



# Comprehensive Annual Financial Report

October 1, 2015 – September 30, 2016

## City of Benbrook, Texas

### **PRESENTED TO**

#### **MAYOR**

**Jerry B. Dittrich**

#### **COUNCIL MEMBERS**

**Renee Franklin**

**Dr. Larry Marshall**

**Rickie Allison**

**Jim Wilson**

**Mark Washburn**

**Ron Sauma**

#### **CITY MANAGER**

**Andy Wayman**

#### **PREPARED BY**

**Sherri Newhouse, Finance Director**

**Benbrook**



**TEXAS**

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**CITY OF BENBROOK, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**INTRODUCTORY SECTION**

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March 10, 2017

The Honorable  
Mayor, Members of the City Council and City Manager  
City of Benbrook  
Benbrook, Texas

The Finance Department is pleased to submit the Comprehensive Annual Financial Report for the City of Benbrook, Texas for the fiscal year ended September 30, 2016. This report provides the City Council, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosure, rests with the City. We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of operations of the City. We also believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

### **THE REPORT**

The report is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes this transmittal letter, a listing of City Officials, an organizational chart, and the prior year's GFOA Certificate for Financial Achievement. The Financial section includes a Management Discussion and Analysis (MD&A), basic financial statements, the opinion of the independent auditor, and supplementary information. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Statistical section, through the use of tables, presents comparative economic and financial data to give the users of the report a perspective of the City's performance over a number of years.

The financial statements included in the report were prepared by the Finance Department in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The basic financial statements and related notes have been audited by an independent firm of Certified Public Accountants, Weaver and Tidwell, L.L.P., whose report is included herein.

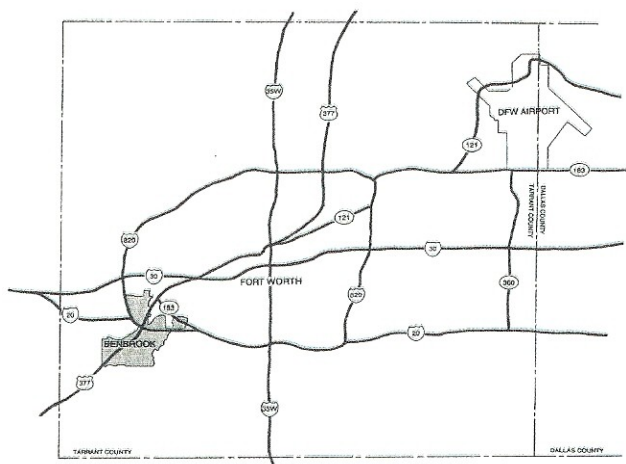
### **CITY PROFILE**

#### **Location**

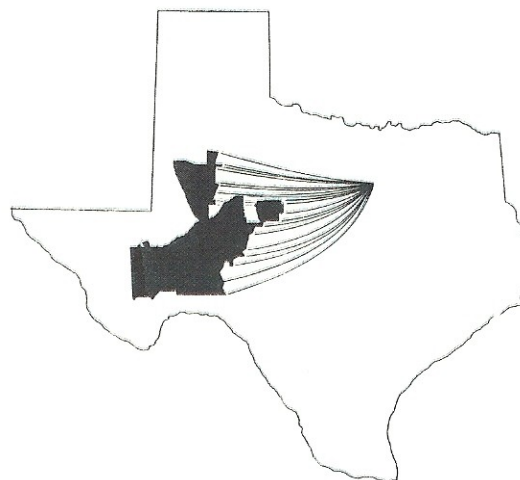
The City of Benbrook is located in Tarrant County, in the north central portion of the State of Texas. The City of Benbrook is located on the southwest side of the City of Fort Worth and is only thirty minutes from Dallas. The City covers approximately thirteen square miles. The 2000 Census set the population at 20,208 and the current (2016) estimate is 22,500.

The City was incorporated in 1947 and is operated under a charter adopted in 1983. The City has a Council-Manager form of government with the City Council comprised of a mayor and six council members. All City Council positions are elected by place number and run at large for two-year staggered terms. The City Council is responsible for adopting ordinances and regulations governing the City, adopting the budget, determining policies, and appointing the City Manager, City Attorney, City Secretary, Municipal Court Judge, as well as members of boards and commission. The City Manager is responsible to the City Council and appoints and supervises the employees that prepare and administer the comprehensive annual financial report (CAFR), the annual budget, and the capital improvements program.

### **Benbrook's location in Tarrant County**



### **Benbrook's location in the State**



### **Services Provided**

The City provides a full-range of municipal services including general government, community development, police and fire protection, street maintenance, building inspection, recreation services, parks operation and maintenance, and maintenance of City-owned buildings. The Benbrook Economic Development Corporation (EDC) is responsible for the promotion and retention of business within the City. Solid waste collection has been contracted out to a private firm.

This report includes the financial statements of the funds required to account for those activities, organizations, and functions which are related to the City and are controlled by or dependent upon the City's governing body. The criteria used by the City for including activities in preparing its financial statements are set forth by the Governmental Accounting Standards Board (GASB). Based on these criteria, all municipal services listed are included in the City's 2015-16 financial statements.

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

The City's accounting records for general governmental operations are maintained on a modified accrual basis. Under this method of accounting, expenditures are recognized when the services or goods are received and the liability is incurred.



In developing and maintaining the City’s accounting system, consideration is given to the adequacy of the internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

The City Charter provides that the City Council shall adopt the annual budget prepared by the City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items and divisions within a fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

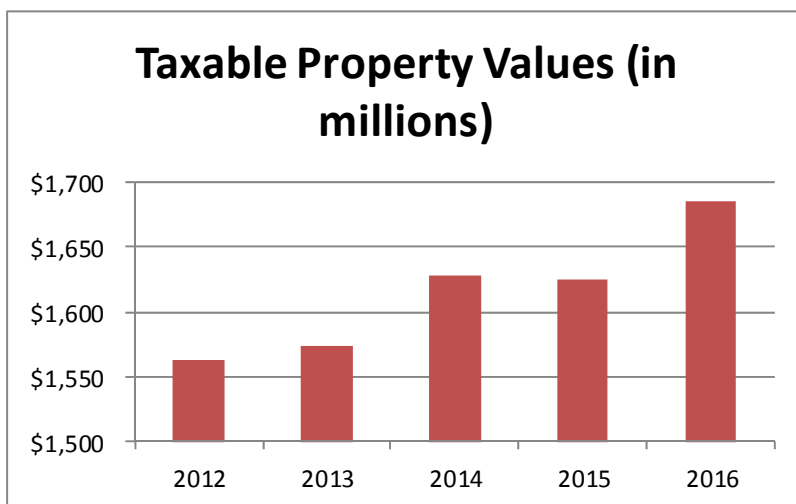
Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item. These reports are distributed monthly to City department and division managers. A financial summary is prepared for City Council to approve each month.

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 by line item. Revenue budgets are reviewed monthly.

### ECONOMIC OUTLOOK AND FINANCIAL CONDITION

#### Summary of Local Economy

The City of Benbrook is located in southwest Tarrant County, an area that has experienced a significant growth in population since 2000. The City’s tax base has grown by 5.13% over the past five years with annual increases ranging from 1.00% to 1.05%. We expect our growth rate to continue at or above this rate over the next few



years. Commercial growth has remained steady and residential construction has escalated in the last several years. Although sales tax collections in Benbrook had increased steadily over the past five years, collections leveled out in the last year as a result of customer inconvenience created by the construction phase of the Benbrook Boulevard expansion project that was started in 2014.

## **Economic Prospects for the Future**

Sales tax collections are projected to decrease slightly until the Benbrook Boulevard expansion project is completed. The enhancement of the primary corridor through Benbrook's center is expected to stimulate growth of commercial and residential development and to attract more-upscale businesses and enterprises.

Benbrook's land exchange with the City of Fort Worth is anticipated to generate opportunities for commercial expansion, business growth, and residential development in upcoming years. These prospects will have a positive impact on Benbrook's tax base, sales tax collections, development fees, and other sources of revenue.

## **Long-Term Financial Planning**

The City produces an award winning Comprehensive Capital Improvements Plan (CIP). The CIP includes an emphasis on the repair and maintenance of existing facilities and infrastructure. Planned project funding comes from current resources. Projects located in the Tax Increment Financing (TIF) will be financed with the increase in value of property located within the TIF district. Storm drainage projects will be funded from the storm water utility fees. Other special projects will be taken on at the discretion of the City Council. These projects will be financed by the Core Value Account (CVA) which receives a portion of new sales tax money and all money related to City-owned mineral interest.

## **Cash Management**

The City's cash management policy is adopted by City Council and strictly defines the types and amounts of investments made for the City. Section 5 of the Public Funds Investment Act prescribes that cities are to develop and maintain an investment policy to govern all investments. The City of Benbrook adopted a revised investment policy on August 21, 2014 to meet updates made to the Public Funds Investment Act. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Collateral is held by the City, its agent, or a financial institution's trust department in the City's name. One hundred percent of the deposits and investments held by the City during the year ended and at September 30, 2016, are classified in the category of the lowest credit risk as defined by the Governmental Accounting Standards Board. All deposits are held in interest-bearing accounts or in certificates of deposit.

The City has maintained all excess funds in TexPool, TexSTAR, or in checking accounts with the City's depositories.

## OTHER INFORMATION

### Independent Audit

The City Charter requires an annual audit of the financial statements of the City by independent certified public accountants selected by the City Council. This requirement has been complied with, and the audit firm of Weaver and Tidwell, L.L.P.'s report on the basic financial statements and required supplementary information is included in the financial section of this report.

### Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Benbrook for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This year was the thirty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles as well as all applicable legal requirements.

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

In addition, the City of Benbrook has received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated October 1, 2015. This award marked the thirty-second time the City has received this award. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

### Acknowledgements

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has my sincere appreciation for the contribution made in the preparation of this report.

In closing, without the leadership and support of the City Council and the City Manager, preparation of this report would not have been possible.

Respectfully submitted,



Sherri Newhouse  
Finance Director

**City of Benbrook, Texas**  
**Principal Officials**  
**September 30, 2016**

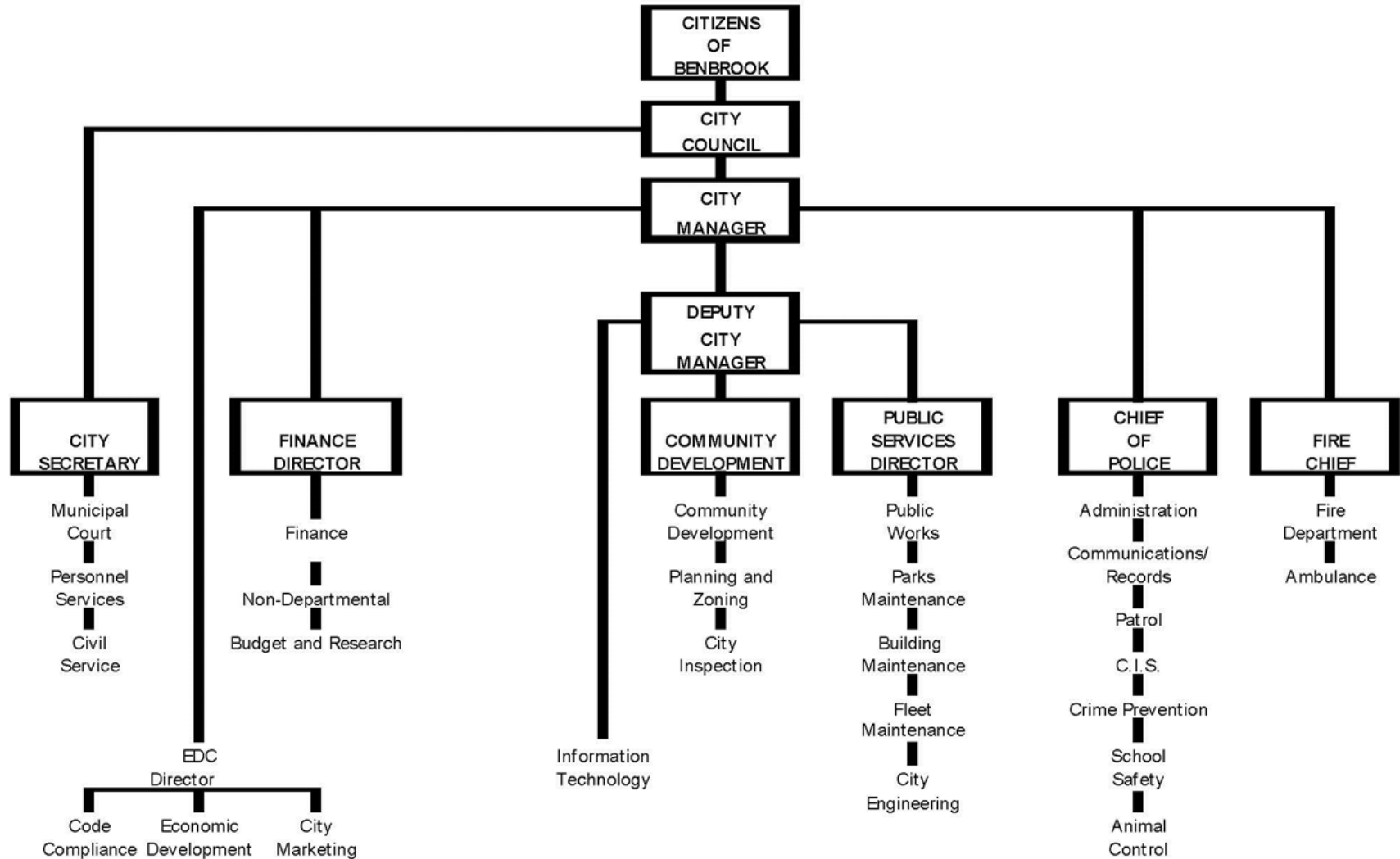
**ELECTED OFFICIALS**

<b><u>Name of Individuals</u></b>	<b><u>Position</u></b>	<b><u>Term Expires (Nov)</u></b>	<b><u>Length of Service (in Years)</u></b>
Jerry B. Dittrich	Mayor Place 1	2017	24
Renee Franklin	Councilman Place 2	2016	2
Dr. Larry Marshall	Councilman Place 3	2017	5
Rickie Allison	Mayor Pro Tem Place 4	2016	16
Jim Wilson	Councilman Place 5	2017	7
Mark Washburn	Councilman Place 6	2016	8
Ron Sauma	Councilman Place 7	2017	15

**APPOINTED OFFICIALS**

Andy Wayman	City Manager	20
Joanna King	City Secretary	41
James E. Gallagher, II	Planning Director	41
David R. Gattis	Deputy City Manager	28
Sherri Newhouse	Finance Director	27
James G. Mills	Police Chief	23
Tommy Davis	Fire Chief	22
Cathy Morris	EDC Director	10
Phyllis Wolfe	Information Technology Director	12
Bennett C. Howell, III	Public Services Director	2
David Corley	City Engineer	4

# CITY OF BENBROOK ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Benbrook  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO



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**FINANCIAL SECTION**

Benbrook



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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Benbrook, Texas (the City) as of and for the year ended September 30, 2016, 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**

The City's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective changes in financial position 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, the schedule of changes in net pension liability, schedule of contributions, and General Fund budgetary comparison schedule on pages 3 through 9 and 41 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The combining and individual nonmajor fund financial statements and schedule 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 schedule 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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
March 10, 2017

# **CITY OF BENBROOK, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED SEPTEMBER 30, 2016**

(Unaudited)

As management of the City of Benbrook, we offer the readers of the City's financial statements this narrative overview of the financial activities of the City for the fiscal year ended September 30, 2016. 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 – v of this report.

