
7,010	-	-	6,236	7,365	-
-	-	9,636	-	-	14,111
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,010</u>	<u>26,292</u>	<u>9,636</u>	<u>6,236</u>	<u>7,365</u>	<u>14,111</u>
( 6,768)	( 689)	( 4,110)	110,217	11,347	4,467
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>( 6,768)</u>	<u>( 689)</u>	<u>( 4,110)</u>	<u>110,217</u>	<u>11,347</u>	<u>4,467</u>
<u>13,652</u>	<u>17,513</u>	<u>65,429</u>	<u>46,769</u>	<u>4,016</u>	<u>47,734</u>
\$ <u>6,884</u>	\$ <u>16,824</u>	\$ <u>61,319</u>	\$ <u>156,986</u>	\$ <u>15,363</u>	\$ <u>52,201</u>

**CITY OF CLEBURNE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Library Board	Library Donations	Public Works Donations
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Occupancy taxes	-	-	-
Franchise taxes	-	-	-
Permits and fees	-	-	-
Intergovernmental	-	-	-
Charges for services	26	-	-
Impact fees	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	293	463	44
Contributions	2,743	7,898	100
Royalties	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>3,062</u>	<u>8,361</u>	<u>144</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public service	3,333	4,008	-
Public works	-	-	16
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public service	-	302	-
Public works	-	-	-
Total expenditures	<u>3,333</u>	<u>4,310</u>	<u>16</u>
Excess (deficiency) of revenues over expenditures	<u>( 271)</u>	<u>4,051</u>	<u>128</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Insurance Recovery	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>( 271)</u>	<u>4,051</u>	<u>128</u>
Fund balances - beginning	<u>12,101</u>	<u>15,617</u>	<u>1,709</u>
Fund balances - ending	<u>\$ 11,830</u>	<u>\$ 19,668</u>	<u>\$ 1,837</u>

<u>Fire Donations</u>	<u>Total Nonmajor Funds</u>
\$ -	\$ 339,563
-	484,594
-	44,924
-	754,691
-	2,703,616
-	114,656
-	214,844
-	75,326
2,900	144,916
350	265,524
-	282,644
-	204,175
<u>3,250</u>	<u>5,629,473</u>
-	513,477
-	196,776
-	2,619,839
-	16
-	150,813
-	79,801
-	16,278
-	56,153
<u>-</u>	<u>3,633,153</u>
<u>3,250</u>	<u>1,996,320</u>
-	103,668
-	( 1,283,324)
<u>-</u>	<u>2,737</u>
<u>-</u>	<u>( 1,176,919)</u>
3,250	819,401
<u>119,501</u>	<u>5,228,424</u>
\$ <u>122,751</u>	\$ <u>6,047,825</u>

**CITY OF CLEBURNE, TEXAS**

SUPPLEMENTARY INFORMATION  
DEBT SERVICE FUND  
SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts	
	Original	Final
<b>REVENUES</b>		
Property taxes	\$ 2,864,457	\$ 2,864,457
Interest revenue	22,000	22,000
Total revenues	<u>2,886,457</u>	<u>2,886,457</u>
<b>EXPENDITURES</b>		
Debt service:		
Principal retirement	3,571,487	3,571,487
Interest and fiscal charges	9,100	9,100
Total debt service	<u>3,580,587</u>	<u>3,580,587</u>
Total expenditures	<u>3,580,587</u>	<u>3,580,587</u>
Excess (deficiency) of revenues over expenditures	<u>( 694,130)</u>	<u>( 694,130)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	<u>880,424</u>	<u>880,424</u>
Total other financing sources (uses)	<u>880,424</u>	<u>880,424</u>
Net change in fund balances	186,294	186,294
Fund balances - beginning	<u>1,274,803</u>	<u>1,274,803</u>
Fund balances - ending	<u>\$ 1,461,097</u>	<u>\$ 1,461,097</u>

<u>Actual</u>	<u>Variance with Final Budget</u>
\$ 2,943,547	\$ 79,090
41,710	19,710
<u>2,985,257</u>	<u>98,800</u>
3,176,973	394,514
326,563	( 317,463)
<u>3,503,536</u>	<u>77,051</u>
3,503,536	77,051
<u>( 518,279)</u>	<u>175,851</u>
880,424	-
<u>880,424</u>	<u>-</u>
362,145	175,851
1,274,803	-
<u>\$ 1,636,948</u>	<u>\$ 175,851</u>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City of Cleburne'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 government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	98
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property taxes.	108
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	117
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take	119
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	126

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

**CITY OF CLEBURNE, TEXAS**

NET POSITION BY COMPONENT UNIT

LAST TEN FISCAL YEARS (Unaudited)

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Governmental Activities				
Net Investment in Capital Assets	\$ 18,294,975	\$ 14,534,767	\$ 12,890,816	\$ 15,206,936
Restricted	9,339,111	351,729	809,487	1,133,353
Unrestricted	( 7,730,531)	358,756	4,896,123	6,495,133
Total Governmental Activities Net Position	<u>\$ 19,903,555</u>	<u>\$ 15,245,252</u>	<u>\$ 18,596,426</u>	<u>\$ 22,835,422</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 20,550,498	\$ 23,036,590	\$ 29,221,701	\$ 27,219,026
Restricted	9,649,486	3,036,942	713,111	1,040,938
Unrestricted	90,322	9,967,667	8,848,705	11,765,774
Total Business-type Activities Net Position	<u>\$ 30,290,306</u>	<u>\$ 36,041,199</u>	<u>\$ 38,783,517</u>	<u>\$ 40,025,738</u>
Primary Government				
Net Investment in Capital Assets	\$ 38,845,473	\$ 37,571,357	\$ 42,112,517	\$ 42,425,962
Restricted	18,988,597	3,388,671	1,522,598	2,174,291
Unrestricted	( 7,640,209)	10,326,423	13,744,828	18,260,907
Total Primary Government Net Position	<u>\$ 50,193,861</u>	<u>\$ 51,286,451</u>	<u>\$ 57,379,942</u>	<u>\$ 62,861,160</u>

**TABLE 1**

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 17,121,534	\$ 17,850,371	\$ 18,563,823	\$ 14,848,314	\$ 17,499,327	\$ 26,473,023
1,023,750	2,924,683	648,619	777,400	2,248,195	2,890,175
<u>10,958,045</u>	<u>( 8,323,790)</u>	<u>( 3,598,593)</u>	<u>2,185,188</u>	<u>( 661,123)</u>	<u>( 7,281,229)</u>
<u>\$ 29,103,329</u>	<u>\$ 12,451,264</u>	<u>\$ 15,613,849</u>	<u>\$ 17,810,902</u>	<u>\$ 19,086,399</u>	<u>\$ 22,081,969</u>
\$ 31,187,234	\$ 21,308,919	\$ 25,150,504	\$ 19,876,132	\$ 20,222,975	\$ 20,811,418
1,273,052	11,631,075	17,129,504	14,245,395	11,243,217	10,865,342
<u>7,560,740</u>	<u>9,117,969</u>	<u>3,162,965</u>	<u>15,682,492</u>	<u>20,385,029</u>	<u>23,421,824</u>
<u>\$ 40,021,026</u>	<u>\$ 42,057,963</u>	<u>\$ 45,442,973</u>	<u>\$ 49,804,019</u>	<u>\$ 51,851,221</u>	<u>\$ 55,098,584</u>
\$ 48,308,768	\$ 39,159,290	\$ 43,714,327	\$ 34,724,446	\$ 37,722,302	\$ 47,284,441
2,296,802	14,555,758	17,778,123	15,022,795	13,491,412	13,755,517
<u>18,518,785</u>	<u>794,179</u>	<u>( 435,628)</u>	<u>17,867,680</u>	<u>19,723,906</u>	<u>16,140,595</u>
<u>\$ 69,124,355</u>	<u>\$ 54,509,227</u>	<u>\$ 61,056,822</u>	<u>\$ 67,614,921</u>	<u>\$ 70,937,620</u>	<u>\$ 77,180,553</u>

