

**CITY OF FULSHEAR, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended September 30, 2018**





***CITY OF FULSHEAR, TEXAS***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2018***

*Prepared by the Finance Department*



**CITY OF FULSHEAR, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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## **INTRODUCTORY SECTION**

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# CITY OF FULSHEAR

PO Box 279 /  
Fulshear, Texas 77441  
[www.fulsheartexas.gov](http://www.fulsheartexas.gov)

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Fulshear, Texas:

It is with great pleasure that we present to you a copy of the Comprehensive Annual Financial Report (CAFR) of the City of Fulshear, Texas (the City) for the fiscal year ended September 30, 2018. The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the results of operations of the various funds of the City, as well as the fund balances. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials, elected and appointed. The Financial Section includes Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, Combining and Individual Fund Financial Statements and Schedules, as well as the independent auditors' report. The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis.

MD&A immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter and should be read in conjunction with it.

## **Profile of the Government**

The City, incorporated on November 7, 1977, is located in northern Fort Bend County west of Houston, Texas, in a rapidly growing area of the County. The City currently occupies a land area of 12 square miles and serves an estimated population of 13,498. The City of Fulshear is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the governing council.

The City has operated under the Council-manager form of government since December 2015. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and seven (7) Council members, two (2) of which shall be elected at large by majority vote, and five (5) of which shall be elected by majority vote of a single-member district in which they must reside. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager, City Attorney and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the governing Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City provides a full range of services, including police protection; public improvements, sanitation, repair and maintenance of infrastructure, recreation and general administrative services. As an independent political subdivision of the State of Texas governed by an elected Mayor and seven (7) Council members, the City is considered a primary government. In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds for which the City, as the primary government, is accountable.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the Chief Financial Officer. These requests serve as a starting point for developing a proposed budget. The Chief Financial Officer provides the information to the City Manager who then presents this proposed budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department heads may make requests to the City Manager for transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on Page 46 as part of required supplementary information.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is better understood when it is considered from the broader perspective of the specific environment within which the City of Fulshear operates.

### **Local Economy**

The first hill west of Houston is located in the heart of Fulshear, the fastest growing city in Texas according to 2016 population estimates. Fulshear has a highly educated, affluent demographic, with nearly 64% of the population holding a bachelor's degree or higher and earning a median household income of \$167,700.

Taxable values for Fiscal Year 2018 reflect an increase of 13.15 percent to \$1.36 billion. This property value increase is the result of continued development within the City including both residential and commercial construction.

Sales tax revenues increased 61 percent during fiscal year 2018. The City had anticipated this revenue source due to a Strategic Partnership Agreement being implemented when the budget was adopted. At this writing, for fiscal year 2019, sales taxes are 43.40 percent higher than the first four months of fiscal year 2018. New residential and commercial development continues to increase through the City and the surrounding area.

### **Economic Outlook**

The largest revenue sources in the General Fund are property tax, sales tax and building fees. These are all driven and sustained by continued growth of commercial and residential construction. The City has experienced significant commercial and retail growth over the last several years and expects the growth to continue based on preliminary development plans presented various developers.

In the first four months of fiscal year 2019 building permits, building inspections and plan reviews have seen all an increase compared to the first four month of fiscal year 2018.

Within the next 12 months we will see considerable new residential activity in Polo Ranch, and other tracts west of downtown Fulshear. In addition, new sections in Fulshear Run, Fulbrook on Fulshear Creek, Cross Creek Ranch, Jordan Ranch and Tamarron will be coming online. Commercial construction activity continues to pick-up with a new Popeye's, Valvoline, and Bancorp South Bank being completed in the near future. Downtown Fulshear continues to draw varied interest in redevelopment opportunities, which will likely grow with the recent publication of the Fulshear Liveable Centers Study. Two daycares' have been recently permitted for the Jordan Ranch and Cross Creek Ranch developments. Lastly, two large commercial developments are under construction and will each house multiple businesses, the Shoppes at Cross Creek Ranch and the Marcel Town Center. In the Multi-Family sector, the pace of growth continues

to quicken as well with Parklane at Fulshear having new buildings being completed this spring, Tamarron having a multi-family project soon to be approved, and an age-restricted apartment on the horizon for this year as well.

## **Financial Information**

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

## **Budgeting Controls**

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, Utility Fund, and Internal Service Funds are included in the annual operating budget. The City of Fulshear Development Corporation and the Fulshear Development Corporation, component units of the City, are budgeted separately but approved by the City Council as a component of the Annual Budget. A capital improvement plan is approved each year by the City Council and funded through a separate capital projects fund. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the Fund level. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

## **Debt Administration**

Currently, the City has issued no General Obligation Bonds or Certificates of Obligation. The City may issue General Obligation bonds that are approved by voters in a capital improvements plan.

## **Lapse of Appropriations**

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned.

## **Awards**

The City will be submitting this report to the Government Finance Officers' Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. This will be the first year that the City has submitted for this award. In order to be awarded the Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only.

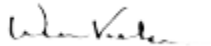
The City also received the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2017. This was the City's first submittal for this award and has submitted the annual budget for fiscal year beginning October 1, 2018 to the GFOA for consideration of award for the second year. The award is made to those cities whose budget presentations meet very stringent presentation guidelines. The budget

document must be of the very highest quality that reflects both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting.

### **Acknowledgements**

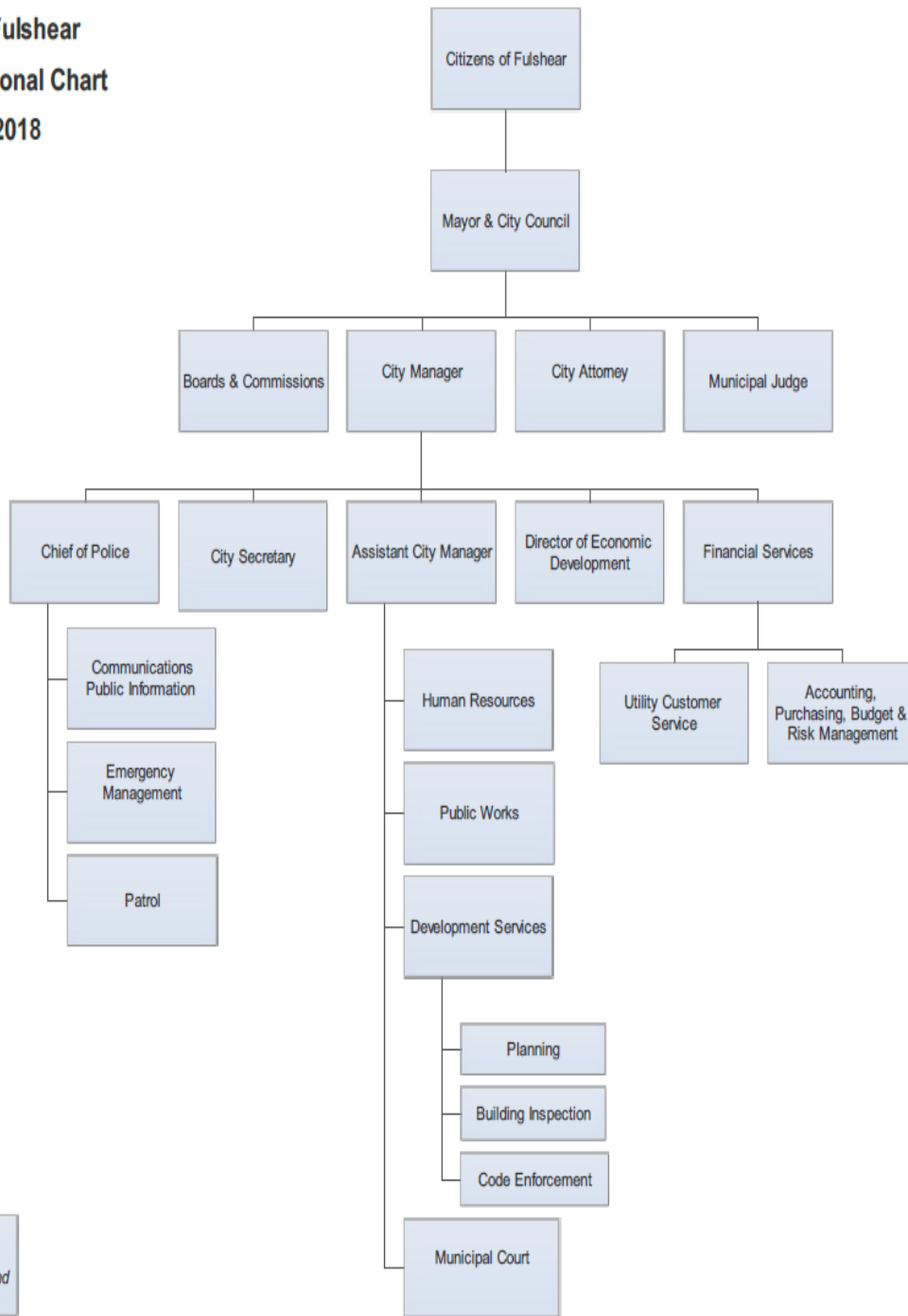
The preparation of this report would not have been possible without the efficient and dedicated services of the administrative staff of the City and the members of the Finance Department. We also would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Fulshear's finances.

Respectfully submitted,



Wes Vela, CPA, CPM  
Chief Financial Officer

**City of Fulshear  
Organizational Chart  
FY 2018**



*Emergency Fire & Rescue Services provided by Fort Bend County ESD #4*

**CITY OF FULSHEAR, TEXAS**  
**PRINCIPAL OFFICIALS**  
*September 30, 2018*

**Governing Body**

Aaron Groff	Mayor
Kaye Kahlich	Mayor Pro-Tem and Council Member
Kent Pool	Council Member
John Kelly	Council Member
Dana Hollingsworth	Council Member
Debra Cates	Council Member
Lisa Kettler Martin	Council Member
Joel M. Patterson	Council Member

**Other Principal Official**

Jack Harper	City Manager
Kim Kopecky	City Secretary
Wes Vela	Chief Financial Officer
J. Grady Randle	City Attorney

## **FINANCIAL SECTION**

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## **REPORT OF INDEPENDENT AUDITORS**

To The Honorable Mayor and  
City Council Members of the  
City of Fulshear, Texas

### **Report on Financial Statements**

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 Fulshear, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To The Honorable Mayor and  
City Council Members of the

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, budgetary comparison information on pages 46 and 47, and pension system supplementary information on pages 48 and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and the discretely presented component unit fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Whitley Penn LLP*

Houston, Texas  
March 19, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF FULSHEAR, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Fulshear (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018.

**Financial Highlights**

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$121.9 million (*net position*). Of this amount, \$12.2 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$7.3 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8.1 million, an increase of \$2.8 million over the prior year mainly due to General Fund as a result of increase in property tax, sales tax, licenses and permits, and charge for services. Approximately 78% of this total amount, \$6.3 million, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was 76% of total general fund expenditures.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements**

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four 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 to the change occurs, *regardless of timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. municipal court fines).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, permits and inspections, public safety, and public works. The business-type activities of the City include water distribution, wastewater collection/treatment, and solid waste operating funds.

**CITY OF FULSHEAR, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Government-wide Financial Statements (continued)**

The government-wide financial statements include not only the City itself (known as *the primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *discretely presented component units* is reported separately from the financial information presented for the primary government itself. The City's two discretely presented component units consist of the following: Fulshear Development Corporation and The City of Fulshear Development Corporation.

The government-wide financial statements can be found on pages 14 through 17 of this report.

**Fund Financial Statements**

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

**Governmental Funds**

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

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

The City maintains six (6) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the each of the six (6) funds with the General Fund considered to be the only major fund.

The governmental funds financial statements can be found on pages 18 through 21 of this report.