## **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$63,002,381 (net position). Of this amount, \$9,162,784 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- As of the close of the current fiscal year, the City's governmental funds reported total ending fund balances of \$28,117,047.
- At the end of the current year, unassigned fund balance for the general fund was \$9,399,726 or 59% of total current year's general fund expenditures.
- Long-term debt decreased by \$1,093,232 due to pay down of general obligation bonds and certificates of obligation, and changes in compensated absences, net pension obligation – OPEB, and net pension liability.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of 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 the reader 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, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include general government, staff services, public safety, public services, community development, economic development, and community promotions. The government-wide financial statements can be found on pages 10 - 11 of this report. The City did not have any business-type activities during the year ended September 30, 2016.

**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. The City of Benbrook only has governmental 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 financial requirements.

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

The City maintains eleven governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Economic Development, Debt Service, and three Capital Projects funds. The remaining funds are aggregated in one column. The basic governmental funds financial statements can be found on pages 12 - 15.

**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 the fund financial statements. The notes to the financial statements can be found on pages 16 - 42.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information that can be found on pages 43 - 47.

## GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2016, the City of Benbrook's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63,002,381.

The largest portion of the City's net position (74.9%) reflects its investments in capital assets (e.g. land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City 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 necessary to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Benbrook's Net Position Governmental Activities

	2016	2015
Current and Other Assets	\$29,778,139	\$28,384,377
Non-Current Assets	<u>50,865,054</u>	<u>50,636,371</u>
Total Assets	80,643,193	79,020,748
 Deferred Outflows of Resources	 3,804,311	 1,657,872
Long-Term Liabilities	19,982,218	18,765,570
Other Liabilities	<u>991,411</u>	<u>746,992</u>
Total Liabilities	20,973,629	19,512,562
 Deferred Inflows of Resources	 471,494	 109,838
 Net Position:		
Net Investment in Capital Assets	47,197,644	45,305,129
Restricted	6,641,953	6,106,372
Unrestricted	<u>9,162,784</u>	<u>9,644,719</u>
 Total Net Position	 \$63,002,381	 \$61,056,220

Of the City's net position, 14.5% represents resources that are not subject to external restriction on how they may be used. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2016, the City is able to report positive balances in all categories of net position.

**Analysis of City Operations** – The following table provides a summary of the City's operations for the year ended September 30, 2016. Overall the City had an increase in net position of \$1,946,161. This increase results from higher-than anticipated collection of sales tax revenue, higher-than anticipated revenue from licenses, permits, and fines, and conservative spending by City departments.

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

	Governmental Activities	
Revenue	2016	2015
Program Revenues:		
Fees, Fines, & Service Charges	\$3,331,298	\$3,487,634
Operating Grants & Contributions	641,443	466,660
Capital Grants & Contributions	--	1,310,000
General Revenues:		
Ad Valorem Taxes	10,786,456	10,610,039
Franchise Taxes	1,683,199	1,675,780
Sales & Other Taxes	3,409,983	3,556,317
Use of Money & Property	202,169	296,477
Gain on Sale of Land	--	148,154
Miscellaneous	612,166	1,079,844
Total Revenues	20,666,714	22,630,905
<u>Expenses</u>		
General Government	\$1,261,520	\$1,267,277
Staff Services	941,237	931,314
Public Safety	9,699,627	8,540,152
Public Services	4,387,355	4,333,979
Community Development	2,191,374	1,977,768
Interest on Long-term Debt	239,440	313,493
Total Expenditures	18,720,553	17,363,983
Change in Net Position	1,946,161	5,266,922
Net Position – October 1 <sup>st</sup>	61,056,220	59,671,553
Change in Accounting Principles	--	(3,882,255)
Net Position – October 1 <sup>st</sup> , restated	61,056,220	55,789,298
Net Position – September 30 <sup>th</sup>	\$63,002,381	\$61,056,220

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**Governmental Funds** – The focus of the City of Benbrook's governmental funds is to provide information on near - term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal period. At the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$28,117,047.

**General Fund Highlights** – The General Fund balance increased \$400,728 to \$10,920,133. The increase can be attributed to higher-than anticipated collection of sales tax, fines, and service charges revenues combined with conservative spending by General Fund departments.

**Economic Development** – The EDC Fund balance increased by \$547,701 to \$6,579,479 due to conservative spending by this department.

**Capital Projects** – The TIF increased \$373,877 due to increased revenues generated by development in the TIF district. The CVA fund balance decreased by \$295,544 due to expenses related to utility relocations for the Benbrook Boulevard Expansion Project. Despite a slight decrease in storm water revenue received in the current year, the Storm Water fund balance increased \$29,955 due to less outlay for capital projects than revenue.

### CAPITAL ASSETS

The City of Benbrook's investment in capital assets for its governmental activities as of September 30, 2016 amount to \$50,865,054 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress.

Major capital asset acquisitions during the fiscal year included the following:

- Miscellaneous ongoing drainage project improvements (\$362,570)
- Police Department vehicles (\$164,935)
- Ambulance for Fire Department (\$174,794)
- Fire Truck for Fire Department (\$543,896)
- Defibrillators for Fire Department (\$176,719)

**Capital Assets at Year End  
(Net of Accumulated Depreciation)**

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Land	\$2,058,201	\$2,058,201
ROW	9,821,372	9,821,372
Building	10,260,981	10,260,981
Infrastructure	80,076,521	80,076,521
Equipment	5,087,952	4,320,778
Construction in Progress	1,044,739	110,083
Accumulated Depreciation	<u>(57,484,712)</u>	<u>(56,011,565)</u>
 Total	 \$50,865,054	 \$50,636,371

Additional information on the City of Benbrook's capital assets can be found in Note 3 beginning on page 26.

**DEBT ADMINISTRATION**

At the end of the fiscal year, the City had total long term debt of \$19,982,218. Of this amount, \$6,165,000 comprises bonded debt backed by the full faith and credit of the government. The balance of the total long term debt is comprised of a Certificate of Obligation, Compensated Absences, Net Pension Obligation-OPEB and Net Pension Liability.

**Outstanding Debt at Year End  
Bonds and Certificates of Obligation**

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
General Obligation Bonds	\$6,165,000	\$6,945,000
Certificates of Obligations	<u>3,295,000</u>	<u>3,775,000</u>
 Total	 \$9,460,000	 \$10,720,000

During the year, the City's total debt decreased by \$1,260,000. This decrease was due to scheduled debt payments.

The City of Benbrook has the following ratings on its long term debt:

	<u>Moody's Investor Service</u>	<u>Standard &amp; Poor's</u>
General Obligation Bonds	Aa2	AA +



Most of the City's Bonds are insured and thus have a Triple A credit rating by both Moody's and Standard & Poor's.

Additional information on the City of Benbrook's long term debt can be found in Note 4 on pages 27 - 29 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

In the 2016-2017 budget, General Fund revenues are budgeted to increase by \$839,322 from the 2015-2016 budget year. Assessed valuations grew by about 2% leading to a projected increase in revenue from property taxes. Sales tax revenue is projected to increase slightly as the Benbrook Boulevard expansion project is expected to wrap up in Summer 2017. Additionally, some other revenues – such as fines, ambulance fees, and building permits - are expected to increase.

## **LONG-TERM PLANNING**

The City produces an Annual Budget with ten year financial projections. These projections are updated, re-evaluated each year during the budget process. In addition to this ten year financial projections included in the budget, the City also produces an award winning Comprehensive Capital Improvements Plan that projects long-term growth and capital improvements as well as the means of financing these projects. These reports are available to interested readers upon request or on the City's web site.

## **REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Director at P. O. Box 26569, Benbrook, Texas 76126, or call (817) 249-3000.



## **BASIC FINANCIAL STATEMENTS**

**Benbrook**



**TEXAS**

*Our Pride. Your Joy.*

**CITY OF BENBROOK, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Deposits and temporary investments	\$ 27,857,406
Receivables (net of allowance)	
Property tax	405,278
Sales tax	580,086
Special assessments	21,553
Accounts	647,150
Note	266,666
Capital assets	
Land	2,058,201
ROW	9,821,372
Buildings	10,260,981
Infrastructure	80,076,521
Equipment	5,087,952
Construction in progress	1,044,739
Accumulated depreciation	<u>(57,484,712)</u>
<b>Total assets</b>	<b>80,643,193</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding	108,306
Deferred outflows - pension	<u>3,696,005</u>
<b>Total deferred outflows of resources</b>	<b>3,804,311</b>
<b>LIABILITIES</b>	
Accounts payable and other accrued liabilities	774,495
Accrued interest payable	36,907
Deposits	180,009
Noncurrent liabilities	
Due within one year	1,942,032
Due in more than one year	9,588,853
Net pension liability	<u>8,451,333</u>
<b>Total liabilities</b>	<b>20,973,629</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of revenue	30,276
Deferred inflows - pension	<u>441,218</u>
<b>Total deferred inflows of resources</b>	<b>471,494</b>
<b>NET POSITION</b>	
Net investment in capital assets	47,197,644
Restricted for	
Debt service	62,474
Economic development	6,579,479
Unrestricted	<u>9,162,784</u>
<b>Total net position</b>	<b><u>\$ 63,002,381</u></b>

Notes to the financial statements  
are an integral part of this statement

**CITY OF BENBROOK, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2016**

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue & Changes in Net Position Primary Government
		Fees, Fines & Charges For Services	Operating Grants & Contributions	Capital Grant & Contributions	
Governmental activities					
General government	\$ 1,261,520	\$ -	\$ -	\$ -	\$ (1,261,520)
Staff services	941,237	-	-	-	(941,237)
Public safety	9,699,627	1,574,048	641,443	-	(7,484,136)
Public services	4,387,355	184,773	-	-	(4,202,582)
Community development	2,191,374	1,572,477	-	-	(618,897)
Interest on long-term debt	239,440	-	-	-	(239,440)
<b>Total governmental activities</b>	<b>18,720,553</b>	<b>3,331,298</b>	<b>641,443</b>	<b>-</b>	<b>(14,747,812)</b>
General revenues					
Taxes					
Ad valorem					10,786,456
Franchise					1,683,199
Sales and other					3,409,983
Use of money and property					202,169
Miscellaneous					612,166
<b>Total general revenues</b>					<b>16,693,973</b>
Changes in net position					1,946,161
Net position – beginning					61,056,220
Net position – ending					<b>\$ 63,002,381</b>

Notes to the financial statements  
are an integral part of this statement

**CITY OF BENBROOK, TEXAS  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	<u>General</u>	<u>Economic Development</u>	<u>Debt Service</u>	<u>Capital Projects TIF</u>	<u>Capital Projects CVA</u>	<u>Capital Projects Storm Water</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>								
Deposits and temporary investments	\$ 10,697,737	\$ 6,473,142	\$ 73,241	\$ 3,383,185	\$ 2,417,989	\$ 2,420,769	2,391,343	\$ 27,857,406
Receivables (net of allowances)								
Property tax	379,138	-	26,140	-	-	-	-	405,278
Sales tax	386,457	193,629	-	-	-	-	-	580,086
Special assessments	-	-	-	-	-	-	21,553	21,553
Accounts	475,103	53	-	-	2,028	116,715	53,251	647,150
Due from other funds	118,682	-	-	-	-	-	62,861	181,543
<b>TOTAL ASSETS</b>	<b>\$ 12,057,117</b>	<b>\$ 6,666,824</b>	<b>\$ 99,381</b>	<b>\$ 3,383,185</b>	<b>\$ 2,420,017</b>	<b>\$ 2,537,484</b>	<b>\$ 2,529,008</b>	<b>\$ 29,693,016</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 311,580	\$ 26,846	\$ -	\$ 71,536	\$ 2,345	\$ 56,543	\$ 1,646	\$ 470,496
Accrued salaries and wages	298,085	5,914	-	-	-	-	-	303,999
Advance payments and deposits	112,409	-	-	-	-	-	67,600	180,009
Due to other funds	62,861	54,585	-	-	-	-	64,097	181,543
<b>TOTAL LIABILITIES</b>	<b>784,935</b>	<b>87,345</b>	<b>-</b>	<b>71,536</b>	<b>2,345</b>	<b>56,543</b>	<b>133,343</b>	<b>1,136,047</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred property taxes	352,049	-	24,201	-	-	-	-	376,250
Other deferred inflows of resources	-	-	-	-	-	-	63,672	63,672
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>352,049</b>	<b>-</b>	<b>24,201</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,672</b>	<b>439,922</b>
<b>FUND BALANCES</b>								
Restricted								
Debt service	-	-	75,180	-	-	-	-	75,180
Economic development	-	6,579,479	-	-	-	-	-	6,579,479
City promotions	-	-	-	-	-	-	432,933	432,933
Capital projects	-	-	-	3,311,649	-	2,480,941	955,231	6,747,821
Public safety	-	-	-	-	-	-	400,029	400,029
Committed								
Worker's comp	225,122	-	-	-	-	-	-	225,122
Capital projects	-	-	-	-	2,417,672	-	543,800	2,961,472
Assigned								
Budget	1,295,285	-	-	-	-	-	-	1,295,285
Unassigned								
General	9,399,726	-	-	-	-	-	-	9,399,726
<b>TOTAL FUND BALANCES</b>	<b>10,920,133</b>	<b>6,579,479</b>	<b>75,180</b>	<b>3,311,649</b>	<b>2,417,672</b>	<b>2,480,941</b>	<b>2,331,993</b>	<b>28,117,047</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 12,057,117</b>	<b>\$ 6,666,824</b>	<b>\$ 99,381</b>	<b>\$ 3,383,185</b>	<b>\$ 2,420,017</b>	<b>\$ 2,537,484</b>	<b>\$ 2,529,008</b>	<b>\$ 29,693,016</b>

Notes to the financial statements  
are an integral part of this statement

**CITY OF BENBROOK, TEXAS  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

Total fund balances – governmental funds \$ 28,117,047

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

Notes receivable are not a current financial resource and, therefore, are not reported in the governmental funds balance sheet. 266,666

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 50,865,054

Losses on refunding are not current financial resources and therefore are not reporting in the governmental funds balance sheet. 108,306

Interest payable on long term debt does not require current financial resources; therefore interest payable is not reported as a liability in the governmental funds balance sheet. (36,907)

Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements. 409,646

Deferred outflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements. 3,696,005

Net pension liability is not due and payable in the current period, and therefore is not reported in the governmental funds balance sheet. (8,451,333)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. (9,995,835)

Accrued sick and vacation time does not require current financial resources and is not included on the governmental funds balance sheet. (1,535,050)

Deferred inflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements. (441,218)

Net Position of Governmental Activities \$ 63,002,381

Notes to the financial statements  
are an integral part of this statement

**CITY OF BENBROOK, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>General</b>	<b>Economic Development</b>	<b>Debt Service</b>	<b>Capital Project TIF</b>	<b>Capital Project CVA</b>	<b>Capital Project Storm Water</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>								
Taxes								
Property	\$ 10,365,510	\$ -	\$ 409,627	\$ -	\$ -	\$ -	\$ -	\$ 10,775,137
Franchise	1,631,437	-	-	-	-	-	51,762	1,683,199
Sales and other	2,173,722	1,085,105	-	-	-	-	139,313	3,398,140
Licenses, permits and filing fees	613,949	-	-	-	-	-	-	613,949
Fines and forfeitures	802,523	-	-	-	-	-	46,941	849,464
Use of money and property	106,167	40,811	-	2,233	50,686	2,234	38	202,169
Charges for services	909,357	-	-	1,303,005	-	958,528	-	3,170,890
Other revenues	639,843	-	-	-	-	-	9,881	649,724
<b>Total revenues</b>	<b>17,242,508</b>	<b>1,125,916</b>	<b>409,627</b>	<b>1,305,238</b>	<b>50,686</b>	<b>960,762</b>	<b>247,935</b>	<b>21,342,672</b>
<b>EXPENDITURES</b>								
Current								
General government	1,814,956	-	-	-	-	-	-	1,814,956
Staff services	918,376	-	-	-	-	-	-	918,376
Public safety	8,986,101	-	-	-	-	-	39,380	9,025,481
Public service	2,900,514	-	-	-	-	-	-	2,900,514
Community development	1,034,120	-	-	213,237	-	-	201,120	1,448,477
Economic development	-	578,215	-	-	-	-	-	578,215
Debt service								
Principal	-	-	1,260,000	-	-	-	-	1,260,000
Interest and other fees	-	-	235,108	-	-	-	-	235,108
Capital outlay	387,713	-	-	225,856	346,230	362,571	741,469	2,063,839
<b>Total expenditures</b>	<b>16,041,780</b>	<b>578,215</b>	<b>1,495,108</b>	<b>439,093</b>	<b>346,230</b>	<b>362,571</b>	<b>981,969</b>	<b>20,244,966</b>
Excess of revenues over (under) expenditures	1,200,728	547,701	(1,085,481)	866,145	(295,544)	598,191	(734,034)	1,097,706
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	1,060,504	-	-	-	800,000	1,860,504
Transfers out	(800,000)	-	-	(492,268)	-	(568,236)	-	(1,860,504)
<b>Total other financing sources (uses)</b>	<b>(800,000)</b>	<b>-</b>	<b>1,060,504</b>	<b>(492,268)</b>	<b>-</b>	<b>(568,236)</b>	<b>800,000</b>	<b>-</b>
Net change in fund balance	400,728	547,701	(24,977)	373,877	(295,544)	29,955	65,966	1,097,706
Fund balances – beginning	10,519,405	6,031,778	100,157	2,937,772	2,713,216	2,450,986	2,266,027	27,019,341
<b>Fund balances - ending</b>	<b>\$ 10,920,133</b>	<b>\$ 6,579,479</b>	<b>\$ 75,180</b>	<b>\$ 3,311,649</b>	<b>\$ 2,417,672</b>	<b>\$ 2,480,941</b>	<b>\$ 2,331,993</b>	<b>\$ 28,117,047</b>

Notes to the financial statements  
are an integral part of this statement



**CITY OF BENBROOK, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE NET CHANGE IN NET POSITION  
OF GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds	\$ 1,097,706
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	2,081,117
Depreciation expense on capital assets is reported in the statement of activities, and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(1,740,354)
Net book value of capital assets disposed.	(112,080)
The repayment of long-term debt provides current financial resources to governmental funds, but has no effect on net position.	1,260,000
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental	13,200
The change in the expense for compensated absences reported in the statement of activities does not require the use of current financial resources, therefore, the change is not reported in the governmental funds.	(67,417)
Changes in the net pension liability, and related deferred inflows and outflows are recognized in the government-wide financials but are not reported in the fund financial statements.	(492,289)
Change in the amount set aside to cover the liability for OPEB/TMRS SDB.	(99,351)
Amortization of deferred losses on refunding is not recorded in the governmental	(17,532)
Certain revenues reported in the governmental funds are not reported in the government-wide statement of activities. Conversely, some revenues reported in the government-wide statement of activities are not reported in the governmental funds.	23,161
Net change in net position of governmental activities	<u>\$ 1,946,161</u>

Notes to the financial statements  
are an integral part of this statement

**CITY OF BENBROOK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

The City of Benbrook (the City) was incorporated in 1947. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, police and fire protection, street maintenance, building inspection services, recreation, parks operation and maintenance, and operation and maintenance of City-owned buildings.

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

**B. Financial Reporting Entity**

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of their fiscal dependency on the primary government.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. Financial Reporting Entity – Continued**

The Benbrook Economic Development Corporation was found to be a component unit of the City and is included in the combined financial statements as a blended component unit.

The Benbrook Economic Development Corporation (EDC) was created for the purpose of promoting economic development within the City. The Board of Directors is substantively the same as that of the City Council since all board members are appointed by the City Council. Management of the City has operational responsibility for the EDC. The EDC is authorized to sell bonds or other forms of indebtedness. Upon dissolution of the EDC, the assets of the EDC shall be distributed to the City. The EDC provides services to the City and its residents.

It is management's opinion (the staff and City Attorney) that a blended presentation should be used to report the financial information of the component unit. Financial information for the component unit can be obtained from the entity's administrative office at 911 Winscott Road, Benbrook, Texas 76126.

**C. Basis of Presentation**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately. However, interfund services provided and used are not eliminated in the process of consolidation.

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

*Fund Financial Statements*

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

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Basis of Presentation – Continued**

*Fund Financial Statements – Continued*

The City has presented the following major governmental funds:

The **General Fund** is the main operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The **Economic Development Fund** accounts for the half cent sales tax collected to fund the activities of the Benbrook Economic Development Corporation. The fund balance is restricted for development and improvements that will promote economic growth in the City.

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

The **Capital Projects – Stormwater Fund** is used to account for amounts received and expended for the construction and renovation of major drainage improvements. Initial funding came from the issuance of bonds with additional funding from stormwater fees. The fund balance is restricted for future major stormwater projects.

The **Capital Projects – TIF Fund** is used to account for amounts received and expended for the construction of major improvements that must be financed over several years. The fund balance is restricted for future projects within the TIF boundaries.

The **Capital Projects – CVA Fund** is used to account for proceeds from natural gas leases, mineral interest revenue and 70% of new sales tax proceeds. These funds will be used for special major improvement projects to be determined by a super majority of the City Council, and therefore, the fund balance is committed.

**D. Measurement Focus and Basis of Accounting**

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

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows, liabilities and deferred inflows (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Measurement Focus and Basis of Accounting – Continued**

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

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

**E. Cash and Investments**

Cash of most funds is pooled into common accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled cash is available upon demand and is included within the deposits and temporary investments caption in the basic financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less and certificates of deposit are also considered cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds and certificates of deposits within established criterion.

**F. Capital Assets**

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

**CITY OF BENBROOK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**F. Capital Assets – Continued**

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

Buildings	30 Years
Infrastructure	10-50 Years
Equipment	5-20 Years

**G. Accumulated Vacation, Compensated Time and Sick Leave**

City policy allows civil service employees to accumulate 120 hours of sick leave per year and accrue it on an unlimited basis. Civil service employees with one full year of employment are entitled to be paid up to 90 days for unused sick leave upon termination. Non-civil service employees may accrue up to 480 hours of unused sick leave. Non-civil service employees may be paid up to 20 days for unused sick time based on years of service and certain other criteria. Employees with less than 5 years of service earn 10 vacation days whereas employees with more than 5 years of service earn 15 vacations days per year. Non-civil service employees may accumulate two times the current number of vacation days earned per year, up to a maximum of 30 days. All earned vacation leave not taken within one year of its accumulation will be forfeited by civil service employees.

**H. Nature and Purpose of Designations of Fund Equity**

The City has reported Governmental Fund Balances classifications in accordance with a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The hierarchy aims to enhance the usefulness of fund balance information by providing clear fund balance classifications that can be more consistently applied and by clarifying governmental fund type definitions. Fund balance classifications are Nonspendable and Spendable. Classifications under the Spendable category are Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity as to the level of restriction placed upon fund balance.

The City classifies governmental fund balances as follows:

1. Nonspendable Fund Balance – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and prepaid items.

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**H. Nature and Purpose of Designations of Fund Equity – Continued**

2. Spendable Fund Balance

- a. *Restricted Fund Balance* – includes amounts that can be spent only for specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples would include federal and state grant programs, retirement of long-term debt, and capital projects.
  1. The aggregate fund balance of the Special Revenue Funds and EDC are legally restricted by the enabling legislation that created these funds.
  2. The fund balances of the Debt Service Fund and the Capital Projects Funds (other than CVA and Animal Shelter) are legally restricted by enabling legislation, bond covenants, or other governmental entities.
- b. *Committed Fund Balance* – includes amounts that can be used only for the specific purposes as determined by the governing body by formal resolution recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body by formal resolution. Examples include, but not limited to, City Council action regarding construction and capital expenditures. City Council must take action to commit funds by passing a formal resolution for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.
  1. The Capital Projects – CVA funds and the Animal Shelter included in the Capital Projects – Nonmajor funds are considered committed by the City Council action to create that fund.
  2. The Workers' Comp amounts were committed when City Council authorized the City to partially self-insure worker's comp.
- c. *Assigned Fund Balance* – includes amounts intended to be used by the City for a specific purpose. This intent can be expressed by an official or body to which the governing body delegates that authority. The City has delegated the City Manager to determine and define amounts of those components of fund balance that are classified as Assigned. Examples take on similar appearance as funds designated as committed fund balance, including the appropriation of existing fund balance to eliminate a deficit in the next budget year. Assignments may be authorized by City policy initiated by the City Manager, formal resolution or ordinance.
  1. Assigned fund balance in the general fund relates to the appropriation of existing fund balance to eliminate a deficit in the 2017 budget year.

*Unassigned Fund Balance* – includes the residual classification of the General Fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the City has implicitly assigned the funds for the purpose of those particular funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be extended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and finally unassigned fund balance.

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**I. Deferred Outflows and Deferred Inflows of Resources**

The statement of net position includes a separate section, in addition to assets, for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and therefore will not be recognized as an expense until that time. The deferred loss on refunding will be recognized as a deferred outflow of resources or a deferred inflow of resources and amortized to interest expense over the life of the bond and bond issuance costs will be expensed in the current period.

The governmental funds balance sheet and the statement of net position report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as revenue until that time. Amounts, such as property taxes, received after the sixty day period are not considered available and, therefore, recorded as a deferred inflow of resources

**J. 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 additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that the 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.

**K. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. Significant estimates include depreciable lives on capital assets, allowance for uncollectible property taxes and ambulance revenues, net pension liability, and net pension obligation – OPEB.



**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS**

Cash and investments as of September 30, 2016 consist of the following:

Deposits with financial institutions	\$	18,899,240
Investments		8,958,166
	<b>\$</b>	<b>27,857,406</b>

*Disclosure Relating to Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 30 days, thus reducing the interest rate risk.

The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity (WAM) of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2016, the City had the following investments:

Investment Type	Amount	WAM
TexPool	\$ 6,074,620	48
TexSTAR	2,883,546	43
	\$ 8,958,166	

As of September 30, 2016, the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

*Disclosure Relating to Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating firm.

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

*Disclosure Relating to Credit Risk - Continued*

Presented below are the minimum rating required by the Public Funds Investment Act (where applicable), the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Amount	Minimum Rating	Rating as of September 30, 2016
TexPool	\$ 6,074,620	AAA	AAAm
TexSTAR	2,883,546	AAA	AAAm
	<u>\$ 8,958,166</u>		

*Concentration of Credit Risk*

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. At year end, other than external investment pools, the City did not have 5% or more of its investments with one issuer.

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act and the City's investment policy contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments by the following provision for deposits.

The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governments by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2016, the City had deposits at two financial institutions. Each financial institution was covered by depository insurance in the amount of \$250,000. The remaining bank balance in the EDC of \$6,221,725 was fully collateralized at September 30, 2016 with a value of collateral equal to \$7,755,144. The remaining funds' bank balance of \$12,211,398 was covered by collateral with a value of \$12,087,684, with \$123,714 uncollateralized at September 30, 2016. Collateral is held by the Federal Reserve Bank of Dallas in the City's name under joint safekeeping agreements with the pledging institutions.

**CITY OF BENBROOK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

*Investment in State Investment Pools*

The City of Benbrook is a voluntary participant in TexPool and TexSTAR, two external investment pools.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in the pools and other persons who do not have a business relationship with the pools.

TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors that includes participants in the pool as well as other persons. J P Morgan Asset Management and First Southwest Asset Management act as co-administrators, providing investment management services, participant services and marketing.

The City categorizes its fair value measurements within a fair value hierarchy established by generally accepted accounting principles. The hierarchy provides a framework for measuring fair value which establishes a three-level hierarchy that describes the inputs that are used to measure assets and liabilities. External investment pools and pool participants (local and state governments) may elect to continue to utilize amortized cost accounting for certain investment pools. Participants in qualifying pools are permitted to continue measuring investments at amortized cost if they have met certain criteria, including that the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. TexPool uses amortized cost to measure its investments.

The TexStar investment pool does not meet the requirements to report at amortized cost. As a result, its investments are measured at net asset value. TexStar's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities.

Investment pools reported at amortized cost or net asset value are excluded from the fair value hierarchy.