**CITY OF CLEBURNE, TEXAS**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (Unaudited)

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Expenses</b>				
Governmental Activities:				
General Government	\$ 4,374,276	\$ 5,564,892	\$ 5,848,711	\$ 4,891,206
Public Safety	15,180,559	16,640,295	13,736,444	13,791,950
Public Services	11,040,840	10,826,734	10,248,463	9,395,740
Public Works	7,996,761	6,267,281	3,682,979	4,019,490
Sanitation	5,117,846	4,415,371	4,895,850	3,910,816
Interest on Long Term Debt	2,485,293	4,672,772	2,107,121	2,094,148
Total Governmental Activities	<u>46,195,575</u>	<u>48,387,345</u>	<u>40,519,567</u>	<u>38,103,350</u>
Business-type Activities				
Water and Sewer	15,381,283	13,659,928	14,195,910	15,873,487
Municipal Airport	588,753	933,946	1,218,719	1,365,389
Drainage Utility	507,619	513,457	335,447	466,143
Total Business-type Activities	<u>16,477,655</u>	<u>15,107,331</u>	<u>15,750,076</u>	<u>17,705,019</u>
Total Primary Government	\$ <u>62,673,230</u>	\$ <u>63,494,676</u>	\$ <u>56,269,643</u>	\$ <u>55,808,369</u>
<b>Program Revenues</b>				
Governmental Activities:				
General Government	\$ 1,574,256	\$ 983,769	\$ 1,346,188	\$ 1,560,886
Public Safety	128,529	85,097	264,189	133,585
Public Services	1,671,025	2,340,323	1,786,625	1,830,073
Public Works	2,932,261	2,422,953	1,074,139	1,006,011
Sanitation	4,743,866	5,002,228	4,782,124	4,800,473
Operating Grants and Contributions	4,390,075	3,390,388	2,419,499	3,202,541
Capital Grants and Contributions	249,891	86,365	511,673	523,672
Total Governmental Activities	<u>15,689,903</u>	<u>14,311,123</u>	<u>12,184,437</u>	<u>13,057,241</u>
Business-type Activities				
Water and Sewer	16,904,836	20,765,829	19,614,768	19,933,665
Municipal Airport	1,045,920	1,052,055	938,749	1,171,443
Drainage Utility	541,633	570,095	555,118	551,690
Operating Grants and Contributions	16,560	2,726	19,021	62,327
Capital Grants and Contributions	458,166	48,530	-	333,700
Total Business-type Activities	<u>18,967,115</u>	<u>22,439,235</u>	<u>21,127,656</u>	<u>22,052,825</u>
Total Primary Government	\$ <u>34,657,018</u>	\$ <u>36,750,358</u>	\$ <u>33,312,092</u>	\$ <u>35,110,066</u>
<b>Net (Expenses) Revenues</b>				
Governmental Activities	\$( 30,505,672)	\$( 34,076,222)	\$( 28,335,131)	\$( 25,046,109)
Business-type Activities	<u>2,489,460</u>	<u>7,331,904</u>	<u>5,377,580</u>	<u>4,347,806</u>
Total Primary Government	\$( <u>28,016,212</u> )	\$( <u>26,744,318</u> )	\$( <u>22,957,551</u> )	\$( <u>20,698,303</u> )

**TABLE 2**

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 5,563,342	\$ 2,717,984	\$ 6,329,676	\$ 9,767,457	6,776,425	\$ 6,494,182
15,652,954	15,748,822	16,311,595	16,176,216	18,442,947	18,192,039
10,079,560	10,258,757	10,332,930	10,014,525	11,062,316	11,445,890
3,866,017	3,750,651	3,627,213	4,079,422	4,078,465	8,165,185
4,344,244	3,927,566	3,769,937	2,597,091	4,181,507	4,183,159
1,859,779	4,667,753	1,859,888	3,596,098	2,119,040	1,965,376
<u>41,362,896</u>	<u>41,071,533</u>	<u>42,231,239</u>	<u>46,230,809</u>	<u>46,660,700</u>	<u>50,445,831</u>
15,209,535	14,349,508	15,155,113	14,807,550	15,341,489	17,441,937
1,495,279	1,320,710	1,195,316	1,185,669	1,123,221	1,140,059
424,518	374,926	340,033	391,911	360,519	478,320
<u>17,129,332</u>	<u>16,045,144</u>	<u>16,690,462</u>	<u>16,385,130</u>	<u>16,825,229</u>	<u>19,060,316</u>
\$ <u>58,492,228</u>	\$ <u>57,116,677</u>	\$ <u>58,921,701</u>	\$ <u>62,615,939</u>	\$ <u>63,485,929</u>	\$ <u>69,506,147</u>
\$ 1,568,100	\$ 1,545,291	\$ 817,438	\$ 1,140,639	1,311,120	\$ 1,166,240
157,473	119,694	1,483,537	1,385,741	1,786,574	1,989,830
1,688,081	1,694,913	1,563,285	1,604,932	1,740,070	1,655,769
1,290,876	1,177,969	851,362	1,088,430	1,147,213	1,466,606
4,517,871	4,470,916	4,547,109	4,725,031	5,111,348	5,541,960
2,313,122	2,476,960	2,695,268	2,769,574	3,058,211	3,118,063
233,289	561,417	80,216	655,913	708,077	82,651
<u>11,768,812</u>	<u>12,047,160</u>	<u>12,038,215</u>	<u>13,370,260</u>	<u>14,862,613</u>	<u>15,021,119</u>
19,882,525	21,051,908	21,911,859	22,026,304	23,165,879	23,431,930
1,160,121	995,230	795,218	992,443	905,653	753,005
556,580	572,079	576,429	587,395	611,126	611,640
50,868	32,866	310,078	33,324	20,738	42,833
1,225,514	1,317,379	-	104	8,596	1,909
<u>22,875,608</u>	<u>23,969,462</u>	<u>23,593,584</u>	<u>23,639,570</u>	<u>24,711,992</u>	<u>24,841,317</u>
\$ <u>34,644,420</u>	\$ <u>36,016,622</u>	\$ <u>35,631,799</u>	\$ <u>37,009,830</u>	\$ <u>39,574,605</u>	\$ <u>39,862,436</u>
\$( 29,594,084)	\$( 29,024,373)	\$( 30,193,024)	\$( 32,860,549)	\$( 31,798,087)	\$( 35,424,712)
<u>5,746,276</u>	<u>7,924,318</u>	<u>6,903,122</u>	<u>7,254,440</u>	<u>7,886,763</u>	<u>5,781,001</u>
\$( <u>23,847,808</u> )	\$( <u>21,100,055</u> )	\$( <u>23,289,902</u> )	\$( <u>25,606,109</u> )	\$( <u>23,911,324</u> )	\$( <u>29,643,711</u> )

**CITY OF CLEBURNE, TEXAS**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (Unaudited)

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>General Revenues</b>				
Governmental Activities				
Ad Valorem Taxes	\$ 13,238,170	\$ 13,812,085	\$ 13,940,064	\$ 14,252,959
Sales Taxes	9,607,530	8,857,006	8,299,442	7,158,629
Occupancy Taxes	322,066	413,552	306,843	366,952
Franchise Taxes	2,779,610	3,040,923	3,034,759	2,941,281
Investment Earnings	49,130	33,425	50,323	38,264
Gain (Loss) on Sale of Assets	12,757	5,428	242,147	196,532
Issuance of Note	-	-	546,200	1,407,040
Royalties	3,630,834	2,313,481	1,528,301	551,317
Insurance Recovery	-	-	-	-
Miscellaneous	719,279	724,677	632,529	2,867,045
Loss on Refunding Bonding Transfers	<u>( 5,281,208)</u>	<u>1,347,142</u>	<u>3,105,696</u>	<u>-</u>
Total Governmental Activities	<u>25,078,168</u>	<u>30,547,719</u>	<u>31,686,304</u>	<u>29,780,019</u>
Business-type Activities				
Investment Earnings	35,341	41,801	39,262	31,986
Gain (Loss) on Sale of Assets	-	-	77,721	55,823
Miscellaneous	18,163	-	353,450	160,416
Transfers	<u>5,281,208</u>	<u>( 1,347,142)</u>	<u>( 3,105,696)</u>	<u>( 2,867,045)</u>
Total Business-type Activities	<u>5,334,712</u>	<u>( 1,305,341)</u>	<u>( 2,635,263)</u>	<u>2,618,820</u>
Total Primary Government	\$ <u>30,412,880</u>	\$ <u>29,242,378</u>	\$ <u>29,051,041</u>	\$ <u>27,161,199</u>
<b>Changes in Net Position</b>				
Governmental Activities	\$( 5,427,504)	\$( 3,528,503)	\$ 3,351,174	\$ 4,733,910
Business-type Activities	<u>7,824,172</u>	<u>6,026,563</u>	<u>2,742,317</u>	<u>1,728,986</u>
Total Primary Government	\$ <u>2,396,668</u>	\$ <u>2,498,060</u>	\$ <u>6,093,491</u>	\$ <u>6,462,896</u>