**Proprietary Funds**

The City maintains two types of proprietary funds: enterprise funds and internal service fund. Proprietary funds are used to report the same functions presented as the business-type activities in the government-wide financial statements. The City uses two enterprise funds to account for its water distribution, wastewater collection/treatment, and solid waste operations.

The proprietary fund financial statements provide separate information for the Fulshear Facility Fund and Cross Creek Ranch Facility Fund that are considered to be major funds of the City.

The internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service fund to account for its fleet of vehicles and is

**CITY OF FULSHEAR, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

included within governmental activities in the government-wide financial statements. The City utilizes vehicle replacement fund which accounts for the pre-funding of vehicles for the City.

Proprietary fund financial statements 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 22 through 24 of this report.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 44 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* -- Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual for the General Fund and information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 46 through 49 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Fulshear, assets and deferred outflows exceeded liabilities and deferred inflows by \$121.9 million as of September 30, 2018.

By far the largest portion of the City's net position, 89% reflects its net investment in capital assets (e.g., land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF FULSHEAR, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**CONDENSED SCHEDULE OF NET POSITION**

September 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 9,092,420	\$ 5,835,345	\$ 6,366,227	\$ 5,687,350	\$ 15,458,647	\$ 11,522,695
Capital assets	47,690,398	44,707,835	61,057,346	60,024,809	108,747,744	104,732,644
<b>Total Assets</b>	<u>56,782,818</u>	<u>50,543,180</u>	<u>67,423,573</u>	<u>65,712,159</u>	<u>124,206,391</u>	<u>116,255,339</u>
<b>Deferred Outflows of Resources</b>						
Pension related	258,431	179,788			258,431	179,788
Current and other liabilities	841,184	537,986	1,237,013	870,090	2,078,197	1,408,076
Long-term liabilities	136,927	138,046			136,927	138,046
Net pension liability	287,649	218,123			287,649	218,123
<b>Total Liabilities</b>	<u>1,265,760</u>	<u>894,155</u>	<u>1,237,013</u>	<u>870,090</u>	<u>2,502,773</u>	<u>1,764,245</u>
<b>Deferred Inflows of Resources</b>						
Pension related	47,882	8,507			47,882	8,507
<b>Net position:</b>						
Net investment in capital assets	47,690,398	44,707,835	61,057,346	60,024,809	108,747,744	104,732,644
Restricted	927,779	539,487			927,779	539,487
Unrestricted	7,109,430	4,572,984	5,129,214	4,817,260	12,238,644	9,390,244
<b>Total Net Position</b>	<u>\$ 55,727,607</u>	<u>\$ 49,820,306</u>	<u>\$ 66,186,560</u>	<u>\$ 64,842,069</u>	<u>\$ 121,914,167</u>	<u>\$ 114,662,375</u>

An additional 0.8% portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$12.2 million may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF FULSHEAR, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

As of September 30, 2018, the City is able to report positive balances in all three categories of net position. The following table provides a summary of the City's operations for the year ended September 30, 2018:

**CONDENSED SCHEDULE OF CHANGES IN NET POSITION**

*September 30, 2018 and 2017*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenue:						
Charges for services	\$ 5,217,135	\$ 3,776,495	\$ 7,115,884	\$ 5,203,537	\$ 12,333,019	\$ 8,980,032
Operating grants and contributions	267,975	268,355			267,975	268,355
Capital grants and contributions	4,469,274	4,791,180	1,481,332	18,860,007	5,950,606	23,651,187
General revenues:						
Property taxes	2,155,867	1,834,115			2,155,867	1,834,115
Sales taxes	1,526,998	827,480			1,526,998	827,480
Franchise taxes	647,039	514,470			647,039	514,470
Investment earnings	107,636	46,505	77,531	33,319	185,167	79,824
Other revenues	532,474	244,036	138,496		670,970	244,036
<b>Total Revenues</b>	<b>14,924,398</b>	<b>12,302,636</b>	<b>8,813,243</b>	<b>24,096,863</b>	<b>23,737,641</b>	<b>36,399,499</b>
<b>Expenses:</b>						
General government	2,605,264	2,381,636			2,605,264	2,381,636
Permits and inspections	957,063	814,579			957,063	814,579
Public safety	2,688,730	2,156,611			2,688,730	2,156,611
Public works	3,949,615	3,366,308			3,949,615	3,366,308
Water and sewer			6,285,177	4,189,671	6,285,177	4,189,671
<b>Total Expenses</b>	<b>10,200,672</b>	<b>8,719,134</b>	<b>6,285,177</b>	<b>4,189,671</b>	<b>16,485,849</b>	<b>12,908,805</b>
Increase in net position before transfers	4,723,726	3,583,502	2,528,066	19,907,192	7,251,792	23,490,694
Transfers	1,183,575	(79,986)	(1,183,575)	79,986		
Change in net position	5,907,301	3,503,516	1,344,491	19,987,178	7,251,792	23,490,694
<b>Net Position - beginning</b>	<b>49,820,306</b>	<b>46,316,790</b>	<b>64,842,069</b>	<b>44,854,891</b>	<b>114,662,375</b>	<b>91,171,681</b>
<b>Net Position - ending</b>	<b>\$ 55,727,607</b>	<b>\$ 49,820,306</b>	<b>\$ 66,186,560</b>	<b>\$ 64,842,069</b>	<b>\$ 121,914,167</b>	<b>\$ 114,662,375</b>

**Governmental activities**

For the year ended September 30, 2018, revenues from governmental activities totaled \$14.9 million. Overall, governmental revenues increased by 21% from the prior year due to charges for services, property tax, and sales tax revenues. Charges for services, which are the City's largest revenue source, increased by 38% due to continued growth in residential and commercial building review and permit fees.

For the year ended September 30, 2018, expenses for governmental activities totaled \$10.2 million, which represents an increase of \$1,481,538 from the previous year. Public works expenses increased the most over the prior year by \$583,307, primarily due to increases in contractual sanitation services, pavement management program, and depreciation expenses resulting from large contributions of infrastructure from developers. General government expenses increased by \$223,628 primarily due to increase in professional legal services and property tax rebate. Public safety increased by \$532,119 due to increased salaries and wages, hiring of new personnel, and funding of the vehicle and equipment replacement program. Permits and inspection expenses increased by \$142,484 as a result of increased consultant and engineering services.



**CITY OF FULSHEAR, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Business-type activities**

Charges for services for business-type activities increased by \$1,912,347 or 37% from the previous year due to an increase in water and sewer taps and the activity due to new development. Water and sewer expenses increased by 50% or \$2,095,506 due to increase in water pumpage and tapping fees, water system maintenance, and depreciation expense.

**Financial Analysis of the City's Funds**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

*Governmental Funds* - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$8.1 million. Of this amount, \$0.55 million is restricted for the City's regional park, \$80,083 is restricted for municipal court, \$99,562 is restricted for public safety, \$196,651 is restricted for District #7, \$833,515 million is committed to capital projects, and \$6.3 million is unassigned. There was an increase in the combined fund balance of \$2.8 million from the prior year.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 76% of total general fund expenditures. The general fund balance demonstrated an overall increase of \$2.8 million primarily due to property taxes, sales tax, licenses and permits, and charges for services as a result of the continuous growth and development in the City.

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

**General Fund Budgetary Highlights**

There had been a planned decrease in budgeted fund balance in the amount of \$0.3 million in the general fund. However, actual fund balance increased by \$2.7 million resulting in a positive variance of \$3 million from budgeted as amended to actual.

Actual General Fund revenues were above amended budgeted revenues by \$2,094,195 for 2018. This net positive variance includes positive variances of \$951,407 for licenses and permits, \$504,946 for sales tax, and \$504,181 for charges for services along with negative variances for property taxes and intergovernmental revenues.

Actual expenditures were less than budgeted amounts by \$831,275 for the fiscal year. The greatest positive variance was in general government.

**CITY OF FULSHEAR, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounted to \$47.7 million and \$61.1 million (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

The following table shows the balances at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<b>Governmental Activities</b>		
Capital assets, not being depreciated:		
Land	\$ 3,210,109	\$ 3,210,109
Capital assets net of depreciation		
Buildings and improvements	415,510	452,035
Machinery and equipment	498,107	390,283
Infrastructure	<u>43,566,672</u>	<u>40,655,408</u>
Total capital assets - net of depreciation	<u>\$ 47,690,398</u>	<u>\$ 44,707,835</u>
<b>Business-Type Activities</b>		
Capital assets, not being depreciated:		
Land	\$ 526,082	\$ 526,082
Construction in progress		761,661
Capital assets net of depreciation		
Buildings and improvements	27,240	29,999
Machinery and equipment	175,577	22,531
Water and Sewer System	<u>60,328,447</u>	<u>58,684,536</u>
Total capital assets - net of depreciation	<u>\$ 61,057,346</u>	<u>\$ 60,024,809</u>

Detailed information on capital assets is presented in Note 6 to the financial statements.

**Long-term liabilities**

The City's long-term liabilities consist entirely of accrued compensated absences payable at year end. The City has no outstanding debt instruments. Detailed information on compensated absences is presented in Note 7 to the financial statements.

**CITY OF FULSHEAR, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)*

**Economic Factors and Next Year's Budgets and Rates**

The City Council has adopted the City's 2019 budget. The approval of the budget provides funding for the City's operating and capital costs for the 2019 fiscal year. The City anticipates a fourteen percent (14%) increase in expected total revenues and a fifteen percent (15%) percent increase in expected total expenditures. The main contributor to the revenue increase is from ad valorem tax and sales tax generated by increased property value through growth.

The increases in expenditures are generated from the addition of police personnel, development personnel, building inspector, receptionist and capital projects funding.

The growth in residential and commercial building is expected to continue for the foreseeable future as the City is experiencing phenomenal growth as part of the Houston region. Our population has grown from 916 in 2006 to around 13,500 through 2018. The FM 1463 corridor has exploded with new development ranging from residential activity in Polo Ranch, and other tracts west of downtown Fulshear. In addition, new sections in Fulshear Run, Fulbrook on Fulshear Creek, Cross Creek Ranch, Jordan Ranch and Tamarron will be coming online. Commercial construction activity continues to pick-up with a new Popeye's, Valvoline, and Bancorp South Bank being completed in the near future.

Cross Creek Ranch and Firethorne remain in the top 20 of the top selling developments in the nation. The City is filled with beautiful developments on the ground and in the pipeline of development.

**Request for Information**

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Wes Vela, City Financial Officer, 30603 FM 1093, Fulshear, TX, 77441, telephone 281-346-1796, or for general City information, visit the City's website at [www.fulsheartexas.gov](http://www.fulsheartexas.gov).

