

**CITY OF EDGEWOOD, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Fiscal Year Ended September 30, 2017

Mayor  
Steve Steadham

***City of Edgewood***

**CITY OF EDGEWOOD, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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## INTRODUCTORY SECTION

# *City of Edgewood*

# City of Edgewood

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EDGEWOOD, TEXAS 75117  
PH: (903) 896-4448  
FAX: (903) 896-7033

August 15, 2018

City Council  
City of Edgewood  
Edgewood, Texas

Dear Council Members:

The Comprehensive Annual Financial Report (“CAFR”) of the City of Edgewood, Texas, for the year ended September 30, 2017, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Conway Company CPAs, P.C. have issued an unmodified (“clean”) opinion on the City of Edgewood’s financial statements for the year ended September 30, 2017. The independent auditor’s report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management’s Discussion and Analysis (“MD&A”) and should be read in conjunction with it. The City’s MD&A can be found immediately following the independent auditors’ report and provides a narrative introduction, overview and analysis of the basic financial statements.

## **GENERAL INFORMATION – CITY OF EDGEWOOD**

The City of Edgewood (“City”) was incorporated on May 10, 1965 and currently has an estimated population of 1,669. The City operates under a Council-Mayor form of government, with the Mayor and five Council members elected at large.

Edgewood, a rural community nestled on the edge of the great East Texas timberline, is located fifty miles east of Dallas on U.S. Hwy. 80 and is ten miles north of Canton. The thriving community is ten miles south via State Hwy 859 and 1395 of Lake Tawakoni.

The City’s major operations include police and fire protection, parks and recreation, public works, and general administrative services. In addition, the City owns and operates a water and sewer system.

## ECONOMIC CONDITIONS AND OUTLOOK

The economic outlook for the City of Edgewood looks to remain stable. However, with the opening of Essential Tan and Spa and Sonic, the City anticipates a slight increase in sales tax revenue during the 2018–19 fiscal year.

### MAJOR INITIATIVES

The City of Edgewood in conjunction with the Economic Development Corporation, will continue the Code revitalization program to demolish abandoned houses and commercial property. The City will also begin the process of updating old infrastructure throughout the community. The City is also planning a cleanup project at the City Lake so that it may be re-opened.

### FINANCIAL INFORMATION

#### Accounting Procedures and Budgetary Controls

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

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City’s Mayor, and expenditure estimates by each City department. Budgets are reviewed by the Mayor who makes final decisions and submits a recommended budget to the City Council.

As part of each year’s budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

#### General Governmental Functions

Tax Rates: All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City’s tax rate history as adopted by the City Council is shown below:

	<u>Tax Rate</u>
2011 – 2012	.55460
2012 – 2013	.55460
2013 – 2014	.55460
2014 – 2015	.55460
2015 – 2016	.55460
2016 – 2017	.55460
2017 – 2018	.55460



## OTHER INFORMATION

Independent Audit: The City of Edgewood has engaged the firm of Conway Company CPAs, P.C. to perform the annual audit and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the City at September 30, 2017, and the changes in financial position and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Acknowledgements

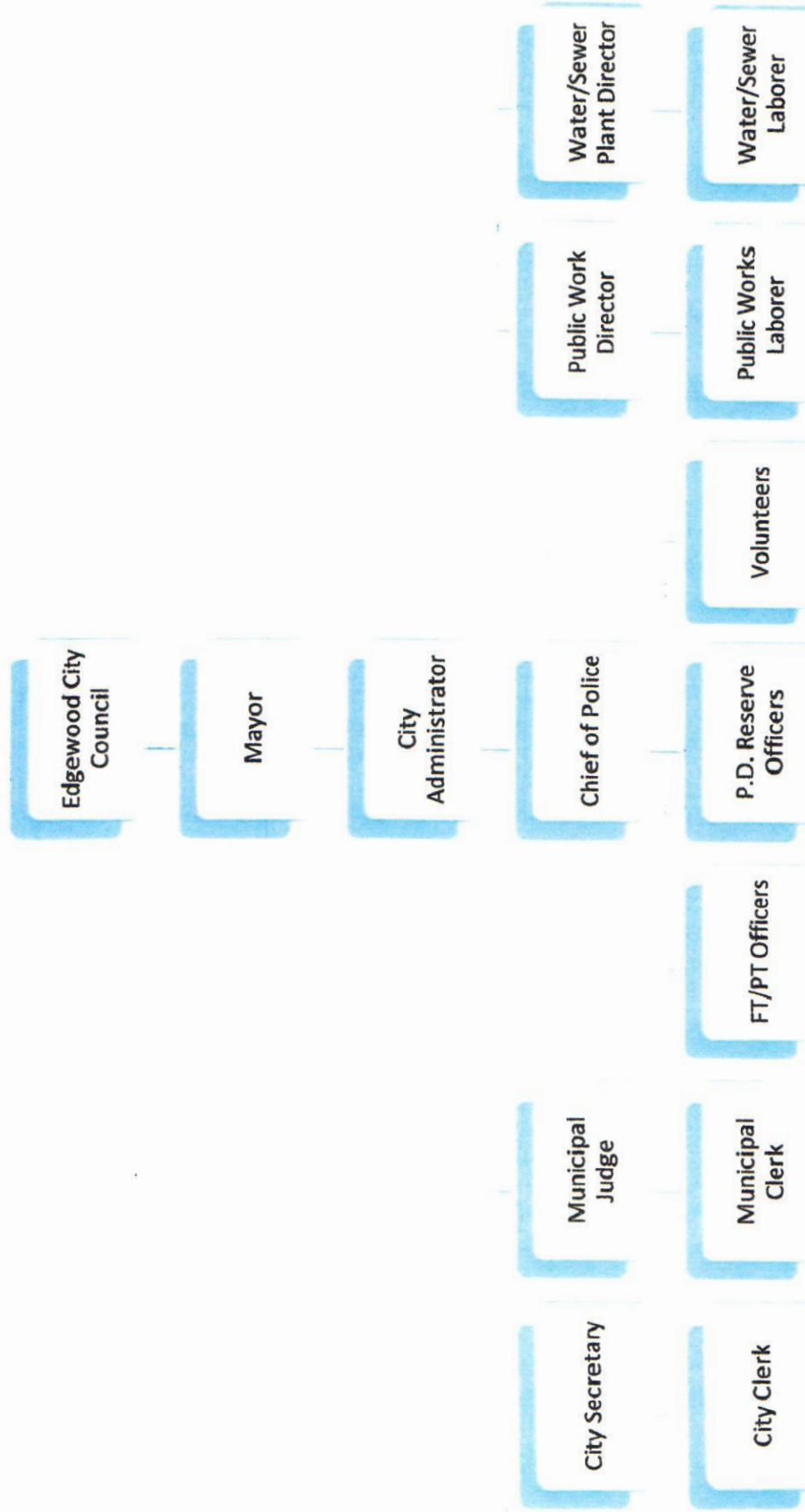
Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the City who were instrumental in the successful completion of this report.

Respectfully submitted,

Steve Steadham,  
Mayor  
City of Edgewood

# City of Edgewood

## Organization Chart



**CITY OF EDGEWOOD, TEXAS  
PRINCIPAL OFFICIALS  
September 30, 2017**

**City Council**

Steve Steadham	Mayor
Jack Pendleton	Place 1
Inez Goggans	Place 2
Keith Rogers	Place 3
Ruby Smith	Place 4
Louis Dunn	Place 5

**City Staff**

City Administrator	Petra Marley
City Secretary	Kathleen Jordan
Police Chief	David Hammonds
City Judge	Maria Gullett
Fire Chief	Jared Cooper
Water Clerk	Heather Mendez

# *City of Edgewood*

## FINANCIAL SECTION

# *City of Edgewood*



Michael Conway, CPA  
Neil Conway, CPA

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**CONWAY COMPANY CPAs PC**  
**ACCOUNTANTS & ADVISORS**

www.conwaycpas.com

PO Box 8234  
Greenville, Texas 75404-8234

**Member**  
American Institute of CPAs  
Texas Society of CPAs

**Independent Auditor’s Report**

Mayor and City Council  
City of Edgewood  
107 NE Front St  
Edgewood, TX 75117

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Edgewood, Texas (“City”) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

**Management’s Responsibility for the Financial Statements**

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

**Auditor’s Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 opinion. An audit also includes assessing the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Edgewood, Texas as of September 30, 2017, and the respective changes in financial position, where applicable, and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

The fund financial statements of the component unit 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

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



**Other Reporting Requirements by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully Submitted,

**CONWAY COMPANY CPAs, PC**

*Conway Company CPAs, P.C.*

August 24, 2018

# *City of Edgewood*

## CITY OF EDGEWOOD, TEXAS

### MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2017

As management of the City of Edgewood ("City"), we offer readers of the City of Edgewood's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. Please read this in conjunction with the transmittal letter at the beginning of the report and the City's financial statements following this section.

#### Financial Highlights

- The assets of the City of Edgewood exceeded its liabilities at the close of the fiscal year by \$3,581,084 (net position). Of this amount, \$3,250,415, or 90.77%, is net investment in capital assets which do not directly generate revenue and are not available to generate liquid capital. Net position restricted for specific purposes total \$42,474, or 1.19%. The remaining \$288,195, or 8.05%, is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$135,492 due to a decrease in business-type activities total net position.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$230,267, a decrease of (\$113,436), or -33%, in comparison with the prior year. Approximately 96% of this total amount, or \$222,174, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance of the General Fund of \$222,174 was 24% of total General Fund expenditures for the fiscal year.
- The City's total long-term obligations decreased by (\$100,410), or -7%, during the fiscal year.

#### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Edgewood.

**CITY OF EDGEWOOD, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2017**

**Basic Financial Statements**

The first two statements (pages 26-28) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 29-36) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary funds statements.

The next section of the basic financial statements is the **notes** (pages 37-57). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** (page 58-61) is provided to show details about the City's pension plan.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The statement of net position presents information on all of the City of Edgewood's assets and liabilities, with the difference between the two 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component unit. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the utility services offered by the City of Edgewood. The final category is the component unit. The City has one component unit: Edgewood Economic Development Corporation ("EDC").

The government-wide financial statements are on pages 26-28 of this report.

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the City's most significant activities. 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 of Edgewood, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Edgewood can be divided into two categories: governmental funds and proprietary funds.

*Governmental Funds* – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs.

**CITY OF EDGEWOOD, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2017**

The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

The City of Edgewood adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. Budgetary information required by the General Statutes can also be found in this part of the statements. The Governmental Fund financial statements can be found on pages 29-36 of this report.

*Proprietary Funds* – The City of Edgewood has one type of proprietary fund which is the Water & Sewer Fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 34-36 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 37- 57 of this report.

**Required Supplementary Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Edgewood's progress in funding its obligation to provide pension benefits to its employees. This information is found on pages 58-61.

**Supplementary Information** – Fund financial statements for the component unit and Schedule of Federal Financial Assistance can be found on pages 60-68.

**Statistical Section** – The statistical section consists of unaudited information that presents details as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. These tables can be found on pages 71-94.

**GASB Pronouncements** – The following statements for the Governmental Accounting Standards Board ("GASB") were effective for the City in the fiscal year ending September 30, 2017.

GASB Statement No. 72, "Fair Value Measurement and Application" addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provided guidance for determining a fair value measurement for financial reporting purposes and also, provides guidance for applying fair value to certain investments and disclosure related to all fair value

**CITY OF EDGEWOOD, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2017**

measurements. The implementation of this Statement does not result in any changes to the City's financial statements.

GASB Statement 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". The implementation of this statement is included in the Required Supplementary Information as provided by TMRS.

GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" is to address the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP. This Statement supersedes Statement No. 55 and amends Statement No. 62. The implementation of this Statement does not result in any changes to the City's financial statements.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans other than Pension Plans", that replaces Statement No. 43 and amends Statement No. 57 will be implemented as required by GASB during the fiscal year September 30, 2017.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions", that replaces Statement No. 45 and amends Statement No. 57 and 74 will be implemented in fiscal year ending September 30, 2018 as required.

GASB Statement No. 77, "Tax Abatement Disclosures" is to assist in assessing whether a government's current-year revenues were sufficient to pay for current-year services, whether a government complied with finance-related legal and contractual obligations, where a government's financial resources come from and how it uses them, and a government's financial position and economic condition and how they have changed over time. The City is in the process of evaluating the potential changes to the financial statements as a result of the implementation of this statement in fiscal year ending September 30, 2017.

**CITY OF EDGEWOOD, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2017**

**Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 255,892	\$ 391,698	\$ 236,298	\$ 250,519	\$ 492,190	\$ 642,217
Capital assets	997,023	741,910	3,487,073	3,555,620	4,484,096	4,297,530
Total assets	<u>1,252,915</u>	<u>1,133,608</u>	<u>3,723,371</u>	<u>3,806,139</u>	<u>4,976,286</u>	<u>4,939,747</u>
Deferred outflow of resources pension	16,936	17,750	13,442	9,839	30,378	27,589
Current liabilities	6,905	17,893	96,500	76,664	103,405	94,557
Long-term liabilities	209,225	212,313	1,106,967	1,198,625	1,316,192	1,410,938
Total liabilities	<u>216,130</u>	<u>230,206</u>	<u>1,203,467</u>	<u>1,275,289</u>	<u>1,419,597</u>	<u>1,505,495</u>
Deferred inflow of resources pension	3,336	11,511	2,647	4,738	5,983	16,249
Net position:						
Net investment in capital assets	835,018	570,693	2,415,397	2,559,777	3,250,415	3,130,470
Restricted	8,093	14,048	34,381	12,162	42,474	26,210
Unrestricted	207,274	324,900	80,921	(35,988)	288,195	288,912
Total net position	<u>\$ 1,050,385</u>	<u>\$ 909,641</u>	<u>\$ 2,530,699</u>	<u>\$ 2,535,951</u>	<u>\$ 3,581,084</u>	<u>\$ 3,445,592</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The Assets of the City of Edgewood exceeded its liabilities by \$3,581,084 as of September 30, 2017. The City's net position increased by \$135,492, or 4%, for the fiscal year ended September 30, 2017.