**TABLE 2**

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 15,113,914	\$ 14,889,113	\$ 15,522,432	\$ 15,218,743	\$ 15,372,889	\$ 15,989,971
8,329,453	8,425,385	9,298,064	11,087,202	12,071,525	12,748,038
384,339	415,683	419,909	446,988	507,613	484,594
3,344,844	3,289,939	3,289,358	3,274,199	3,320,125	3,556,093
26,920	37,832	208,490	375,592	664,845	1,066,031
121,664	( 325,173)	( 91,224)	136,036	131,556	10,279
1,361,207	-	-	-	-	-
1,170,559	682,222	371,534	496,181	654,017	282,644
-	-	-	19,407	-	75,130
6,009,091	594,932	593,602	661,613	909,998	689,889
-	-	-	-	-	-
-	<u>3,670,952</u>	<u>3,743,443</u>	<u>3,341,641</u>	<u>3,772,067</u>	<u>3,517,613</u>
<u>35,861,991</u>	<u>31,680,885</u>	<u>33,355,608</u>	<u>110,882,519</u>	<u>37,404,635</u>	<u>38,420,282</u>
20,466	29,222	139,740	294,946	553,578	861,296
66,412	26,289	460	43,334	28,208	-
171,225	107,535	85,131	109,967	108,124	122,679
( 6,009,091)	( 3,670,952)	( 3,743,443)	( 3,341,641)	3,772,067	( 3,517,613)
( 5,750,988)	( 3,507,906)	( 3,518,112)	( 2,893,394)	<u>3,082,157</u>	( 2,533,638)
\$ <u>30,111,003</u>	\$ <u>28,172,979</u>	\$ <u>29,837,496</u>	\$ <u>107,989,125</u>	<u>34,322,478</u>	\$ <u>35,886,644</u>
\$ 6,267,907	\$ 2,656,512	\$ 3,162,584	\$ 78,021,970	\$ 5,606,548	\$ 2,995,570
( 4,712)	<u>4,416,412</u>	<u>3,385,010</u>	<u>4,361,046</u>	<u>4,804,606</u>	<u>3,247,363</u>
\$ <u>6,263,195</u>	\$ <u>7,072,924</u>	\$ <u>6,547,594</u>	\$ <u>82,383,016</u>	\$ <u>10,411,154</u>	\$ <u>6,242,933</u>

**CITY OF CLEBURNE, TEXAS**

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (Unaudited)

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General Fund				
Nonspendable For:				
Inventories	\$ -	\$ 99,261	\$ 55,472	\$ 27,781
Deposits	-	-	-	-
Prepays	-	290,902	5,350	5,952
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>8,811,081</u>	<u>9,415,731</u>	<u>12,311,843</u>	<u>16,277,802</u>
Total General Fund	<u>\$ 8,811,081</u>	<u>\$ 9,805,894</u>	<u>\$ 12,372,665</u>	<u>\$ 16,311,535</u>
All Other Governmental Funds				
Nonspendable				
Inventories	\$ 30,086	\$ -	\$ -	\$ -
Deposits	-	-	-	-
Prepays	-	-	20,435	21,287
Restricted For:				
Capital Projects	-	2,201,955	6,878,691	913,240
Debt Service	-	244,274	901,555	419,650
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Services	-	-	-	-
Impact fees	-	-	-	-
Committed For:				
Special Projects	-	7,121,660	930,188	6,757,115
Capital Projects	-	2,029,157	1,727,509	1,048,893
General Government	-	-	-	-
Public Services	-	-	-	-
Public Works	-	-	-	-
Assigned For:				
Special Projects	6,836,875	-	-	-
Capital Projects	2,442,150	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Services	-	-	-	-
Public Works	-	-	-	-
Capital Projects	-	-	-	-
Sanitation	-	-	-	-
Unassigned	-	-	( 20,435)	-
Total For All Other Governmental Funds	<u>\$ 9,339,111</u>	<u>\$ 11,597,046</u>	<u>\$ 10,437,943</u>	<u>\$ 9,160,185</u>
Total Fund Balances	<u>\$ 18,150,192</u>	<u>\$ 21,402,940</u>	<u>\$ 22,810,608</u>	<u>\$ 25,471,720</u>

**TABLE 3**

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 33,518	\$ 34,963	\$ 53,936	\$ 49,607	\$ 65,273	\$ 53,075
-	-	37,754	49,749	62,487	51,654
2,257	5,015	12,232	13,151	13,154	14,191
-	-	-	19,945	17,613	22,773
-	85,211	-	-	-	-
-	-	630,331	1,571,309	4,503,750	4,374,723
<u>15,234,069</u>	<u>13,444,002</u>	<u>13,752,588</u>	<u>12,354,472</u>	<u>12,623,565</u>	<u>15,888,919</u>
<u>\$ 15,269,844</u>	<u>\$ 13,569,191</u>	<u>\$ 14,486,841</u>	<u>\$ 14,058,233</u>	<u>\$ 17,285,842</u>	<u>\$ 20,405,335</u>
\$ -	\$ 7,280	\$ 6,221	\$ 6,916	\$ 5,924	\$ 5,164
-	-	185	445	800	500
-	-	-	-	19,375	-
531,937	1,640,421	-	-	-	-
662,641	624,761	794,687	970,945	1,274,803	1,636,948
-	356,958	443,090	553,927	873,655	833,153
-	61,688	65,791	63,589	54,478	42,266
-	394,000	458,010	290,646	251,401	370,401
-	-	-	-	-	216,357
8,227,670	-	-	-	-	-
5,212,486	374,200	4,172,650	1,303,401	1,544,764	1,772,237
-	-	1,060,086	986,013	1,040,252	1,317,822
-	1,925,694	14,309,672	5,124,864	7,431,896	8,973,310
-	12,423	-	-	-	-
-	6,731,544	-	-	-	-
-	-	8,734,454	8,920,706	-	-
-	2,971,878	6,927	6,991	-	-
-	61,703	133,516	129,303	123,517	138,114
-	158,413	1,005,944	721,988	201,495	313,823
-	3,380,036	2,302,566	317,319	496,932	561,129
-	-	-	-	9,363,563	4,882,296
-	-	60,000	-	-	-
-	-	( 136,708)	( 403,250)	( 83,809)	( 17,321)
<u>\$ 14,634,734</u>	<u>\$ 18,700,999</u>	<u>\$ 33,417,091</u>	<u>\$ 18,993,803</u>	<u>\$ 22,599,046</u>	<u>\$ 21,046,199</u>
<u>\$ 29,904,578</u>	<u>\$ 32,270,190</u>	<u>\$ 47,903,932</u>	<u>\$ 33,052,036</u>	<u>\$ 39,884,888</u>	<u>\$ 41,451,534</u>