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF FULSHEAR, TEXAS**

**STATEMENT OF NET POSITION**

September 30, 2018

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 5,475,573	\$ 5,651,404	\$ 11,126,977
Investments	2,997,804		2,997,804
Receivables, net	619,043	714,823	1,333,866
<b>Total Current assets</b>	<b>9,092,420</b>	<b>6,366,227</b>	<b>15,458,647</b>
<b>Capital assets:</b>			
Non-depreciable capital assets	3,210,109	526,082	3,736,191
Depreciable capital assets, net	44,480,289	60,531,264	105,011,553
<b>Total Noncurrent assets</b>	<b>47,690,398</b>	<b>61,057,346</b>	<b>108,747,744</b>
<b>Total Assets</b>	<b>56,782,818</b>	<b>67,423,573</b>	<b>124,206,391</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pension related	258,431		258,431
<b>Total Deferred Outflows of Resources</b>	<b>258,431</b>		<b>258,431</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	813,744	1,041,098	1,854,842
Customer deposits	27,440	195,915	223,355
<b>Total current liabilities</b>	<b>841,184</b>	<b>1,237,013</b>	<b>2,078,197</b>
<b>Long-term liabilities:</b>			
Due within one year	13,693		13,693
Due in more than one year	123,234		123,234
Net pension liability	287,649		287,649
<b>Total long-term liabilities</b>	<b>424,576</b>		<b>424,576</b>
<b>Total Liabilities</b>	<b>1,265,760</b>	<b>1,237,013</b>	<b>2,502,773</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflow - pension items	47,882		47,882
<b>Total Deferred Inflows of Resources</b>	<b>47,882</b>		<b>47,882</b>
<b>Net Position</b>			
Investment in capital assets	47,690,398	61,057,346	108,747,744
Restricted for:			
Municipal court	80,083		80,083
Regional park	551,483		551,483
Public Safety	99,562		99,562
District #7	196,651		196,651
Economic Development			
Unrestricted	7,109,430	5,129,214	12,238,644
<b>Total Net Position</b>	<b>\$ 55,727,607</b>	<b>\$ 66,186,560</b>	<b>\$ 121,914,167</b>

See Notes To Basic Financial Statements.

<b>Component Units</b>	
<b>Fulshear Development Corporation</b>	<b>City of Fulshear Development Corporation</b>
\$ 1,763,726	\$ 1,638,640
164,986	162,713
<u>1,928,712</u>	<u>1,801,353</u>
<u>1,928,712</u>	<u>1,801,353</u>
1,614	1,837
<u>1,614</u>	<u>1,837</u>
<u>1,614</u>	<u>1,837</u>
1,927,098	1,799,516
<u>\$ 1,927,098</u>	<u>\$ 1,799,516</u>

**CITY OF FULSHEAR, TEXAS**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended September 30, 2018*

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government</b>				
<b>Governmental Activities:</b>				
General government	\$ 2,605,264	\$	\$ 236,838	\$
Permits and Inspections	957,063	3,985,701		
Public safety	2,688,730	305,589	31,137	
Public works	3,949,615	925,845		4,469,274
<b>Total governmental activities</b>	<u>10,200,672</u>	<u>5,217,135</u>	<u>267,975</u>	<u>4,469,274</u>
<b>Business-Type Activities:</b>				
Water and Sewer Operations	6,285,177	7,115,884		1,481,332
<b>Total Primary Government</b>	<u>\$ 16,485,849</u>	<u>\$ 12,333,019</u>	<u>\$ 267,975</u>	<u>\$ 5,950,606</u>
<b>Component Units</b>				
City of Fulshear Development Corporation	\$ 152,981	\$	\$	\$
Fulshear Development Corporation	136,055			
<b>Total component units</b>	<u>\$ 289,036</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**General revenues:**

Taxes:

- Property taxes
- Sales tax
- Franchise taxes
- Investment earnings
- Other revenues

**Transfers**

**Total general revenues and transfers**

Change in net position

**Net Position - beginning**

**Net Position - ending**

*See Notes to Basic Financial Statements.*



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

<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Fulshear Development Corporation</b>	<b>City of Fulshear Development Corporation</b>
\$ (2,368,426)	\$	\$ (2,368,426)		
3,028,638		3,028,638		
(2,352,004)		(2,352,004)		
1,445,504		1,445,504		
<u>(246,288)</u>		<u>(246,288)</u>		
	2,312,039	2,312,039		
<u>(246,288)</u>	<u>2,312,039</u>	<u>2,065,751</u>		
			\$ (152,981)	\$
			<u>(152,981)</u>	<u>(136,055)</u>
2,155,867		2,155,867		
1,526,998		1,526,998	789,832	789,832
647,039		647,039		
107,636	77,531	185,167	22,308	20,467
532,474	138,496	670,970		
1,183,575	(1,183,575)			
<u>6,153,589</u>	<u>(967,548)</u>	<u>5,186,041</u>	<u>812,140</u>	<u>810,299</u>
5,907,301	1,344,491	7,251,792	659,159	674,244
49,820,306	64,842,069	114,662,375	1,267,939	1,125,272
<u>\$ 55,727,607</u>	<u>\$ 66,186,560</u>	<u>\$ 121,914,167</u>	<u>\$ 1,927,098</u>	<u>\$ 1,799,516</u>

**CITY OF FULSHEAR, TEXAS****BALANCE SHEET****GOVERNMENTAL FUNDS**

September 30, 2018

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 3,634,812	\$ 1,741,955	\$ 5,376,767
Investments	2,997,804		2,997,804
Receivables, net	580,854	38,189	619,043
<b>Total Assets</b>	<u>\$ 7,213,470</u>	<u>\$ 1,780,144</u>	<u>\$ 8,993,614</u>
<b>Liabilities</b>			
Accounts payable	\$ 713,346	\$ 18,850	\$ 732,196
Accrued expenditures	81,548		81,548
Customer deposits	27,440		27,440
<b>Total Liabilities</b>	<u>822,334</u>	<u>18,850</u>	<u>841,184</u>
<b>Deferred Inflows of Resources</b>			
Unavailable taxes	<u>69,870</u>		<u>69,870</u>
<b>Fund balances</b>			
Restricted for:			
Regional Park		551,483	551,483
Municipal Court		80,083	80,083
Public Safety		99,562	99,562
District #7		196,651	196,651
Committed		833,515	833,515
Unassigned	6,321,266		6,321,266
<b>Total Fund Balances</b>	<u>6,321,266</u>	<u>1,761,294</u>	<u>8,082,560</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 7,213,470</u>	<u>\$ 1,780,144</u>	<u>\$ 8,993,614</u>

*See Notes to Basic Financial Statements.*

**CITY OF FULSHEAR, TEXAS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION  
September 30, 2018**

Total fund balance, governmental funds \$ 8,082,560

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 47,593,536

Uncollected long-term receivables are not available to pay current period expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. 69,870

Inflows and outflows of resources relating to pension plan activity are recognized as expenditures in the governmental fund financial statements when payments are made but are deferred in the governmental activities of the statement of net position.

Deferred outflows- pensions 258,431  
Deferred inflows- pensions (47,882)

Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Accrued compensated absences (136,927)  
Net pension liability (287,649)

The assets and liabilities of the internal service fund is not included in the fund financial statement, but is included in the governmental activities of the Statement of Net Position. 195,668

Net Position of Governmental Activities in the Statement of Net Position \$ 55,727,607

*See Notes to Basic Financial Statements.*

**CITY OF FULSHEAR, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2018**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes:			
Property	\$ 2,137,299	\$	\$ 2,137,299
Sales	1,331,346	195,652	1,526,998
Franchise taxes	647,039		647,039
Public improvement fees	353,186		353,186
Licenses and permits	2,759,307		2,759,307
Intergovernmental	236,838		236,838
Charges for services	1,800,981		1,800,981
Fines and forfeitures	263,893	41,696	305,589
Investment earnings	80,210	26,644	106,854
Other revenues	137,997	228,800	366,797
<b>Total Revenues</b>	<u>9,748,096</u>	<u>492,792</u>	<u>10,240,888</u>
<b>Expenditures</b>			
Current:			
General government	2,678,794	5,043	2,683,837
Permits and inspections	540,513		540,513
Public safety	2,361,214	6,599	2,367,813
Public works	2,218,008		2,218,008
Planning and development	401,682		401,682
Capital Outlay	89,437	286,670	376,107
<b>Total Expenditures</b>	<u>8,289,648</u>	<u>298,312</u>	<u>8,587,960</u>
Revenues over (under) expenditures	<u>1,458,448</u>	<u>194,480</u>	<u>1,652,928</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,283,575	95,000	1,378,575
Transfers out		(195,000)	(195,000)
<b>Total other financing sources (uses)</b>	<u>1,283,575</u>	<u>(100,000)</u>	<u>1,183,575</u>
Net Changes in Fund Balances	2,742,023	94,480	2,836,503
<b>Fund Balances - beginning of year</b>	<u>3,579,243</u>	<u>1,666,814</u>	<u>5,246,057</u>
<b>Fund Balances - end of year</b>	<u>\$ 6,321,266</u>	<u>\$ 1,761,294</u>	<u>\$ 8,082,560</u>

See Notes to Basic Financial Statements.

**CITY OF FULSHEAR, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended September 30, 2018*

Net change in fund balances - total governmental funds: \$ 2,836,503

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The capital asset expenditures are allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlay of \$131,135 was exceeded by depreciation of \$1,710,698 in the current period. (1,579,563)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Governmental activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the book value of the asset sold. (4,010)

Contributions of capital assets by developers are not reported in the governmental fund financial statements as they do not represent a flow of current resources. 4,469,274

Governmental funds do not present revenues (property taxes and franchise fees that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 18,568

Governmental funds report the payment of pension contributions as an expenditure. In contrast, the statement of activities treats such payments as a reduction in net pension liability. 212,079

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Compensated absences	1,119
Pension expense	(242,337)

Operations of Internal Service Funds not reported in Governmental Fund activities 195,668

Change in net position of governmental activities \$ 5,907,301

*See Notes to Basic Financial Statements.*

**CITY OF FULSHEAR, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
September 30, 2018

	Enterprise Funds		Total Enterprise Funds	Governmental Activities
	Fulshear Facility	CCR Facility		Vehicle Replacement Fund
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 942,110	\$ 4,709,294	\$ 5,651,404	\$ 98,806
Accounts receivable, net	287,323	427,500	714,823	
<b>Total current assets</b>	<u>1,229,433</u>	<u>5,136,794</u>	<u>6,366,227</u>	<u>98,806</u>
<b>Noncurrent assets:</b>				
Capital assets:				
Land	60,292	465,790	526,082	
Construction in progress				
Infrastructure	9,666,586	38,791,258	48,457,844	
Buildings	1,360,589	19,083,638	20,444,227	
Equipment	237,617	25,276	262,893	96,862
Less accumulated depreciation	(3,196,080)	(5,437,620)	(8,633,700)	
<b>Total noncurrent assets</b>	<u>8,129,004</u>	<u>52,928,342</u>	<u>61,057,346</u>	<u>96,862</u>
<b>Total Assets</b>	<u>\$ 9,358,437</u>	<u>\$ 58,065,136</u>	<u>\$ 67,423,573</u>	<u>\$ 195,668</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 354,726	\$ 686,372	\$ 1,041,098	\$
Customer deposits	25,173	170,742	195,915	
<b>Total Liabilities</b>	<u>379,899</u>	<u>857,114</u>	<u>1,237,013</u>	
<b>Net Position</b>				
Investment in capital assets	8,129,004	52,928,342	61,057,346	96,862
Unrestricted	849,534	4,279,680	5,129,214	98,806
<b>Total Net Position</b>	<u>\$ 8,978,538</u>	<u>\$ 57,208,022</u>	<u>\$ 66,186,560</u>	<u>\$ 195,668</u>

See Notes to Basic Financial Statements.