*Net investment in capital assets:*

The largest portion of the City's net position, 90.77%, or \$3,250,415, reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The City of Edgewood uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Edgewood's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

*Restricted net position:*

Restricted net position of \$42,474, representing 1.19%, of total net position, is subject to external restrictions on how they may be used, or by enabling legislation. The restricted net position is comprised of \$8,093, or 19%, for state imposed restrictions, and \$34,381 for debt service

*Unrestricted net position:*

Unrestricted net position in the amount of \$288,195, or 8.05% of total net position, is available to fund the City's programs to citizens and creditors.

**CITY OF EDGEWOOD, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2017**

**Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>						
Program Revenues:						
Charges for Services	\$ 40,526	\$ 54,518	\$ 747,611	\$ 677,107	\$ 788,137	\$ 731,625
Grant Revenue	160,411	30,500	33,150	-	193,561	30,500
General Revenues:						
Property Taxes including P&I	297,511	343,813	-	-	297,511	343,813
Sales Tax Collected	123,462	192,444	-	-	123,462	192,444
Franchise Fees	62,511	62,547	-	-	62,511	62,547
Investment Income	734	747	101	137	835	884
Miscellaneous	93,301	53,294	1,202	15,881	94,503	69,175
Total Revenues	<u>778,456</u>	<u>737,863</u>	<u>782,064</u>	<u>693,125</u>	<u>1,560,520</u>	<u>1,430,988</u>
<b>EXPENSES</b>						
Program Expenses:						
General Government	190,062	201,294	-	-	190,062	201,294
Public Safety	240,205	271,673	-	-	240,205	271,673
Parks	14,990	690	-	-	14,990	690
Public Works	162,454	137,881	-	-	162,454	137,881
Public Services and Operations	21,379	23,605	-	-	21,379	23,605
Interest and Fiscal Agent Fees	4,261	3,651	-	-	4,261	3,651
Water and Sewer	-	-	791,677	821,728	791,677	821,728
Total Expenses	<u>633,351</u>	<u>638,794</u>	<u>791,677</u>	<u>821,728</u>	<u>1,425,028</u>	<u>1,460,522</u>
Increase (Decrease) in Net Position before Transfers	145,105	99,069	(9,613)	(128,603)	135,492	(29,534)
Transfers	<u>(4,361)</u>	<u>18,359</u>	<u>4,361</u>	<u>(18,359)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	140,744	117,428	(5,252)	(146,962)	135,492	(29,534)
Net Position October 1	909,641	792,213	2,535,951	2,682,913	3,445,592	3,475,126
Net Position September 30	<u>\$ 1,050,385</u>	<u>\$ 909,641</u>	<u>\$ 2,530,699</u>	<u>\$ 2,535,951</u>	<u>\$ 3,581,084</u>	<u>\$ 3,445,592</u>

The Governmental Activities have increased the net position in the current fiscal year by \$140,744, a 15% increase over the prior year. This is due largely to an increase of \$129,911 in grant and contribution revenue.

The Business-type Activities decreased the net position in the current fiscal year by (\$5,252), an (.21%) decrease from the prior year. This is due largely to the ratio of expenditures being more than revenues collected. However, this ratio decreased by (-18%) when compared to the prior year due in large part to the decrease in total expenditures.



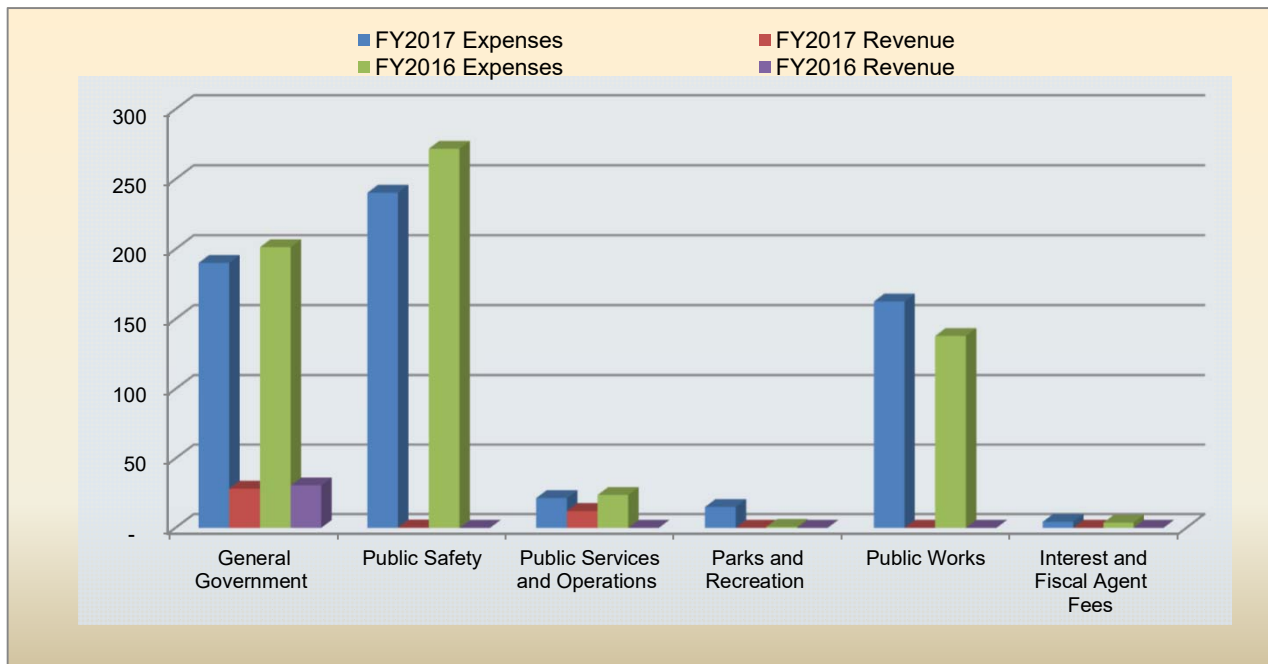
**CITY OF EDGEWOOD, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2017**

**Governmental-type activities** - Governmental-type activities increased the City's net position by \$140,744. Key elements of this increase are as follows:

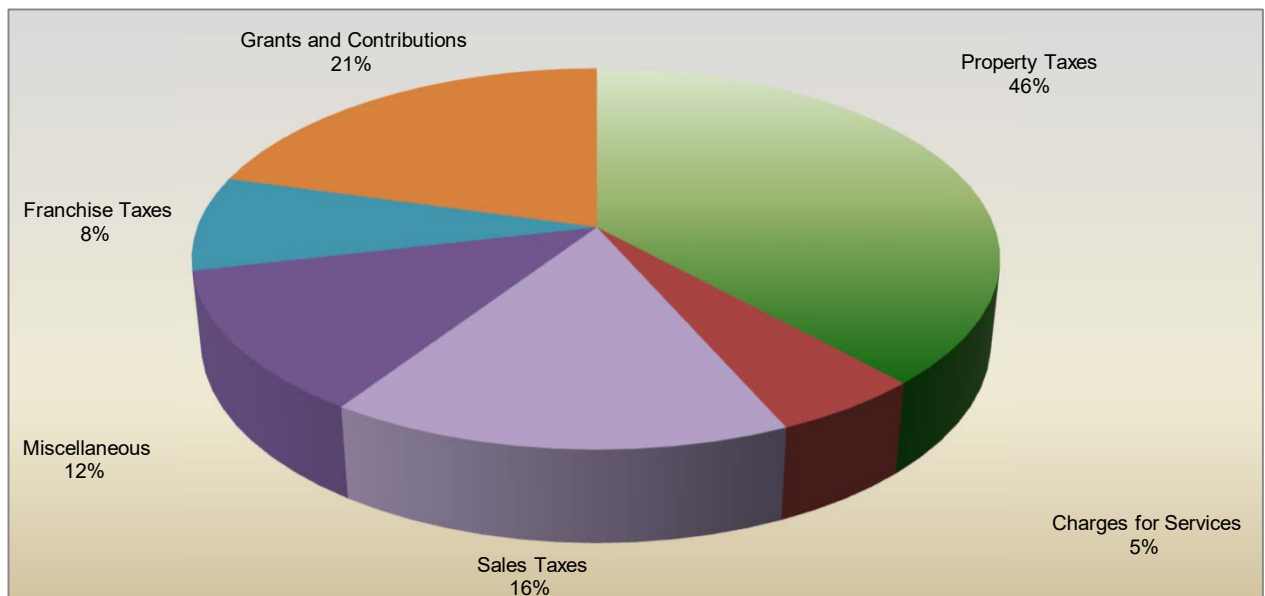
Approximately \$160,000 in grants and contributions during the 2017 fiscal year.

**Expenses and Program Revenues - Governmental Activities**

(amounts expressed in thousands)



**Revenues by Source - Governmental Activities**



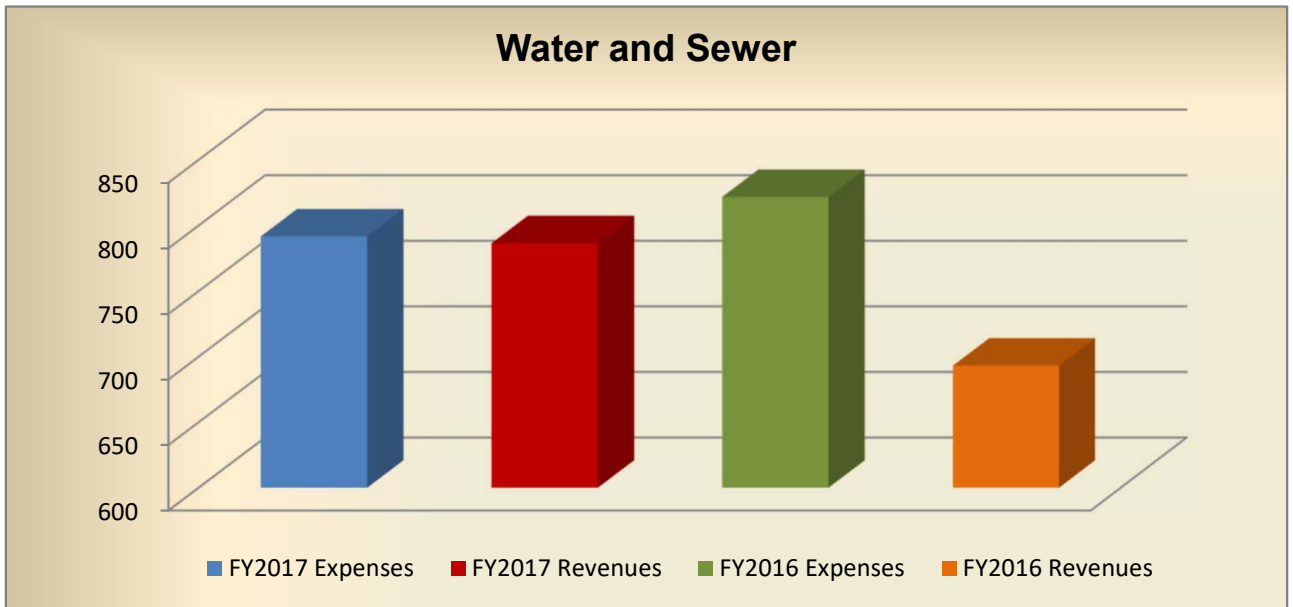
**CITY OF EDGEWOOD, TEXAS  
 MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
 SEPTEMBER 30, 2017**

**Business-type Activities** - Business-type activities decreased the City's net position by (\$5,252). Key elements of this change are as follows:

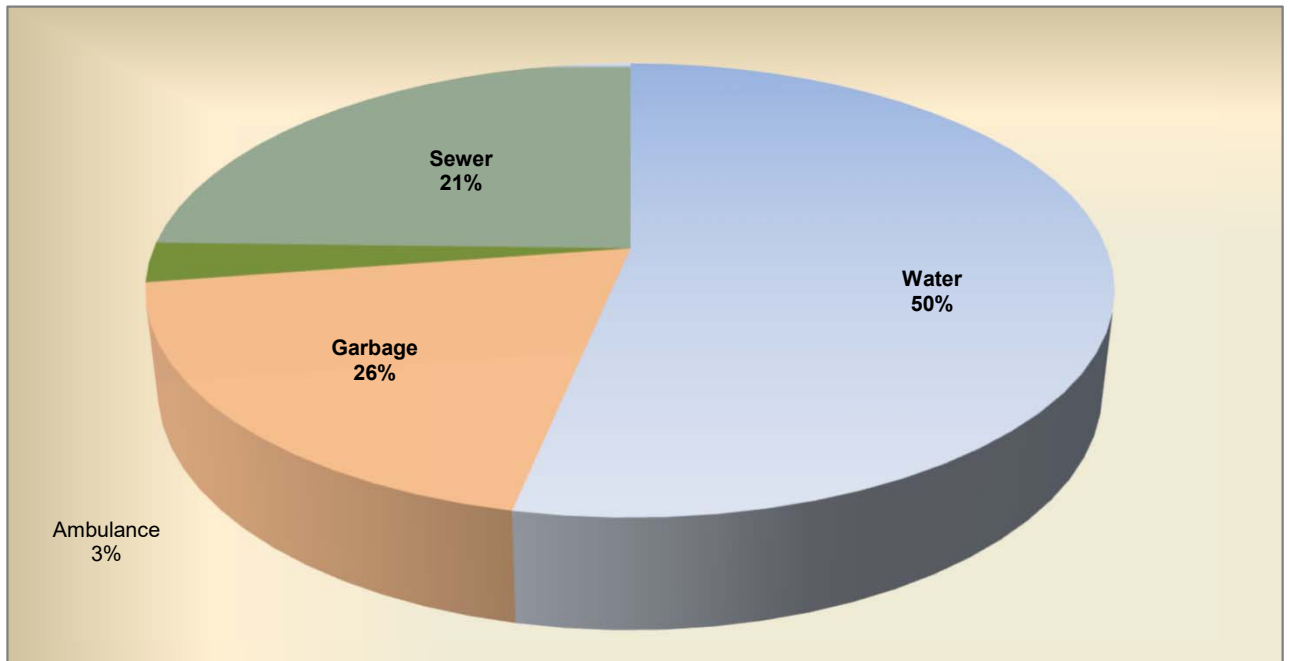
Total expenses increased approximated income for the 2017 fiscal year.