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1	Additions/ Completions	Transfers	Retirements/ Adjustments	Balance September 30
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 2,058,201	\$ -	\$ -	\$ -	\$ 2,058,201
ROW	9,821,372	-	-	-	9,821,372
Construction in progress	110,083	934,656	-	-	1,044,739
Total capital assets not being depreciated	11,989,656	934,656	-	-	12,924,312
Capital assets being depreciated					
Buildings	10,260,981	-	-	-	10,260,981
Infrastructure	80,076,521	-	-	-	80,076,521
Equipment	4,320,778	1,146,461	-	379,287	5,087,952
Total capital assets being depreciated	94,658,280	1,146,461	-	379,287	95,425,454
Less accumulated depreciation					
Buildings	5,452,929	300,573	-	-	5,753,502
Infrastructure	48,338,724	1,194,923	-	-	49,533,647
Equipment	2,219,912	244,858	-	267,207	2,197,563
Total accumulated depreciation	56,011,565	1,740,354	-	267,207	57,484,712
Total capital assets being depreciated, net	38,646,715	(593,893)	-	112,080	37,940,742
Governmental activities capital assets, net	<u>\$ 50,636,371</u>	<u>\$ 340,763</u>	<u>\$ -</u>	<u>\$ 112,080</u>	<u>\$ 50,865,054</u>

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

Governmental activities	
General government	\$ 6,921
Public safety	295,844
Public works	1,427,810
Community development	7,742
Economic development	2,037
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 1,740,354</u>

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4. LONG-TERM DEBT**

At September 30, 2016, the City's bonds payable consisted of the following:

2005 G.O. bonds dated August 2, 2005, issued for drainage improvements, due in annual installments through February 1, 2020, interest rate of 1.85%.	\$ 1,855,000
2005 TIF C.O. bonds dated August 4, 2005, issued for sewer line and street improvements, due in annual installments through February 1, 2021, interest rate of 2.15%.	935,000
2007 Storm Water C.O. bonds dated December 1, 2007 for storm water improvements, due in annual installments through February 1, 2027, interest rate of 4.04%.	665,000
2011 G.O. Refunding bonds dated August 9, 2011 issued to refund the remaining balance of the 2002 G.O. bonds, due in annual installments through February 1, 2022, interest rate of 2.93%	2,170,000
2012 C.O. Refunding bonds dated April 15, 2012 issued to reimburse TIF developer, due in annual installments through February 1, 2022, interest rate of 1.79%.	795,000
2013 G.O. Refunding Bonds dated December 10, 2013, issued to refund the remaining balance of the 2004 G.O. bonds, due in annual installments through February 1, 2025, interest rate of 2.19%.	2,140,000
2014 TIF Combination Tax and Revenue C.O. bonds dated June 17, 2014, issued for sewer line improvements, street improvements and construction projects, due in annual installments through February 1, 2022, interest rate of 1.72%.	<u>900,000</u>
Total bonds payable	<u><u>\$ 9,460,000</u></u>

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4. LONG-TERM DEBT – CONTINUED**

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2016:

	Balance October 1	Increases	Decreases	Balance September 30	Due Within One Year
Governmental Type Activities					
General Obligation Bonds	\$ 6,945,000	-	780,000	\$ 6,165,000	\$ 815,000
Certificate of Obligation	3,775,000	-	480,000	3,295,000	495,000
Compensated Absences	1,467,633	699,449	632,032	1,535,050	632,032
Net Pension Obligation - OPEB	436,484	99,351	-	535,835	-
Net Pension Liability	6,141,453	6,782,580	4,472,700	8,451,333	-
Total Governmental Activities	<u>\$ 18,765,570</u>	<u>\$ 7,581,380</u>	<u>\$ 6,364,732</u>	<u>\$ 19,982,218</u>	<u>\$ 1,942,032</u>

**General Obligation Bonds and Certificates of Obligation**

The City issues general obligation bonds and certificates of obligation. General obligation bonds and certificates of obligation are direct obligations of the City and pledge the full faith and credit of the City.

**Compensated Absences**

Compensated absences represent the estimated liability for employee's accrued vacation and sick leave for which employees are entitled to be paid upon termination. The retirement of this liability is from the General Fund.

Annual requirements to amortize all debts outstanding as of September 30, 2016, are as follows:

**General Obligation Bonds**

General Obligation Bonds Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2017	815,000	136,016	\$ 951,016
2018	835,000	118,277	953,277
2019	870,000	99,940	969,940
2020	895,000	80,976	975,976
2021	975,000	57,966	1,032,966
2022-2026	1,775,000	55,901	1,830,901
	<u>\$ 6,165,000</u>	<u>\$ 549,076</u>	<u>\$ 6,714,076</u>

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4. LONG-TERM DEBT – CONTINUED**

**Certificate of Obligations**

CO's Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2017	495,000	71,422	\$ 566,422
2018	505,000	60,810	565,810
2019	520,000	49,901	569,901
2020	535,000	38,642	573,642
2021	545,000	27,134	572,134
2022-2026	620,000	51,773	671,773
2027-2028	75,000	1,515	76,515
	<u>\$ 3,295,000</u>	<u>\$ 301,197</u>	<u>\$ 3,596,197</u>

**NOTE 5. PROPERTY TAX**

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic on January 1, each year. Penalties and interest are included for any payment received after January 31. Penalties start at 6% of the outstanding balance, respectively and increase to 12% for payments received after July 1. Interest increases 1% for each month the balance is outstanding after January 31.

Property taxes at the fund level are recorded as receivables and deferred inflows of resources at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes of \$266,619 and \$18,382 for the General Fund and Debt Service Fund, respectively. The allowance is evaluated annually based upon analysis of historical trends, current economic conditions and other pertinent factors. Uncollectible personal property taxes are written off upon expiration of the five year statute of limitations.

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tMrs.com](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 payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

Deposit rate	7%
Matching ratio (City to employee)	2 to 1
A member is vested after	5 years
Update service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the city are 5 years at 60 years of age, or 20 years at any age.



**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. PENSION PLAN – CONTINUED**

**Benefits Provided - Continued**

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. The net pension obligation will be liquidated from the General Fund.

**Employees Covered By Benefit Terms**

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits	39
Active employees	114
	114
Total	218
	218

**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 year ended September 30, 2016. The contribution rates for the City were 17.09% and 18.05% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$1,505,210 and were equal to the required contributions.

**CITY OF BENBROOK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. PENSION PLAN – CONTINUED**

**Net Pension Liability**

The City's Net Pension Liability was measured as of December 31, 2015 and the Total Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions: Inflation of 2.5% per year, Overall payroll growth of 3.0% per year, and investment rate of return of 6.75%, net of pension plan investment expense, including inflation.

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Mortality Table with blue collar adjustments, 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 become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal 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 area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. PENSION PLAN – CONTINUED**

**Actuarial Assumptions - Continued**

mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, 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	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.

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. PENSION PLAN – CONTINUED**

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2014	\$ 47,514,279	\$ 41,372,826	\$ 6,141,453
Changes for the year:			
Service cost	1,520,604	-	1,520,604
Interest	3,323,230	-	3,323,230
Change of benefit terms	-	-	-
Difference between expected and actual experience	(408,073)	-	(408,073)
Changes of assumptions	(33,726)	-	(33,726)
Contributions - employer	-	1,484,633	(1,484,633)
Contributions - employee	-	585,491	(585,491)
Net Investment income	-	61,051	(61,051)
Benefit payments, including refunds of employee contributions	(1,599,725)	(1,599,725)	-
Administrative expenses	-	(37,184)	37,184
Other changes	-	(1,836)	1,836
Balance at 12/31/2015	<u>\$ 50,316,589</u>	<u>\$ 41,865,256</u>	<u>\$ 8,451,333</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%)
<u>\$ 15,802,500</u>	<u>\$ 8,451,333</u>	<u>\$ 2,422,518</u>

**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.tmr.com](http://www.tmr.com).

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. PENSION PLAN – CONTINUED**

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

For the year ended September 30, 2016, the city recognized pension expense of \$1,972,165.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience:	\$ -	\$ 413,267
Change in actuarial assumptions:	-	27,951
Difference between projected and actual investment earnings:	2,565,967	-
Contributions subsequent to the measurement date:	1,130,038	-
Total	<u>\$ 3,696,005</u>	<u>\$ 441,218</u>

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. PENSION PLAN – CONTINUED**

**Pension Expensed Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued**

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$1,130,038 will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2017	570,899
2018	570,899
2019	570,901
2020	475,590
2021	(63,540)
Total	\$ 2,124,749

The City also participates in the cost sharing multiple-employer defined group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1st of any year to be effective the following January.

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); retired employees are insured for \$7,500; this coverage is an “other post employment benefit” or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure the adequate resources are available to meet all death benefits payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during the employees’ entire careers.

The City contributions to the TMRS SDBF for the three years ended 2016, 2015 and 2014 were \$13,383, \$12,539 and \$11,716, respectively, which equaled the required contributions each year.

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. COMMITMENTS AND CONTINGENCIES**

In January 1983, the City entered into a contract for garbage disposal collection with a third party. Under the terms of the agreement, the City receives a franchise fee of 9 percent on residential and 10 percent on commercial collections.

**NOTE 8. INTERFUND ACTIVITY**

Interfund receivables/payables consist of the following as of September 30, 2016.

Receivable Fund	Payable Fund	Amount
General fund	Economic development	\$ 54,585
General fund	Other governmental funds	64,097
Other governmental funds	General fund	62,861
		\$ 181,543

**NOTE 9. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures its buildings and contents, law enforcement liability, public officials' liability, general liability and auto liability under a renewable one year policy with the Texas Municipal League. The City insures its workers compensation risk by participating in the Texas Municipal League Intergovernmental Risk Pool, which is a self-insurance policy mechanism for political subdivisions in Texas. Rates are set by the State Insurance Board. Each participant's contribution to the pool is adjusted based on its workers' compensation history. The City is responsible only to the extent of premiums paid and contributions made to Texas Municipal League and the Intergovernmental Risk Pool. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in each of the past three fiscal years.

**NOTE 10. POSTEMPLOYMENT BENEFITS**

Employees who retire from the City are eligible to continue health insurance (a single-employer) coverage through the City's group plan after their federal COBRA benefits expire. The retiree must continue with no break in coverage. If a retiree declines coverage, then the retiree is not eligible for coverage at some future date. If the retiree drops coverage, then the retiree may not re-enroll at a later date. As far as health insurance benefits are concerned, retirees are treated the same as active employees with one major exception, the retiree must prepay the monthly insurance premium. If a retiree includes a dependent coverage, the dependent must have been covered prior to the retiree's retirement. The retirees pay the same amount for dependent coverage as an active employee; the City's subsidy applies toward dependent coverage for the retiree only. The other postretirement employment benefits for eligible retirees were funded on a pay-as-you-go basis.

**CITY OF BENBROOK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10. POSTEMPLOYMENT BENEFITS- CONTINUED**

The calculation of the Net OPEB Obligation as of September 30, 2016, is summarized below:

Annual required contribution (ARC)	\$ 97,612
Interest on net pension obligation	23,663
Adjustments to the ARC	<u>(21,924)</u>
Annual pension cost (APC)	99,351
Contributions made	<u>-</u>
Decrease in net pension obligation	99,351
Net pension obligation, beginning of year	<u>436,484</u>
Net pension obligation, end of year	<u><u>\$ 535,835</u></u>

**Funding Status and Funding Progress**

The funded status of the City's retiree health care plan as of December 31, 2015 is as follows:

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll
12/31/2013	\$ -	\$ 1,003,797	0.00%	\$1,003,797	\$7,943,959
12/31/2014	-	1,097,392	0.00%	1,097,392	7,836,719
12/31/2015	-	1,097,392	0.00%	1,097,392	8,364,159

Trend information for the past three years is as follows:

Fiscal Year	Annual Pension Cost(APC)	Actual Contribution Made	Percentage of APC Contribution	Net Pension Obligation
2014	\$ 99,351	288,062 *	289.94%	\$ 337,133
2015	99,351	-	0.00%	436,484
2016	99,351	-	0.00%	535,835

\* The 2014 employer contribution includes implicit subsidies not previously recognized.



**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10. POSTEMPLOYMENT BENEFITS – CONTINUED**

**Actuarial Methods and Assumptions**

The Projected Unit Credit Cost Method was used in the valuation to calculate the Annual Required Contribution (ARC) for the City’s retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. Projections of health benefits are based on the plan as understood by the City and include the type of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees. 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 are as follows:

Investment rate of return	4.50%
Actuarial cost method	Projected unit credit cost method
Amortization method	Level percent of payroll
Amortization period	30 years, open
Salary growth	3.0% per annum
Health care trend rate	7.50%
Inflation rate	3.00%
Covered payroll	\$8,364,159

Actuarial valuations involve estimates of the report amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**CITY OF BENBROOK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 11. INTERFUND TRANSFERS**

All interfund transfers between various funds are approved supplements to the operations of those funds. Individual transfers for year ended September 30, 2016 were as follows:

Transfers-in	Transfers-out	Purpose	Amount
Debt service	Capital projects - storm water	Debt repayment	\$ 568,236
Debt service	Capital projects - TIF	Debt repayment	492,268
Other governmental	General fund	Special projects	800,000
			<u>\$ 1,860,504</u>

**NOTE 12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

As of September 30, 2016, the debt service fund had an excess of expenditures over appropriations of \$558,160.

**NOTE 13. NEW ACCOUNTING PRONOUNCEMENTS**

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, and amendments to certain provisions of GASB 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of GASB 68, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of GASB 67 and GASB 68 for pension plans and pensions that are within their respective scopes. This statement is effective for financial statements for reporting periods beginning after June 15, 2016.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is effective for financial statements for reporting periods beginning after June 15, 2016.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement is effective for financial statements for reporting periods beginning after June 15, 2017.

**CITY OF BENBROOK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 13. NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED**

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify the hierarchy of GAAP. The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for financial statements for reporting periods beginning after June 15, 2016.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. This statement is effective for financial statements for reporting periods beginning after December 15, 2015.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement is effective for financial statements for reporting periods beginning after December 15, 2015.

In January 2016, GASB issued Statement No. 80: *Blending Requirements for Certain Component Units – on amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for periods beginning after December 15, 2016.

**CITY OF BENBROOK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 13. NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED**

In March 2016, GASB issued Statement No. 82: *Pension Issues – an amendment of GASB Statements No. 67, No.68, and No. 73*. This Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

The City's management is reviewing the implementation process of these standards by gathering required information.



**TEXAS**

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BENBROOK, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS FOR THE MEASUREMENT DATE  
YEAR ENDED DECEMBER 31, 2015**

	<u>2016</u>	<u>2015</u>
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 1,520,604	\$1,320,055
Interest	3,323,230	3,124,814
Changes of benefit terms	-	-
Difference between expected and actual experience	(408,073)	(114,606)
Change of assumptions	(33,726)	-
Benefit payments, including refunds of employee contributions	<u>(1,599,725)</u>	<u>(1,592,327)</u>
<b>Net change in total pension liability</b>	2,802,310	2,737,936
<b>Total pension liability - beginning</b>	<u>47,514,279</u>	<u>44,776,343</u>
<b>Total pension liability - ending (a)</b>	<u>50,316,589</u>	<u>47,514,279</u>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	1,484,633	1,414,524
Contributions - employee	585,491	548,570
Net investment income	61,051	2,219,956
Benefit payments, including refunds of employee contributions	(1,599,725)	(1,592,327)
Administrative expense	(37,184)	(23,178)
Other	<u>(1,836)</u>	<u>(1,906)</u>
<b>Net change in plan fiduciary net position</b>	492,430	2,565,639
<b>Plan fiduciary net position - beginning</b>	<u>41,372,826</u>	<u>38,807,187</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>41,865,256</u>	<u>41,372,826</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 8,451,333</u>	<u>\$6,141,453</u>
Plan fiduciary net position as a percentage of total pension liability	83.20%	87.07%
Covered employee payroll	\$ 8,364,159	\$7,836,719
Net pension liability as a percentage of covered employee payroll	101.04%	78.37%

Note: The schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF BENBROOK, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS**

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,484,633	\$1,414,524
Contributions in relation to the actuarially determined contribution	<u>(1,505,210)</u>	<u>(1,428,090)</u>
Contribution deficiency (excess)	<u>(20,577)</u>	<u>(13,566)</u>
Covered employee payroll	<u>\$ 8,364,159</u>	<u>\$ 7,836,719</u>
Contributions as a percentage of covered employee payroll	18%	18%

Note: The schedule is intended to show information for ten years. Additional years will be displayed as they become available.