**CITY OF FULSHEAR, TEXAS**

*STATEMENT OF REVENUES, EXPENSES AND CHANGES*

*IN FUND NET POSITION*

*PROPRIETARY FUNDS*

*For the Year Ended September 30, 2018*

	Enterprise Funds			Governmental
	Fulshear Facility	CCR Facility	Total Enterprise Funds	Vehicle Replacement Fund
<b>Operating Revenues</b>				
Charges for sales and services	\$ 1,617,361	\$ 5,498,523	\$ 7,115,884	\$ 167,968
<b>Operating Expenses</b>				
Supplies	3,058		3,058	
Contractual services	157,454	81,323	238,777	
Other operating	1,024,279	3,088,317	4,112,596	
Utilities	89,057	251,277	340,334	
Depreciation	193,212	1,397,200	1,590,412	
<b>Total Operating Expenses</b>	<u>1,467,060</u>	<u>4,818,117</u>	<u>6,285,177</u>	
<b>Operating income (loss)</b>	<u>150,301</u>	<u>680,406</u>	<u>830,707</u>	<u>167,968</u>
<b>Non-Operating Revenues</b>				
Investment earnings	14,796	62,735	77,531	782
Miscellaneous Revenue	4,564	133,932	138,496	26,918
<b>Total Non-Operating Revenues</b>	<u>19,360</u>	<u>196,667</u>	<u>216,027</u>	<u>27,700</u>
Income (loss) before transfers and capital contributions	169,661	877,073	1,046,734	195,668
Transfers in	295,000		295,000	
Transfers out	(347,254)	(1,131,321)	(1,478,575)	
Capital contributions	348,797	1,132,535	1,481,332	
Change in Net Position	466,204	878,287	1,344,491	195,668
<b>Total Net Position - beginning of year</b>	<u>8,512,334</u>	<u>56,329,735</u>	<u>64,842,069</u>	
<b>Total Net Position - end of year</b>	<u>\$ 8,978,538</u>	<u>\$ 57,208,022</u>	<u>\$ 66,186,560</u>	<u>\$ 195,668</u>

*See Notes to Basic Financial Statements.*

**CITY OF FULSHEAR, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended September 30, 2018

	Enterprise Funds			Governmental
	Fulshear Facility	CCR Facility	Total Enterprise Funds	Vehicle Replacement Fund
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 1,651,376	\$ 5,510,830	\$ 7,162,206	\$ 167,968
Payments to suppliers	(1,261,927)	(3,088,021)	(4,349,948)	
<b>Net cash provided by operating activities</b>	<u>389,449</u>	<u>2,422,809</u>	<u>2,812,258</u>	<u>167,968</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers from other funds	295,000		295,000	
Transfers to other funds	(347,254)	(1,131,321)	(1,478,575)	
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(52,254)</u>	<u>(1,131,321)</u>	<u>(1,183,575)</u>	
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital grants	4,564	133,932	138,496	
Insurance Proceeds				26,918
Acquisition of and construction of capital assets	(1,141,617)		(1,141,617)	(96,862)
<b>Net cash (used) by capital and related financing activities</b>	<u>(1,137,053)</u>	<u>133,932</u>	<u>(1,003,121)</u>	<u>(69,944)</u>
<b>Cash Flows From Investing Activities</b>				
Investment earnings	14,796	62,735	77,531	782
<b>Net cash flows from investing activities</b>	<u>14,796</u>	<u>62,735</u>	<u>77,531</u>	<u>782</u>
Net increase (decrease) in cash and cash equivalents	(785,062)	1,488,155	703,093	98,806
<b>Cash and cash equivalents - beginning of year</b>	<u>1,727,172</u>	<u>3,221,139</u>	<u>4,948,311</u>	
<b>Cash and cash equivalents - end of year</b>	<u>\$ 942,110</u>	<u>\$ 4,709,294</u>	<u>\$ 5,651,404</u>	<u>\$ 98,806</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating Income	\$ 150,301	\$ 680,406	\$ 830,707	\$ 167,968
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	193,212	1,397,200	1,590,412	
(Increase) decrease in accounts receivable	30,312	(6,096)	24,216	
Increase (decrease) in accounts payable	11,921	332,896	344,817	
Increase (decrease) in customer deposits	3,703	18,403	22,106	
<b>Net cash provided by operating activities</b>	<u>\$ 389,449</u>	<u>\$ 2,422,809</u>	<u>\$ 2,812,258</u>	<u>\$ 167,968</u>
<b>Noncash investing, capital, and financing activities:</b>				
Contributions of capital assets	<u>\$ 348,797</u>	<u>\$ 1,132,535</u>	<u>\$ 1,481,332</u>	<u>\$</u>

See Notes to Basic Financial Statements.



**CITY OF FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Organization**

The City of Fulshear, Texas (the “City”) was incorporated in 1977 and operated as a “Type A, General Law” city until May 2016; wherein the voters elected to become a “Home-Rule” government. The City operates under a Council-Manager form of government whereas the city council is the principal legislative body of the City, composed of seven council members who serve two year terms. The Mayor presides at the Council meetings. The City Manager is the chief executive officer of the City and is responsible to the City Council for the management of all City affairs placed in the City Manager’s charge by or under the charter.

The City provides the following services: public safety to include police services, municipal court, streets, drainage, water and sewer services, solid waste collection and disposal, community development, and general administration.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

**A. Reporting Entity**

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The City of Fulshear Development Corporation and the Fulshear Development Corporation, although legally separate, are considered discretely presented component units and are part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**CITY OF FULSHEAR, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Discretely Presented Component Units**

**City of Fulshear Development Corporation**

After voter approval on August 29, 2007, the City formed the City of Fulshear Development Corporation (CDC), a 4A development corporation. The Board of Directors is appointed by and serves at the discretion of the City Council. City Council approval is required for budgets and bonded debt issuances. The CDC was created to manage and supervise the programs and activities with revenues from their portion (one half percent) of the sales tax increase of one percent, allowed by State of Texas law and approved by voters on August 29, 2007. The revenues are limited to manufacturing and industrial development.

**Fulshear Development Corporation**

After voter approval on August 29, 2007, the City formed the Fulshear Development Corporation (FDC), a 4B development corporation. The Board of Directors are appointed by and serve at the discretion of the City Council. City Council approval is required for budgets and bonded debt issuances. The FDC was created to manage and supervise the programs and activities with revenues from their portion (one half percent) of the sales tax increase of one percent, allowed by State of Texas law and approved by voters on August 29, 2007. The revenues are limited to quality of life improvements, including economic development that will attract and retain primary employers.

The component units are reported in separate columns to emphasize that they are legally separate from the City. In the event of dissolution, net position of the CDC and the FDC shall be conveyed back to the City. The operations of these component units are presented as governmental fund types and cover the year ended September 30, 2018.

**B. Government-wide 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 nonfiduciary activities of the primary government. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the internal service fund are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate.

**CITY OF FULSHEAR, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**Note 2 - Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus, as are the proprietary fund financial statements. The government-wide statements and proprietary fund statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes and franchise fees are recognized as revenues in the year that gives rise to the transaction. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures 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.

Sales taxes, franchise fees, licenses, municipal court revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety and public works.

*Proprietary Fund Types*

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the City's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The City uses an internal service fund to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government on a cost-reimbursement basis. The Vehicle Replacement Fund is the City's internal service fund. The purpose of this fund is to provide a separate accounting for the Vehicle & Equipment Replacement Program, which charges appropriate user departments.

**CITY OF FULSHEAR, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**Note 2 - Summary of Significant Accounting Policies (continued)**

The City maintains one proprietary fund type, in the form of two enterprise funds. The enterprise funds are used to account for the operations that provide water and wastewater collection, wastewater treatment operations and solid waste collection and disposal. The services are financed and operated in a manner similar to private business enterprises where 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 will be financed or recovered primarily through user charges. The Fulshear facility fund is utilized to supply the City and surrounding developments with water, sewer, and sanitation services. The Cross Creek Ranch facility fund is used to supply the Cross Creek Ranch development with water, sewer, and sanitation services. The Fulshear facility and Cross Creek Ranch facility funds are considered major funds for reporting purposes.

The government-wide Statements of Net Position and Statements of Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Government-wide and proprietary fund equity consists of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the accounting period in which they are incurred.

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.

**CITY OF FULSHEAR, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**Note 2 - Summary of Significant Accounting Policies (continued)**

**D. 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. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

**E. Investments**

The City reports all investments at fair value based on quoted market prices at year-end date. The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Direct obligations of the State of Texas
- Collateralized certificates of deposit
- Statewide investment pools
- Repurchase agreements, reverse repurchase agreements, bankers' acceptances, and commercial paper
- Related no-load money market mutual funds

**F. General Property Taxes**

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest set forth by the Property Tax Code. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Appraised values are established by the Fort Bend County Central Appraisal Districts (the "CAD"). Taxes are levied by the City Commission based on the appraised values received from the CAD.

**G. Due to and from Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. These receivables and payables are, for the most part, eliminated from the Government-Wide Statement of Net Position and are recorded as "due from other funds" or "due to other funds" in the fund financial statements.

**CITY OF FULSHEAR, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**Note 2 - Summary of Significant Accounting Policies (continued)**

**H. Capital Assets**

Capital assets, which include land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress, are reported in the applicable governmental type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of governmental-type activities is not included as part of the capitalized value of the assets constructed.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Asset Description</u>	
Buildings	20 to 50 Years
Improvements other than buildings	5 to 50 Years
Machinery and equipment	5 to 10 Years
Water and sewer system	20 to 50 Years
Infrastructure	30 to 50 Years

**I. Compensated Absences**

It is the City's policy to permit employees to accumulate earned vacation, sick, and personal time. Vacation earned can be accumulated up to 240 hours, sick leave can accrue up to 480 hours and personal time must be taken within the fiscal year.

**J. Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

**K. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**L. Deferred Outflows/Inflows of Resources**

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

- Deferred outflows of resources for pension – Reported for the City in the government-wide financial statement of net position. This deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual actuarial experiences and the differences between projected and actual earnings on pension plan investments. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently 8.6198 years for the City plan. Differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period.

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance 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 two items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension activities - Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.

**M. Pensions**

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

**CITY OF FULSHEAR, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**Note 2 - Summary of Significant Accounting Policies (continued)**

**N. Fund Equity**

As of September 30, 2018, fund balances of the governmental funds are classified as follows:

*Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts constrained for specific purposes as determined by the City itself, using the highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purposes unless the City takes the same highest level of action to remove or change the constraint. The City establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. City council will approve obligations of funds, such as multi-year contracts, prior to the end of the fiscal year.

*Unassigned* - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

**O. Net Position**

Net position represents the differences between assets, deferred outflows and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is first to apply restricted net position.

**P. Other Post-Employment Benefits**

The City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.



**CITY OF FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 3 - Deposits and Investments**

The City classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of one year or more.

At September 30, 2018, the City had the following investments:

<b>Investment Type</b>	<b>Fair Value / Amortized Cost</b>	<b>Weighted Average Maturities (Days)</b>
Certificates of deposit	\$ 1,000,000	365
Municipal and State bonds	1,993,664	341
Texas CLASS public funds investment pool *	8,547,893	78
<b>Total</b>	<b>\$ 11,541,557</b>	<b>148</b>

\* Credit rating of AAAM by Standard & Poors

Investments fair value measurement are as follows at September 30, 2018:

<b>Investments</b>	<b>Fair Value</b>	<b>Fair Value Measurements Using</b>		
		<b>Level 1 Inputs</b>	<b>Level 2 Inputs</b>	<b>Level 3 Inputs</b>
Certificates of Deposit	\$ 1,000,000	\$ 1,000,000	\$	\$
Municipal and State bonds	1,993,664		1,993,664	
<b>Total</b>	<b>\$ 2,993,664</b>	<b>\$ 1,000,000</b>	<b>\$ 1,993,664</b>	<b>\$</b>

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. At September 30, 2018, cash deposits and certificate of deposit of the City, the City of Fulshear Development Corporation, and the Fulshear Development Corporation were entirely covered by FDIC insurance and collateralizing securities.

Management does not expect any losses as a result of the under collateralization of deposits in the name of the development corporations.

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

**CITY OF FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 3 - Deposits and Investments (continued)**

The Texas Cooperative Liquid Assets Securities System Trust - Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended (the "Act"). CLASS is created under an Amended and Restated Trust Agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in the pool (the "Participants"), Cutwater Investor Services Corporation as Program Administrator, and Wells Fargo Bank Texas, NA as Custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for Texas CLASS may be obtained from CLASS' website at [www.texasclass.com](http://www.texasclass.com).