**CITY OF CLEBURNE, TEXAS**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (Unaudited)

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Revenues				
Taxes:				
Ad Valorem	\$ 13,023,171	\$ 13,541,603	\$ 13,555,385	\$ 14,037,305
Penalty and Interest	204,798	242,285	294,640	239,874
Sales	9,607,530	8,857,006	8,299,442	7,575,654
Occupancy	322,066	413,552	306,843	366,952
Franchise Fees	2,779,610	3,040,923	3,034,759	2,941,281
Permits and Fees	285,143	234,651	1,041,139	1,006,513
Intergovernmental	3,938,772	3,057,894	2,664,639	3,512,530
Impact Fees	-	-	-	-
Charges for Services	9,243,791	9,773,265	7,483,063	7,661,154
Fines and Forfeitures	1,521,004	826,454	696,063	651,361
Investment Income	49,130	33,425	50,323	38,264
Contributions	701,193	418,859	180,168	213,681
Royalties	3,630,834	2,313,481	1,528,301	1,407,040
Miscellaneous	719,279	724,679	632,529	780,908
Total Revenues	<u>46,026,321</u>	<u>43,478,077</u>	<u>39,767,294</u>	<u>40,432,517</u>
Expenditures				
General Government	4,351,031	5,355,353	5,574,217	4,684,190
Public Safety	14,317,222	14,318,714	13,698,293	13,499,871
Public Services	9,070,760	8,250,714	8,067,956	8,255,142
Public Works	7,030,356	5,297,103	2,767,556	2,808,491
Sanitation	3,664,889	3,683,429	3,631,295	3,499,394
Capital Outlay	10,320,089	1,359,702	3,050,017	2,345,381
Debt Service:				
Principal Retirement	2,140,383	2,751,824	3,837,778	4,066,352
Interest and Fiscal Charges	1,824,334	1,773,587	1,785,919	1,693,410
Issuance Cost of Debt	5,893	132,274	102,108	-
Total Expenditures	<u>52,724,957</u>	<u>42,922,700</u>	<u>42,515,140</u>	<u>40,852,231</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>( 6,698,636)</u>	<u>555,377</u>	<u>( 2,747,846)</u>	<u>( 419,714)</u>
Other Financing Sources (Uses)				
Transfers In	8,574,570	11,118,972	9,277,678	9,717,591
Transfers Out	( 12,797,279)	( 9,771,830)	( 6,171,982)	( 6,850,546)
Proceeds from Capital Lease	-	-	146,170	-
Proceeds from Long-Term Debt	7,662,007	7,144,631	2,655,000	-
Premium on Bonds Issued	-	-	85,625	-
Proceeds to Agent	-	( 5,799,827)	( 2,628,324)	-
Issuance of Note	-	-	546,200	-
Insurance Recovery	-	-	-	-
Sale of Assets	60,847	5,428	245,147	213,783
Total Other Financing Sources (Uses)	<u>3,500,145</u>	<u>2,697,374</u>	<u>4,155,514</u>	<u>3,080,828</u>
Net Change in Fund Balance	\$ <u>( 3,198,491)</u>	\$ <u>3,252,751</u>	\$ <u>1,407,668</u>	\$ <u>2,661,114</u>
Debt Service as a Percentage of Noncapital Expenditures	9.3%	10.9%	14.2%	15.0%

TABLE 4

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 14,869,462	\$ 14,690,971	\$ 15,538,251	\$ 15,223,771	15,416,027	\$ 15,990,915	
295,017	188,231	-	-	-	-	
8,300,857	8,396,789	9,269,468	11,058,606	12,042,929	12,719,442	
384,339	415,683	419,909	446,988	507,613	484,594	
3,344,844	3,289,939	3,289,358	3,274,199	3,320,125	3,556,093	
1,105,147	1,189,001	1,067,362	1,099,140	1,156,311	1,260,500	
2,343,879	2,531,925	2,486,991	2,605,697	3,619,061	2,896,627	
-	-	-	-	-	214,844	
7,104,813	7,049,845	7,586,052	7,785,172	8,890,639	9,551,184	
814,441	774,859	829,312	659,490	830,292	799,199	
26,920	37,832	208,484	375,592	664,845	1,066,031	
202,532	225,810	187,567	193,150	192,592	303,994	
1,361,207	682,222	371,534	496,181	654,017	282,644	
1,170,556	617,011	604,899	657,270	905,029	685,335	
<u>41,324,014</u>	<u>40,090,118</u>	<u>41,859,187</u>	<u>43,875,256</u>	<u>48,199,480</u>	<u>49,811,402</u>	
5,391,213	5,554,775	6,074,037	5,815,527	6,025,915	6,116,841	
15,013,389	14,763,536	15,104,301	15,608,176	16,026,095	16,380,166	
8,060,341	8,178,597	7,880,771	8,020,432	7,841,530	8,258,003	
2,937,995	2,869,438	2,593,961	3,143,351	2,882,231	7,102,149	
3,481,257	3,236,048	3,162,570	3,393,462	3,707,548	3,824,769	
1,071,486	2,129,791	17,999,982	31,129,725	2,785,501	3,082,192	
3,335,021	3,377,377	3,557,964	3,692,124	4,034,215	5,173,778	
1,505,786	1,334,084	1,267,402	2,703,857	2,057,306	1,909,880	
-	-	377,953	526,147	-	-	
<u>40,796,488</u>	<u>41,443,646</u>	<u>58,018,941</u>	<u>74,032,801</u>	<u>45,360,341</u>	<u>51,847,778</u>	
<u>527,526</u>	<u>( 1,353,528)</u>	<u>( 16,159,754)</u>	<u>( 30,157,545)</u>	<u>2,839,139</u>	<u>( 2,036,376)</u>	
14,866,148	11,969,806	8,485,560	7,425,688	8,637,898	7,426,509	
( 8,860,281)	( 8,298,854)	( 4,742,117)	( 4,084,047)	( 4,865,831)	( 3,908,896)	
-	-	74,311	30,995	17,065	-	
-	-	27,275,000	19,435,000	-	-	
-	-	700,522	162,569	-	-	
( 2,297,000)	-	-	( 12,930,962)	-	-	
-	-	-	-	-	-	
-	-	-	19,407	73,025	75,130	
<u>204,187</u>	<u>40,466</u>	<u>221</u>	<u>5,246,998</u>	<u>131,556</u>	<u>10,279</u>	
<u>3,913,054</u>	<u>3,711,418</u>	<u>31,793,497</u>	<u>15,305,648</u>	<u>3,993,713</u>	<u>3,603,022</u>	
<u>\$ 4,440,580</u>	<u>\$ 2,357,890</u>	<u>\$ 15,633,743</u>	<u>\$ ( 14,851,897)</u>	<u>\$ 6,832,852</u>	<u>\$ 1,566,646</u>	
12.2%	12.0%	12.1%	8.6%	13.4%	10.2%	

**CITY OF CLEBURNE, TEXAS**

**TABLE 5**

GOVERNMENTAL FUNDS TAX REVENUES BY SOURCE\*

LAST TEN FISCAL YEARS (Unaudited)

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Mixed Beverage</b>	<b>Occupancy Tax</b>	<b>Total</b>
2010	\$ 13,227,969	\$ 9,607,530	\$ 2,741,696	\$ 37,913	\$ 322,066	\$ 25,937,174
2011	13,745,338	8,819,171	3,040,923	37,835	413,552	26,056,819
2012	13,850,025	8,261,443	3,034,759	37,999	306,843	25,491,069
2013	14,277,179	7,542,743	2,941,281	32,911	366,952	25,161,066
2014	15,164,479	8,259,661	3,344,844	41,196	384,339	27,194,519
2015	14,879,202	8,349,214	3,289,939	47,575	415,683	26,981,613
2016	15,538,251	9,224,154	3,289,358	45,314	419,909	28,516,986
2017	15,223,772	11,015,478	3,274,199	43,128	446,988	30,003,565
2018	15,416,027	11,993,304	3,320,125	49,625	507,613	31,286,694
2019	15,990,915	12,668,646	3,556,093	50,796	484,594	32,751,044

\*Note: Includes General, Special Revenue and Debt Service Funds.

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**CITY OF CLEBURNE, TEXAS**

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY\*

LAST TEN FISCAL YEARS (Unaudited)

<b>Fiscal year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total</b>
	<b>Assessed Value</b>	<b>Assessed Value</b>	<b>Assessed Value</b>
2010	\$ 1,604,681,999	\$ 847,857,310	\$ 2,452,539,309
2011	1,622,285,209	687,159,008	2,309,444,217
2012	1,675,730,154	715,878,939	2,391,609,093
2013	1,718,782,297	682,142,501	2,400,924,798
2014	1,776,863,348	639,832,747	2,416,696,095
2015	1,766,178,934	637,074,824	2,403,253,758
2016	1,888,173,274	638,040,098	2,526,213,372
2017	1,891,877,852	594,299,817	2,486,177,669
2018	2,044,356,497	547,936,611	2,592,293,108
2019	2,163,473,111	604,390,544	2,767,863,655

\*Note: Assessed values are established by the county-wide appraisal district on the basis of 100% of its appraised value. The ratio of assessed to total estimated actual value for all years presented is 100%. The value of property within the City is reappraised by the Central Appraisal District of Johnson County every three years.