**CITY OF BENBROOK, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1. SCHEDULE OF CONTRIBUTIONS**

**Valuation Date**

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 – 23 years

Asset Valuation Method – 10 Year smoothed market; 15% soft corridor

Inflation – 2.5%

Salary Increases – 3.00% to 10.50% including inflation

Investment Rate of Return – 6.75%

Retirement Age – Experience-based table of rates that are specific 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**

There were no benefit changes during the year.

**CITY OF BENBROOK, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2016**

	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 14,267,843	\$ 14,267,843	\$ 14,170,669	\$ (97,174)
Licenses, permits and filing fees	351,225	351,225	613,949	262,724
Fines and forfeitures	687,250	687,250	802,523	115,273
Use of money and property	60,250	60,250	106,167	45,917
Charges for services	849,975	849,975	909,357	59,382
Other revenues	446,500	446,500	639,843	193,343
<b>Total revenues</b>	<b>16,663,043</b>	<b>16,663,043</b>	<b>17,242,508</b>	<b>579,465</b>
<b>Expenditures</b>				
Current				
General government	1,942,576	1,942,576	1,814,956	127,620
Staff services	1,018,750	1,018,750	918,376	100,374
Public safety	9,654,291	9,654,291	8,986,101	668,190
Public services	3,244,591	3,244,591	2,900,514	344,077
Community development	832,756	832,756	1,034,120	(201,364)
Capital outlay	-	-	387,713	(387,713)
<b>Total expenditures</b>	<b>16,692,964</b>	<b>16,692,964</b>	<b>16,041,780</b>	<b>651,184</b>
Excess of revenues over expenditures	(29,921)	(29,921)	1,200,728	1,230,649
Other financing uses				
Transfers out	(800,000)	(800,000)	(800,000)	-
Net change in fund balance	(829,921)	(829,921)	400,728	1,230,649
<b>Fund balance - beginning</b>	<b>10,519,405</b>	<b>10,519,405</b>	<b>10,519,405</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 9,689,484</b>	<b>\$ 9,689,484</b>	<b>\$ 10,920,133</b>	<b>\$ 1,230,649</b>

**CITY OF BENBROOK, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 2. BUDGETARY CONTROLS**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Manager submits a proposed operating budget to the City Council for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Encumbrances for goods or purchased services are documented by purchase order or contract. Encumbered amounts lapse at the year end. At year end, encumbrances are cancelled or reappropriated as part of the following budget.

Annual appropriated budgets are consistent with accounting principles generally accepted in the United States of America and are legally adopted for the general and debt service fund.

All appropriations lapse on September 30 of the fiscal year.

Budgeted amounts are as originally adopted or as amended by the City Council.

Annual budgets are legally adopted for the General Fund and Debt Service Fund. The Economic Development Corporation (EDC) is legally not required to adopt a budget. As a result, a budgetary comparison is not presented for the EDC.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULE**

**CITY OF BENBROOK, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2016**

	Special Revenue Funds			Capital Projects Fund			Total Non-Major Governmental Funds	
	Hotel Motel Tax	PEG	Public Safety	Total Special Revenue	Special Assessment	Animal Shelter		Total Capital Projects
<b>Assets</b>								
Deposits and investments	\$ 326,362	\$ 58,286	\$ 409,463	\$ 794,111	\$ 1,053,432	\$ 543,800	\$ 1,597,232	\$ 2,391,343
Receivables	53,251	-	-	53,251	21,553	-	21,553	74,804
Due from other funds	-	60,859	2,002	62,861	-	-	-	62,861
<b>Total Assets</b>	<b>\$ 379,613</b>	<b>\$ 119,145</b>	<b>\$ 411,465</b>	<b>\$ 910,223</b>	<b>\$ 1,074,985</b>	<b>\$ 543,800</b>	<b>\$ 1,618,785</b>	<b>\$ 2,529,008</b>
<b>Liabilities &amp; Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 1,321	\$ -	\$ -	\$ 1,321	325	\$ -	\$ 325	\$ 1,646
Accrued salaries and wages	-	-	-	-	-	-	-	-
Advanced payments and deposits	-	-	-	-	67,600	-	67,600	67,600
Due to other funds	52,661	-	11,436	64,097	-	-	-	64,097
<b>Total Liabilities</b>	<b>53,982</b>	<b>-</b>	<b>11,436</b>	<b>65,418</b>	<b>67,925</b>	<b>-</b>	<b>67,925</b>	<b>133,343</b>
Deferred inflows of resources	11,843	-	-	11,843	51,829	-	51,829	63,672
<b>Fund Balance</b>								
<b>Restricted</b>								
City Promotions	313,788	119,145	-	432,933	-	-	-	432,933
Public Safety	-	-	400,029	400,029	-	-	-	400,029
Capital Projects	-	-	-	-	955,231	-	955,231	955,231
<b>Committed</b>								
Capital Projects	-	-	-	-	-	543,800	543,800	543,800
<b>Total Fund Balances</b>	<b>313,788</b>	<b>119,145</b>	<b>400,029</b>	<b>832,962</b>	<b>955,231</b>	<b>543,800</b>	<b>1,499,031</b>	<b>2,331,993</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 379,613</b>	<b>\$ 119,145</b>	<b>\$ 411,465</b>	<b>\$ 910,223</b>	<b>\$ 1,074,985</b>	<b>\$ 543,800</b>	<b>\$ 1,618,785</b>	<b>\$ 2,529,008</b>

**CITY OF BENBROOK, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue Funds			Capital Projects Fund			Total Non-Major Governmental Funds	
	Hotel Motel Tax	PEG	Public Safety	Total Special Revenue	Special Assessment	Animal Shelter		Total Capital Projects
Revenues								
Taxes	\$ 139,313	\$ 51,762	\$ -	\$ 191,075	\$ -	\$ -	\$ -	\$ 191,075
Fines and forfeitures	-	-	46,941	46,941	-	-	-	46,941
Use of money and property	34	-	4	38	-	-	-	38
Other revenues	5,079	-	2,002	7,081	2,800	-	2,800	9,881
Total Revenues	144,426	51,762	48,947	245,135	2,800	-	2,800	247,935
Expenditures								
Current								
Community development	172,091	22,829	-	194,920	-	6,200	6,200	201,120
Public safety	-	-	39,380	39,380	-	-	-	39,380
Public service	-	-	-	-	-	-	-	-
Capital outlay	3,600	-	-	3,600	737,869	-	737,869	741,469
Total Expenditures	175,691	22,829	39,380	237,900	737,869	6,200	744,069	981,969
Excess of Revenues over Expenditures	(31,265)	28,933	9,567	7,235	(735,069)	(6,200)	(741,269)	(734,034)
Other Financing Sources								
Transfers In	-	-	-	-	250,000	550,000	800,000	800,000
Net Change in fund balance	(31,265)	28,933	9,567	7,235	(485,069)	543,800	58,731	65,966
Fund Balance - Beginning	345,053	90,212	390,462	825,727	1,440,300	-	1,440,300	2,266,027
Fund Balance - Ending	\$ 313,788	\$ 119,145	\$ 400,029	\$ 832,962	\$ 955,231	\$ 543,800	\$ 1,499,031	\$ 2,331,993

*Benbrook*



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## **DEBT SERVICE FUND**

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, including long-term notes and lease purchase agreements.



**CITY OF BENBROOK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenues				
Property taxes				
Current property tax	\$ 426,558	\$ 426,558	\$ 405,152	\$ (21,406)
Delinquent property tax	-	-	2,369	2,369
Penalty and interest	-	-	2,106	2,106
Total Revenues	426,558	426,558	409,627	(16,931)
Expenditures				
Principal	780,000	780,000	1,260,000	(480,000)
Interest	153,148	153,148	234,808	(81,660)
Other	3,800	3,800	300	3,500
Total Expenditures	936,948	936,948	1,495,108	(558,160)
Excess of revenues under Expenditures	(510,390)	(510,390)	(1,085,481)	(575,091)
Other Financing Sources (Uses)				
Transfers in	502,631	502,631	1,060,504	557,873
Total Other Financing Sources (Uses)	502,631	502,631	1,060,504	557,873
Net Change in Fund Balance	(7,759)	(7,759)	(24,977)	(17,218)
Fund Balance - Beginning	100,157	100,157	100,157	-
Fund Balance - Ending	\$ (92,398)	\$ (92,398)	\$ 75,180	\$ (17,218)

# STATISTICAL SECTION

## (Unaudited)

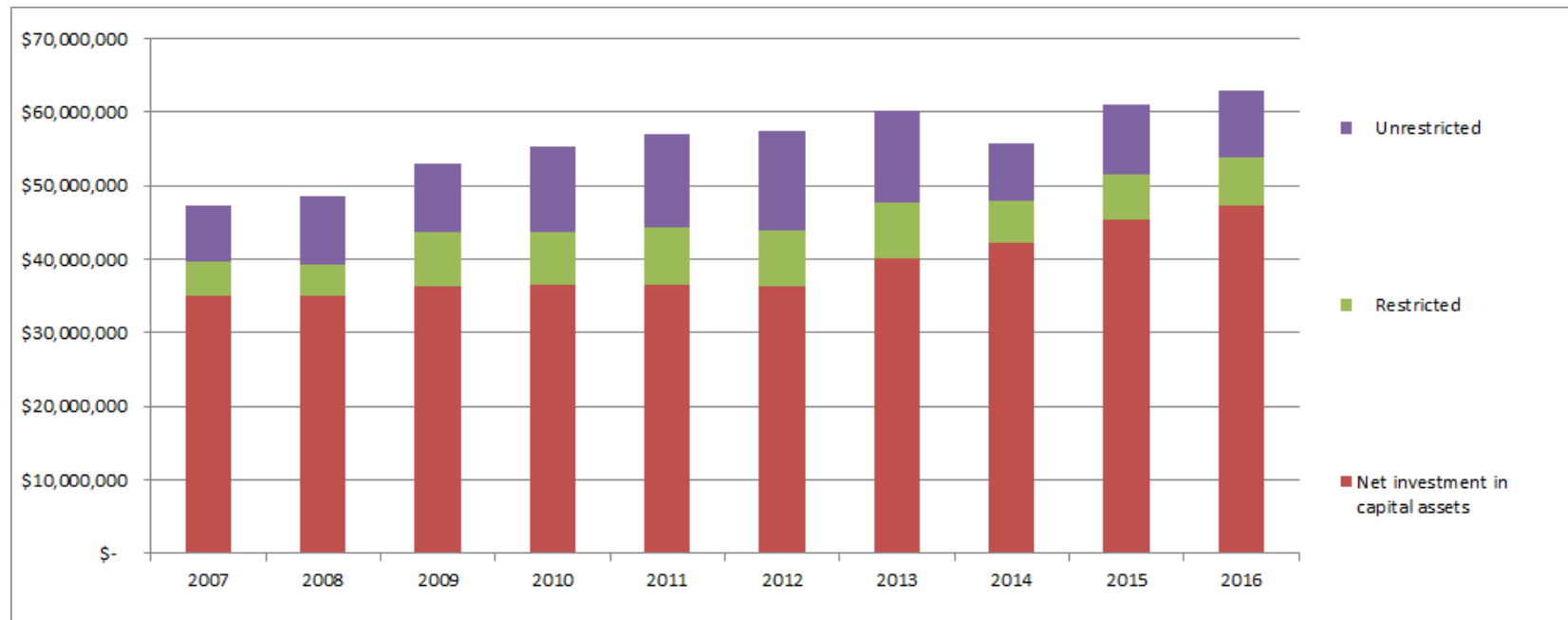
The City of Benbrook's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

		Pages
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.	51-54
Revenue Capacity	These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax.	55-58
Debt Capacity	These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.	59-61
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities takes place.	62-64
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the government's relates to the financial report services the government provides and the activities it performs.	65-66

**CITY OF BENBROOK, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 1**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities Net investment in capital assets	\$ 35,105,138	\$ 35,121,433	\$ 36,378,744	\$ 36,601,171	\$ 36,615,411	\$ 36,235,804	\$ 40,079,400	\$ 42,176,087	\$ 45,305,129	\$ 47,197,644
Restricted	4,485,176	4,174,179	7,397,473	7,099,648	7,807,670	7,700,845	7,560,464	5,786,813	6,106,372	6,641,953
Unrestricted	7,696,661	9,247,627	9,133,171	11,529,567	12,546,736	13,543,550	12,623,998	7,826,398	9,644,719	9,162,784
<b>Total net position</b>	<b>\$ 47,286,975</b>	<b>\$ 48,543,239</b>	<b>\$ 52,909,388</b>	<b>\$ 55,230,386</b>	<b>\$ 56,969,817</b>	<b>\$ 57,480,199</b>	<b>\$ 60,263,862</b>	<b>\$ 55,789,298</b>	<b>\$ 61,056,220</b>	<b>\$ 63,002,381</b>