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

**Note 4 - Receivables**

Receivables are evaluated and an allowance for uncollectible accounts is set up when the collections are doubtful. Receivables as of September 30, 2018, are as follows:

	<u>General Fund</u>	<u>Regional Park Fund</u>	<u>County District #7</u>	<u>Fulshear Facility</u>	<u>CCR Facility</u>	<u>Total</u>
Property taxes	\$ 90,322	\$		\$	\$	\$ 90,322
Other taxes	410,282		37,053			447,335
Customer Accounts				290,600	706,889	997,489
Other	104,563	1,136		2,991	2,991	111,681
	<u>605,167</u>	<u>1,136</u>	<u>37,053</u>	<u>293,591</u>	<u>709,880</u>	<u>1,646,827</u>
Less: allowance for uncollectibles	(24,313)			(6,268)	(282,380)	(312,961)
	<u>\$ 580,854</u>	<u>\$ 1,136</u>	<u>\$ 37,053</u>	<u>\$ 287,323</u>	<u>\$ 427,500</u>	<u>\$ 1,333,866</u>

**Note 5 - Interfund Balances and Transfers**

Transfers between the primary government funds during the year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
Capital Projects	General	\$ 195,000
Fulshear Facility	Capital Projects	95,000
Fulshear Facility	General	193,254
Cross Creek Facility	General	895,321
		<u>\$ 1,378,575</u>

Transfers have been made to the capital projects fund for ongoing construction projects and to the general fund to cover administrative functions.

**CITY OF FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 6 - Capital Assets**

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

	<b>Balance 9/30/2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/2018</b>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 3,210,109	\$	\$	\$ 3,210,109
<b>Total capital assets, not being depreciated</b>	<u>3,210,109</u>	<u></u>	<u></u>	<u>3,210,109</u>
Other capital assets:				
Buildings and improvements	998,232			998,232
Machinery and equipment	1,149,859	227,997	(102,567)	1,275,289
Infrastructure	46,884,637	4,469,274		51,353,911
<b>Total other capital assets</b>	<u>49,032,728</u>	<u>4,697,271</u>	<u>(102,567)</u>	<u>53,627,432</u>
Less accumulated depreciation for:				
Buildings and improvements	(546,197)	(36,525)		(582,722)
Machinery and equipment	(759,576)	(116,163)	98,557	(777,182)
Infrastructure	(6,229,229)	(1,558,010)		(7,787,239)
<b>Total accumulated depreciation</b>	<u>(7,535,002)</u>	<u>(1,710,698)</u>	<u>98,557</u>	<u>(9,147,143)</u>
<b>Total other capital assets , net</b>	<u>41,497,726</u>	<u>2,986,573</u>	<u>(4,010)</u>	<u>44,480,289</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 44,707,835</u>	<u>\$ 2,986,573</u>	<u>\$ (4,010)</u>	<u>\$ 47,690,398</u>

The total capital assets for internal service fund included in governmental activities was \$96,862.

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

<b>Governmental Activities</b>	
General government	\$ 76,497
Public safety	53,807
Permits and inspections	22,384
Public works	<u>1,558,010</u>
<b>Total depreciation expense - governmental activities</b>	<u>\$ 1,710,698</u>

Additions to the governmental activities capital assets for fiscal year 2018 include approximately \$4.7 million of streets and other infrastructure relating to developer contributions. In addition, the City purchased equipment and vehicles for \$227,997.

**CITY OF FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 6 - Capital Assets (continued)**

A summary of changes in capital assets for business-type activities as of September 30, 2018, is as follows:

	<b>Balance 9/30/2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/2018</b>
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 526,082	\$	\$	\$ 526,082
Construction in progress	761,661		(761,661)	
<b>Total capital assets, not being depreciated</b>	<u>1,287,743</u>		<u>(761,661)</u>	<u>526,082</u>
Other capital assets:				
Buildings	110,372			110,372
Machinery and equipment	106,893		156,000	262,893
Water and sewer system	65,563,089	1,718,638	1,509,972	68,791,699
<b>Total other capital assets</b>	<u>65,780,354</u>	<u>1,718,638</u>	<u>1,665,972</u>	<u>69,164,964</u>
Less accumulated depreciation for:				
Buildings	(80,373)	(2,759)		(83,132)
Machinery and equipment	(84,362)	(2,954)		(87,316)
Water and sewer system	(6,878,553)	(1,584,699)		(8,463,252)
<b>Total accumulated depreciation</b>	<u>(7,043,288)</u>	<u>(1,590,412)</u>		<u>(8,633,700)</u>
<b>Total other capital assets, net</b>	<u>58,737,066</u>	<u>128,226</u>	<u>1,665,972</u>	<u>60,531,264</u>
<b>Total business-type activities</b>	<u>\$ 60,024,809</u>	<u>\$ 128,226</u>	<u>\$ 904,311</u>	<u>\$ 61,057,346</u>

Depreciation was charged to business-type functions as follows:

<b>Business-Type Activities</b>	
Fulshear facility fund	\$ 193,212
Cross Creek Ranch facility fund	<u>1,397,200</u>
<b>Total business-type activities</b>	
<b>depreciation expense</b>	<u>\$ 1,590,412</u>

**CITY OF FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 7 - Long-Term Liabilities**

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. The City uses the general fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated absences	\$ 138,046	\$ 78,692	\$ (79,811)	\$ 136,927	\$ 13,693
<b>Governmental Activities</b>	<u>\$ 138,046</u>	<u>\$ 78,692</u>	<u>\$ (79,811)</u>	<u>\$ 136,927</u>	<u>\$ 13,693</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences are liquidated by the general fund.

**Note 8 - Employee Retirement System**

*Texas Municipal Retirement System*

**Plan Description and Provisions**

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

**Benefits Provided**

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

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

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

**CITY OF FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (continued)**

**Benefits Provided (continued)**

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating Transfers
Annuity Increase to retirees	70% of CPI Repeating
Supplemental death benefit – active employees and retirees	Yes

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	17
Active employees	<u>49</u>
	<u>67</u>

**Contributions**

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2018, the City made contributions of 5.46% for the months in 2017 and 7.62% for the months in 2018.

**Net Pension Liability**

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

**CITY OF FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (continued)**

**Actuarial Assumptions**

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

Inflation	2.5% per year
Salary Increases	3.5% to 10.5% including inflation per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
U.S. Equities	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-core fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
	<u>100%</u>	

**CITY OF FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (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 contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. 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.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	<b>1% Decrease 5.75%</b>	<b>Current Single Rate Assumption 6.75%</b>	<b>1% Increase 7.75%</b>
Total Pension Liability	\$ 1,613,201	\$ 1,379,123	\$ 1,185,187
Plan Fiduciary Net Position	1,091,475	1,091,475	1,091,475
Net Pension Liability	<u>\$ 521,726</u>	<u>\$ 287,648</u>	<u>\$ 93,712</u>

**Changes in the Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Beginning Balance, December 31, 2016	\$ 923,834	\$ 705,711	\$ 218,123
Service Cost	294,849		294,849
Interest (on the Total Pension Liability)	75,604		75,604
Changes of benefit terms	60,200		60,200
Difference between expected and actual experience	47,429		47,429
Changes of assumptions			
Contributions – employer		162,285	(162,285)
Contributions – employee		148,613	(148,613)
Net investment income		98,192	(98,192)
Administrative Expense		(507)	507
Other		(26)	26
Benefit payments, including refunds of employee contributions	(22,793)	(22,793)	
Ending Balance, December 31, 2017	<u>\$ 1,379,123</u>	<u>\$ 1,091,475</u>	<u>\$ 287,648</u>



**CITY OF FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (continued)**

**Pension Plan Fiduciary Net Position**

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

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

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$242,337.

At September 30, 2018, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,704	\$
Difference in assumption changes	17,503	
Difference between projected and actual earnings		32,024
Pension contributions made after measurement date	<u>165,366</u>	
	<u>\$ 242,573</u>	<u>\$ 32,024</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of December 31, 2017 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2018 (i.e. recognized in the city’s financial statements September 30, 2019). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2019	\$ 7,398
2020	6,971
2021	2,929
2022	2,958
2023	10,972
Thereafter	<u>13,955</u>
Total	<u>\$ 45,183</u>

**CITY OF FULSHEAR, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**Note 9 - Postemployment Benefits Other Than Pensions (OPEB)**

***TMRS Supplemental Death Benefits Fund***

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 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 fiscal year 2018 was \$3,041 which equaled the required contribution amount.

Based on the net position effect of approximately \$32,000 and a trivial balance for disclosure of approximately \$40,000, management has determined the effects of GASB 75 are not material to the financial statements and the amounts have not been recorded in the government-wide financial statements.

**Note 10 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,827 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**Note 11 - Regional Park Fund**

During 2004, the City entered into an agreement with Firethorne LTD, (the "Developer") whereby the Developer would pay a regional park fee for every lot per plat the Developer finalized. The terms of the agreement state that the regional park fees, plus interest earned, must be utilized in the development of a regional park within five years from the date the fees are paid to the City.

Similar agreements were signed with TMI, Inc., Fulshear Land Investment Partners, LTD., and Tamarron, L.P., excluding the five year utilization clause. During the year ended September 30, 2018, the City received \$228,800 in regional park fees. Since the inception of the agreements, the City has received \$2,021,933. During the year ended September 30, 2018, the City expended \$77,799 of regional park contributions received on park maintenance and beautification. As of September 30, 2018, the City has restricted net position of \$551,483 related to regional park fees.

**CITY OF FULSHEAR, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**Note 12 - Developer Agreement**

The City's development agreements with two master planned communities state that the city rebate all but \$0.10 of the ad valorem tax rate without the clarification between maintenance and operation tax rate and the interest and sinking tax rate. During the current fiscal year, the City's rebate totaled \$696,640.

**Note 13 - Strategic Partnership Agreement**

Effective June 21, 2016, the City and Waller County Road Improvement District No. 1 (the "District") entered into a Strategic Partnership Agreement (the "Agreement") under which the City annexed a tract of land within the boundaries of the District for the limited purposes of levying a sales and use tax on commercial activities within such tract. The District continues to exercise all powers and functions of a road improvement district as provided by law with respect to the tract. As consideration for the District providing services as detailed in the Agreement, the City agreed to remit a portion of the sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments by the City, the District agreed to continue to develop, own, and to operate a water, wastewater, and drainage system within the District. The City agreed it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is through December 31, 2046. During the current year, the City remitted \$260,299 in sales tax revenues related to the Agreement.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF FULSHEAR, TEXAS**

*GENERAL FUND*

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE*

*BUDGET AND ACTUAL*

*For the Year Ended September 30, 2018*

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
Taxes:				
Property	\$ 2,261,613	\$ 2,261,613	\$ 2,137,299	\$ (124,314)
Sales	826,400	826,400	1,331,346	504,946
Franchise	516,000	516,000	647,039	131,039
Public improvement fees	220,000	220,000	353,186	133,186
Intergovernmental	534,486	534,486	236,838	(297,648)
Licenses and permits	1,807,900	1,807,900	2,759,307	951,407
Charges for services	1,296,800	1,296,800	1,800,981	504,181
Fines and forfeitures	150,700	150,700	263,893	113,193
Investment earnings	40,002	40,002	80,210	40,208
Other revenues	278,575		137,997	137,997
<b>Total Revenues</b>	<u>7,932,476</u>	<u>7,653,901</u>	<u>9,748,096</u>	<u>2,094,195</u>
<b>Expenditures</b>				
Current:				
General government	3,188,546	3,167,074	2,678,794	488,280
Permits and inspections	603,018	609,190	540,513	68,677
Public works	2,223,484	2,229,483	2,218,008	11,475
Public safety	2,411,705	2,421,006	2,361,214	59,792
Planning and development	536,670	536,670	401,682	134,988
Capital Outlay	157,500	157,500	89,437	68,063
<b>Total Expenditures</b>	<u>9,120,923</u>	<u>9,120,923</u>	<u>8,289,648</u>	<u>831,275</u>
<b>Revenues over (under) expenditures</b>	(1,188,447)	(1,467,022)	1,458,448	2,925,470
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,283,575	1,283,575	1,283,575	
Transfers out	(95,000)	(95,000)		95,000
<b>Total other financing sources (uses)</b>	<u>1,188,575</u>	<u>1,188,575</u>	<u>1,283,575</u>	<u>95,000</u>
Changes in fund balance	128	(278,447)	2,742,023	3,020,470
<b>Fund Balance - Beginning of Year</b>	<u>3,579,243</u>	<u>3,579,243</u>	<u>3,579,243</u>	
<b>Fund Balance - End of Year</b>	<u>\$ 3,579,371</u>	<u>\$ 3,300,796</u>	<u>\$ 6,321,266</u>	<u>\$ 3,020,470</u>

**CITY OF FULSHEAR, TEXAS**  
***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION***  
***For the year ended September 30, 2018***

Annual budgets are adopted on a modified accrual basis of accounting for all of the City's funds. Annual appropriations lapse at fiscal year-end.