**TABLE 6**

<u>Real Property Exemptions</u>	<u>Tax Increment Financing</u>	<u>Net</u>	
<u>Adjustments</u>	<u>Adjustments</u>	<u>Assessed Value</u>	<u>Total Direct Tax Rate</u>
\$( 503,048,192)	\$( 61,898,896)	\$ 1,887,592,221	0.620000
( 536,574,140)	( 59,450,559)	1,713,419,518	0.706446
( 628,131,572)	( 26,412,006)	1,737,065,515	0.719990
( 648,462,982)	( 27,151,070)	1,725,310,746	0.740743
( 709,839,060)	( 44,346,902)	1,662,510,133	0.804018
( 713,142,994)	( 43,424,941)	1,646,685,823	0.804018
( 770,995,664)	( 40,065,136)	1,715,152,572	0.804018
( 784,184,044)	( 40,136,664)	1,661,856,961	0.804018
( 900,233,289)	( 47,025,696)	1,645,034,123	0.804018
( 987,248,021)	( 43,474,948)	1,737,140,686	0.804018

**CITY OF CLEBURNE, TEXAS**

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS\*

LAST TEN FISCAL YEARS (Unaudited)

<b>Fiscal Year</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total City</b>	<b>Cleburne ISD</b>	<b>Johnson County</b>
2010	0.490128	0.129872	0.620000	1.236600	0.305589
2011	0.543890	0.162556	0.706446	1.236600	0.327500
2012	0.563334	0.156656	0.719990	1.236600	0.330500
2013	0.623321	0.117422	0.740743	1.236600	0.333229
2014	0.652308	0.151710	0.804018	1.236600	0.371154
2015	0.669012	0.135006	0.804018	1.366600	0.405400
2016	0.656218	0.147800	0.804018	1.366600	0.407700
2017	0.653656	0.150362	0.804018	1.630000	0.422663
2018	0.649138	0.154880	0.804018	1.630000	0.441700
2019	0.652654	0.151364	0.804018	1.630000	0.441700

\*Note: Tax rate limitations on municipalities by the Home Rule Section of the Texas Constitution Article XI, Section 5 provide that a maximum tax rate of \$2.50 per \$100 valuation may be imposed in any one year. No provisions are made limiting the amount of this \$2.50 tax rate that can be used for debt service by the municipality.

**TABLE 7**

<u>Hill College</u>	<u>Total</u>
0.030252	2.192441
0.039049	2.309595
0.043557	2.330647
0.048596	2.359168
0.050000	2.461772
0.050000	2.626018
0.049931	2.628249
0.050000	2.906681
0.050000	2.925718
0.048800	2.924518

**CITY OF CLEBURNE, TEXAS**

**PRINCIPAL PROPERTY TAXPAYERS**

CURRENT YEAR AND TEN YEARS AGO (Unaudited)

**2019**

<b>Taxpayer</b>	<b>Assessed Valuation</b>	<b>% of Total Assessed Valuation</b>
James Hardie Building Products	\$ 93,473,593	3.38%
Johns-Manville Corporation	52,990,410	1.91%
Wal-Mart Stores East LP	43,773,994	1.58%
Technical Chemical Company	43,571,211	1.57%
Brazos Electric	29,829,753	1.08%
Sachem Inc.	26,526,334	0.96%
BNSF Railway Co.	22,520,386	0.81%
Oncor Electric Delivery	22,118,587	0.80%
AirGas USA, LLC	18,800,367	0.68%
Leeco Steel	18,306,349	0.66%
	<u>\$ 371,910,984</u>	<u>13.44%</u>

Source: Information obtained from the Central Appraisal District of Johnson County.

**TABLE 8****2010**

<b>Taxpayer</b>	<b>Assessed Valuation</b>	<b>% of Total Assessed Valuation</b>
Chesapeake Operating	\$ 83,752,958	3.41%
Wal-Mart Stores East LP	78,360,967	3.20%
Brazos Electric	67,387,670	2.75%
James Hardie Building Products	55,041,929	2.24%
Johns-Manville Corporation	39,354,406	1.60%
Well Service Division	34,463,870	1.41%
Pumpco Services	30,725,900	1.25%
Key Energy Services	19,003,121	0.77%
Air Liquide Industrial	16,041,430	0.65%
Sachem Inc.	15,491,294	0.63%
	<u>\$ 439,623,545</u>	<u>17.93%</u>

**CITY OF CLEBURNE, TEXAS**

PROPERTY TAX LEVIES AND COLLECTIONS\*

LAST TEN FISCAL YEARS (Unaudited)

<b>Fiscal Year</b>	<b>Original Tax Levy</b>	<b>Adjustments</b>	<b>Adjusted Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Tax Collected</b>	<b>Delinquent Tax Collections</b>
2010	13,189,844	( 116,851)	13,072,993	12,830,437	98.1%	182,666
2011	13,674,485	( 113,870)	13,560,616	13,302,364	98.1%	199,996
2012	13,869,282	13,799	13,883,082	13,619,920	98.1%	232,350
2013	14,114,784	( 83,816)	14,030,968	13,788,948	98.3%	204,678
2014	15,128,428	( 251,559)	14,876,868	14,585,067	98.0%	216,351
2015	14,884,924	( 122,450)	14,762,474	14,521,301	98.4%	186,329
2016	15,515,761	( 121,013)	15,394,748	15,166,626	98.5%	153,175
2017	15,154,995	( 25,490)	15,129,505	14,913,412	98.6%	113,347
2018	15,207,438	( 23,138)	15,184,300	14,989,652	98.7%	80,999
2019	16,101,593	( 172,592)	15,929,001	15,716,253	98.7%	-

\*Note: Includes General and Debt Service Funds.

Data comes from Tax Report from Johnson County that is included in year end tax entry.

**TABLE 9**

<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Delinquent Taxes to Adjusted Tax Levy</b>
13,013,102	99.5%	59,891	0.5%
13,502,360	99.6%	58,256	0.4%
13,852,270	99.8%	30,811	0.2%
13,993,626	99.7%	37,342	0.3%
14,801,417	99.5%	75,451	0.5%
14,707,630	99.6%	54,844	0.4%
15,319,801	99.5%	74,947	0.5%
15,026,759	99.3%	102,746	0.7%
15,070,651	99.3%	113,649	0.7%
15,716,253	98.7%	212,748	1.3%

**CITY OF CLEBURNE, TEXAS**

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS (Unaudited)

<b>Governmental Activities</b>					
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificate of Obligation Bonds</b>	<b>Sales Tax</b>	<b>Capital Leases</b>	<b>Notes Payable</b>
2010	\$ 14,440,000	\$ 26,891,537		\$ -	\$ 7,632,177
2011	18,803,413	21,192,000		-	8,614,899
2012	14,030,000	23,730,413		121,319	7,921,444
2013	17,835,979	17,412,000	417,025	69,629	6,644,909
2014	16,171,073	14,447,869	388,429	-	5,715,719
2015	14,638,025	13,906,599	359,833	-	4,479,913
2016	38,155,823	15,724,761	331,237	54,936	3,606,322
2017	35,813,892	22,163,319	302,641	56,998	2,718,130
2018	33,612,817	21,181,264	274,045	42,687	1,899,336
2019	30,323,079	20,171,165	245,446	10,240	1,070,148

\*Note: See Schedule of Demographic and Economic Statistics on Table 15 for personal income and population data.