**CITY OF BENBROOK, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

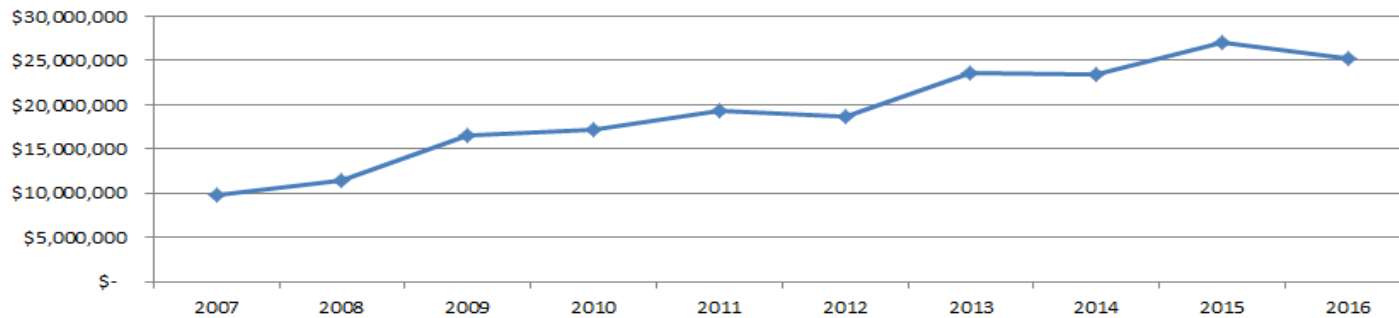
**TABLE 2**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities										
General Government	\$ 1,305,755	\$ 1,284,710	\$ 1,464,082	\$ 1,549,545	\$ 2,090,595	\$ 1,587,026	\$ 1,947,856	\$ 1,178,935	\$ 1,267,277	\$ 1,261,520
Staff Services	594,771	560,179	643,154	651,803	723,541	902,490	880,772	929,495	931,314	941,237
Public Safety	6,350,463	7,060,466	7,270,397	7,866,069	8,212,215	8,509,009	8,342,490	8,662,545	8,540,152	9,699,627
Public Services	3,375,662	3,936,346	3,972,265	3,921,689	3,906,368	1,598,830	4,831,947	6,945,037	4,333,979	4,393,555
Community Development	4,752,683	1,860,807	1,795,642	2,195,596	1,852,989	5,829,234	2,143,235	3,012,664	1,977,768	2,185,174
Interest on long-term debt	1,074,998	986,769	801,940	702,631	650,617	601,357	602,673	476,713	313,493	239,440
<b>Total Government Activities Expenses</b>	<b>\$ 17,454,332</b>	<b>\$ 15,689,277</b>	<b>\$ 15,947,480</b>	<b>\$ 16,887,333</b>	<b>\$ 17,436,325</b>	<b>\$ 19,027,946</b>	<b>\$ 18,748,973</b>	<b>\$ 21,205,389</b>	<b>\$ 17,363,983</b>	<b>\$ 18,720,553</b>
<b>Program Revenues</b>										
Governmental activities										
Fees, Fines & Service Charges										
Public Safety	886,089	1,073,810	1,019,741	1,063,768	1,111,548	1,350,782	1,433,182	1,427,145	1,671,727	1,574,048
Public Services	74,327	85,344	113,704	84,503	132,731	137,908	121,267	133,911	227,469	184,773
Community Development	328,988	305,281	196,081	390,771	237,613	1,216,885	1,205,136	1,310,196	1,588,438	1,572,477
Operating Grants & Contributions										
Public Safety	696,743	426,790	281,905	240,007	353,921	480,821	381,872	426,198	466,660	641,443
Community Development	-	-	-	-	27,176	-	-	-	-	-
Capital Grants & Contributions										
Public Service	2,194,428	10,500	150,393	-	-	50,000	-	-	-	-
General Government	-	-	-	-	-	-	-	588,669	1,310,000	-
Community Development	-	-	-	-	-	-	1,618,360	-	-	-
<b>Total Government Activities Program Revenues</b>	<b>4,180,575</b>	<b>1,901,725</b>	<b>1,761,824</b>	<b>1,779,049</b>	<b>1,862,989</b>	<b>3,236,396</b>	<b>4,759,817</b>	<b>3,886,119</b>	<b>5,264,294</b>	<b>3,972,741</b>
<b>Net (Expenses) Revenues</b>	<b>13,273,757</b>	<b>13,787,552</b>	<b>14,185,656</b>	<b>15,108,284</b>	<b>15,573,336</b>	<b>15,791,550</b>	<b>13,989,156</b>	<b>17,319,270</b>	<b>12,099,689</b>	<b>14,747,812</b>
<b>General Revenues &amp; Other Changes in Net Position</b>										
Governmental Activities										
Taxes										
Ad Valorem	8,520,241	8,893,298	9,709,863	9,713,421	10,357,516	9,754,496	10,214,041	10,352,345	10,610,039	10,786,456
Franchise	1,284,974	1,382,773	1,371,366	1,319,418	1,429,023	1,503,002	1,535,138	1,648,597	1,675,780	1,683,199
Sales & Other	2,717,593	2,678,083	2,890,977	2,752,740	3,595,387	3,596,241	3,885,932	3,591,800	3,556,317	3,409,983
Use of Money & Property	956,266	738,482	1,357,007	745,198	616,735	325,123	422,238	453,796	296,477	202,169
Miscellaneous	501,631	1,351,180	1,700,020	2,898,505	1,314,106	1,123,070	870,663	593,514	1,710,815	612,166
Gain on Sale of Property	-	-	1,522,572	-	-	-	-	86,909	148,154	-
<b>Total General Revenue</b>	<b>13,980,705</b>	<b>15,043,816</b>	<b>18,551,805</b>	<b>17,429,282</b>	<b>17,312,767</b>	<b>16,301,932</b>	<b>16,928,012</b>	<b>16,726,961</b>	<b>17,997,582</b>	<b>16,693,973</b>
<b>Changes in Net Position</b>	<b>\$ 706,948</b>	<b>\$ 1,256,264</b>	<b>\$ 4,366,149</b>	<b>\$ 2,320,998</b>	<b>\$ 1,739,431</b>	<b>\$ 510,382</b>	<b>\$ 2,938,856</b>	<b>\$ (592,309)</b>	<b>\$ 5,897,893</b>	<b>\$ 1,946,161</b>

**CITY OF BENBROOK, TEXAS  
FUND BALANCES – GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 3**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Committed	\$ 258,047	\$ 260,915	\$ 280,285	\$ 296,192	\$ 248,266	\$ 225,122	\$ 225,122	\$ 225,122	\$ 225,122	\$ 225,122
Assigned	-	-	-	-	-	-	-	-	829,921	1,295,285
Unassigned	6,109,484	7,078,989	8,336,815	8,898,053	9,612,401	9,579,220	8,714,624	8,580,080	9,464,362	9,399,726
Total General Fund	\$ 6,367,531	\$ 7,339,904	\$ 8,617,100	\$ 9,194,245	\$ 9,860,667	\$ 9,804,342	\$ 8,939,746	\$ 8,805,202	\$ 10,519,405	\$ 10,920,133
All Other Governmental Funds										
Restricted for										
Debt Service	532,877	756,371	1,244,091	1,227,839	1,058,901	750,049	445,101	225,304	100,157	75,180
Economic Development	845,105	523,715	3,465,716	3,394,278	4,468,300	4,900,954	5,616,422	5,601,174	6,031,778	6,579,479
City Promotions	348,632	429,188	480,199	470,642	404,073	362,809	339,049	422,190	422,190	432,933
Capital Projects	1,612,418	2,141,309	2,432,728	2,497,075	3,279,065	2,828,656	7,869,842	7,930,814	9,366,394	6,747,821
Public Safety	176,056	264,473	243,256	353,129	289,670	-	322,519	369,039	579,417	400,029
Committed										
Capital Projects	-	-	-	-	-	-	-	-	-	2,961,472
Total All Other Governmental Funds	\$ 3,515,088	\$ 4,115,056	\$ 7,865,990	\$ 7,942,963	\$ 9,500,009	\$ 8,842,468	\$ 14,592,933	\$ 14,548,521	\$ 16,499,936	\$ 17,196,914
Total Governmental Funds	\$ 9,882,619	\$ 11,454,960	\$ 16,483,090	\$ 17,137,208	\$ 19,360,676	\$ 18,646,810	\$ 23,532,679	\$ 23,353,723	\$ 27,019,341	\$ 28,117,047



**CITY OF BENBROOK, TEXAS  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

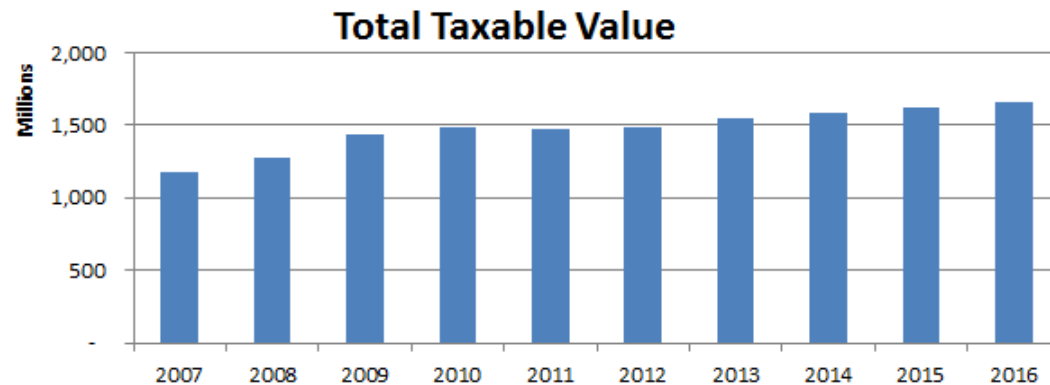
**TABLE 4**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
<b>Taxes</b>										
Property	\$ 8,497,777	\$ 8,932,091	\$ 9,695,791	\$ 9,718,302	\$ 10,336,036	\$ 9,759,726	\$ 10,165,031	\$ 10,302,584	\$ 10,577,267	\$ 10,775,137
Franchise	1,300,921	1,382,773	1,371,366	1,319,418	1,429,024	1,503,002	1,535,138	1,648,597	1,675,780	1,683,199
Sales & Other	2,701,646	2,678,083	2,890,977	2,752,740	3,595,387	3,596,241	3,885,932	3,591,800	3,556,317	3,398,140
Licenses, Permits & Filing Fees	342,494	305,281	232,347	417,846	286,802	307,408	273,945	316,355	480,192	613,949
Fines & Forfeitures	355,440	1,289,624	383,949	569,942	539,558	692,134	726,416	737,564	850,128	849,464
Use of Money & Property	1,011,348	738,482	1,357,007	745,198	616,735	325,123	422,238	387,324	296,477	202,169
Proceeds of Direct Financing Lease	196,651	196,651	216,736	216,736	216,736	216,736	216,736	181,067	-	-
Charges for Services	443,190	702,204	1,674,699	1,653,898	1,627,298	2,587,945	2,851,173	2,987,124	3,335,900	3,170,890
Proceeds for Sale of Assets					253,414			286,550	999,472	-
Other Revenues	1,341,404	1,043,206	6,856,518	1,423,107	754,512	1,054,488	519,811	616,282	977,336	649,724
<b>Total General Fund</b>	<b>16,190,871</b>	<b>17,268,395</b>	<b>24,679,390</b>	<b>18,817,187</b>	<b>19,655,502</b>	<b>20,042,803</b>	<b>20,596,420</b>	<b>21,055,247</b>	<b>22,748,869</b>	<b>21,342,672</b>
<b>Expenditures</b>										
<b>Current</b>										
General Government	1,201,745	1,264,919	1,424,706	1,503,778	1,754,020	1,568,134	1,811,138	1,942,429	1,800,992	1,814,956
Staff Services	594,771	558,139	626,836	630,154	722,288	901,844	883,219	922,443	937,917	918,376
Public Safety	6,116,359	6,658,770	6,822,906	7,300,123	8,011,591	8,131,574	8,176,121	8,104,906	8,306,038	9,025,481
Public Services	2,246,005	2,591,314	2,561,488	2,531,803	2,590,163	2,569,047	2,666,130	2,588,207	2,663,028	2,900,514
Community Development	1,006,407	1,062,249	1,066,595	1,107,774	1,244,803	2,701,481	1,484,970	2,620,969	1,372,125	1,442,277
Economic Development	590,356	767,868	613,041	1,024,493	405,754	760,978	650,953	503,408	610,675	578,215
<b>Debt Service</b>										
Principal	698,678	778,019	4,632,513	961,049	866,107	927,627	1,084,612	3,756,885	1,225,000	1,260,000
Interest & Other Fees	1,054,556	968,941	813,743	698,220	650,152	561,306	550,056	418,834	307,001	235,108
Debt Issuance Cost		35,000			55,505	30,000		46,226	-	-
<b>Capital Outlay</b>	<b>2,777,163</b>	<b>1,876,422</b>	<b>1,037,122</b>	<b>2,019,914</b>	<b>455,757</b>	<b>1,696,106</b>	<b>3,158,977</b>	<b>4,081,122</b>	<b>1,860,475</b>	<b>2,070,039</b>
<b>Total Expenditures</b>	<b>16,286,040</b>	<b>16,561,641</b>	<b>19,598,950</b>	<b>17,777,308</b>	<b>16,756,140</b>	<b>19,848,097</b>	<b>20,466,176</b>	<b>24,985,429</b>	<b>19,083,251</b>	<b>20,244,966</b>
<b>Excess (deficiency) of Revenues Over Expenditures</b>	<b>(95,169)</b>	<b>706,754</b>	<b>5,080,440</b>	<b>1,039,879</b>	<b>2,899,362</b>	<b>194,706</b>	<b>130,244</b>	<b>(3,930,182)</b>	<b>3,665,618</b>	<b>1,097,706</b>
<b>Other Financing Sources (Uses)</b>										
Issuance of Debt	-	1,035,000			-	-	-	1,175,000	-	-
Issuance of Refunding	-				2,755,000	1,280,000		2,635,000	-	-
Payments to Escrow Agent	-				(2,699,495)			(58,774)	-	-
Transfers-In	-		531,451	1,344,709	1,500,583	2,450,308	3,474,870	2,660,316	1,385,106	1,860,504
Transfers-out	-		(531,451)	(1,344,709)	(1,500,583)	(2,450,308)	(3,474,870)	(2,660,316)	(1,385,106)	(1,860,504)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,035,000</b>	<b>-</b>	<b>-</b>	<b>55,505</b>	<b>1,280,000</b>	<b>-</b>	<b>3,751,226</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(95,169)</b>	<b>1,741,754</b>	<b>5,080,440</b>	<b>1,039,879</b>	<b>2,954,867</b>	<b>1,474,706</b>	<b>130,244</b>	<b>(178,956)</b>	<b>3,665,618</b>	<b>1,097,706</b>
<b>Fund Balance – Beginning</b>	<b>11,205,958</b>	<b>11,110,789</b>	<b>12,852,543</b>	<b>17,932,983</b>	<b>18,972,862</b>	<b>21,927,729</b>	<b>23,402,435</b>	<b>23,532,679</b>	<b>23,353,723</b>	<b>27,019,341</b>
<b>Fund Balance – Ending</b>	<b>\$ 11,110,789</b>	<b>\$ 12,852,543</b>	<b>\$ 17,932,983</b>	<b>\$ 18,972,862</b>	<b>\$ 21,927,729</b>	<b>\$ 23,402,435</b>	<b>\$ 23,532,679</b>	<b>\$ 23,353,723</b>	<b>\$ 27,019,341</b>	<b>\$ 28,117,047</b>
<b>Debt Service as a percent Of noncapital expenditures</b>	<b>12.98%</b>	<b>12.13%</b>	<b>29.34%</b>	<b>10.53%</b>	<b>9.64%</b>	<b>8.37%</b>	<b>9.45%</b>	<b>20.20%</b>	<b>6.57%</b>	<b>8.23%</b>