The Finance department is responsible for producing, monitoring, and reporting the City's annual operating budget. The City of Fulshear operates a fiscal year beginning October 1 through September 30 annually.

Each spring, the staff begins the annual process to determine the needs of the city. The requests are based on the programs and priorities that the city council has discussed or committed to in the past. A recommended budget is formed based on the projected revenue and submitted to the citizens and the city council. After input from the public and the staff the council has the opportunity to revise the budget to conform to its objectives.

Public hearings regarding the budget and tax rate are held in August/September and are open to the public. The city budget contains several different funds with the largest being the general fund which is used for general government services that do not need to be accounted for separately. Examples of general government services include public safety, street maintenance, and administrative activities.

Once adopted, the budget takes effect on the first of the fiscal year (October 1) and any major changes must be approved by the city council.

**CITY OF FULSHEAR, TEXAS**  
**REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION**  
**September 30, 2018**

**TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Four Measurement Years**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability:</b>				
Service Cost	\$ 294,849	\$ 231,217	\$ 156,945	\$ 93,711
Interest (on the Total Pension Liability)	75,604	51,368	36,771	23,662
Changes of benefit terms	60,200			
Difference between expected and actual experience	47,429	(795)	(9,944)	47,654
Changes of assumptions			25,851	
Benefit payments, including refunds of employee contributions	(22,793)	(6,702)	(15,416)	(3,334)
Net change in total pension liability	455,289	275,088	194,207	161,693
Total pension liability – beginning	923,834	648,746	454,539	292,846
Total pension liability – ending	<u>\$ 1,379,123</u>	<u>\$ 923,834</u>	<u>\$ 648,746</u>	<u>\$ 454,539</u>
<b>Plan fiduciary net position:</b>				
Contributions – employer	\$ 162,285	\$ 117,152	\$ 80,804	\$ 51,713
Contributions – employee	148,613	118,817	85,950	68,767
Net investment income	98,192	30,293	436	9,644
Benefit payments, including refunds of employee contributions	(22,793)	(6,702)	(15,416)	(3,334)
Administrative Expense	(507)	(341)	(265)	(101)
Other	(26)	(18)	(13)	(8)
Net change in plan fiduciary net position	385,764	259,201	151,496	126,681
Plan fiduciary net position – beginning	705,711	446,510	295,014	168,333
Plan fiduciary net position – ending	<u>\$ 1,091,475</u>	<u>\$ 705,711</u>	<u>\$ 446,510</u>	<u>\$ 295,014</u>
<b>Net pension Liability</b>	<b>\$ 287,648</b>	<b>\$ 218,123</b>	<b>\$ 202,236</b>	<b>\$ 159,525</b>
<b>Net plan fiduciary net position as a percentage of total pension liability</b>	<b>79%</b>	<b>76%</b>	<b>69%</b>	<b>65%</b>
<b>Total covered payroll</b>	<b>\$ 2,972,266</b>	<b>\$ 2,376,331</b>	<b>\$ 1,718,999</b>	<b>\$ 1,375,366</b>
<b>Net pension liability as a percentage of total covered payroll</b>	<b>10%</b>	<b>9%</b>	<b>12%</b>	<b>12%</b>

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68. Ten years of data should be presented in this schedule but data was unavailable prior to 2014.



**CITY OF FULSHEAR, TEXAS**  
**REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION**  
*September 30, 2018*

**TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)**

**Schedule of Pension Contributions**

Last Eight Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarial determined contribution	\$ 201,087	\$ 148,255	\$ 105,268	\$ 69,687	\$ 39,619
Contribution in relation to the actuarial determined contribution	<u>201,087</u>	<u>148,255</u>	<u>105,268</u>	<u>69,687</u>	<u>39,619</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered payroll (fiscal year)	\$ 3,025,711	\$ 2,779,644	\$ 2,155,862	\$ 1,568,017	\$ 870,232
Contributions as a percentage of covered payroll	6.65%	5.33%	4.88%	4.44%	4.55%
	<u>2013</u>	<u>2012</u>	<u>2011</u>		
Actuarial determined contribution	\$ 8,826	\$ 11,801	\$ 22,882		
Contribution in relation to the actuarial determined contribution	<u>8,826</u>	<u>11,801</u>	<u>22,882</u>		
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>		
Covered employee payroll (fiscal year)	\$ 703,095	\$ 583,368	\$ 85,673		
Contributions as a percentage of covered payroll	1.26%	2.02%	26.71%		

The City began participating in TMRS in fiscal year 2011, therefore no information is available prior to that date.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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## **Non-Major Governmental Funds**

### **Capital Projects Fund**

The Capital Projects Fund provides a separate accounting for the Capital Improvement Program projects that are detailed in the program and funded either by the issuing of debt or annual budget allocations.

### **Special Revenue Funds**

Special Revenue Funds account for the proceeds and specific revenue sources that are legally restricted to expenditures for specific purposes.

#### **Regional Park Fund**

This special revenue fund provides for the accounting of committed funds for park land and park development.

#### **Municipal Court Fund**

This fund is made up of four special revenue funds those being:

- *Court Technology Fund* provides for the accounting of fees collected by the Court in accordance with state statute to purchase technology for the Court.
- *Court Building Security Fund* provides for the accounting of fees collected by the Court in accordance with state statute to purchase building security products and services for the Court.
- *Judicial Efficiency Fund* provides for the accounting of fees collected by the court that are to be used for the purpose of improving the efficiency of the administration of justice.
- *Child Safety Fund* provides for the accounting of fees collected by the court that are to be used for the purpose of providing child safety.

#### **Police Donation and Federal Seizure Fund**

This special revenue fund provides for the accounting of donations collected that are to be used for the purpose of providing products and services for police operations.

This special fund also provides for the accounting of seizure funds collected that are to be used for the purpose of providing products and services for police activities that do not supplant operating budgets.

#### **County Assistance District #7 Fund**

This special revenue fund provides additional sales tax revenues from unincorporated areas of the city's extraterritorial jurisdiction area (ETA). These funds are collected via the State Comptroller and distributed to Fort Bend County and the County remits one-half of the remittance to the City on a quarterly basis. The funds are required to be spent on projects in the area covered by the District #7 or projects that benefit the District #7.

**CITY OF FULSHEAR, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2018**

	<b>Capital Projects Fund</b>	<b>Regional Park</b>	<b>Municipal Court</b>	<b>Police Donation and Seizure Fund</b>	<b>County Assistance District #7</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 840,921	\$ 561,791	\$ 80,083	\$ 99,562	\$ 159,598	\$ 1,741,955
Receivables, net		1,136			37,053	38,189
<b>Total Assets</b>	<b>\$ 840,921</b>	<b>\$ 562,927</b>	<b>\$ 80,083</b>	<b>\$ 99,562</b>	<b>\$ 196,651</b>	<b>\$ 1,780,144</b>
<b>Liabilities</b>						
Accounts payable	\$ 7,406	\$ 11,444				\$ 18,850
<b>Total Liabilities</b>	<b>7,406</b>	<b>11,444</b>				<b>18,850</b>
<b>Fund balances</b>						
Restricted for:						
Regional Park		551,483				551,483
Municipal Court			80,083			80,083
Public Safety				99,562		99,562
District #7					196,651	196,651
Committed	833,515					833,515
<b>Total Fund Balances</b>	<b>833,515</b>	<b>551,483</b>	<b>80,083</b>	<b>99,562</b>	<b>196,651</b>	<b>1,761,294</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 840,921</b>	<b>\$ 562,927</b>	<b>\$ 80,083</b>	<b>\$ 99,562</b>	<b>\$ 196,651</b>	<b>\$ 1,780,144</b>

**CITY OF FULSHEAR, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended September 30, 2018*

	<b>Capital Projects Fund</b>	<b>Regional Park</b>	<b>Municipal Court</b>	<b>Police Donation and Seizure Fund</b>	<b>County Assistance District #7</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>						
Sales tax	\$	\$	\$	\$	\$ 195,652	\$ 195,652
Fines and forfeitures			14,701	26,995		41,696
Investment earnings	15,059	8,348	1,058	1,180	999	26,644
Other revenues		228,800				228,800
<b>Total Revenues</b>	<u>15,059</u>	<u>237,148</u>	<u>15,759</u>	<u>28,175</u>	<u>196,651</u>	<u>492,792</u>
<b>Expenditures</b>						
Current:						
General administration				5,043		5,043
Public safety			1,599	5,000		6,599
Capital Outlay	208,871	77,799				286,670
<b>Total Expenditures</b>	<u>208,871</u>	<u>77,799</u>	<u>1,599</u>	<u>10,043</u>		<u>298,312</u>
Revenues over (under) expenditures	<u>(193,812)</u>	<u>159,349</u>	<u>14,160</u>	<u>18,132</u>	<u>196,651</u>	<u>194,480</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	95,000					95,000
Transfers out	<u>(195,000)</u>					<u>(195,000)</u>
<b>Total other financing sources (uses)</b>	<u>(100,000)</u>					<u>(100,000)</u>
Net Changes in Fund Balances	<u>(293,812)</u>	<u>159,349</u>	<u>14,160</u>	<u>18,132</u>	<u>196,651</u>	<u>94,480</u>
<b>Fund Balances - beginning of year</b>	<u>1,127,327</u>	<u>392,134</u>	<u>65,923</u>	<u>81,430</u>		<u>1,666,814</u>
<b>Fund Balances - end of year</b>	<u>\$ 833,515</u>	<u>\$ 551,483</u>	<u>\$ 80,083</u>	<u>\$ 99,562</u>	<u>\$ 196,651</u>	<u>\$ 1,761,294</u>

**CITY OF FULSHEAR, TEXAS**

**COMBINING BALANCE SHEET AND STATEMENT OF NET POSITION**

**DISCRETELY PRESENTED COMPONENT UNITS**

September 30, 2018

	<b>Fulshear Development Corporation</b>		
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,420,380	\$ 343,346	\$ 1,763,726
Investments	2,273		2,273
Receivables, net	162,713		162,713
<b>Total Assets</b>	<b>\$ 1,585,366</b>	<b>\$ 343,346</b>	<b>\$ 1,928,712</b>
<b>Liabilities</b>			
Accounts payable	\$ 1,614	\$	\$ 1,614
<b>Total Liabilities</b>	<b>1,614</b>		<b>1,614</b>
<b>Fund balances</b>			
Restricted for:			
Economic Development	1,583,752	343,346	1,927,098
<b>Total Fund Balances</b>	<b>1,583,752</b>	<b>343,346</b>	<b>1,927,098</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,585,366</b>	<b>\$ 343,346</b>	<b>\$ 1,928,712</b>
<b>Net position of component units</b>			<b>\$ 1,927,098</b>