**Expenditures and Program Revenues - Business-type Activities**

(amounts expressed in thousands)



**Revenues by Source - Business-type Activities**



### Financial Analysis of the City's Funds

As noted earlier, the City of Edgewood uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the City of Edgewood's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Edgewood's financing requirements. Specifically, unrestricted fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Edgewood. At the end of the current fiscal year, the total fund balance of the General Fund was \$230,267, a decrease of (\$113,436). A total of \$222,174, or 96%, is unassigned and can be used for any lawful purpose. The amount of restricted fund balance of \$8,093, or 4%, is restricted for state imposed restrictions related to child safety and court technology and security.

As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total expenditures. Unassigned fund balance represents 24% of total General Fund expenditures.

**General Fund Budgetary Highlights:** During the fiscal year, the City made revisions to the original budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts except in the areas of sales and franchise taxes, and fines and forfeitures. Expenditures were, overall, more than budgeted amounts.

**Proprietary Funds** - The City of Edgewood's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year amounted to \$80,921, and \$2,415,397 was invested in capital assets, less related debt.

**CITY OF EDGEWOOD, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2017**

**Capital assets** - The City of Edgewood's net investment in capital assets for its governmental and business-type activities as of September 30, 2017, totaled \$4,484,096 (net of accumulated depreciation). This investment in capital assets includes roads, land, machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$186,566 or, (4%).

Major capital asset transactions during the year include the following:

- Restoration of park

**Capital Assets  
As of September 30, 2017  
(net of accumulated depreciation)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Construction In Progress	-	12,281	-	1,000	-	13,281
Machinery & Equipment	80,775	32,663	81,663	98,456	162,438	131,119
Buildings	109,169	123,613	15,162	16,126	124,331	139,739
Infrastructure	807,079	573,353	3,384,248	3,434,038	4,191,327	4,007,391
<b>Total</b>	<b>\$ 997,023</b>	<b>\$ 741,910</b>	<b>\$ 3,487,073</b>	<b>\$ 3,555,620</b>	<b>\$ 4,484,096</b>	<b>\$ 4,297,530</b>

More detailed information about the City's capital assets is presented in Note E to the financial statements

**Long-term obligations** - As of September 30, 2017, the City of Edgewood had total long-term outstanding obligations of \$1,297,070. This is an decrease of (\$100,410), or -7%.

**Long-Term Debt  
As of September 30, 2017**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Refunding Bond	\$ 59,150	\$ 87,850	\$ 109,850	\$ 163,150	\$ 169,000	\$ 251,000
Combination Tax and Revenue Certificates of Obligation	-	-	765,000	775,000	765,000	775,000
Notes Payable	103,127	83,376	196,839	227,866	299,966	311,242
Pension Related Debt	35,182	33,584	27,922	26,654	63,104	60,238
<b>Total</b>	<b>\$ 197,459</b>	<b>\$ 204,810</b>	<b>\$ 1,099,611</b>	<b>\$ 1,192,670</b>	<b>\$ 1,297,070</b>	<b>\$ 1,397,480</b>

More detailed information about the City's long-term liabilities is presented in Note F to the financial statements.

## **BASIC FINANCIAL STATEMENTS**

# *City of Edgewood*

**CITY OF EDGEWOOD, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

	<u>Primary Government</u>		<u>Total</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 190,575	\$ 144,975	\$ 335,550	\$ 55,117
Receivables (net of allowance for uncollectibles)	54,341	56,942	111,283	11,434
Restricted assets:				
Cash and cash equivalents	10,976	34,381	45,357	-
Capital assets not being depreciated:				
Land	-	6,000	6,000	-
Construction In progress	-	-	-	-
Capital assets, net of accumulated depreciation:				
Machinery & equipment	80,775	81,663	162,438	-
Buildings & improvements	109,169	15,162	124,331	-
Infrastructure	807,079	3,384,248	4,191,327	-
<b>Total Assets</b>	<u>1,252,915</u>	<u>3,723,371</u>	<u>4,976,286</u>	<u>66,551</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred outflow of resources-pension	16,936	13,442	30,378	-
<b>LIABILITIES</b>				
Accounts payable	-	14,074	14,074	-
Customer deposits	-	72,281	72,281	-
Accrued expenses	4,230	1,743	5,973	-
Unearned revenues	-	4,738	4,738	-
Accrued interest payable	1,212	2,093	3,305	-
Other liabilities	1,463	1,571	3,034	-
Due to component unit	-	-	-	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	-	-	-	-
Notes payable	14,523	26,239	40,762	-
Certificates of obligation	-	35,000	35,000	-
Bonds payable	29,400	54,600	84,000	-
Due in more than one year:				
Compensated absences	11,766	7,356	19,122	-
Net pension liability	35,182	27,922	63,104	-
Notes payable	88,604	170,600	259,204	-
Certificates of obligation	-	730,000	730,000	-
Bonds payable	29,750	55,250	85,000	-
<b>Total Liabilities</b>	<u>216,130</u>	<u>1,203,467</u>	<u>1,419,597</u>	<u>-</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred inflow of resources-pension	3,336	2,647	5,983	-
<b>NET POSITION</b>				
Net investment in capital assets	835,018	2,415,397	3,250,415	-
Restricted for:				
Court use	8,093	-	8,093	-
Capital projects	-	-	-	-
Debt service	-	34,381	34,381	-
Unrestricted	207,274	80,921	288,195	66,551
<b>Total Net Position</b>	<u>\$ 1,050,385</u>	<u>\$ 2,530,699</u>	<u>\$ 3,581,084</u>	<u>\$ 66,551</u>

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

**CITY OF EDGEWOOD, TEXAS  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2017**

<b>Function/Program Activities</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 190,063	\$ 28,200	\$ -	\$ 160,411
Public safety	240,207	239	-	-
Parks	14,990	-	-	-
Public services and operations	21,379	12,087	-	-
Public works	162,453	-	-	-
Interest on long-term debt	4,261	-	-	-
<b>Total governmental activities</b>	<b>633,353</b>	<b>40,526</b>	<b>-</b>	<b>160,411</b>
Business-type activities:				
Utility services	791,677	747,611	-	33,150
<b>Total business-type activities</b>	<b>791,677</b>	<b>747,611</b>	<b>-</b>	<b>33,150</b>
<b>Total primary government</b>	<b>1,425,030</b>	<b>788,137</b>	<b>-</b>	<b>193,561</b>
<b>Component unit:</b>				
Economic development corporation	126,403	-	4,125	-
<b>Total component unit</b>	<b>\$ 126,403</b>	<b>\$ -</b>	<b>\$ 4,125</b>	<b>\$ -</b>

General revenues:  
Property taxes  
Sales taxes  
Franchise taxes  
Investment income  
Miscellaneous  
Transfers  
Total general revenues and transfers  
Change in net position  
Net position - beginning  
Net position - ending

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



**Net (Expense) Revenue  
and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (1,452)	\$ -	\$ (1,452)	\$ -
(239,968)	-	(239,968)	-
(14,990)	-	(14,990)	-
(9,292)	-	(9,292)	-
(162,453)	-	(162,453)	-
(4,261)	-	(4,261)	-
<u>(432,416)</u>	<u>-</u>	<u>(432,416)</u>	<u>-</u>
<u>-</u>	<u>(10,916)</u>	<u>(10,916)</u>	<u>-</u>
<u>-</u>	<u>(10,916)</u>	<u>(10,916)</u>	<u>-</u>
<u>(432,416)</u>	<u>(10,916)</u>	<u>(443,332)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,278)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (122,278)</u>
\$ 297,511	\$ -	\$ 297,511	\$ -
123,462	-	123,462	68,327
62,511	-	62,511	-
734	101	835	-
93,303	1,202	94,505	-
(4,361)	4,361	-	-
<u>573,160</u>	<u>5,664</u>	<u>578,824</u>	<u>68,327</u>
140,744	(5,252)	135,492	(53,951)
909,641	2,535,951	3,445,592	120,502
<u>\$ 1,050,385</u>	<u>\$ 2,530,699</u>	<u>\$ 3,581,084</u>	<u>\$ 66,551</u>

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

**CITY OF EDGEWOOD, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUND  
SEPTEMBER 30, 2017**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 190,575
Receivables (net of allowance for uncollectibles)	54,341
Restricted - cash and cash equivalents	10,976
<b>Total Assets</b>	<u>255,892</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	-
Accrued expenditures	4,230
Accrued interest payable	1,128
Other liabilities	1,463
<b>Total Liabilities</b>	<u>6,821</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues - property taxes	18,804
<b>Total Deferred Inflows of Resources</b>	<u>18,804</u>
<b>FUND BALANCES</b>	
Fund balances	
Restricted For:	
Court use	8,093
Debt service	-
Unassigned	222,174
<b>Total Fund Balances</b>	<u>230,267</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 255,892</u>

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

**CITY OF EDGEWOOD, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

<b>Total fund balances - governmental funds balance sheet</b>	<b>\$ 230,267</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,611,938
Accumulated depreciation is not included in the governmental fund financial statements	(1,614,915)
Bonds payable and contractual obligations are not included in the governmental fund financial statements	(162,277)
Accrued liabilities for compensated absences are not reflected in the fund financial statements	(11,766)
Revenue reported as unearned revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	18,804
Deferred inflow/outflow of resources for pension are not reported in the fund financial statements	13,600
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an expenditure is reported when due.	(84)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(35,182)
<b>Net position of governmental activities - statement of net position</b>	<b><u><u>\$ 1,050,385</u></u></b>

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

**CITY OF EDGEWOOD, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>General Fund</b>
<b>REVENUE</b>	
Taxes:	
Property taxes including P&I	\$ 308,885
Sales tax collected	123,462
Franchise taxes	62,511
Fines and forfeitures	11,228
Charges for services	21,376
Grants and Contributions	168,333
Donations	-
Insurance reimbursements	-
Investment income	734
Miscellaneous	83,812
<b>Total Revenues</b>	<u>780,341</u>
<b>EXPENDITURES</b>	
Current:	
General government	94,166
Public safety	242,598
Parks and recreation	8,095
Public works	165,314
Public services and operations	21,379
Capital outlay:	
Public safety	43,167
Public services and operations	-
Public Works	297,209
Parks and recreation	6,887
Debt service:	
Installment payments	40,609
Interest and fiscal agent fees	1,652
<b>Total Expenditures</b>	<u>921,076</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(140,735)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Bond and Note proceeds	31,660
Intergovernmental Revenue	-
Transfers	(4,361)
<b>Total Other Financing Sources (uses)</b>	<u>27,299</u>
<b>Net Change in Fund Balances</b>	(113,436)
<b>Fund Balance, October 1</b>	343,703
<b>Prior Period Adjustment</b>	-
<b>Fund Balance, September 30</b>	<u>\$ 230,267</u>

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

**CITY OF EDGEWOOD, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Net change in fund balances - total governmental funds** \$ (113,436)

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

Current year capital outlays are expenditures in the fund financial statements, but these are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the capital outlays is to increase net position.	347,263
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.	(92,150)
Current year note proceeds are other finance sources in the fund financial statements but are shown as an increase in the government-wide liabilities section of the financial statements.	(31,660)
Current year long-term debt principal payments on bonds payable and contractual agreements are expenditures in the fund financial statements but are shown as a reduction in long-term debt in the government-wide financial statements.	40,609
Changes to compensated absences liabilities are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.	4,263
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(17,299)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when paid.	(2,609)
Current year changes in pension expense do not require the use of current resources; therefore, are not reported as expenditures in governmental funds.	5,763

**Change in net position of governmental activities - statement of activities** \$ 140,744

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

**CITY OF EDGEWOOD, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Property taxes including P&I	\$ 338,000	\$ 338,000	\$ 308,885	\$ (29,115)
Franchise taxes	66,000	66,000	62,511	(3,489)
Sales tax collected	260,000	260,000	123,462	(136,538)
Fines and forfeitures	20,000	20,000	11,228	(8,772)
Charge for services	2,500	2,500	21,376	18,876
Investment income	-	-	734	734
Grant revenues	-	-	160,411	160,411
Miscellaneous	8,000	8,000	83,812	75,812
<b>Total Revenues</b>	<u>694,500</u>	<u>694,500</u>	<u>780,341</u>	<u>85,841</u>
<b>EXPENDITURES</b>				
Current:				
General government	73,527	73,527	94,166	(20,639)
Public safety	266,536	266,536	242,598	23,938
Parks	-	-	8,095	(8,095)
Public works	157,342	157,342	154,477	2,865
Public services and operations	25,030	25,030	21,379	3,651
Capital outlay:				
Public safety	-	-	43,167	(43,167)
Parks	-	-	6,887	(6,887)
Public Works	-	-	311,995	(311,995)
Public services and operations	20,000	20,000	-	20,000
Debt service:				
Installment payments	40,163	40,163	36,660	3,503
Interest and fiscal agent fees	-	-	1,652	(1,652)
<b>Total Expenditures</b>	<u>582,598</u>	<u>582,598</u>	<u>921,076</u>	<u>(338,478)</u>
<b>Excess (deficiency) of revenues (under) expenditures</b>	111,902	111,902	(140,735)	(252,637)
<b>Other Revenues and Financing Sources (Uses)</b>				
Bond proceeds	-	-	31,660	31,660
Intergovernmental Revenue	-	-	-	-
Transfers	65,000	65,000	(4,361)	(69,361)
<b>Total Other Financing Sources (Uses)</b>	<u>65,000</u>	<u>65,000</u>	<u>27,299</u>	<u>(37,701)</u>
<b>Net Change in Fund Balance</b>	176,902	176,902	(113,436)	(290,338)
<b>Fund Balances/Equity, October 1</b>	343,703	343,703	343,703	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 520,605</u>	<u>\$ 520,605</u>	<u>\$ 230,267</u>	