**TABLE 10**

<b>Business-type Activities</b>				
<b>Water and Sewer Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income*</b>	<b>Per Capita*</b>	
\$ 58,900,000	\$ 107,863,714	11.88%	\$ 3,669	
71,005,000	119,615,312	12.61%	4,028	
68,315,000	114,118,176	11.41%	3,797	
64,485,000	106,864,542	10.06%	3,530	
73,735,333	110,458,423	10.18%	3,713	
69,115,409	102,499,779	8.98%	3,434	
71,698,845	129,571,924	11.46%	4,316	
65,996,844	127,051,824	11.11%	4,251	
60,919,053	117,929,202	9.77%	3,901	
55,586,073	107,406,151	8.39%	3,496	

**CITY OF CLEBURNE, TEXAS**

**RATIO OF GENERAL OBLIGATION BONDED DEBT  
TO ASSESSED VALUE AND NET GENERAL  
OBLIGATION BONDED DEBT PER CAPITA**

LAST TEN FISCAL YEARS (Unaudited)

<b>Fiscal Year</b>	<b>Estimated Population</b>	<b>Assessed Value</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>
2010	29,400	\$ 2,452,539,309	\$ 14,440,000	\$ 10,351,537
2011	29,693	2,309,444,217	18,803,413	5,087,000
2012	30,053	2,391,609,093	14,030,000	8,110,413
2013	30,272	2,400,924,798	18,253,004	2,297,000
2014	29,747	2,416,696,095	16,452,733	8,430,000
2015	29,848	2,403,253,758	14,571,012	8,260,000
2016	30,020	2,526,213,372	37,472,997	17,160,000
2017	29,887	2,486,177,669	35,813,892	22,163,319
2018	30,230	2,592,293,108	33,612,817	21,181,264
2019	30,720	2,767,863,655	30,323,079	20,171,165

See Statement of Net Position - Net Position Restricted for Debt Service

**TABLE 11**

<u>General Bonded Debt in Total</u>	<u>Accumulated Resources Restricted for Repayment of Debt (fund balance)</u>	<u>Net General Bonded Debt</u>	<u>Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
\$ 24,791,537	\$( 2,190,000)	\$ 22,601,537	0.92%	769
23,890,413	( 2,240,000)	21,650,413	0.94%	729
22,140,413	( 3,195,000)	18,945,413	0.79%	630
20,550,004	( 2,420,000)	18,130,004	0.76%	599
24,882,733	( 2,700,000)	22,182,733	0.92%	746
22,831,012	( 2,820,000)	20,011,012	0.83%	670
54,632,997	( 648,619)	53,984,378	2.14%	1,798
57,977,211	( 777,400)	57,199,811	2.30%	1,914
54,794,081	( 1,043,704)	53,750,377	2.07%	1,778
50,494,244	( 1,405,225)	49,089,019	1.77%	1,598

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT\*

YEAR ENDED SEPTEMBER 30, 2019 (Unaudited)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Cleburne</u>	<u>Amount Applicable to City of Cleburne</u>
<u>Direct Debt:</u>			
City of Cleburne	\$ 51,820,078	100.00%	\$ 51,820,078
Subtotal Direct Debt	<u>51,820,078</u>		<u>51,820,078</u>
<u>Overlapping Debt:</u>			
Cleburne Independent School District	128,247,083	84.20%	107,984,044
Johnson County	<u>24,175,000</u>	16.47%	<u>3,981,623</u>
Subtotal Overlapping Debt	<u>152,422,083</u>		<u>111,965,667</u>
Total Direct and Overlapping Debt	<u>\$ 204,242,161</u>		<u>\$ 163,785,745</u>
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation			<u><u>5.92%</u></u>
Per Capita Direct and Overlapping Debt			<u>\$ 5,332</u>

\*Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Cleburne. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

**CITY OF CLEBURNE, TEXAS**

**TABLE 13**

COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS (Unaudited)

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total net debt applicable to limit (1)</b>	<b>Legal Debt Margin</b>	<b>Total net debt applicable to the limit as a percentage of debt limit</b>
2010	\$ 47,189,806	\$ 21,650,413	\$ 25,539,393	0.46
2011	42,835,488	18,945,413	23,890,075	0.44
2012	43,426,638	18,130,004	25,296,634	0.42
2013	43,132,769	22,182,733	20,950,036	0.51
2014	41,562,753	20,011,012	21,551,741	0.48
2015	41,167,146	20,011,012	26,693,733	0.35
2016	42,878,814	26,617,997	16,260,817	0.62
2017	41,546,424	23,067,211	18,479,213	0.56
2018	41,125,853	22,695,377	18,430,476	0.55
2019	43,428,517	20,699,244	22,729,273	0.48

(1) Does not include premiums, discounts or other obligations as these amounts do not apply to the City's debt limit.

**CITY OF CLEBURNE, TEXAS**

**TABLE 14**

SCHEDULE OF REVENUE BOND COVERAGE

LAST TEN FISCAL YEARS (Unaudited)

<b>Fiscal Year</b>	<b>Gross Revenue*</b>	<b>Direct Operating Expenses*</b>	<b>Net Revenue Available for Debt Service</b>	<b>Principal</b>	<b>Interest and Fiscal Charges</b>	<b>Total</b>	<b>Coverage Ratio</b>
2010	\$ 16,904,836	\$ 8,383,740	\$ 8,521,096	\$ 2,410,000	\$ 2,417,699	\$ 4,827,699	1.77
2011	19,697,227	8,141,393	11,555,834	2,545,000	2,509,550	5,054,550	2.29
2012	19,810,331	7,462,218	12,348,113	2,690,000	1,700,473	4,390,473	2.81
2013	19,998,613	7,718,210	12,280,403	3,830,000	1,710,960	5,540,960	2.22
2014	19,966,610	8,054,340	11,912,270	3,945,000	1,751,889	5,696,889	2.09
2015	21,121,716	7,696,638	13,425,078	3,955,000	2,101,826	6,056,826	2.22
2016	21,993,946	7,974,733	14,019,213	4,070,000	2,084,469	6,154,469	2.28
2017	22,106,379	7,982,518	14,123,861	4,720,000	2,026,089	6,746,089	2.09
2018	23,217,992	8,272,443	14,945,549	4,140,000	2,388,575	6,528,575	2.29
2019	23,145,312	10,042,192	13,103,120	4,445,000	2,260,151	6,705,151	1.95

\*Note: Operating revenues and nonoperating revenues of Water and Wastewater Fund excluding contributed assets. Total operating expenses of Water and Wastewater Fund excluding depreciation.

**CITY OF CLEBURNE, TEXAS****TABLE 15**

## DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS (Unaudited)

<b>Fiscal Year</b>	<b>Estimated Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2010	29,400	\$ 908,195,400	\$ 30,891	6,907	7.60%
2011	29,693	948,631,964	31,948	6,940	7.60%
2012	30,053	999,833,257	33,269	6,906	6.20%
2013	30,272	1,062,516,928	35,099	6,620	5.70%
2014	29,747	1,084,556,928	36,336	6,800	6.00%
2015	29,848	1,141,240,320	38,016	6,600	6.00%
2016	29,337	1,130,442,621	38,533	6,600	6.00%
2017	29,887	1,143,088,089	38,247	6,600	4.30%
2018	30,230	1,207,416,430	39,941	6,749	3.80%
2019	30,720	1,280,931,840	41,697	6,749	3.40%

Source: Bureau of Economic Analysis, Cleburne Independent School District and Economic Development

PRINCIPLE EMPLOYERS

**2019**

<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
Cleburne Independent School District	973	14.81%
Wal-Mart Distribution	850	12.94%
Johnson County	568	8.65%
Texas Health Resources Hospital	401	6.11%
Johns-Manville Corporation	400	6.09%
Wal-Mart Stores East	387	5.89%
City of Cleburne	350	5.33%
James Hardie Building Products	325	4.95%
Supreme Corporation of Texas	262	3.99%
LaSalle Southwest Corrections	240	3.65%
<b>Total</b>	<b>4,756</b>	<b>72.41%</b>

**2010**

<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
Cleburne Independent School District	954	
Wal-Mart Distribution	780	
Wal-Mart Stores East	598	
Johnson County	495	
Texas Health Resources	390	
City of Cleburne	370	
Johns-Manville Corporation	340	
Schlumberger	265	
Greenbriar Rail Services	275	
Key Energy Services	250	
	<b>4,717</b>	<b>*</b>

\* Information not available as of 2010.  
 Source: US Census Bureau and prior year CAFR

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**CITY OF CLEBURNE, TEXAS**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS (Unaudited)