**City of Fulshear Development Corporation**

<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 1,249,633	\$ 389,007	\$ 1,638,640
162,713		162,713
<u>\$ 1,412,346</u>	<u>\$ 389,007</u>	<u>\$ 1,801,353</u>
\$ 1,837	\$	\$ 1,837
1,837		1,837
1,410,509	389,007	1,799,516
<u>1,410,509</u>	<u>389,007</u>	<u>1,799,516</u>
<u>\$ 1,412,346</u>	<u>\$ 389,007</u>	<u>\$ 1,801,353</u>
		<u>\$ 1,799,516</u>

**CITY OF FULSHEAR, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES AND NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Year Ended September 30, 2018**

	<b>Fulshear Development Corporation</b>		
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes:			
Sales	\$ 789,832	\$	\$ 789,832
Investment earnings	18,526	3,782	22,308
<b>Total Revenues</b>	<u>808,358</u>	<u>3,782</u>	<u>812,140</u>
<b>Expenditures</b>			
Current:			
General administration	125,078	27,903	152,981
<b>Total Expenditures</b>	<u>125,078</u>	<u>27,903</u>	<u>152,981</u>
Revenues over (under) expenditures	<u>683,280</u>	<u>(24,121)</u>	<u>659,159</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in		143,015	143,015
Transfers out	(143,015)		(143,015)
<b>Total other financing sources (uses)</b>	<u>(143,015)</u>	<u>143,015</u>	
Net Changes in Fund Balances	540,265	118,894	659,159
<b>Fund Balances - beginning of year</b>	<u>1,043,487</u>	<u>224,452</u>	<u>1,267,939</u>
<b>Fund Balances - end of year</b>	<u>\$ 1,583,752</u>	<u>\$ 343,346</u>	<u>\$ 1,927,098</u>
<b>Changes in Net Position of Component Units</b>			<u>\$ 659,159</u>

**City of Fulshear Development Corporation**

<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 789,832	\$	\$ 789,832
16,083	4,384	20,467
<u>805,915</u>	<u>4,384</u>	<u>810,299</u>
125,015	11,040	136,055
<u>125,015</u>	<u>11,040</u>	<u>136,055</u>
<u>680,900</u>	<u>(6,656)</u>	<u>674,244</u>
	143,015	143,015
<u>(143,015)</u>		<u>(143,015)</u>
<u>(143,015)</u>	<u>143,015</u>	
537,885	136,359	674,244
<u>872,624</u>	<u>252,648</u>	<u>809,398</u>
<u>\$ 1,410,509</u>	<u>\$ 389,007</u>	<u>\$ 1,799,516</u>
		<u>\$ 674,244</u>

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## UNAUDITED STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information, both current and historical, as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. To assist financial statement users, the section is categorized as follows:

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>62</b>
These schedules contain trend information to help the reader understand how the City's financial performance and 'well-being have changed over time.	
<b>Revenue Capacity</b>	<b>72</b>
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>80</b>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>81</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	<b>84</b>
These schedules 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.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in the fiscal year ending September 30, 2004. Schedules presenting government-wide information include information beginning in that year.

**CITY OF FULSHEAR, TEXAS**  
**NET POSITION BY COMPONENT**  
*Last Eight Fiscal Years*  
*(Accrual Basis of Accounting)*

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 768,821	\$ 836,979	\$ 18,260,633	\$ 23,797,616
Restricted	228,005	369,611	709,984	1,156,792
Unrestricted	<u>2,230,981</u>	<u>2,451,299</u>	<u>3,179,338</u>	<u>4,560,523</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 3,227,807</u>	<u>\$ 3,657,889</u>	<u>\$ 22,149,955</u>	<u>\$ 29,514,931</u>
 <b>Business-type Activities</b>				
Net investment in capital assets	\$ 9,768,635	\$ 10,798,612	\$ 23,563,837	\$ 30,581,919
Restricted	326,991	389,861	326,961	1,755,008
Unrestricted	<u>170,624</u>	<u>363,227</u>	<u>1,076,677</u>	<u>2,692,052</u>
<b>Total Business-type Activities Net Position</b>	<u>\$ 10,266,250</u>	<u>\$ 11,551,700</u>	<u>\$ 24,967,475</u>	<u>\$ 35,028,979</u>
 <b>Primary Government</b>				
Net investment in capital assets	\$ 10,537,456	\$ 11,635,591	\$ 41,824,470	\$ 54,379,535
Restricted	554,996	759,472	1,036,945	2,911,800
Unrestricted	<u>2,401,605</u>	<u>2,814,526</u>	<u>4,256,015</u>	<u>7,252,575</u>
<b>Total Primary Government Net Position</b>	<u>\$ 13,494,057</u>	<u>\$ 15,209,589</u>	<u>\$ 47,117,430</u>	<u>\$ 64,543,910</u>

Source: City's Annual Financial Report or Comprehensive Annual Financial Report  
Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.  
Fiscal years 2009 and 2010 financial data are not available.

*Table 1*

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 25,705,433	\$ 40,176,704	\$ 44,707,835	\$ 47,690,398
1,515,599	1,564,928	539,487	927,779
<u>5,475,094</u>	<u>4,575,158</u>	<u>4,572,984</u>	<u>7,109,430</u>
<u>\$ 32,696,126</u>	<u>\$ 46,316,790</u>	<u>\$ 49,820,306</u>	<u>\$ 55,727,607</u>
\$ 32,998,255	\$ 40,999,464	\$ 60,024,809	\$ 61,057,346
1,223,225	727,922		
<u>3,908,853</u>	<u>3,127,505</u>	<u>4,817,260</u>	<u>5,129,214</u>
<u>\$ 38,130,333</u>	<u>\$ 44,854,891</u>	<u>\$ 64,842,069</u>	<u>\$ 66,186,560</u>
\$ 58,703,688	\$ 81,176,168	\$ 104,732,644	\$ 108,747,744
2,738,824	2,292,850	539,487	927,779
<u>9,383,947</u>	<u>7,702,663</u>	<u>9,390,244</u>	<u>12,238,644</u>
<u>\$ 70,826,459</u>	<u>\$ 91,171,681</u>	<u>\$ 114,662,375</u>	<u>\$ 121,914,167</u>

**CITY OF FULSHEAR, TEXAS**

**CHANGES IN NET POSITION**

*Last Eight Fiscal Years*

*(Accrual Basis of Accounting)*

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 775,237	\$ 791,786	\$ 550,662	\$ 1,256,952
Permits and Inspections			187,965	376,897
Public safety	577,650	479,595	672,355	941,346
Public works	237,907	438,217	1,444,102	1,001,930
Interest on long-term debt	3,127	1,789	1,674	292
Total governmental activities expenses	<u>1,593,921</u>	<u>1,711,387</u>	<u>2,856,758</u>	<u>3,577,417</u>
Business-type activities:				
Water and sewer	<u>1,165,997</u>	<u>1,493,238</u>	<u>2,254,075</u>	<u>2,573,262</u>
<b>Total Primary Government Expenses</b>	<u><u>\$ 2,759,918</u></u>	<u><u>\$ 3,204,625</u></u>	<u><u>\$ 5,110,833</u></u>	<u><u>\$ 6,150,679</u></u>
<b>Program Revenue</b>				
Governmental activities:				
Charges for services:				
Permits and Inspections	\$	\$	\$ 2,088,983	\$ 2,418,323
Public safety	553,044	760,037	124,058	149,468
Public works	557,235	708,010	40,858	71,922
Operating grants and contributions:				
General government				1,340
Public safety			5,000	28,919
Public works				
Capital grants and contributions	<u>21,711</u>	<u>51,514</u>	<u>1,745,415</u>	<u>6,595,732</u>
Total governmental activities program revenues	<u>1,131,990</u>	<u>1,519,561</u>	<u>4,004,314</u>	<u>9,265,704</u>
Business-type activities:				
Charges for services:				
Water and sewer	1,268,549	1,432,910	2,242,322	3,271,568
Capital grants and contributions	<u>239,860</u>	<u>358,700</u>	<u>3,741,326</u>	<u>9,085,540</u>
Total business-type activities program revenues	<u>1,508,409</u>	<u>1,791,610</u>	<u>5,983,648</u>	<u>12,357,108</u>
<b>Total Primary Government Program Revenues</b>	<u><u>\$ 2,640,399</u></u>	<u><u>\$ 3,311,171</u></u>	<u><u>\$ 9,987,962</u></u>	<u><u>\$ 21,622,812</u></u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (461,931)	\$ (191,826)	\$ 1,147,556	\$ 5,688,287
Business-type activities	<u>342,412</u>	<u>298,372</u>	<u>3,729,573</u>	<u>9,783,846</u>
<b>Total Primary Government Net Expense</b>	<u><u>\$ (119,519)</u></u>	<u><u>\$ 106,546</u></u>	<u><u>\$ 4,877,129</u></u>	<u><u>\$ 15,472,133</u></u>

Source: City's Annual Financial Report or Comprehensive Annual Financial Report

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.

Fiscal years 2009 and 2010 financial data are not available.



**Table 2**  
**Page 1 of 2**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 2,039,436	\$ 2,579,727	\$ 2,381,636	\$ 2,605,264
528,461	322,415	814,579	957,063
1,427,578	1,669,998	2,156,611	2,688,730
1,249,674	2,150,127	3,366,308	3,949,615
<u>5,245,149</u>	<u>6,722,267</u>	<u>8,719,134</u>	<u>10,200,672</u>
<u>3,106,400</u>	<u>4,671,213</u>	<u>4,189,671</u>	<u>6,285,177</u>
<u>\$ 8,351,549</u>	<u>\$ 11,393,480</u>	<u>\$ 12,908,805</u>	<u>\$ 16,485,849</u>
\$ 2,570,046	\$ 2,396,980	\$ 2,811,853	\$ 3,985,701
193,757	170,117	216,794	305,589
371,686	666,506	747,132	925,845
		255,917	236,838
29,246	28,133		31,137
		12,438	
<u>2,798,155</u>	<u>15,565,852</u>	<u>4,791,180</u>	<u>4,469,274</u>
<u>5,962,890</u>	<u>18,827,588</u>	<u>8,835,314</u>	<u>9,954,384</u>
3,395,191	4,468,483	5,203,537	7,115,884
2,806,881	5,642,980	18,860,007	1,481,332
<u>6,202,072</u>	<u>10,111,463</u>	<u>24,063,544</u>	<u>8,597,216</u>
<u>\$ 12,164,962</u>	<u>\$ 28,939,051</u>	<u>\$ 32,898,858</u>	<u>\$ 18,551,600</u>
\$ 717,741	\$ 12,105,321	\$ 116,180	\$ (246,288)
3,095,672	5,440,250	19,873,873	2,312,039
<u>\$ 3,813,413</u>	<u>\$ 17,545,571</u>	<u>\$ 19,990,053</u>	<u>\$ 2,065,751</u>

**CITY OF FULSHEAR, TEXAS**

**CHANGES IN NET POSITION**

*Last Eight Fiscal Years*

*(Accrual Basis of Accounting)*

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 434,664	\$ 572,879	\$ 732,475	\$ 943,721
Sales and use taxes	242,167	333,383	404,418	522,563
Franchise taxes	123,906	128,454	173,011	197,620
Unrestricted grants and contributions				
Investment earnings	12,858	9,838	7,112	7,993
Other Revenues	71,953	178,746	41,914	184,860
Transfers	376,871	(585,456)		(257,644)
<b>Total governmental activities</b>	<u>1,262,419</u>	<u>637,844</u>	<u>1,358,930</u>	<u>1,599,113</u>
Business-type activities:				
Sales and use taxes			897	
Investment earnings	3,077	2,543	1,334	3,044
Other Revenues	379,488	2,179		16,970
Transfers	(376,871)	585,456		257,644
<b>Total business-type activities</b>	<u>5,694</u>	<u>590,178</u>	<u>2,231</u>	<u>277,658</u>
<b>Total primary government</b>	<u>\$ 1,268,113</u>	<u>\$ 1,228,022</u>	<u>\$ 1,361,161</u>	<u>\$ 1,876,771</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 800,488	\$ 446,018	\$ 2,506,486	\$ 7,287,400
Business-type activities	348,106	888,550	3,731,804	10,061,504
<b>Total primary government</b>	<u>\$ 1,148,594</u>	<u>\$ 1,334,568</u>	<u>\$ 6,238,290</u>	<u>\$ 17,348,904</u>

Source: City's Annual Financial Report or Comprehensive Annual Financial Report

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.