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

**CITY OF EDGEWOOD, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2017**

	<b>Utility Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 144,975
Receivables (net of allowance for uncollectible)	56,942
Total current assets	<u>201,917</u>
Noncurrent assets:	
Restricted cash and cash equivalents	34,381
Capital assets:	
Land	6,000
Construction in progress	-
Buildings	319,589
Infrastructure	7,947,035
Machinery & equipment	208,777
Less: accumulated depreciation	<u>(4,994,325)</u>
Total capital assets (net of accumulated depreciation)	<u>3,487,076</u>
<b>Total Assets</b>	<u><u>3,723,374</u></u>
<b>DEFERRED OUTFLOW OF REOURCES</b>	
Deferred outflow - pension	<u>13,442</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	14,077
Customer deposits - restricted assets	72,281
Accrued expenses	1,743
Accrued interest payable	2,093
Other liabilities	1,571
Compensated absences-current	-
Notes payable - current	26,239
Certificates of obligation - current	35,000
Bonds payable - current	54,600
Total current liabilities	<u>212,342</u>
Non-current liabilities:	
Compensated absences	7,356
Net pension liability	27,922
Notes payable	170,600
Certificates of obligation payable	730,000
Bonds payable	55,250
Total noncurrent liabilities	<u>991,128</u>
<b>Total Liabilities</b>	<u>1,203,470</u>
<b>DEFERRED OUTFLOW OF REOURCES</b>	
Deferred outflow - pension	<u>2,647</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,415,397
Restricted for:	
Debt service	34,381
Capital projects	-
Unrestricted	80,921
<b>Total net position</b>	<u><u>\$ 2,530,699</u></u>

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

**CITY OF EDGEWOOD, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION-PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Utility Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 747,611
Federal Grant revenue	33,150
Miscellaneous	1,202
<b>Total Operating Revenues</b>	<u>781,963</u>
<b>OPERATING EXPENSES</b>	
Administrative services	159,059
Supplies and materials	64,846
Maintenance and repair	44,622
Contractual services	331,153
<b>Total Operating Expenses</b>	<u>783,902</u>
Operating income (loss)	<u>(1,939)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	101
Interest expense	<u>(7,775)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(7,674)</u>
<b>Net Income(loss) before transfers</b>	(9,613)
Transfers	<u>4,361</u>
<b>Change in net position</b>	(5,252)
<b>Total net position-beginning</b>	2,535,951
<b>Total net position-ending</b>	<u>\$ 2,530,699</u>

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



**CITY OF EDGEWOOD, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Utility Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 761,030
Cash received from other sources	34,351
Cash paid to employees	(162,080)
Cash paid for goods and services	(427,884)
<b>Net cash provided by (used in) operating activities</b>	<u>205,417</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal paid	(94,327)
Interest and fiscal charges on debt	(7,775)
Acquisition and construction of capital assets	(115,679)
<b>Cash provided in capital and related financing activities</b>	<u>(217,781)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers	4,361
<b>Cash used in noncapital financing activities</b>	<u>4,361</u>
<b>Cash Flows from Investing Activities</b>	
Investment income	101
<b>Cash provided by (used in) investing activities</b>	<u>101</u>
<b>Net Increase (Decrease) in cash and cash equivalents</b>	(7,902)
<b>Cash and cash equivalents, October 1</b>	<u>187,258</u>
<b>Cash and cash equivalents, September 30</b>	<u>\$ 179,356</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operation Activities:</b>	
Operating income (loss)	\$ (1,939)
Adjustment to reconcile operating income to net cash Provided by operating activities:	
Depreciation	184,222
Change in assets and liabilities:	
(Increase) decrease in assets:	
Receivables	6,319
Increase (decrease) in liabilities:	
Accounts payable	14,077
Other liabilities	(1,339)
Compensated absences	1,401
Customer deposits	2,362
Pension liability	(4,424)
Total adjustments	<u>207,356</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 205,417</u>

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

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Edgewood, Texas ("City") is a municipal corporation governed by an elected mayor and a five-member council and provides the following services to the citizens of the City: public safety (police and fire), public works, parks and recreation, water and sewer utilities, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments-Audit and Accounting Guide*. The more significant policies of the City are described below:

1. Reporting Entity

The City is a municipal corporation governed by an elected mayor and five-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by Government Accounting Standards Board in its Statement No. 14, "The Financial Reporting Entity", as amended by GASB No. 39 "Determining Whether Certain Organizations are Component Units" under GASB Statement No. 14, component units are organizations for which the City is financially accountable and all organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. GASB Statement No. 39 added clarification to GASB Statement No. 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

As required by GAAP, these financial statements present the City and its component unit, entities for which the City is considered to be financially accountable. The discretely presented component unit has been combined and reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. Combining statements for the discretely presented component unit have also been presented in the supplemental information section.

The City has one component unit - the Economic Development Corporation ("EDC"). The EDC was formed on April 26, 2005. The EDC is governed by a five member board which is appointed by the City Council. The City does not have a voting majority. The purpose of the EDC is to aid, promote and further the economic development within the City. The EDC is financed with a voter-approved 1/4 proportion of the city sales tax, therefore, the organization is fiscally dependent on the City. The nature on the significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete. The EDC has a September 30 year-end. There are no separately issued financial statements of the EDC, which is reported as a governmental fund.

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting Entity (continued)

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria to be included as a component unit if management's professional judgment determines it to be necessary and misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

2. Basis of Presentation

The basic financial statements are prepared in conformity with GAAP which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities on the Statement of Net Position and Statement of Activities. Significantly, the City's statement of Net Position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide Statement of Activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City also presents Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted and final amended General Fund budget with actual results for the current fiscal year.

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. As required by GAAP, these financial statements present the City entities for which the City is considered to be financially accountable.

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of Net Position and the Statement of Activities) report information on all of the primary government. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

The net cost (by function) is normally covered by general revenue (property and sales taxes, franchise taxes, and interest income).

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2. Basis of Presentation (continued)

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The major governmental fund is the General Fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the government's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund are charges to the customers for sales and services. The Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of this information.

3. Measurement Focus, Basis of Accounting

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

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

Governmental fund level financial statements are reported using the current financial resources measurements focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable shortly after year-end, as required by GASB Interpretation No. 6.

Ad valorem, franchise, and sales tax revenues recorded in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental revenues are recognized when all eligibility requirements have been met.

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3. Measurement Focus, Basis of Accounting (continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the major governmental fund of the City.

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

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its Statement of Net Position.

The proprietary funds are financed and operated in a manner similar to private business enterprises. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *Utility Fund* is used to account for water and sewer service operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through use charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

4. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade receivables in excess of 60 days comprise the trade accounts receivable for uncollectible accounts.

c. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary funds represent cash and cash equivalents and investments set aside for repayments of deposits to utility customers and various bond covenants.

**CITY OF EDGEWOOD, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

4. Financial Statement Amounts (continued)

Customer deposits received for water and wastewater service are, by law, to be considered restricted assets. These activities are included in the Utility Fund.

d. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and improvements, purchased or acquired, are reported in the applicable governmental or business-like activities columns in the government-wide financial statements and proprietary fund types. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current year.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (in years)</u>
Infrastructure	10 - 40
Buildings	10 - 40
Building Improvements	5 - 30
Equipment	5 - 10
Vehicles	5 - 07

e. Compensated Absences

Compensated absences represent the estimated liability for employees' accrued sick leave and compensatory time for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from either the General Fund or the Utility Fund based on the assignment of an employee at termination.

f. Pension

In government-wide financial statements, retirement plans (pension) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Texas Municipal Retirement System ("TMRS"). The net pension liability is measured as of December 31, 2016. Changes in the net pension liability are recorded as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the changes. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) will be amortized over the weighted average remaining service life of all participants and are recorded as a component of pension expense beginning with the period in which they are incurred.

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

4. Financial Statement Amounts  
f. Pension (continued)

For purposes of measuring the net pension liability and deferred inflow/outflows of resources relating to pension expense, information about the fiduciary net position of the City's pension plan with TMRS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Difference between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed five-year period of recognition.

- g. Deferred outflows/inflows of resources

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The City has one item that qualifies in this category. The City's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year end and the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. As a component of implementing GASB Statement No. 68, a deferred outflow is recorded in the government-wide Statement of Net Position and fund level financial statements for the proprietary Statement of Net Position.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. Accordingly, the item *unavailable revenue* is reported in the governmental funds Balance Sheet. Deferred revenue from property taxes is shown as deferred inflows of resources. The amount is deferred and recognized as inflows of resources in the period that the amounts become available.

Deferred outflows of resources are used to report consumption of net position by the City that are applicable to a future reporting period. Deferred inflows of resources are used to report acquisitions of net position by the City that are applicable to future reporting periods. The deferred inflow is reclassified to revenue on the government-wide financial statements.

- h. Long-term Obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest method. Management compared this method to the effective interest method and found the difference to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

4. Financial Statement Amounts (continued)

i. Net Position Flow Assumption

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

j. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* - include the portion of net resources that cannot be spent because of their form (i.e., inventory, long-term loans, or prepaids) or because they must remain intact such as the principal of an endowment.
- *Restricted fund balance* - includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* - includes the portion of net resources upon which the City Council has imposed limitations on use. Amounts that can be used only for the specific purposes determined by a resolution of the City Council. Commitments may be changed or lifted only by the Council taking the same formal action that originally imposed the constraint. The formal action must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.
- *Assigned fund balance* - includes the portion of net resources for which an *intended* use has been established by the City Council. Assignment of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.
- *Unassigned fund balance* - includes the amounts in the General Fund in excess of what can properly be classified in one of the other categories of fund balance. It is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

The purpose of the City's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unprecedented one-time expenditures.

It is the long-term goal of the City to maintain a minimum fund balance in the General Fund equal to 5% of expenditures. The City is currently in compliance with this policy.



**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

4. Financial Statement Amounts (continued)

k. Fund Balance Flow Assumption

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

l. Comparative Data/Reclassification

Comparative total data for the current year to budget have been presented in the basic financial statements in order to provide an understanding of budget to actual. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

m. Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1 (immediately following the levy date) and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as revenue at the fund level.

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

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of less than 5,000 population limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the fiscal year September 30, 2017, the City had a tax rate of \$0.5546 per \$100 assessed valuation based upon the maximum rates described above.

**CITY OF EDGEWOOD, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

4. Financial Statement Amounts (continued)

n Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide Statement of Net Position.

o. Federal and State Grants

Grants revenues are generally accounted for within the fund financed.

p. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

q. Program Revenues

Certain revenues such as charges for services are included in program revenues.

r. Program Expenses

Certain indirect costs such as administrative costs are included in the program expense reported for individual functional activities.

**B. COMPLIANCE AND ACCOUNTABILITY**

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>
None reported	Not applicable

**CITY OF EDGEWOOD, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**B. COMPLIANCE AND ACCOUNTABILITY** (continued)

3. Budgets and Budgetary Accounting

The City adopts an "appropriated budget" of governmental fund types on a modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data:

- No later than the first City Council meeting each August, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means for financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance. If the Council takes no action on or prior to such day, the budget, as submitted by the Mayor, shall be deemed to have been adopted by the City Council.
- According to the City Charter, total estimated expenditures of the General Fund are to be budgeted.
- The level of control (the level at which expenditures may not exceed budget) is the fund level. The Mayor is authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total of any fund must be approved by the City Council.

**C. CASH AND INVESTMENTS**

At September 30, 2017, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$380,907 and the bank balance was \$494,016. The City's cash deposits at September 30, 2017 and during the year ended September 30, 2017, were entirely covered by FDIC and by pledged collateral held by the City's agent bank in the City's name. Cash and investments as of September 30, 2017 consist of and are classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government	
Cash and cash equivalents	\$ 335,550
Restricted assets-cash and cash equivalents	45,357
Total cash and cash equivalents	<u>380,907</u>
Governmental - Restricted Cash	
Court Tech Fund	1,557
Court Security Fund	1,495
Child Safety Fund	5,041
Police Department Funds	2,304
Park Funds	579
Total Governmental	<u>10,976</u>
Business-type - Restricted Cash	
Grant Proceeds	-
Sinking Fund	34,381
Total Business-type	<u>34,381</u>
Total Restricted Cash	<u>\$ 45,357</u>

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**C. CASH AND INVESTMENTS (continued)**

*Investments:*

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Plan has adopted the provisions of GASB Statement 72 and fully disclosed in the notes to the financial statements the fair values of the hierarchy of which the City is a level one.