<b>Function/Program</b>	<b>Full-Time Equivalent Employees as of October 1</b> □				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General government					
Administration	8.0	8.0	8.0	8.0	8.0
Finance	7.5	7.0	7.0	7.0	7.0
Municipal court	4.0	4.0	4.0	4.0	3.0
Human resources	4.5	4.0	4.0	4.0	4.0
Information technology	5.0	5.0	5.0	5.0	4.0
Economic development	2.0	2.0	2.0	2.0	2.0
Public safety					
Police	76.5	75.5	73.5	73.5	72.0
Animal services	4.0	4.0	4.0	4.0	4.0
Fire	56.0	56.0	55.0	55.0	55.0
Ambulance Services	-	-	-	-	-
Health	4.0	5.0	5.0	5.0	4.0
Public service					
Community services	-	-	-	-	-
Cemetery	11.0	10.0	7.0	5.5	1.0
Building services	5.0	5.0	3.0	4.0	3.0
Civic center	5.0	-	-	-	-
Library	6.5	6.5	6.5	6.5	6.5
Museum	2.0	2.0	2.0	2.5	2.5
Railroad Museum	-	-	-	-	-
Washington recreation center	3.5	3.5	4.0	4.5	4.0
Parks and recreation	13.5	11.5	10.0	10.0	10.5
Municipal golf	22.5	21.5	12.5	12.0	12.0
Municipal swimming pools	54.0	52.5	51.5	51.5	51.0
Sports complex	10.5	8.0	7.0	8.5	7.5
Housing	3.0	3.0	3.0	2.0	2.0
Transportation					
Cletran	9.0	9.0	9.0	9.0	18.0
Urbanized transportation	2.5	3.0	3.0	6.0	-
Public works	3.0	2.5	2.5	1.5	1.5
Engineering	3.0	3.0	2.5	2.5	3.0
Development services	1.0	1.0	-	-	-
Planning and zoning	1.0	1.0	1.0	1.0	1.0
Inspections	5.0	2.0	2.0	3.0	1.0
Gas Well Administration	-	-	-	-	-
Fleet maintenance	7.5	7.0	5.5	5.5	5.5
Street maintenance	14.0	14.0	13.0	13.0	13.0
Sanitation	20.0	21.0	14.0	13.0	12.0
Water and Wastewater					
Water/Wastewater Non-Departmental	-	-	-	-	-
Utility billing	11.0	8.0	5.0	5.0	5.0
Water distribution	10.0	12.0	14.0	10.0	10.0
Water treatment	12.0	12.0	12.0	12.0	12.0
Treatment plant maintenance	4.0	4.0	4.0	8.0	8.0
Wastewater collection	7.0	6.0	6.0	6.0	6.0
Wastewater treatment	13.0	13.0	13.0	13.0	13.0
Municipal airport	3.5	4.0	4.0	4.0	4.0
Drainage utility	3.0	-	-	-	-
<b>Total</b>	<b>437.5</b>	<b>416.5</b>	<b>384.5</b>	<b>387.0</b>	<b>376.0</b>

Source: City Budgets budget summary

**TABLE 17**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
8.5	7.5	7.5	9.0	9.0
7.0	6.0	6.0	6.0	6.0
3.0	4.0	3.5	4.0	3.7
5.0	5.0	5.0	5.0	5.0
4.0	5.0	5.0	5.0	5.0
1.0	1.0	1.0	1.0	1.0
72.5	74.0	73.5	73.5	74.9
4.0	4.5	4.5	4.5	4.5
55.0	55.0	55.0	65.0	66.0
-	-	7.0	-	-
4.0	4.0	4.0	6.0	3.0
-	-	-	-	-
2.0	4.0	4.0	4.0	4.0
3.0	4.5	3.5	3.5	3.5
-	-	-	-	-
6.5	6.5	6.5	6.5	7.0
3.0	3.5	2.5	3.5	3.5
-	0.5	0.5	0.5	1.0
4.0	3.5	3.5	3.5	3.5
8.5	8.0	8.5	8.5	9.0
12.5	12.0	12.0	12.0	12.0
51.0	48.5	47.0	48.0	48.0
7.5	6.0	6.0	6.0	6.0
2.0	2.0	2.0	2.0	2.0
20.0	18.5	18.5	18.5	18.5
-	-	-	-	-
1.5	1.0	1.0	1.5	1.5
4.0	4.0	4.0	2.0	2.5
-	-	-	-	-
1.0	2.0	2.0	2.5	2.5
4.0	4.0	4.0	5.0	5.0
4.0	4.0	4.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0
11.0	11.0	11.0	11.0	12.0
12.0	12.0	12.0	12.0	12.0
-	1.5	1.5	2.0	2.5
7.0	7.0	7.0	7.0	7.0
10.0	11.0	11.0	11.0	11.0
14.0	13.0	13.0	13.0	13.0
-	-	-	-	-
11.0	10.0	10.0	9.0	9.0
15.0	16.0	15.0	15.0	14.0
4.0	4.0	4.0	4.0	4.0
2.0	-	-	-	-
<u>388.5</u>	<u>388.0</u>	<u>390.0</u>	<u>397.5</u>	<u>401.0</u>

**CITY OF CLEBURNE, TEXAS**

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS (Unaudited)

<b>Function/Program</b>	<b>Fiscal Year</b>			
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
General government				
Municipal court				
Cases filed	11,100	10,000	10,000	9,000
Convictions	5,000	3,700	4,000	3,500
Public safety				
Police				
Physical arrests	2,015	2,000	1,867	2,071
Calls for service	35,866	35,000	31,389	33,169
Traffic citations issued	11,109	11,000	8,616	6,706
Animal services				
Number of calls answered	2,918	2,900	3,500	3,368
Adoptions	718	600	950	703
Fire				
Number of calls answered	4,108	4,490	4,532	4,678
Inspections	1,659	1,822	1,091	1,150
Fires	127	203	137	150
Health inspections	11,555	10,715	8,883	9,979
Public service				
Civic center				
Events held	N/A	500	1,500	937
Library				
Average monthly circulation	20,833	21,250	12,835	10,417
Program participants	5,300	5,350	5,367	6,440
Museum				
Average monthly visitors	1,067	833	475	1,714
Special events	113	130	100	111
Parks and recreation				
Events hosted	15	15	20	20
Community/recreation center admissions	18,228	18,000	22,646	32,000
Pool admissions	56,008	53,000	43,554	44,137
Golf rounds played	20,390	26,500	28,000	28,000

Sources: Various city departments.

**TABLE 18**

<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
7,828	7,200	6,985	5,072	6,400	6,405
4,150	2,800	3,322	2,753	3,342	2,683
2,237	2,370	1,619	1,542	1,551	1,566
40,187	39,496	40,395	45,527	46,892	49,186
7,562	7,340	5,892	4,646	6,199	6,061
3,557	3,800	4,074	4,074	4,100	1,658
442	800	802	802	950	946
4,881	4,535	4,631	1,192	1,280	1,237
1,809	1,000	629	1,448	1,600	850
147	166	134	156	167	136
10,774	10,843	7,888	7,943	1,132	861
1,221	1,350	1,105	1,261	1,150	1,175
11,054	11,000	10,500	10,250	10,375	10,500
8,504	7,300	6,300	11,100	11,500	12,000
460	500	417	496	500	458
71	120	61	46	45	55
12	15	18	20	20	20
24,495	8,968	26,425	21,238	20,000	22,900
29,971	43,900	32,417	32,060	35,000	42,864
23,911	30,000	24,939	26,358	28,000	25,926

**CITY OF CLEBURNE, TEXAS**

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS (Unaudited)

<b>Function/Program</b>	<b>Fiscal Year</b>	
	<b>2010</b>	<b>2011</b>
Housing		
Rental vouchers issued	3,192	3,084
Transportation		
Number of one-way trips	31,618	35,707
Public works		
Street resurfacing (miles)	7.05	1.70
Building inspections	4,538	3,450
Permits issued	2,049	1,888
Plan reviews	540	545
Sanitation		
Refuse collected (tons/residential)	9,000	9,000
Refuse collected (tons/commercial)	7,966	10,500
Refuse collected (tons/industrial)	14,794	19,500
Water and wastewater		
Number of water customers	11,658	11,473
Gallons produced	2,323,035,000	2,561,177,000
Gallons sold	1,940,399,235	1,870,086,000
Average daily water consumption (gallons)	4,579,181	5,123,523
Number of wastewater customers	10,622	10,091
New wastewater connections	15	19
Total wastewater treated annually (gallons)	2,165,000,000	1,529,893,000
Municipal airport		
Arrivals and departures	21,200	22,000
Drainage utility		
Drainage waterways (acres)	3.0	3.0
Drainage ditches sprayed (acres)	14.90	15.00

Sources: Various city departments.