**CITY OF BENBROOK, TEXAS  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

**TABLE 5**

Fiscal Year Ended	Estimated Market Value		Less Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
	Real Property	Personal Property			
2007	1,252,140,342	93,038,620	170,436,568	1,174,742,394	0.7225
2008	1,314,118,549	129,433,797	169,308,770	1,274,243,576	0.6975
2009	1,429,118,940	175,230,858	171,547,624	1,432,802,174	0.6775
2010	1,470,752,176	188,524,973	178,309,881	1,480,967,268	0.6575
2011	1,430,861,362	216,248,075	178,304,105	1,468,805,332	0.6575
2012	1,445,176,355	216,061,202	176,678,326	1,484,559,051	0.6575
2013	1,470,898,772	261,120,194	180,578,931	1,551,440,035	0.6575
2014	1,500,773,950	265,059,132	183,991,663	1,582,702,196	0.6575
2015	1,535,449,044	272,897,194	184,775,845	1,623,570,393	0.6575
2016	1,583,630,760	253,047,573	183,611,094	1,653,067,239	0.6575

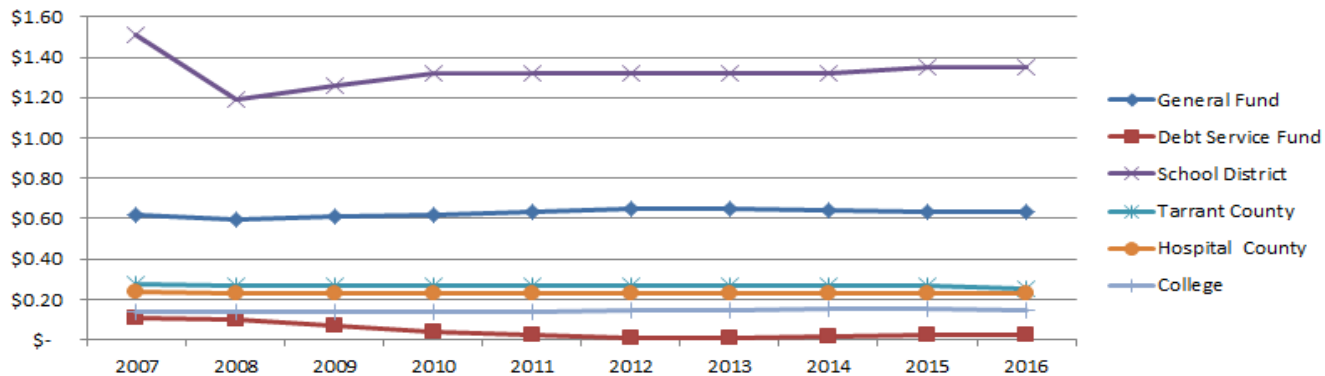


(1) Information for 2016 from the Tarrant Appraisal District at [https://taxonline.tarrantcounty.com/taxweb/entities/3/2015/September/003\\_TaxRollSummary\\_10-05-2016.pdf](https://taxonline.tarrantcounty.com/taxweb/entities/3/2015/September/003_TaxRollSummary_10-05-2016.pdf)

**CITY OF BENBROOK, TEXAS  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 (PER \$100 OF ASSESSED VALUE)  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

**TABLE 6**

Fiscal Year Ended	City of Benbrook			Overlapping Rates					Totals
	General Fund	Debt Service Fund	City Total	Fort Worth School District	Tarrant County	Hospital County	College		
2007	\$ 0.615346	\$ 0.107154	\$ 0.098400	\$ 1.514000	\$ 0.271500	\$ 0.235397	\$ 0.139380	\$ 2.258677	
2008	\$ 0.599070	\$ 0.098430	\$ 0.697500	\$ 1.190000	\$ 0.266500	\$ 0.230397	\$ 0.139380	\$ 2.523777	
2009	\$ 0.608100	\$ 0.069400	\$ 0.677500	\$ 1.257000	\$ 0.264000	\$ 0.227897	\$ 0.137960	\$ 2.564357	
2010	\$ 0.615165	\$ 0.042335	\$ 0.657500	\$ 1.322000	\$ 0.264000	\$ 0.227897	\$ 0.137670	\$ 2.609067	
2011	\$ 0.636964	\$ 0.020536	\$ 0.657500	\$ 1.322000	\$ 0.264000	\$ 0.227897	\$ 0.137640	\$ 2.609037	
2012	\$ 0.647500	\$ 0.010000	\$ 0.657500	\$ 1.322000	\$ 0.264000	\$ 0.227897	\$ 0.148970	\$ 2.620367	
2013	\$ 0.647500	\$ 0.010000	\$ 0.657500	\$ 1.322000	\$ 0.264000	\$ 0.227897	\$ 0.148970	\$ 2.620367	
2014	\$ 0.642500	\$ 0.015000	\$ 0.657500	\$ 1.322000	\$ 0.264000	\$ 0.227897	\$ 0.149500	\$ 2.620897	
2015	\$ 0.637500	\$ 0.020000	\$ 0.657500	\$ 1.352000	\$ 0.264000	\$ 0.227897	\$ 0.149500	\$ 2.650897	
2016	\$ 0.637500	\$ 0.020000	\$ 0.657500	\$ 1.352000	\$ 0.254000	\$ 0.227897	\$ 0.144730	\$ 2.636127	



(1) Ft. Worth Independent School district serves the City  
 (2) Rates provided by the Tarrant Appraisal District



**CITY OF BENBROOK, TEXAS  
 PRINCIPAL PROPERTY TAX PAYERS  
 CURRENT YEAR AND TEN YEARS AGO  
 (UNAUDITED)**

**TABLE 7**

2016			2007		
Individual Accounts Taxpayer	Total Taxable Amount	Percent of Total Taxable Amount	Individual Accounts Taxpayer	Total Taxable Amount	Percent of Total Taxable Amount
Precision Energy Services Inc	\$ 36,740,678	2.22%	Weatherford International	\$ 64,396,632	5.48%
SW Highland LLC	34,964,120	2.12%	Cordiel Victorian Quarters	22,881,342	1.95%
Victorian Quarters Owner LLC	26,550,000	1.61%	MB Copper Crossing/Greenwood	19,396,411	1.65%
Garner Denver Petroleum Pumps LLC	19,260,110	1.17%	TXU Electric Delivery	16,799,331	1.43%
3Mind Copper Crossing LLC ETAL	18,600,000	1.13%	Smallwood Summit Partners	13,139,296	1.12%
LG Benbrook Acquisitions LLC	16,866,000	1.02%	MRI Country Bend/River Glen Inv Fnd	10,606,278	0.90%
Walmart Real Estate Bus Trust/Stores Texas LLC	15,588,015	0.94%	Eastwood Ranch	9,900,000	0.84%
Weatherford US LP	15,156,087	0.92%	Highland Park Partners	8,943,589	0.76%
Oncor Electric Delivery Co LLC	14,032,651	0.85%	Pacific Reality Corporation	8,688,259	0.74%
TCG Cross Creek Ranch Holdings LLC ETAL	12,800,000	0.77%	Century Johnson Partners LP	7,041,404	0.60%
	\$ 210,557,661	12.75%		\$ 181,792,542	15.47%

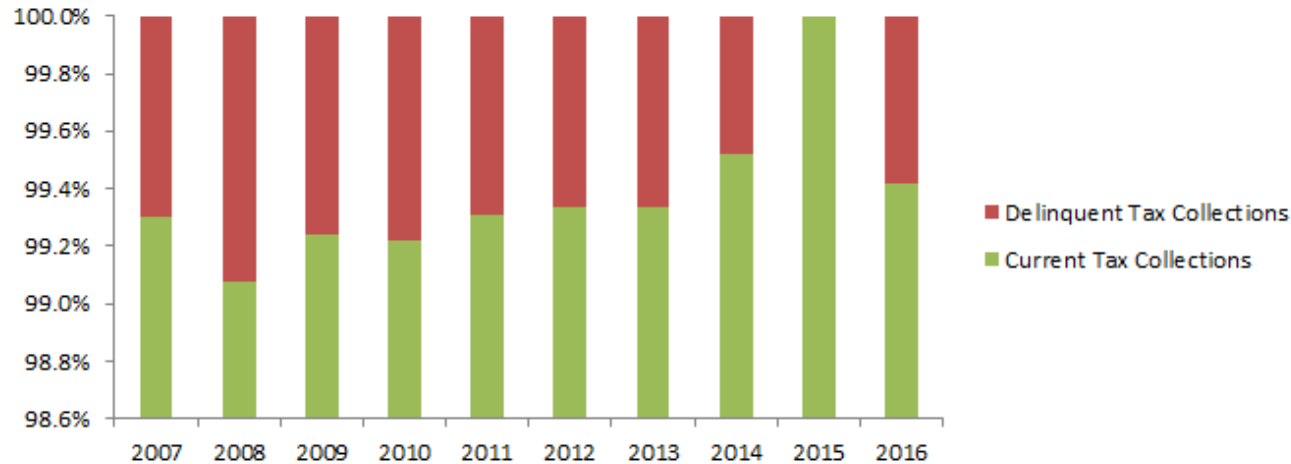
(1) All information provided by the Tarrant Appraisal District at <http://www.tad.org/data/rates>

**CITY OF BENBROOK, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 8**

Fiscal Year Ended	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Delinquent Tax Outstanding	Percent of Delinquent Tax To Tax Levy
2007	8,487,514	8,376,430	98.69%	58,824	8,435,254	99.38%	229,169	2.70%
2008	8,887,849	8,787,765	98.87%	82,263	8,870,028	99.80%	233,505	2.63%
2009	9,707,235	9,570,682	98.59%	73,410	9,644,092	99.35%	203,004	2.09%
2010	9,737,360	9,577,733	98.36%	75,047	9,652,780	99.13%	214,557	2.20%
2011	9,605,837	9,540,029	99.31%	66,198	9,606,227	100.00%	217,437	2.26%
2012	9,760,976	9,638,240	98.74%	64,599	9,702,839	99.40%	204,932	2.10%
2013	10,200,718	10,039,826	98.42%	67,327	10,107,153	99.08%	249,921	2.45%
2014	10,336,584	10,214,680	98.82%	49,501	10,264,181	99.30%	283,619	2.74%
2015	10,687,525	10,598,100	99.16%	-	10,598,100	99.16%	244,365	2.29%
2016	10,751,674	10,650,522	99.06%	62,710	10,713,232	99.64%	355,525	3.31%

Source: City Budget

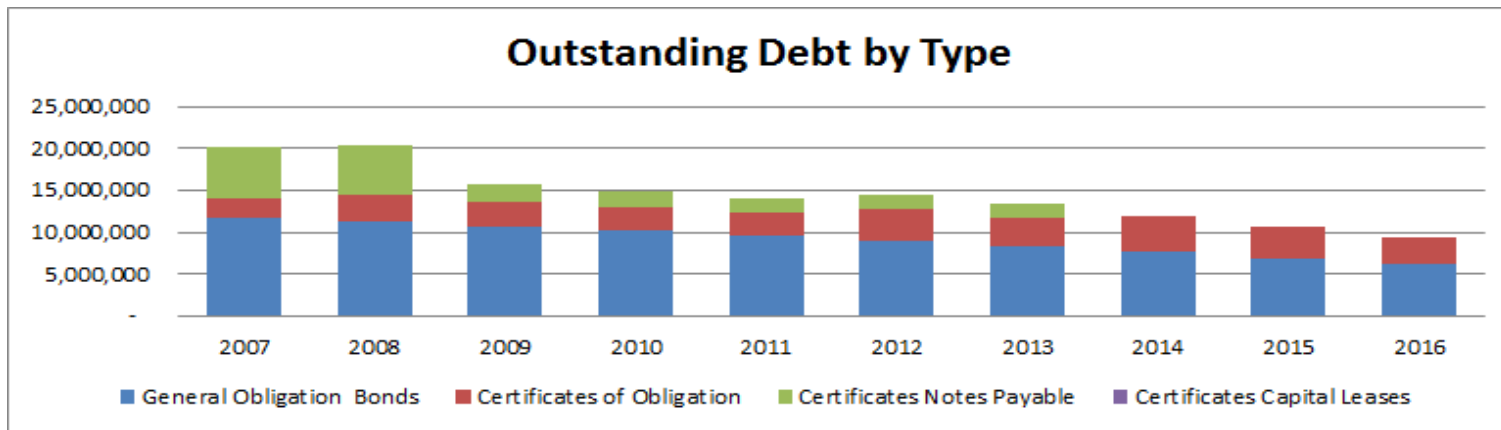


(1) All information from the Tarrant County Tax Assessor-Collector

**CITY OF BENBROOK, TEXAS  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 9**

Fiscal Year Ended	Governmental Activities				Percentage of Actual Taxable Value of Property	Percentage of Personal Income
	General Obligation Bonds	Certificates of Obligation	Notes Payable	Capital Leases		
2007	11,810,000	2,250,000	6,085,105	-	1.91%	2.43%
2008	11,290,000	3,115,000	5,997,086	-	1.71%	2.32%
2009	10,745,000	2,950,000	2,063,856	-	1.60%	1.63%
2010	10,175,000	2,780,000	1,842,807	-	1.10%	1.62%
2011	9,700,000	2,600,000	1,758,928	-	0.96%	1.46%
2012	9,055,000	3,695,000	1,661,301	-	0.97%	1.37%
2013	8,380,000	3,390,000	1,556,688	-	0.86%	1.20%
2014	7,700,000	4,245,000	-	-	0.77%	1.00%
2015	6,945,000	3,775,000	-	-	0.69%	0.89%
2016	6,165,000	3,295,000	-	-	0.61%	0.79%



- (1) Details on the City's outstanding debt can be found in the notes to the financial statements
- (2) Taxable property and population data is available in Table 5 and Table 13 respectively
- (3) Personal Income is for Texas as Last updated: December 19, 2014 from the Bureau of Economic Analysis at <http://www.bea.gov> in thousands of dollars for 2014 1Qtr

**CITY OF BENBROOK, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES – DEBT  
SEPTEMBER 30, 2016  
(UNAUDITED)**

**TABLE 10**

Jurisdiction	Debt Outstanding	Applicable to the City of Benbrook (b)	Estimated Share of Overlapping Debt
Fort Worth Independent School District (a)	\$ 726,415,000	5.65%	\$ 41,025,554
Tarrant County	361,420,000	1.13%	\$ 4,101,870
Tarrant County Hospital District	23,440,000	1.13%	\$ 266,028
Tarrant County College District (b)	-	1.13%	\$ -
Overlapping Debt	1,111,275,000		45,393,452
City Direct Debt	<u>9,460,000</u>	100.00%	<u>9,460,000</u>
Direct & Overlapping Bonded Debt	<u>\$1,120,735,000</u>		<u>\$ 54,853,452</u>
Ratio of Overlapping Bonded Debt to Taxable Assessed Valuation		<u>4.08%</u>	
Per Capita Overlapping Bonded Debt		<u>\$ 2,437.93</u>	

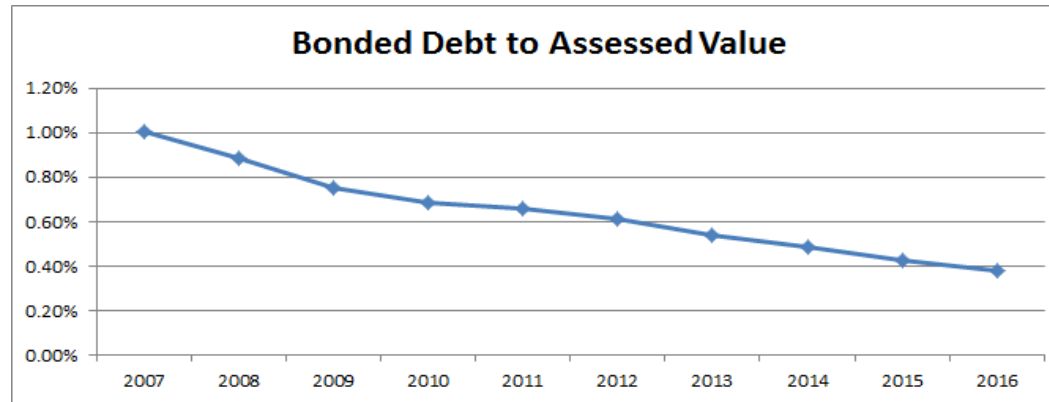
(a) Outstanding debt information found via each entity's Comprehensive Annual Financial Report.