*Custodial credit risk*

Custodial credit risk for deposits is the risk that, in the event of 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 do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

**D. RECEIVABLES**

Receivables as of year-end for the government's individual funds, including the applicable allowances for uncollectible accounts, are as follows.

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Taxes	\$ 61,788	\$ -	\$ 61,788
Fees and charges	58,847	61,244	120,091
Gross Receivables	120,635	61,244	181,879
Less: allowance for uncollectibles	<u>(66,294)</u>	<u>(4,302)</u>	<u>(70,596)</u>
Net Total Receivables	<u>\$ 54,341</u>	<u>\$ 56,942</u>	<u>\$ 111,283</u>

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**E. CAPITAL ASSETS**

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

	Beginning Balances	Additions	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Construction in Progress	\$ 12,281	\$ -	\$ (12,281)	\$ -
Total capital assets, not being depreciated	<u>12,281</u>	<u>-</u>	<u>(12,281)</u>	<u>-</u>
Capital assets being depreciated:				
Buildings & Improvements	\$ 731,663	\$ -	\$ -	\$ 731,663
Infrastructure	1,207,137	285,426	-	1,492,563
Equipment & Vehicles	313,593	74,118	-	387,710
Total capital assets being depreciated	<u>2,252,393</u>	<u>359,544</u>	<u>-</u>	<u>2,611,936</u>
Less accumulated depreciation for:				
Buildings	(608,050)	(14,444)	-	(622,494)
Infrastructure	(633,784)	(51,700)	-	(685,484)
Equipment & Vehicles	(280,930)	(26,005)	-	(306,935)
Total accumulated depreciation	<u>(1,522,764)</u>	<u>(92,149)</u>	<u>-</u>	<u>(1,614,913)</u>
Total capital assets being depreciated, net	<u>729,629</u>	<u>267,395</u>	<u>-</u>	<u>997,023</u>
Governmental activities capital assets, net	<u>\$ 741,910</u>	<u>\$ 267,395</u>	<u>\$ (12,281)</u>	<u>\$ 997,023</u>
	Beginning Balances	Additions	Decreases	Ending Balances
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Construction in Progress	1,000	(1,000)	-	-
Total capital assets, not being depreciated	<u>7,000</u>	<u>(1,000)</u>	<u>-</u>	<u>6,000</u>
Capital assets being depreciated:				
Building & Improvements	319,589	-	-	319,589
Infrastructure	7,830,358	116,677	-	7,947,035
Equipment & Vehicles	208,776	-	-	208,775
Total capital assets, being depreciated	<u>8,358,723</u>	<u>116,677</u>	<u>-</u>	<u>8,475,399</u>
Less accumulated depreciation for:				
Building & Improvements	(303,462)	(965)	-	(304,427)
Infrastructure	(4,396,320)	(166,467)	-	(4,562,787)
Equipment & Vehicles	(110,321)	(16,791)	-	(127,112)
Total accumulated depreciation	<u>(4,810,103)</u>	<u>(184,223)</u>	<u>-</u>	<u>(4,994,326)</u>
Total capital assets being depreciated, net	<u>3,548,620</u>	<u>(67,546)</u>	<u>-</u>	<u>3,481,073</u>
Business-type activities capital assets, net	<u>\$ 3,555,620</u>	<u>\$ (68,546)</u>	<u>\$ -</u>	<u>\$ 3,487,073</u>

Depreciation expense was charged to functions/programs of primary government as follows:

Governmental activities:	
General Government	\$ 13,882
Fire	7,561
Municipal Court	936
Parks	27,636
Public Safety	12,562
Public Works	29,573
Total depreciation expense - governmental activities	<u>\$ 92,150</u>
Business-type activities:	
Water and Sewer	<u>\$ 184,223</u>

There was no capitalized interest during the current year.

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**F. LONG-TERM OBLIGATIONS**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Refunding Bonds	\$ 87,850	\$ -	\$ (28,700)	\$ 59,150	\$ 29,400
Total Bonds Payable	87,850	-	(28,700)	59,150	29,400
Notes Payable	83,376	31,660	(11,909)	103,127	14,523
Net Pension Liability	33,584	1,598	-	35,182	-
Compensated Absences	7,503	9,379	(5,116)	11,766	-
Governmental Activity Long-term Debt	<u>\$ 212,313</u>	<u>\$ 42,637</u>	<u>\$ (45,725)</u>	<u>\$ 209,225</u>	<u>\$ 43,923</u>
<b>Business-type Activities</b>					
Certificates of Obligation	\$ 775,000	\$ -	\$ (10,000)	\$ 765,000	\$ 35,000
Refunding Bonds	163,150	-	(53,300)	109,850	54,600
Total Bonds Payable	938,150	-	(63,300)	874,850	89,600
Notes Payable	227,866	-	(31,027)	196,839	26,239
Net Pension Liability	26,654	1,268	-	27,922	-
Compensated Absences	5,955	7,444	(6,043)	7,356	-
Governmental Activity Long-term Debt	<u>\$ 1,198,625</u>	<u>\$ 8,712</u>	<u>\$ (100,370)</u>	<u>\$ 1,106,967</u>	<u>\$ 115,839</u>

*Compensated Absences*

Compensated absences represent the estimated liability for employees' accrued vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund or Proprietary Fund, based on the assignment of an employee at date of termination.

*Changes in Governmental Long-Term Debt*

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding September 30		Retired	Amounts Outstanding September 30 2017	Due Within One Year
			2016	Issued			
TIB 2014 Ref	1.88%	\$ 173,600	\$ 87,850	\$ -	\$ (28,700)	\$ 59,150	\$ 29,400
Total Bonds Payable		173,600	87,850	-	(28,700)	59,150	29,400
FNB #28183-25	3.00%	25,420	6,200	-	(5,027)	1,173	899
FNB (34%)	3.50%	80,000	77,176	-	(6,882)	70,294	7,165
Citizens First Bank	3.50%	31,660	-	31,660	-	31,660	6,479
Net Pension Liability		-	33,584	1,598	-	35,182	-
Compensated absences		-	7,503	9,379	(5,116)	11,766	-
		137,080	124,463	42,637	(17,025)	150,075	14,543
Governmental activity long-term debt		<u>\$ 310,680</u>	<u>\$ 212,313</u>	<u>\$ 42,637</u>	<u>\$ (45,725)</u>	<u>\$ 209,225</u>	<u>\$ 43,943</u>

Debt service requirements for bonds are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2018	29,400	1,112	30,512
2019	29,750	559	30,309
Totals	<u>\$ 59,150</u>	<u>\$ 1,671</u>	<u>\$ 60,821</u>

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**F. LONG-TERM OBLIGATIONS**

*Changes in Governmental Long-Term Debt (continued)*

A description of the purpose for each bond issuance follows:

\$173,600 2014 General Obligation Refunding Bond issued March 2014 to refund a portion of the City's outstanding debt.

A description of notes payable and the debt service requirements is as follows:

The City incurred a notes payable with First National Bank ("FNB") in the amount of \$62,859 for the purchase of a police car and two utility vehicles on October 31, 2012. The General Fund is responsible for 40% of the payment and the Utility Fund pays the other 60%. This note is to be repaid over a period of 5 years with an annual interest rate of 3%.

The City incurred a notes payable with First National Bank ("FNB") in the amount of \$80,000 for the improvement of street infrastructure on April 11, 2016. This note is to be repaid over a period of 11 years with an annual interest rate of 3.50%.

The City incurred a notes payable with Citizens First Bank in the amount of \$31,660 for police body cameras in July 2017. This note is to be repaid over a four year period with an annual interest rate of 3.50%

Governmental notes payable requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2018	14,543	2,720	17,263
2019	13,367	2,972	16,339
2020	13,834	2,540	16,374
2021	14,328	2,012	16,340
2022	14,862	1,506	16,368
2023-2026	32,193	2,056	34,249
<b>Totals</b>	<b>\$ 103,127</b>	<b>\$ 13,806</b>	<b>\$ 116,933</b>

*Changes in Business-type Long-Term Debt*

	Interest Rate Payable	Amounts Issued	Amounts Outstanding 2016	Amounts Issued	Amounts Retired	Amounts Outstanding 2017	Due Within One Year
Series 2009 CO	0.00%	\$ 835,000	\$ 775,000	\$ -	\$ (10,000)	\$ 765,000	\$ 35,000
TIB 2014 Refunding	1.88%	322,400	163,150	-	(53,300)	109,850	54,600
<b>Total Bonds Payable</b>		<b>1,157,400</b>	<b>938,150</b>	<b>-</b>	<b>(63,300)</b>	<b>874,850</b>	<b>89,600</b>
FNB Edgewood	4.50%	40,000	30,884	-	(1,992)	28,892	2,451
FNB #28183-25	3.00%	37,439	9,938	-	(7,972)	1,966	1,966
FNB #28183-30	5.00%	13,020	916	-	(197)	719	719
FNB (66%)	3.50%	155,125	149,810	-	(13,344)	136,466	13,908
Caterpillar Backhoe	3.20%	47,562	36,441	-	(7,645)	28,796	7,195
Net Pension Liability		-	26,654	1,268	-	27,922	-
Compensated absences		-	5,955	7,444	(6,043)	7,356	-
		<b>293,146</b>	<b>260,598</b>	<b>8,712</b>	<b>(37,193)</b>	<b>232,117</b>	<b>26,239</b>
<b>Business-type long-term debt</b>		<b>\$ 1,450,546</b>	<b>\$ 1,198,748</b>	<b>\$ 8,712</b>	<b>\$ (100,493)</b>	<b>\$ 1,106,967</b>	<b>\$ 115,839</b>

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**F. LONG-TERM OBLIGATIONS**

*Changes in Business-type Long-Term Debt (continued)*

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2018	89,600	2,065	91,665
2019	90,250	1,039	91,289
2020	35,000	-	35,000
2021	35,000	-	35,000
2022	35,000	-	35,000
2023-2027	175,000	-	175,000
2028-2032	175,000	-	175,000
2033-2037	175,000	-	175,000
2038-2039	65,000	-	65,000
Totals	<u>\$ 874,850</u>	<u>\$ 3,104</u>	<u>\$ 877,954</u>

A description of the purpose for each bond issuance follows:

\$835,000 Combination Tax and Revenue Certificate of Obligation, Series 2009 was issued through the Texas Water Development Board for water and sewer treatment plant upgrades. This debt was issued in October 2009 and matures in 2039.

\$322,400 2014 General Obligation Refunding Bond issued March 2014 to refund a portion of the City's outstanding debt.

A description of notes payable and the debt service requirements is as follows:

The City incurred a note payable with First National Bank of Edgewood in 2012 in the amount of \$40,000 for the construction of a building. This note is to be repaid over a period of 5 years with an annual interest rate of 4.5%.

The City incurred a notes payable with First National Bank ("FNB") in the amount of \$62,859 for the purchase of a police car and two utility vehicles on October 31, 2012. The Utility Fund is responsible for 60% of the payment and the General Fund pays the other 40%. This note is to be repaid over a period of 5 years with an annual interest rate of 3%.

The City incurred a lease payable with Caterpillar Financial Service Corporation in the amount of \$47,562 for the purchase of a backhoe. This lease is to be repaid over a period of 6 years with an annual interest rate of 3.2%.

The City incurred a notes payable with First National Bank ("FNB") in the amount of \$13,020 for the purchase of a jet machine. This note is to be repaid over a period of 4 years with an annual interest rate of 5.0%.

The City incurred a notes payable with First National Bank ("FNB") in the amount of \$155,125 for the improvement of sewer and water infrastructure on April 11, 2016. This note is to be repaid over a period of 11 years with an annual interest rate of 3.50%.

Proprietary note payable debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2018	26,239	6,685	32,924
2019	25,076	5,822	30,898
2020	25,957	5,007	30,964
2021	23,235	4,028	27,263
2022	18,874	3,300	22,174
2023-2026	77,457	6,038	83,495
Totals	<u>\$ 196,838</u>	<u>\$ 30,880</u>	<u>\$ 227,718</u>



**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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**G. OPERATING LEASES**

The City leases a copier from Marlin Leasing to provide equipment for the printing, copying, faxing, and scanning needs of the City during daily operation. The total cost for the lease was \$1,256 for the year ended September 30, 2017. The future minimum lease payments for this lease is as follows:

Year Ending September 30	Annual Payment
2018	1,176
Total	\$ 1,176

**H. PENSION PLAN**

1. Plan Description

The City participates as one of 866 plans in a non-traditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("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, appoint the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

2. Benefits Provided

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

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

*Employees covered by benefit terms:*

At the December 31, 2015, and 2016 valuation and measurement dates, the following employees were covered by the benefit terms:

	Plan Year	
	2016	2015
Inactive employees or beneficiaries currently receiving benefits	6	6
Inactive employees entitles to but not yet receiving benefits	9	8
Active employees	11	8
	<u>26</u>	<u>22</u>

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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**H. PENSION PLAN (continued)**

3. 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 City Council. Under the state law governing TRMS, 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 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 3.79% and 4.64% in calendar year 2016 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2017 were \$17,728 and were equal to the required contributions.

4. Net Pension Liability

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

*Actuarial assumptions:*

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

Inflation	2.5%
Overall payroll growth	3.5% to 10.5%, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. 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 Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments for 7% or 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.