**TABLE 18**

<b>Fiscal Year</b>				
<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
3,298	3,277	3,089	3,240	3,060
40,960	42,938	41,002	42,500	38,258
0.00	0.00	0.00	0.00	0.00
3,233	3,235	3,490	3,467	3,582
2,089	1,935	2,195	2,174	2,558
600	602	675	675	750
11,000	11,000	9,954	11,000	10,600
11,530	10,747	10,267	12,261	11,781
6,989	8,829	7,647	7,802	9,110
11,325	10,677	10,949	10,694	10,758
2,350,000,000	2,226,000,000	2,132,334,000	2,153,421,000	2,154,819,000
1,699,637,418	1,380,506,248	1,375,907,366	1,598,183,331	1,631,832,000
4,645,399	7,000,000	6,000,000	5,892,000	5,900,000
10,379	10,407	10,346	10,387	10,457
23	25	36	57	76
1,810,000,000	1,475,000,000	1,400,387,000	1,507,220,000	2,002,000,000
30,000	7,842	25,346	15,831	20,941
100.0	100.0	100.0	100.0	100.0
85.00	85.00	85.00	85.00	85.00

## OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS (Unaudited)

Function/Program	Fiscal Year		
	2017	2018	2019
Housing			
Rental vouchers issued	2,796	2,940	2,940
Transportation			
Number of one-way trips	33,616	34,000	34,000
Public works			
Street resurfacing (miles)	0.50	15	15
Building inspections	3,282	3,778	4,459
Permits issued	2,366	2,614	223
Plan reviews	850	900	900
Sanitation			
Refuse collected (tons/residential)	10,600	10,900	12,581
Refuse collected (tons/commercial)	13,826	16,629	18,750
Refuse collected (tons/industrial)	11,938	12,500	13,973
Water and wastewater			
Number of water customers	10,910	12,500	11,500
Gallons produced	2,247,339,000	2,190,000,000	2,800,000,000
Gallons sold	1,729,962,274	1,922,385,428	1,689,505,001
Average daily water consumption (gallons)	6,150,000	6,000,000	6,000,000
Number of wastewater customers	10,581	10,771	10,781
New wastewater connections	96	94	94
Total wastewater treated annually (gallons)	1,944,000,000	2,000,000,000	2,229,000,000
Municipal airport			
Arrivals and departures	9,986	9,138	33,215
Drainage utility			
Drainage waterways (acres)	100.0	100.0	100.0
Drainage ditches sprayed (acres)	85.00	85.00	85.00

Sources: Various city departments.

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**CITY OF CLEBURNE, TEXAS**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS (Unaudited)

<b>Function/Program</b>	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Public safety				
Police				
Stations	1	1	1	1
Patrol units	40	33	25	25
Fire				
Stations	3	3	3	3
Public service				
Cemetery				
Acreage	131	131	131	131
Library				
Number of libraries	1	1	1	1
Museum				
Number of museums	1	1	1	1
Parks and recreation				
Parks acreage	399	493	267	267
Parks	15	15	17	17
Sports complex acreage	90	107	107	107
Sports complex	1	1	1	1
Playgrounds	7	7	9	9
Swimming pools	1	1	1	1
Golf courses	1	1	1	1
Tennis courts	4	4	4	4
Public works				
Streets (miles)	206.2	138	138	187
Streetlights	1,160	1,160	1,160	1,454
Water and wastewater				
Water mains (miles)	250	250	189	248
Fire hydrants	1,098	1,098	910	910
Maximum daily capacity (gallons)	15,000,000	15,000,000	15,000,000	15,000,000
Maximum water production capacity (gallons)	11,800,000	11,800,000	20,000,000	20,000,000
Sanitary sewers (miles)	250	225	155	199
Maximum daily treatment capacity (gallons)	7,500,000	7,500,000	7,500,000	7,500,000
Municipal airport				
Number of airports	1	1	1	1
Drainage utility				
Storm sewers (miles)	25	25	28	28

Sources: Various city departments.

Note: No capital asset statistics are available for the general government, housing, transportation or sanitation.

**TABLE 19**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
1	1	1	1	1	1
19	20	20	20	22	22
3	3	3	3	3	3
131	131	131	131	131	131
1	1	1	1	1	1
1	1	1	2	2	2
267	267	267	267	267	267
17	17	17	17	17	17
107	107	107	107	107	107
1	1	1	1	1	1
9	9	9	9	9	9
1	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4
187	187	187	187	187	187
1,454	1,454	1,454	1,454	1,454	1,454
237	237	243	244	244	244
910	910	1,380	1,385	1,385	1,385
15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
199	199	188	188	188	188
7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
1	1	1	1	1	1
28	28	28	28	28	28

## **COMPLIANCE SECTION**

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

Honorable Mayor and Members of  
The City Council and Citizens  
City of Cleburne, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleburne, Texas (the "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 and have issued our report thereon dated March 17, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 17, 2020

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable Mayor and Members of  
The City Council and Citizens  
City of Cleburne, Texas

**Report on Compliance for Each Major Federal Program**

We have audited the City of Cleburne’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2019. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

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

**OFFICE LOCATIONS**

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

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

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

### **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 17, 2020

**CITY OF CLEBURNE, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
Direct Programs:			
Section 8 Rental Voucher Program	14.871	TX495	\$ <u>1,472,717</u>
Total Direct Programs			<u>1,472,717</u>
Total U.S. Department of Housing and Urban Development			<u>1,472,717</u>
<b>U.S. Department of Justice</b>			
Office of Justice Programs, Direct Programs:			
Bulletproof Vest Program	16.607	2018-BUBX-1809-5909	3,922
Bulletproof Vest Program	16.607	2017-BUBX-1708-8588	<u>2,579</u>
Total Direct Programs			<u>6,501</u>
Passed through Office of the Governor:			
Edward Byrne Memorial Justice Assistance Grant	16.738	3345201	<u>79,801</u>
Total U.S. Department of Justice			<u>86,302</u>
<b>U.S. Department of Transportation</b>			
Passed through North Central Texas Council of Governments:			
Federal Transit Formula Grants	20.507	NCTCOG Interlocal	39,406
Federal Transit Formula Grants	20.507	NCTCOG Interlocal	<u>105,215</u>
Total North Central Texas Council of Governments			<u>144,621</u>
Passed through Texas Department of Transportation:			
Buses and Bus Facilities Infrastructure Investment Program	20.526	BBF180102010	14,582
Formula Grants for Rural Areas	20.509	RPT18010239	409,248
Formula Grants for Rural Areas	20.509	RPT19010239	<u>41,646</u>
Total Passed through Texas Department of Transportation			<u>465,476</u>
Total U.S. Department of Transportation			<u>610,097</u>
<b>U.S. General Services Administration</b>			
Passed through Texas Facilities Commission:			
Donation of Federal Surplus Personal Property	39.003	21070	<u>344</u>
Total Texas Facilities Commission			<u>344</u>
<b>Institute of Museum and Library Services</b>			
Passed through Texas State Library and Archives Commission:			
Grants to States	45.310	LS-00-18-0044-18	684
Grants to States	45.310	LS-00-18-0044-18	<u>2,465</u>
Total Texas State Library and Archives Commission			<u>3,149</u>
<b>U.S. Department of Homeland Security</b>			
Passed through Texas Division of Emergency Management			
Emergency Management Performance Grant	97.042	EMT-2019-EP-00005	<u>29,843</u>
Passed through Texas Office of the Governor - Homeland Security Grants Division:			
Homeland Security Grant Program	97.067	3319902	<u>12,000</u>
Total U.S. Department of Homeland Security			<u>41,843</u>
Total Expenditures of Federal Awards			\$ <u>2,214,452</u>

## **CITY OF CLEBURNE, TEXAS**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

SEPTEMBER 30, 2019

#### **1. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### **2. BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of the City. The City's reporting entity is defined in Note I of the basic financial statements. Federal awards received directly from federal agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

#### **3. PASS-THROUGH EXPENDITURES**

None of the Federal Programs expended by the City were provided to subrecipients.

#### **4. INDIRECT COSTS**

The City has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

**CITY OF CLEBURNE, TEXAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

**Summary of Auditor's Results**

Financial Statements:

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

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance with major programs.	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) of Uniform Guidance?	No

Identification of major programs:

Name of federal program or cluster	CFDA Number
Section 8 Rental Voucher Program	14.871
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low risk auditee?	Yes

**Financial Statement Findings**

None

**Federal Award Findings**

None

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