(b) Benbrook population as reported by TML for 2016. Tarrant County population found at <https://www.census.gov/quickfacts/table/PST045215/48439,48> . Benbrook's student enrollment see Table 12, (3).

**CITY OF BENBROOK, TEXAS  
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
 AND NET BONDED DEBT PER CAPITA  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

**TABLE 11**

Fiscal Year Ended	Estimated Population	Assessed Value	General Bonded Debt	Bonded Debt to Assessed Value	Bonded Debt per Capita
2007	20,821	1,174,742,394	11,810,000	1.01%	567
2008	20,925	1,274,243,576	11,290,000	0.89%	540
2009	21,030	1,432,802,174	10,745,000	0.75%	511
2010	21,234	1,480,967,268	10,175,000	0.69%	479
2011	21,270	1,468,804,732	9,700,000	0.66%	456
2012	21,360	1,484,559,051	9,055,000	0.61%	424
2013	21,530	1,551,440,035	8,380,000	0.54%	389
2014	21,850	1,582,702,196	7,700,000	0.49%	352
2015	22,419	1,623,570,393	6,945,000	0.43%	310
2016	22,500	1,623,570,393	6,165,000	0.38%	274



- (1) Bonded debt includes only General Obligation bonded debt for each agency listed
- (2) Percentage based on Benbrook's share of the county population and the share of the FWISD enrollment
- (3) Personal Income is from the BEA and is for the State of Texas

NOTE: As a home rules city, the City of Benbrook is not limited on the amount of debt it may issue. The City Charter does not set a limit on the amount of property tax the City may levy.

**CITY OF BENBROOK, TEXAS  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 12**

Fiscal Year Ended	Estimated Population	Per Capita Income (1)	School Enrollment (2)	Unemployment Rate
2007	20,821	\$ 40,303	4423	4.30%
2008	20,925	\$ 41,598	4592	5.00%
2009	21,030	\$ 43,820	4425	8.20%
2010	21,234	\$ 40,485	4430	8.00%
2011	21,270	\$ 41,462	4502	8.10%
2012	21,360	\$ 44,628	4423	6.10%
2013	21,530	\$ 46,136	4476	5.90%
2014	21,850	\$ 46,989	4857	5.90%
2015	22,419	\$ 49,506	4857	3.90%
2016	22,500	\$ 51,099	4857	3.70%

(1) Per Capita Income provided by Bureau of Economic Analysis as reported on 11/17/2016.

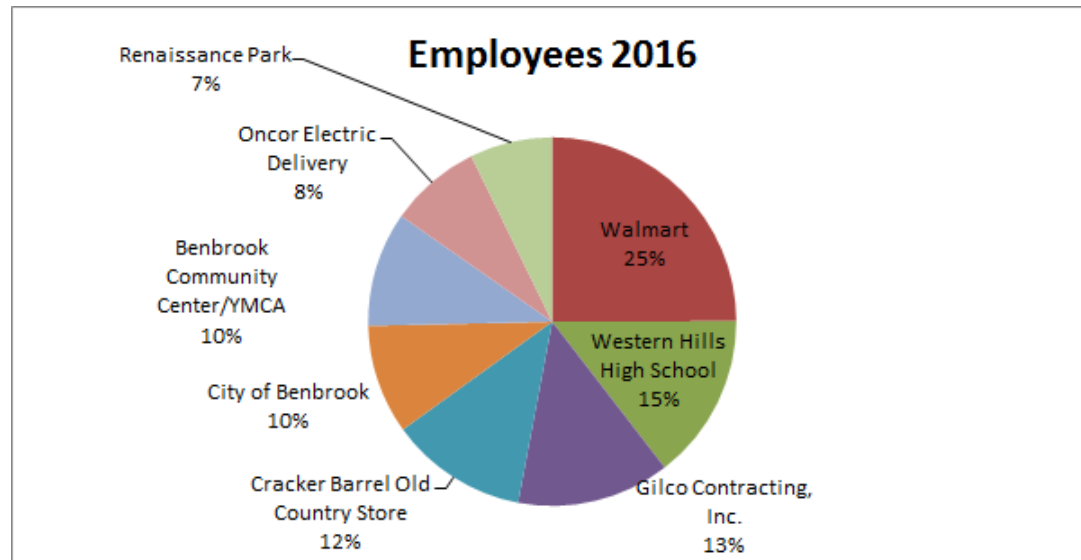
(2) School enrollment provided by the FWISD for "Benbrook in Brief 2015"

(3) Unemployment rate as of September 2015 as reported by the US Bureau of Labor Statistics for the DFW area data extracted on 2/28/2017.

**CITY OF BENBROOK, TEXAS  
PRINCIPAL EMPLOYERS  
SEPTEMBER 30, 2016  
(UNAUDITED)**

**TABLE 13**

2016			2007		
Employer	Employees	Percent of Total City Employment	Employer	Employees	Percent of Total City Employment
Walmart	310	4.92%	Fort Worth School District	225	4.88%
Western Hills High School	181	2.87%	Weatherford	176	3.82%
Gilco Contracting, Inc.	167	2.65%	Renaissance Park	110	2.39%
Cracker Barrel Old Country Store	150	2.38%	Benbrook Community Center/YMCA	105	2.28%
City of Benbrook	119	1.89%	City of Benbrook	102	2.21%
Benbrook Community Center/YMCA	125	1.99%	Benbrook Nursing & Rehabilitation	100	2.17%
Oncor Electric Delivery	100	1.59%	Cracker Barrel Old Country Store	100	2.17%
Renaissance Park	90	1.43%	TXU Electric Delivery	97	2.10%
<b>Total</b>	<b>1,242</b>	<b>19.72%</b>		<b>1,015</b>	<b>22.02%</b>



(1) Top 8 employers from "Benbrook in Brief 2015" provided by EDC  
(2) Total city employment provided by <http://www.texassitesresearch.com/demographics.html>

**CITY OF BENBROOK, TEXAS  
LOCAL EMPLOYMENT INFORMATION  
SEPTEMBER 30, 2016  
(UNAUDITED)**

**TABLE 14**

Fiscal Year Ended	Ag	Construction	Manufacturing	Transportatio	Wholesale	Retail	Services & Information	Finance, Insurance, Real Estate	Oil/Gas & Utilities	Public	Totals
<b>Establishments</b>											
2007	1	34	21	4	20	89	286	59	6	3	523
2008	1	31	24	5	17	87	285	62	7	3	522
2009	1	31	25	5	19	88	285	62	8	3	527
2010	1	30	25	6	19	72	282	61	7	3	506
2011	-	24	13	4	15	67	241	60	6	3	433
2012	1	27	38	7	15	72	286	67	6	4	523
2013	1	32	17	7	16	78	315	67	9	4	546
2014	1	33	16	7	16	87	334	71	10	4	579
2015	1	35	16	8	19	96	349	72	11	5	612
2016	2	63	14	16	22	97	321	128	8	7	678
<b>Levels</b>											
2007	2	197	393	40	178	478	2,788	407	141	142	4,766
2008	2	186	417	42	172	470	2,777	436	146	142	4,790
2009	2	157	415	41	177	489	2,752	436	151	142	4,762
2010	2	144	548	45	204	508	2,681	363	283	155	4,933
2011	-	188	501	39	118	497	3,128	354	119	159	5,103
2012	3	200	509	50	145	420	3,359	362	120	163	5,331
2013	3	229	505	41	146	412	3,491	349	419	163	5,758
2014	3	231	475	41	150	763	3,264	348	339	163	5,777
2015	3	341	475	42	154	782	3,427	373	341	195	6,133
2016	5	340	213	201	257	1,367	2,794	384	221	214	5,996

(1) Information provided by <http://www.texasitesearch.com/demographics.html>.



**CITY OF BENBROOK, TEXAS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

**TABLE 15**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Function/Program</b>										
<b>General Government</b>										
City Manager	2	2	2	2	2	2	2	2	2	2
City Secretary	2	3	3	3	3	3	3	3	3	3
<b>Staff Services</b>										
Finance	3	2	2	2	2	2	2	3	3	3
Information Services	1	1	1	1	1	1	1	1	1	1
Budget & Research	1	1	1	1	1	1	1	-	-	-
<b>Public Safety</b>										
Police	49	53	52	52	52	52	52	52	52	53
Fire	16	16	16	16	16	16	16	16	19	24
Municipal Court	2	2	2	2	2	2	2	2	2	2
Code Compliance	-	-	1	1	1	1	1	1	1	1
<b>Public Services</b>										
Public Services	1	1	1	1	1	1	1	1	1	1
Public Works	9	8	8	8	8	8	8	8	8	8
Parks & Recreation	7	8	8	8	8	8	8	8	8	8
Support Services	4	4	4	4	4	4	4	4	4	4
City Engineering	1	2	2	2	2	2	2	2	2	2
<b>Community Development</b>										
Administration	1	1	1	1	1	1	1	1	1	1
Planning Services	2	2	2	2	2	2	2	2	2	2
City Inspection	4	3	3	3	3	3	3	3	3	3
<b>Total</b>	<b>105</b>	<b>109</b>	<b>109</b>	<b>109</b>	<b>109</b>	<b>109</b>	<b>109</b>	<b>109</b>	<b>112</b>	<b>118</b>

Source: City of Benbrook Budget

**CITY OF BENBROOK, TEXAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 16**

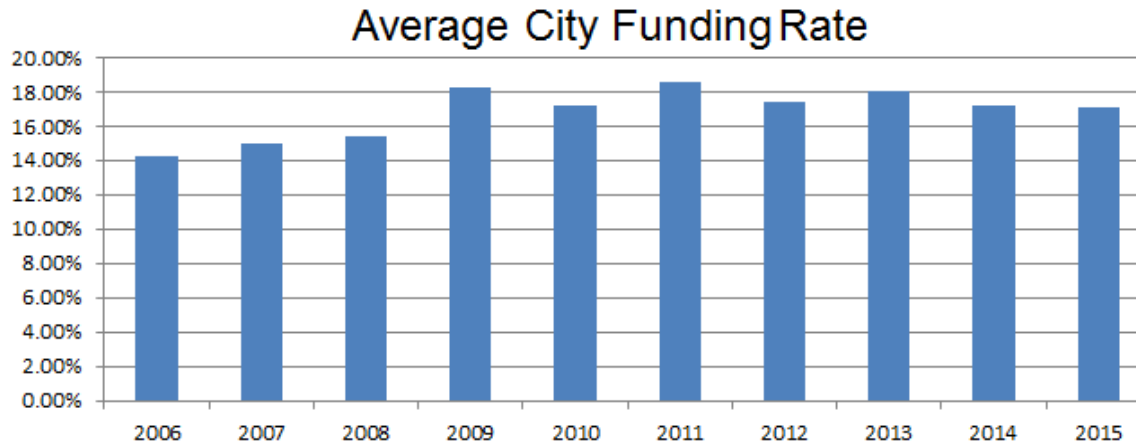
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Function/Program</b>										
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Licensed Officers	37	42	42	42	43	43	43	43	42	42
Police Reservist	3	3	3	3	3	3	3	3	2	2
Emergency Warning Sirens	6	6	6	6	6	6	6	6	6	6
<b>Fire (1)</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters	36	36	36	36	38	38	38	38	38	24
Paramedics/EMT's	39	39	39	39	37	37	37	37	38	24
City Fire Support Unit Staff	21	21	21	21	21	21	21	17	13	6
Emergency Vehicles	19	19	19	20	16	16	16	16	16	16
<b>Public Works</b>										
Miles of Street	107	107	107	107	107	107	107	107	107	107
Number of Street Lights	1,210	1,210	1,210	1,213	1,213	1,213	1,213	1,213	1,213	1,213
<b>Parks &amp; Recreation</b>										
Parks	5	5	5	5	5	6	6	6	6	6
Acreage	272	272	272	272	272	272	272	272	272	272
Playgrounds	2	2	2	2	2	2	2	2	2	2
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Golf Courses	4	4	4	4	4	4	4	4	4	4
Lakes	1	1	1	1	1	1	1	1	1	1

Source: City Budget

**CITY OF BENBROOK, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)  
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTIONS  
(UNAUDITED)**

**TABLE 17**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio (1/2)	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a Percentage of ACP (4/5)	City Contributions	Average City Funding Rate (7/5)
2006	15,059,570	20,049,353	75.11%	4,989,783	5,712,998	87.34%	815,429	14.27%
2007	14,320,124	22,747,235	62.95%	8,427,111	5,965,049	141.27%	894,959	15.00%
2008	16,162,052	25,019,393	64.60%	8,857,341	6,842,568	129.44%	1,055,515	15.43%
2009	18,522,260	27,874,592	66.45%	9,352,332	7,099,462	131.73%	1,297,750	18.28%
2010	28,492,939	36,389,302	78.30%	7,896,363	7,206,067	109.58%	1,242,754	17.25%
2011	31,182,753	38,870,254	80.22%	7,687,501	7,458,722	103.07%	1,383,739	18.55%
2012	34,098,398	41,300,845	82.56%	7,202,447	7,943,959	90.67%	1,384,283	17.43%
2013	36,569,728	44,776,343	81.67%	8,206,615	7,803,416	105.17%	1,403,632	17.99%
2014	39,664,924	47,514,279	83.48%	7,849,355	8,203,082	95.69%	1,414,524	17.24%
2015	42,774,007	50,316,589	85.01%	7,542,582	8,688,044	86.82%	1,484,633	17.09%



Source: TMRS