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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**H. PENSION PLAN**

4. Net Pension Liability (continued)  
*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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	\$ 311,714	\$ 251,476	\$ 60,238
Changes for the year:			
Service cost	25,504	-	25,504
Interest	21,604	-	21,604
Change of benefit terms	-	-	-
Difference between expected and actual experience	2,037	-	2,037
Changes of assumptions	-	-	-
Contributions - employer	-	12,204	(12,204)
Contributions - employee	-	17,279	(17,279)
Net investment income	-	16,998	(16,998)
Benefit payments, including refunds of employee contributions	(8,804)	(8,804)	-
Administrative expense	-	(192)	192
Other changes	-	(10)	10
Net changes	<u>40,341</u>	<u>37,475</u>	<u>2,866</u>
Balance at 12/31/2016	<u>\$ 352,055</u>	<u>\$ 288,951</u>	<u>\$ 63,104</u>

*Sensitivity of the net position 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:

Current Single Rate		
1% Decrease 5.75%	Assumption 6.75%	1% Increase 7.75%
<u>\$ 106,362</u>	<u>\$ 63,104</u>	<u>\$ 26,784</u>

**CITY OF EDGEWOOD, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**H. PENSION PLAN (continued)**

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$16,126.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual economic experience	\$ 1,358	\$ 5,965
Changes in actuarial assumptions	3,510	
Difference between projected and actual investment earnings	12,049	18
Contributions subsequent to the measurement date of December 31, 2016	13,461	-
	<u>\$ 30,378</u>	<u>\$ 5,983</u>

\$13,461 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the current fiscal year. 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:	
December 31	
2017	2,810
2018	4,525
2019	3,602
2020	(3)
2021	-
Thereafter	-
	<u>\$ 10,934</u>

6. Group-term Life Insurance

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by 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 1 of any year to be effective the following January 1.

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 postemployment 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 that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were \$947, \$600, and \$576, respectively, which equaled the required contributions each year.

**CITY OF EDGEWOOD, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**I. HEALTH CARE COVERAGE**

During the year ended September 30, 2017, employees of the City were covered by a health insurance plan ("Plan"). The City contributed \$516.09 per month per employee and 0% of the cost for dependents. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to Texas Municipal League ("TML") Intergovernmental Employee Benefits Pool, acting on behalf of the self-funded pool. The Plan was authorized by article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

**J. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage listed above. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**K. LITIGATION**

The City is subject to certain legal proceedings in the normal course of operations. In the opinion of management, the aggregate liability, if any, with respect to potential legal actions will not materially adversely affect the City's financial position, results of operations, or cash flows.

**L. COMMITMENTS AND CONTINGENCIES**

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies.

**M. TRANSFERS**

	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Total</u>
General Fund	\$ (4,371)	\$ -	\$ (4,371)
Water and Sewer Fund	-	4,371	4,371
Net Governmental	<u>\$ (4,371)</u>	<u>\$ 4,371</u>	<u>\$ -</u>

Transfers are used to transfer funds to and from the sinking fund accounts for payment of debt and to transfer assets from one fund to the other when needed.

**N. RELATED PARTY TRANSACTIONS**

All City Council members receive a discount for water services as they are not charged for water usage.

**CITY OF EDGEWOOD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**O. SUBSEQUENT EVENTS**

The City has evaluated all events or transactions that occurred after September 30, 2017 up through August 15, 2018, the date the financial statements were available to be issued. During this period, management noted no subsequent events requiring disclosure.

**P. ECONOMIC DEVELOPMENT CORPORATION**

The Economic Development Corporation ("EDC") is financed with the City transferring 1/4 of sales tax receipts each month. This has voter approval and is to be used for direct assistance to prospects and continued development of infrastructure.

*a. Deposits and Investments*

Cash and investments as of September 30, 2017 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Unrestricted Cash	<u>\$ 55,117</u>

*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 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 do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2017, EDC deposits with financial institutions were fully covered by FDIC.

*b. Receivables*

Receivables at fiscal year-end for the EDC were \$11,434 representing sales tax owed from the City. Receivables were collected after year-end; thereafter, no allowance for uncollectible has been recorded.

*c. Subsequent Events*

The EDC has evaluated all events or transactions that occurred after September 30, 2017 up through August 24, 2018, the date the financial statements were available to be issued. During this period, management noted no subsequent events requiring disclosure.

## REQUIRED SUPPLEMENTARY INFORMATION

# *City of Edgewood*



**CITY OF EDGEWOOD, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**SCHEDULE OF CONTRIBUTIONS  
LAST FOUR FISCAL YEARS (UNAUDITED)**

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Actuarially determined contribution	\$ 12,854	\$ 13,097	\$ 7,303	\$ 6,568
Contributions in relation to the actuarially determined contribution	<u>\$ 12,854</u>	<u>\$ 13,097</u>	<u>\$ 7,303</u>	<u>\$ 6,568</u>
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 345,548	\$ 345,578	\$ 210,457	\$ 196,642
Contributions as a percentage of covered employee payroll	3.72%	3.79%	3.47%	3.34%

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	2.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes There were no benefit changes during the year.

Note: Years will continue to be added until there are 10 years for comparison

**CITY OF EDGEWOOD, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS-TMRS**

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<b>Total pension liability</b>			
Service cost	\$ 25,504	\$ 14,937	\$ 14,017
Interest (on the Total Pension Liability)	21,604	21,347	20,254
Changes of benefit terms	-	-	-
Difference between expected and actual experience	2,037	(16,249)	844
Change of assumptions	-	9,562	-
Benefit payments, including refunds of employee contributions	(8,804)	(30,754)	(9,153)
<b>Net Change in Total Pension Liability</b>	<u>40,341</u>	<u>(1,157)</u>	<u>25,962</u>
<b>Total Pension Liability - Beginning</b>	<u>311,714</u>	<u>312,871</u>	<u>286,909</u>
<b>Total Pension Liability - Ending</b>	<u><u>\$ 352,055</u></u>	<u><u>\$ 311,714</u></u>	<u><u>\$ 312,871</u></u>
<b>Plan Fiduciary Net Position</b>			
Contribution - employer	\$ 12,204	\$ 8,101	\$ 7,400
Contribution - employee	17,279	10,919	10,662
Net investment income	16,998	388	13,762
Benefit payments, including refunds of employee contributions	(8,804)	(30,755)	(9,153)
Administrative expense	(192)	(236)	(144)
Other	(10)	(12)	(12)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>37,475</u>	<u>(11,595)</u>	<u>22,515</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>251,476</u>	<u>263,071</u>	<u>240,556</u>
<b>Plan Fiduciary Net Position - Ending</b>	<u><u>\$ 288,951</u></u>	<u><u>\$ 251,476</u></u>	<u><u>\$ 263,071</u></u>
<b>Net Pension Liability - Ending</b>	<u>\$ 63,104</u>	<u>\$ 60,238</u>	<u>\$ 49,800</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	82.08%	80.68%	84.08%
Covered employee payroll	\$ 345,578	\$ 218,370	\$ 210,457
Net Pension Liability as a percentage of covered employee payroll	18.26%	27.59%	23.66%

Note: Years will be added until there are 10 years of comparison

## SUPPLEMENTARY INFORMATION

# *City of Edgewood*

**CITY OF EDGEWOOD, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended September 30, 2017**

Federal Grantor Pass Through Grantor Program Title	CFDA Number	Grant Number	Program Expenditures
<u>FEDERAL GRANTS</u>			
<b>U.S. Department of Agriculture</b>			
Texas Department of Agriculture Water Meter Grant			
Texas Community Development Block Grant-Title I of the Housing and Community Development Block Grant		14.228	33,150
Total U.S. Department of Agriculture			<u>33,150</u>
<b>Total Federal Grant Awards</b>			<u>33,150</u>
Grand Total of Federal Grant Awards			<u>\$ 33,150</u>

**CITY OF EDGEWOOD, TEXAS  
 BALANCE SHEET - COMPONENT UNIT  
 ECONOMIC DEVELOPMENT CORPORATION  
 SEPTEMBER 30, 2017**

	<b>EDC Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 55,117
Receivables (net of allowance for uncollectibles)	11,434
<b>Total Assets</b>	<u>66,551</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts Payable	-
<b>Total Liabilities</b>	<u>-</u>
<b>FUND BALANCE</b>	
Fund balance	
Unassigned	66,551
<b>Total Fund Balance</b>	<u>66,551</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 66,551</u>

**CITY OF EDGEWOOD, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION - ECONOMIC DEVELOPMENT CORPORATION  
SEPTEMBER 30, 2017**

<b>Total fund balances - governmental funds balance sheet</b>	\$ 66,551
There are no reconciling items.	-
<b>Net position of governmental activities - statement of net position</b>	<u><u>\$ 66,551</u></u>

**CITY OF EDGEWOOD, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - COMPONENT UNIT  
ECONOMIC DEVELOPMENT CORPORATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>EDC Fund</b>
<b>REVENUE</b>	
Sales tax collected	\$ 68,327
Donations	4,125
<b>Total Revenues</b>	<u>72,452</u>
 <b>EXPENDITURES</b>	
Current:	
Civic center	-
Tourism	-
General government	108,275
Parks and Recreation	-
Capital Outlay:	
General government	-
Parks and Recreation	-
Community development	-
Salaries	18,128
<b>Total Expenditures</b>	<u>126,403</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	 <u>(53,951)</u>
 <b>Other Revenues and Financing Sources (uses)</b>	
Intergovernmental	-
<b>Total Other Financing Sources (uses)</b>	<u>-</u>
 <b>Net Change in Fund Balance</b>	 (53,951)
 <b>Fund Balance/Equity, October 1</b>	 <u>120,502</u>
<b>Fund Balance/Equity, September 30</b>	<u><u>\$ 66,551</u></u>



**CITY OF EDGEWOOD, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES - ECONOMIC DEVELOPMENT CORPORATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Net change in fund balances - total governmental funds** \$ (53,951)

There are no reconciling items. -

**Change in net position of governmental activities - statement of activities** \$ (53,951)

# *City of Edgewood*

**STATISTICAL SECTION**  
(unaudited)

## STATISTICAL SECTION (unaudited)

This part of the City of Edgewood's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Table #s</u></b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1,2,3,4,5
<b>Revenue Capacity</b> These tables contain information to help the reader assess the City's two most significant local revenue sources, property and sales taxes.	6,7,8,9
<b>Debt Capacity</b> These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10,11,12,13,14
<b>Economic and Demographic Information</b> These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	15,16
<b>Operating Information</b> These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	17,18,19

**Source:** Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Reports for the relevant year.

**CITY OF EDGEWOOD, TEXAS**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
(Accrual basis of accounting)  
(Amounts express in thousands)

**Table 1**

	<b>FISCAL YEAR</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Governmental activities					
Net investment in capital assets	\$ 283,903	\$ 293,580	\$ 456,643	\$ 492,825	\$ 546,451
Restricted	96,239	39,678	4,172	5,178	3,794
Unrestricted	(28,407)	176,125	73,374	125,647	205,209
Total governmental activities net position	<u>351,735</u>	<u>509,383</u>	<u>534,189</u>	<u>623,650</u>	<u>755,454</u>
Business-type activities					
Net investment in capital assets	3,168,439	3,148,838	2,975,190	2,889,323	3,039,699
Restricted	80,000	85,000	9,143	-	26,082
Unrestricted	(95,289)	(89,925)	63,102	63,874	(21,756)
Total business-type activities net position	<u>3,153,150</u>	<u>3,143,913</u>	<u>3,047,435</u>	<u>2,953,197</u>	<u>3,044,025</u>
Primary government					
Net investment in capital assets	3,452,342	3,442,418	3,431,833	3,382,148	3,586,150
Restricted	176,239	124,678	13,315	5,178	29,876
Unrestricted	(123,696)	86,200	136,476	189,521	183,453
Total primary government net position	<u>\$ 3,504,885</u>	<u>\$ 3,653,296</u>	<u>\$ 3,581,624</u>	<u>\$ 3,576,847</u>	<u>\$ 3,799,479</u>

	<b>FISCAL YEAR</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Governmental activities					
Net investment in capital assets	\$ 529,248	\$ 517,391	\$ 488,524	\$ 570,693	\$ 835,018
Restricted	5,092	7,761	10,103	14,048	8,093
Unrestricted	193,191	216,696	293,583	324,900	207,274
Total governmental activities net position	<u>727,531</u>	<u>741,848</u>	<u>792,210</u>	<u>909,641</u>	<u>1,050,385</u>
Business-type activities					
Net investment in capital assets	2,921,386	2,780,779	2,659,180	2,559,777	2,415,397
Restricted	6,173	17,995	12,162	12,162	-
Unrestricted	19,641	(12,586)	11,571	(35,988)	115,302
Total business-type activities net position	<u>2,947,200</u>	<u>2,786,188</u>	<u>2,682,913</u>	<u>2,535,951</u>	<u>2,530,699</u>
Primary government					
Net investment in capital assets	3,450,634	3,298,170	3,147,704	3,130,470	3,250,415
Restricted	11,265	25,756	22,265	26,210	8,093
Unrestricted	212,832	204,110	305,154	288,912	322,576
Total primary government net position	<u>\$ 3,674,731</u>	<u>\$ 3,528,036</u>	<u>\$ 3,475,123</u>	<u>\$ 3,445,592</u>	<u>\$ 3,581,084</u>

**CITY OF EDGEWOOD, TEXAS**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(Accrual basis of accounting)

	FISCAL YEAR				
	2008	2009	2010	2011	2012
<b>EXPENSES</b>					
Governmental activities:					
General government	\$ 132,702	\$ 145,993	\$ 65,710	\$ 27,586	\$ 165,279
Public safety	259,309	189,847	240,767	247,595	227,299
Public services	77,452	202,689	46,857	37,650	23,303
Public works	140,907	134,035	131,444	116,426	86,166
Parks			9,988	10,564	1,704
Interest and agent fees	14,767	27,835	20,844	19,274	16,169
Unallocated depreciation	-	-	-	-	-
Total governmental activities expenses	<u>625,137</u>	<u>700,399</u>	<u>515,610</u>	<u>459,095</u>	<u>519,920</u>
Business-type activities:					
Utility services	780,234	809,542	755,759	788,712	756,859
Total business-type activities expenses	<u>780,234</u>	<u>809,542</u>	<u>755,759</u>	<u>788,712</u>	<u>756,859</u>
Total primary government expenses	<u>1,405,371</u>	<u>1,509,941</u>	<u>1,271,369</u>	<u>1,247,807</u>	<u>1,276,779</u>
<b>PROGRAM REVENUES</b>					
Governmental activities:					
Charge for services:					
General government	8,928	10,087	19,693	18,523	13,585
Public safety	1,170	112	846	771	691
Public services	-	-	43,953	48,639	21,735
Capital grants and contributions	100,000	214,364	-	15,165	49,805
Total governmental activities program revenues	<u>110,098</u>	<u>224,563</u>	<u>64,492</u>	<u>83,098</u>	<u>85,816</u>
Business-type activities:					
Charge for services:					
Utility services	600,514	602,157	633,614	677,759	657,043
Capital grants and contributions	28,301	162,735	11,300	21,275	229,930
Total business-type activities program services	<u>628,815</u>	<u>764,892</u>	<u>644,914</u>	<u>699,034</u>	<u>886,973</u>
Total primary government program revenues	<u>738,913</u>	<u>989,455</u>	<u>709,406</u>	<u>782,132</u>	<u>972,789</u>
<b>NET (EXPENSE)/REVENUE</b>					
Governmental activities	(515,039)	(475,836)	(451,118)	(375,997)	(434,104)
Business-type activities	(151,419)	(44,650)	(110,845)	(89,678)	130,114
Total primary government program net expenses	<u>\$ (666,458)</u>	<u>\$ (520,486)</u>	<u>\$ (561,963)</u>	<u>\$ (465,675)</u>	<u>\$ (303,990)</u>

**Table 2**

<b>FISCAL YEAR</b>				
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 157,718	\$ 167,839	\$ 162,348	\$ 201,294	\$ 190,063
229,081	246,249	242,674	271,673	240,207
96,933	26,719	18,534	23,605	21,379
164,917	106,776	92,851	137,881	162,453
562	1,079	10,978	690	14,990
13,520	10,019	3,772	3,651	4,261
-	-	-	-	-
662,731	558,681	531,157	638,794	633,353
790,244	832,260	779,983	821,728	791,677
790,244	832,260	779,983	821,728	791,677
1,452,975	1,390,941	1,311,140	1,460,522	1,425,030
15,928	19,730	26,546	40,879	28,200
1,411	638	566	431	239
16,233	2,342	18,123	13,208	12,087
76,768	-	-	30,500	160,411
110,340	22,710	45,235	85,018	200,937
687,821	656,472	683,792	677,107	747,712
2,000	7,995	-	-	33,150
689,821	664,467	683,792	677,107	780,862
800,161	687,177	729,027	762,125	981,799
(552,391)	(535,971)	(485,922)	(553,776)	(432,416)
(100,423)	(167,793)	(96,191)	(144,621)	(10,815)
\$ (652,814)	\$ (703,764)	\$ (582,113)	\$ (698,397)	\$ (443,231)

(continued)

**CITY OF EDGEWOOD, TEXAS**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(Accrual basis of accounting)

	<b>FISCAL YEAR</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>					
Governmental activities:					
Taxes:					
Property tax	\$ 283,364	\$ 276,453	\$ 280,444	\$ 287,430	\$ 290,884
Sales tax	222,021	207,368	139,337	138,540	176,671
Franchise tax	67,679	69,091	401	66,188	79,789
Investment Income	3,223	354	8,821	183	224
Fines and Forfeitures	44,044	11,517	-	-	-
Donations	2,500	-	2,579	200	-
Miscellaneous	11,321	3,823	11,400	(34,249)	16,451
Transfers	(15,347)	(31,453)	508,106	7,167	1,889
Total governmental activities	<u>618,805</u>	<u>537,153</u>	<u>951,088</u>	<u>465,459</u>	<u>565,908</u>
Business-type activities:					
Investment Income	1,898	1,046	-	43	71
Miscellaneous	1,998	995	4,339	2,562	2,850
Transfers	15,347	31,453	5,867	(7,167)	(1,889)
Total business-type activities	<u>19,243</u>	<u>33,494</u>	<u>10,206</u>	<u>(4,562)</u>	<u>1,032</u>
Total primary government	<u>638,048</u>	<u>570,647</u>	<u>961,294</u>	<u>460,897</u>	<u>566,940</u>
Change in net position:					
Governmental activities	103,766	61,317	499,970	89,462	131,804
Business-type activities	(132,176)	(11,156)	(100,639)	(94,240)	131,146
Total primary government	<u>\$ (28,410)</u>	<u>\$ 50,161</u>	<u>\$ 399,331</u>	<u>\$ (4,778)</u>	<u>\$ 262,950</u>



**Table 2**  
(continued)

FISCAL YEAR				
2013	2014	2015	2016	2017
\$ 276,272	\$ 280,434	\$ 281,506	\$ 343,813	\$ 297,511
167,680	201,075	199,998	192,444	123,462
62,454	64,614	62,698	62,547	62,511
390	476	385	747	734
-	-	-	-	-
-	-	-	-	-
19,874	7,490	24,525	53,296	93,303
(2,202)	(3,801)	(11,444)	18,359	(4,361)
524,468	550,288	557,668	671,206	573,160
49	46	261	137	
1,347	2,934	490	15,881	1,202
2,202	3,801	11,444	(18,359)	4,361
3,598	6,781	12,195	(2,341)	5,563
528,066	557,069	569,863	668,865	578,723
(27,923)	14,317	71,746	117,430	140,744
(96,825)	(161,012)	(83,996)	(146,962)	(5,252)
\$ (124,748)	\$ (146,695)	\$ (12,250)	\$ (29,532)	\$ 135,492

**CITY OF EDGEWOOD, TEXAS**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
 (Accrual basis of accounting)

**Table 3**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Total</b>
2008	283,364	222,021	67,679	573,064
2009	276,453	207,368	69,091	552,912
2010	280,444	139,337	401	420,182
2011	287,430	138,540	66,188	492,158
2012	290,884	176,671	79,789	547,344
2013	276,272	167,680	62,454	506,406
2014	280,434	201,075	64,614	546,123
2015	281,506	199,998	62,698	544,202
2016	343,813	192,444	62,547	598,804
2017	297,511	123,462	62,511	483,484

**CITY OF EDGEWOOD, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

**Table 4**

	<b>FISCAL YEAR</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Fund					
Restricted	\$ 89,852	\$ 4,678	\$ 4,172	\$ 5,178	\$ 3,794
Unassigned	51,776	217,541	137,413	135,990	186,341
<b>Total General Fund</b>	<b>\$ 141,628</b>	<b>\$ 222,219</b>	<b>\$ 141,585</b>	<b>\$ 141,168</b>	<b>\$ 190,135</b>

	<b>FISCAL YEAR</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Fund					
Restricted	\$ 5,092	\$ 7,761	\$ 10,103	\$ 14,048	\$ 8,093
Unassigned	165,107	195,190	289,901	329,655	222,174
<b>Total General Fund</b>	<b>\$ 170,199</b>	<b>\$ 202,951</b>	<b>\$ 300,004</b>	<b>\$ 343,703</b>	<b>\$ 230,267</b>

**CITY OF EDGEWOOD, TEXAS  
 CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (Modified accrual basis of accounting)**

	<b>FISCAL YEAR</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>REVENUES</b>					
Taxes:					
Property taxes	\$ 283,364	\$ 276,453	\$ 282,279	\$ 279,974	\$ 286,185
Sales tax	222,021	207,368	139,337	138,540	176,671
Franchise Fees	67,679	69,091	61,349	66,188	79,789
Fines and Forfeitures	44,044	11,517	43,953	48,639	21,735
Charge for Services	10,098	10,196	11,969	16,814	16,531
Grant revenue	100,000	214,364	11,460	15,165	46,000
Insurance Refund	-	-	8,567	2,480	1,550
Investment Income	3,223	354	401	183	224
Donations	2,500	-	450	200	-
Miscellaneous	8,500	4,623	2,579	4,849	16,451
<b>Total Revenues</b>	<b>741,429</b>	<b>793,966</b>	<b>562,344</b>	<b>573,032</b>	<b>645,136</b>
<b>EXPENDITURES</b>					
General government	213,505	179,400	61,356	99,054	119,915
Public Safety	241,588	191,731	219,479	222,980	223,381
Park	-	-	1,432	1,016	1,704
Public Works	110,120	128,164	99,410	86,249	86,166
Public Services and Operations	110,753	201,394	43,883	36,062	23,303
Capital Outlay	-	-	130,398	55,734	67,725
Debt Service					
Principal Retirement	28,000	29,000	38,739	60,542	61,778
Interest and other charges	26,187	27,831	23,338	18,980	14,084
<b>Total Expenditures</b>	<b>730,153</b>	<b>757,520</b>	<b>618,035</b>	<b>580,617</b>	<b>598,056</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Note Proceeds	-	7,043	22,312	-	-
Bond Proceeds	-	-	-	-	-
Refinanced Bond Principal	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-
Sale of Assets	2,821	-	-	-	-
Transfers	(15,347)	(31,453)	(4,339)	7,167	1,889
<b>Total other financing sources (uses)</b>	<b>(12,526)</b>	<b>(24,410)</b>	<b>17,973</b>	<b>7,167</b>	<b>1,889</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (1,250)</b>	<b>\$ 12,036</b>	<b>\$ (37,718)</b>	<b>\$ (418)</b>	<b>\$ 48,969</b>
Debt service as a percentage of noncapital expenditures	8.02%	8.11%	14.59%	17.86%	16.69%

**Table 5**

<b>FISCAL YEAR</b>				
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2017</b>
\$ 270,309	\$ 285,853	\$ 280,530	\$ 343,813	\$ 308,885
167,680	201,075	199,998	192,444	123,462
62,454	64,614	62,698	62,547	62,511
16,233	2,342	16,814	12,430	11,228
16,721	15,368	28,148	14,399	21,376
76,768	-	-	30,500	168,333
-	-	-	-	-
390	476	385	747	734
-	-	273	-	-
19,874	7,490	24,525	53,296	83,812
<u>630,429</u>	<u>577,218</u>	<u>613,371</u>	<u>710,176</u>	<u>780,341</u>
74,903	167,839	80,771	119,507	94,166
230,448	246,276	245,247	271,627	242,598
562	1,079	10,978	690	8,095
164,917	106,777	92,852	150,595	165,314
96,933	26,719	18,534	23,604	21,379
25,420	23,835	-	186,218	347,263
65,918	56,527	52,720	36,912	40,609
15,097	8,646	3,772	3,372	1,652
<u>674,198</u>	<u>637,698</u>	<u>504,874</u>	<u>792,525</u>	<u>921,076</u>
25,420	-	-	-	31,660
-	173,600	-	80,000	-
-	(165,000)	-	-	-
-	-	-	27,689	-
618	5,000	-	-	-
(2,202)	(3,801)	(11,444)	18,359	(4,361)
<u>23,836</u>	<u>9,799</u>	<u>(11,444)</u>	<u>126,048</u>	<u>27,299</u>
<u>\$ (19,933)</u>	<u>\$ (50,681)</u>	<u>\$ 97,053</u>	<u>\$ 43,699</u>	<u>\$ (113,436)</u>
<u>14.27%</u>	<u>11.88%</u>	<u>12.60%</u>	<u>7.12%</u>	<u>7.95%</u>

**CITY OF EDGEWOOD, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST NINE FISCAL YEARS**  
(unaudited)

**Table 6**

Fiscal Year Ended Sept. 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value <sup>1</sup> as a Percentage of Actual Value
	Residential Property	Commercial Property						
2009	\$44,888,470	\$ 4,755,910	\$ 5,301,578	\$ 3,547,488	\$ 51,398,488	\$0.54932	\$ 54,945,976	93.54%
2010	49,518,470	1,037,040	4,261,636	3,518,250	51,298,896	0.54932	54,817,146	93.58%
2011	49,651,940	1,183,090	3,811,633	2,982,630	51,664,033	0.54749	54,646,663	94.54%
2012	45,518,690	6,459,100	3,982,753	4,346,510	51,614,033	0.55460	55,960,543	92.23%
2013	48,737,211	6,691,880	3,121,240	4,906,560	53,643,771	0.55460	58,550,331	91.62%
2014	48,509,188	2,364,062	3,794,151	5,989,249	48,737,211	0.55460	54,726,460	89.15%
2015	49,390,790	6,290,893	4,681,070	6,962,957	53,399,796	0.55460	60,362,753	88.46%
2016	45,213,950	8,542,970	5,054,420	5,646,713	54,154,503	0.55460	59,801,216	92.08%
2017	50,266,860	8,517,690	4,763,283	5,896,070	57,402,433	0.55460	63,298,503	90.33%

**Source:** Van Zandt County Appraisal District

**Note:** Property is reassessed annually. Property is assessed actual value; therefore, the assessed values are equal to actual value.

Tax rates are per \$100 of assessed value.

Additional amounts will be added each year until ten years are reported.

Residential: includes single family, vacant lots, acreage, farm and ranch

Commercial: includes real property, industrial and utilities

<sup>1</sup> Includes tax-exempt property

**Note:** Years will continue to be added until there are 10 years for comparison.

**CITY OF EDGEWOOD, TEXAS  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST NINE FISCAL YEARS  
(PER \$100 OF ASSESSED VALUE)**

**Table 7**

Fiscal Year Ended Sept. 30	City Direct Rates		Overlapping Rates *	
	Operating/ General Rate	Total Direct	Edgewood Independent School District	Van Zandt County
2009	\$ 0.54932	\$ 0.54932	\$ 1.1652	\$ 0.38689
2010	0.54932	0.54932	1.2040	0.42696
2011	0.54749	0.54749	1.2140	0.47007
2012	0.55460	0.55460	1.2140	0.47007
2013	0.55460	0.55460	1.2340	0.48585
2014	0.55460	0.55460	1.2740	0.48585
2015	0.55460	0.55460	1.2740	0.48585
2016	0.55460	0.55460	1.3140	0.48585
2017	0.55460	0.55460	1.3140	0.51585

**Source:** Van Zandt County Appraisal District

Additional amounts will be added each year until ten years are reported.

**Note:** The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

\*Overlapping rates are those of local and county governments that apply to property owners within the City of Edgewood.

**Note:** Years will continue to be added until there are 10 years for comparison.

**CITY OF EDGEWOOD, TEXAS  
 PRINCIPAL PROPERTY TAXPAYERS  
 SEPTEMBER 30, 2017  
 (unaudited)**

**Table 8**

<b>Taxpayer</b>	<b>Assessed Taxable Value 2017 Fiscal Year</b>	<b>Rank</b>	<b>Percentage of Assessed Taxable Value</b>
WAL MART STORES EAST LP	\$ 1,033,244	1	1.80%
WAL MART REAL ESTATE BUSI. TRUST	769,193	2	1.34%
UNION PACIFIC RAILROAD CO.	763,452	3	1.33%
KAMY REAL PROPERTY TRUST	574,024	4	1.00%
ANIELA ZEMAN	556,804	5	0.97%
EDGEWOOD ENTERPRISES	510,882	6	0.89%
WILLIAM & BEVERLY GIBBONS	499,401	7	0.87%
FIRST STATE BANK BEN WHEELER	493,661	8	0.86%
LINDA G. HENDERSON	459,219	9	0.80%
ONCOR ELECTRIC DELIVERY CO. LLC	441,999	10	0.77%
Total	<u>\$ 6,101,879</u>		<u>10.63%</u>
Total Assessed Valuation	<u>\$ 57,402,433</u>		<u>100%</u>

**Source:** Van Zandt County Appraisal District



**CITY OF EDGEWOOD, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST NINE FISCAL YEARS**  
(unaudited)

**Table 9**

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2009	\$ 279,308	\$ 267,737	95.86%	\$ 6,038	\$ 273,775	98.0%
2010	281,795	269,193	95.53%	10,485	279,678	99.2%
2011	283,208	269,966	95.32%	-	269,966	95.3%
2012	286,251	270,922	94.64%	6,220	277,142	96.8%
2013	297,508	253,683	85.27%	5,522	259,206	87.1%
2014	270,297	255,776	94.63%	4,266	260,042	96.2%
2015	296,155	266,340	89.93%	3,290	269,630	91.0%
2016	296,155	285,035	96.25%	29,481	314,516	106.2%
2017	306,491	297,263	96.99%	430	297,693	97.1%

**Source:** Van Zandt County Appraisal District

**Note:** Years will continue to be added until there are 10 years for comparison.

**CITY OF EDGEWOOD, TEXAS**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST NINE FISCAL YEARS**  
(unaudited)

**Table 10**

Fiscal Year	General Obligation Bonds	Governmental Activities			Business-Type Activities			Total Primary Government	Per Capita (1)
		Certificates of Obligation	Refunding Bonds	Other Obligations	Certificates of Obligation	Refunding Bonds	Other Obligations		
2009	\$ -	\$ 402,000	\$ -	\$ 76,676	\$ 585,000	\$ -	\$ 5,752	\$ 1,069,428	\$ 745
2010	-	367,000	-	102,749	1,335,000	-	4,343	1,809,092	1,269
2011	-	312,000	-	49,787	1,265,000	-	2,934	1,629,721	1,143
2012	-	256,000	-	13,004	1,190,000	-	40,935	1,499,939	1,039
2013	-	200,000	-	28,506	1,115,000	-	69,133	1,412,639	987
2014	-	18,000	143,850	18,729	795,000	267,150	68,940	1,311,669	913
2015	-	-	116,200	11,659	785,000	215,800	99,530	1,228,189	852
2016	-	-	87,850	83,367	775,000	163,150	227,866	1,337,233	922
2017	-	-	59,150	103,127	765,000	109,850	196,839	1,233,966	836

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

(1) See Table 11 for personal income and population data.

**Note:** Years will continue to be added until there are 10 years for comparison.

**CITY OF EDGEWOOD, TEXAS**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST EIGHT FISCAL YEARS**  
**(unaudited)**

**Table 11**

<b>Fiscal Year</b>	<b>Estimated Population<sup>1</sup></b>	<b>Assessed Taxable Value<sup>2</sup></b>	<b>Gross Bonded Deb<sup>3</sup></b>	<b>% of Net Bonded Debt to Assessed Taxable Value</b>	<b>Net Bonded Debt per Capita</b>
2009	1,435	\$ 51,398,488	\$ 987,000	1.92%	\$ 688
2010	1,426	51,298,896	1,702,000	3.32%	1,194
2011	1,426	51,664,033	1,577,000	3.05%	1,106
2012	1,444	51,614,033	1,446,000	2.80%	1,001
2013	1,431	53,643,771	1,315,000	2.45%	919
2014	1,437	48,737,211	1,224,000	2.51%	852
2015	1,441	53,399,976	1,117,000	2.09%	775
2016	1,450	54,157,383	1,026,000	1.89%	708
2017	1,669	57,419,064	934,000	1.63%	560

**Source:**

- 1 City Staff
- 2 Van Zandt County Appraisal District
- 3 Schedule of Bonds Payable and Total Bonds for Fiscal Year

**Note:** Years will continue to be added until there are 10 years for comparison.

**CITY OF EDGEWOOD, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2017**  
(unaudited)

**Table 12**

<b>Governmental Subdivision</b>	<b>Gross Bonded Debt</b>	<b>Percentage of Debt Applicable to Area</b>	<b>City Share of Overlapping Debt</b>
Van Zandt County	\$ 6,990,533	2.14%	\$ 149,597
Edgewood Independent School District	<u>5,608,730</u>	24.13%	<u>1,353,387</u>
	<u>\$ 12,599,263</u>		1,502,984
City of Edgewood			<u>934,000</u>
			<u>\$ 2,436,984</u>
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			<u>4.24%</u>
Per capita overlapping bonded debt			<u>\$ 1,651</u>

**Source:** "Texas Municipal Report" as of September 30, 2017, prepared by the Municipal Advisory Council.

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

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Edgewood's boundaries and dividing it by the overlapping government's total taxable assessed value.

**CITY OF EDGEWOOD, TEXAS  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (unaudited)**

**Table 13**

	<b>FISCAL YEAR</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Tax Rate Limit	\$ 1.50000	\$ 1.50000	\$ 1.50000	\$ 1.50000	\$ 1.50000
Current Tax Rate	0.54932	0.54932	0.54932	0.54749	0.55460
Available Tax Rate	<u>\$ 0.95068</u>	<u>\$ 0.95068</u>	<u>\$ 0.95068</u>	<u>\$ 0.95251</u>	<u>\$ 0.94540</u>

	<b>FISCAL YEAR</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Tax Rate Limit	\$ 1.50000	\$ 1.50000	\$ 1.50000	\$ 1.50000	\$ 1.50000
Current Tax Rate	0.55460	0.55460	0.55460	0.55460	0.55460
Available Tax Rate	<u>\$ 0.94540</u>	<u>\$ 0.94540</u>	<u>\$ 0.94540</u>	<u>\$ 0.94540</u>	<u>\$ 0.94540</u>

**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed value	\$ 57,419,064
Add back exempt real property	5,054,420
Total assessed value	<u>\$ 62,473,484</u>
Debt limit (10% of total assessed value)	\$ 6,247,348
Debt applicable to limit:	
Bonded Debt	934,000
Less: Amount set aside for repayment of general obligation debt	33,981
Total net debt applicable to limit	<u>\$ 900,019</u>
Legal debt margin	<u>14.41%</u>

**CITY OF EDGEWOOD, TEXAS  
 PLEDGED-REVENUE COVERAGE  
 LAST NINE FISCAL YEARS  
 (unaudited)**

**Table 14**

Water and Sewer Revenue Bonds						
Fiscal Year	Total Revenue: <sup>a</sup>	Less: Operating Expenses <sup>b</sup>	Net Available Revenue <sup>c</sup>	Debt Service Principal	Debt Service Interest	Times Coverage
2009	\$ 604,199	\$ 563,039	\$ 41,160	\$ 80,000	\$ 33,748	0.36
2010	645,323	535,902	109,421	70,000	22,513	1.18
2011	701,596	590,333	111,263	75,000	19,519	1.18
2012	889,823	564,355	325,468	75,000	16,406	3.56
2013	687,568	573,860	113,708	89,438	15,663	1.08
2014	667,401	611,043	56,358	10,000	-	5.64
2015	684,281	571,495	112,786	10,000	-	11.28
2016	692,988	299,280	393,708	62,650	-	6.28
2017	782,064	783,902	(1,838)	89,600	2,065	(0.02)

**Note:**

- <sup>a</sup> Total Revenues does not include non-operating revenues
- <sup>b</sup> Operating Expenses only, does not include transfers or depreciation
- <sup>c</sup> Includes Principal and Interest

**Note:** Years will continue to be added until there are 10 years for comparison.

**CITY OF EDGEWOOD, TEXAS  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST NINE FISCAL YEARS  
 (unaudited)**

**Table 15**

Fiscal Year	Estimated Population	Personal Income	Per Capita Income	Average Age	Grade School Enrollment	Unemployment Rate
2008	1,348	\$ 19,318,188	\$ 14,331	37.2	n/a	n/a
2009	1,435	n/a	n/a	n/a	n/a	n/a
2010	1,426	n/a	n/a	37.0	199	9.40%
2011	1,426	n/a	n/a	39.2	425	7.40%
2012	1,444	23,249,844	16,101	39.2	422	6.70%
2013	1,431	29,229,606	20,426	39.2	404	6.10%
2014	1,437	23,438,907	16,311	39.0	415	4.60%
2015	1,441	29,522,173	19,265	39.8	420	7.30%
2016	1,450	31,173	19,088	44.2	438	4.30%
2017	1,669	31,848	19,548	40.0	n/a	4.50%

n/a = not currently available.

**Note:** Years will continue to be added until there are 10 years for comparison.

**CITY OF EDGEWOOD, TEXAS  
 PRINCIPAL EMPLOYERS  
 SEPTEMBER 30, 2017  
 (unaudited)**

**Table 16**

<b>Name of Employer</b>	<b>2017</b>		<b>Percentage of Total City Employment</b>
	<b>No. of Employees</b>	<b>Rank</b>	
Edgewood ISD	140	1	35%
Lumberyard Café	45	2	11%
Spring Market	13	3	3%
Brookshire Brothers	13	4	3%
City of Edgewood	11	5	3%
Dollar General	10	6	3%
Whistle Stop Child Care	9	7	2%
Maple Mark Bank	8	8	2%
Grahams Market	8	9	2%
Enlaces Restaurant	7	10	2%
<b>Totals</b>	<u>264</u>		<u>66.00%</u>
Total employment within City	<u>400</u>		

**Source:** City Staff.



**CITY OF EDGEWOOD, TEXAS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
 BY FUNCTION/PROGRAM  
 LAST NINE FISCAL YEARS  
 (unaudited)**

**Table 17**

**Full-time Equivalent Employees for Fiscal Year**

<b>Function / Program</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General government	1	1	1	1	1	1	1	2	1
Public Safety									
Municipal Court	1	1	1	1	1	1	1	1	1
Police	2	2	2	2	2	2	3	4	4
Public Works									
Streets	1	1	1	1	1	1	1	2	2
Water/Wastewater									
Administration	1	1	1	1	1	1	1	1	1
Water	2	2	2	2	2	2	2	2	2
	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>9</u>	<u>12</u>	<u>11</u>

**Source:** City of Edgewood's Operating Budget

**CITY OF EDGEWOOD, TEXAS  
OPERATING INDICATORS BY FUNCTION  
LAST NINE FISCAL YEARS  
(unaudited)**

**Table 18**

Function/Program	FISCAL YEAR								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety									
Police									
Physical Arrests	125	113	65	86	77	14	26	33	44
Traffic Violations	174	227	127	168	457	270	280	558	525
Fire									
Number of calls answered	302	164	279	309	378	355	252	234	400
Animal Control									
Number of calls	47	41	25	30	25	9	40	19	22
Public Works									
Number of streets maintained	57	57	57	57	57	57	57	57	57
Water									
New connections	104	99	128	68	118	84	4	6	5
Average daily consumption (gallons)	115,000	120,000	216,000	184,726	114,519	110,492	110,663	194,935	162,446
Wastewater									
Average daily sewage treatment (gallons)	115,000	120,000	109,000	117,632	126,600	110,492	110,663	194,935	162,446

**Source:** City departments

**Note:** Years will continue to be added until there are 10 years for comparison.

**CITY OF EDGEWOOD, TEXAS  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST NINE FISCAL YEARS  
 (unaudited)**

**Table 19**

Function/Program	FISCAL YEAR								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety									
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol Units	3	3	3	3	3	3	3	4	4
Fire Stations	1	1	1	1	1	1	1	1	1
Streets (miles)	12	12	12	12	12	12	12	12	12
Water									
Water main (miles)	14	14	14	14	14	14	14	14	14
Number of fire hydrants	60	60	60	60	60	60	60	60	60
Storage capacity (gallons)	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000
Sewer									
Sanitary sewers (miles)	16	16	16	16	16	16	16	16.5	16.5

**Source:** City departments

**Note:** Years will continue to be added until there are 10 years for comparison.

# *City of Edgewood*