Fiscal years 2009 and 2010 financial data are not available.

**Table 2**  
**Page 2 of 2**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,273,932	\$ 1,574,219	\$ 1,834,115	\$ 2,155,867
665,127	689,508	827,480	1,526,998
380,718	384,885	514,470	647,039
9,527	21,867	47,221	107,636
222,988	115,358	244,036	532,474
	(1,270,494)	(79,986)	1,183,575
2,552,292	1,515,343	3,387,336	6,153,589
5,682	13,814	33,319	77,531
			138,496
	1,270,494	79,986	(1,183,575)
5,682	1,284,308	113,305	(967,548)
\$ 2,557,974	\$ 2,799,651	\$ 3,500,641	\$ 5,186,041
\$ 3,270,033	\$ 13,620,664	\$ 3,503,516	\$ 5,907,301
3,101,354	6,724,558	19,987,178	1,344,491
\$ 6,371,387	\$ 20,345,222	\$ 23,490,694	\$ 7,251,792

**CITY OF FULSHEAR, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
*Last Eight Fiscal Years*  
*(Modified Accrual Basis of Accounting)*

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund				
Nonspendable	\$	\$ 100	\$ 100	\$
Restricted:				
Regional Park			131,733	131,733
Unassigned	1,785,765	2,328,542	3,094,550	4,303,085
<b>Total General Fund</b>	<u>\$ 1,785,765</u>	<u>\$ 2,328,642</u>	<u>\$ 3,226,383</u>	<u>\$ 4,434,818</u>
All other governmental funds				
Restricted:				
Regional Park	\$ 213,215	\$ 350,026	\$ 578,251	\$ 978,311
Other	14,790	19,585		46,748
Assigned:				
Capital projects	377,075	83,724		
Committed			33,084	270,908
Unassigned			32,666	
<b>Total all other governmental funds</b>	<u>\$ 605,080</u>	<u>\$ 453,335</u>	<u>\$ 644,001</u>	<u>\$ 1,295,967</u>

Note : In conforming to provisions of GASB Statement No. 54, fund balances of prior periods were restated to the new fund balance classifications.

Source: City's Annual Financial Report or Comprehensive Annual Financial Report

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.

Fiscal years 2009 and 2010 financial data are not available.

*Table 3*

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	\$	\$	\$
131,733			
5,307,210	3,206,004	3,579,243	6,321,266
<u>\$ 5,438,943</u>	<u>\$ 3,206,004</u>	<u>\$ 3,579,243</u>	<u>\$ 6,321,266</u>
\$ 1,322,167	\$ 1,473,709	\$ 392,134	\$ 551,483
61,699	91,219		376,296
		147,353	
271,113	1,440,178	1,127,327	833,515
<u>\$ 1,654,979</u>	<u>\$ 3,005,106</u>	<u>\$ 1,666,814</u>	<u>\$ 1,761,294</u>

**CITY OF FULSHEAR, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
*Last Eight Fiscal Years*  
*(Modified Accrual Basis of Accounting)*

	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues</b>			
Taxes:			
Property taxes	\$ 415,340	\$ 581,481	\$ 747,961
Sales and use taxes	242,167	333,383	404,418
Franchise taxes	123,906	128,454	173,011
Public improvement Fees	78,362	74,263	181,628
Licenses and Permits	482,847	661,739	1,503,252
Intergovernmental			
Charges for services	478,873	633,747	461,282
Fines and forfeitures	70,197	98,298	129,108
Investment earnings	12,858	9,838	7,112
Capital grant and contributions	21,711	21,000	
Other revenues	67,125	178,371	275,384
<b>Total Revenues</b>	<u>1,993,386</u>	<u>2,720,574</u>	<u>3,883,156</u>
<b>Expenditures</b>			
General government	741,775	788,429	972,303
Permits and inspections			185,015
Public safety	551,206	476,212	639,517
Public works	197,739	399,239	198,683
Planning and Development			
Capital outlay		645,940	778,667
Debt service:			
Principal	32,661	42,686	19,240
Interest and other charges	3,127	1,789	1,324
<b>Total Expenditures</b>	<u>1,526,508</u>	<u>2,354,295</u>	<u>2,794,749</u>
Excess of revenues over (under) expenditures	466,878	366,279	1,088,407
<b>Other Financing Sources (Uses)</b>			
Transfers in	376,871	275,000	525,370
Transfers out		(275,000)	(525,370)
Capital leases		24,478	
Sale of capital assets	4,828	375	
<b>Total other financing sources (uses)</b>	<u>381,699</u>	<u>24,853</u>	
<b>Net Change in Fund Balances</b>	<u>\$ 848,577</u>	<u>\$ 391,132</u>	<u>\$ 1,088,407</u>

Source: City's Annual Financial Report or Comprehensive Annual Financial Report

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.

Fiscal years 2009 and 2010 financial data are not available.

**Table 4**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 966,619	\$ 1,264,271	\$ 1,556,311	\$ 1,857,472	\$ 2,137,299
522,563	665,127	689,508	827,480	1,526,998
197,620	380,718	361,528	514,470	647,039
531,303	345,803	216,099	232,276	353,186
1,401,279	1,872,346	1,731,465	1,993,927	2,759,307
			255,917	236,838
574,811	744,125	1,129,918	1,344,285	1,800,981
159,109	193,957	170,292	214,685	305,589
7,993	9,529	21,867	46,505	106,854
608,248	578,740	381,027	383,996	366,797
<u>4,969,545</u>	<u>6,054,616</u>	<u>6,258,015</u>	<u>7,671,013</u>	<u>10,240,888</u>
1,215,147	2,014,649	2,712,933	2,430,917	2,683,837
406,484	517,507	297,752	791,896	540,513
880,686	1,382,908	1,579,291	2,157,402	2,367,813
341,709	466,294	740,437	1,872,025	2,218,008
				401,682
76,363	310,121	539,920	1,303,840	376,107
8,045				
642				
<u>2,929,076</u>	<u>4,691,479</u>	<u>5,870,333</u>	<u>8,556,080</u>	<u>8,587,960</u>
2,040,469	1,363,137	387,682	(885,067)	1,652,928
23,218	42,650	1,707,760	1,140,928	1,378,575
(280,862)	(42,650)	(2,978,254)	(1,220,914)	(195,000)
<u>(257,644)</u>	<u></u>	<u>(1,270,494)</u>	<u>(79,986)</u>	<u>1,183,575</u>
<u>\$ 1,782,825</u>	<u>\$ 1,363,137</u>	<u>\$ (882,812)</u>	<u>\$ (965,053)</u>	<u>\$ 2,836,503</u>

**CITY OF FULSHEAR, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE**  
**OF TAXABLE PROPERTY**  
*Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Real Property Value (1)</b>			<b>Ag Value</b>	<b>Personal Property Value (1)</b>	<b>Less Tax Exempt Real Property</b>
		<b>Residential Property</b>	<b>Commercial Property</b>				
2009	2008	\$ 58,763,320	\$ 45,850,940	\$ 69,760,050	\$ 7,529,970	\$ 89,647,832	
2010	2009	73,192,190	104,244,640	87,663,810	7,919,236	118,753,600	
2011	2010	110,208,430	100,204,290	76,557,470	7,126,552	106,880,821	
2012	2011	179,105,310	98,477,920	80,912,780	7,083,434	120,119,059	
2013	2012	265,605,630	104,186,000	78,310,890	8,654,622	132,046,664	
2014	2013	343,235,210	126,424,910	92,420,620	12,562,884	158,539,541	
2015	2014	551,206,916	172,331,340	86,252,280	12,094,152	195,581,525	
2016	2015	816,201,256	209,501,120	82,898,180	14,580,274	241,737,243	
2017	2016	926,516,590	269,791,580	107,753,270	36,613,901	287,313,916	
2018	2017	1,149,298,638	456,557,613	122,805,510	38,591,624	421,315,214	

- (1) The value is the appraised value at original certification and fluctuates due to property owner protests and preliminary appraisal values at the time of certification.
- (2) Tax rate per \$100 assessed valuation.
- (3) All properties are assessed at 100% of actual taxable value. The difference between market value is the value of exemptions given for statutory purposes.

Source: County Tax/Assessor Reports



*Table 5*

<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate (2)</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value (3)</b>
\$ 92,256,448	0.20592	\$ 92,256,448	100.00%
154,266,276	0.20592	154,266,276	100.00%
187,215,921	0.20592	187,215,921	100.00%
245,460,385	0.20592	245,460,385	100.00%
324,710,478	0.20366	324,710,478	100.00%
416,104,083	0.19713	416,104,083	100.00%
626,303,163	0.17829	626,303,163	100.00%
881,443,587	0.16163	881,443,587	100.00%
1,053,361,425	0.15690	1,053,361,425	100.00%
1,345,938,171	0.15691	1,345,938,171	100.00%

**CITY OF FULSHEAR, TEXAS**

**PROPERTY TAX RATES (1)**

**DIRECT AND OVERLAPPING GOVERNMENTS (2)**

**Last Ten Fiscal Years**

**Table 6**

Fiscal Year	City of Fulshear			Lamar Consolidated School District	Katy Independent School District	Fort Bend County
	Operating Tax Rate	Debt Service Tax Rate	Total Tax Rate			
2009	\$ 0.20592		\$ 0.20592	\$ 1.29765	\$ 1.52660	\$0.48376
2010	0.20592		0.20592	1.29765	1.52660	0.47900
2011	0.20592		0.20592	1.36455	1.52660	0.48016
2012	0.20592		0.20592	1.39005	1.52660	0.48096
2013	0.20366		0.20366	1.39005	1.52660	0.48076
2014	0.19713		0.19713	1.39005	1.52660	0.48476
2015	0.17829		0.17829	1.39005	1.52660	0.47276
2016	0.16163		0.16163	1.39005	1.51660	0.46500
2017	0.15690		0.15690	1.39005	1.51660	0.45800
2018	0.15869		0.15869	1.39005	1.51660	0.45300

(1) Tax rate per \$100 assessed valuation

(2) Overlapping rates are those of local and county governments that apply to property owners within the City of Fulshear. Not all overlapping rates apply to all City of Fulshear property owners (e.g., the county rates apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the specific county).

Source: Tax department records of various taxing authorities.

**CITY OF FULSHEAR, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
*Current Year and One Year Ago*

*Table 7*

Taxpayer	2018			2017		
	Taxable Assessed Value (1)	Rank	% of Total Assessed Valuation (2)	Taxable Assessed Value (1)	Rank	% of Total Assessed Valuation (2)
CCR Loan Subsidiary 1 LP	\$ 14,325,910	1	0.9%	\$ 21,094,050	2	1.6%
HEB Grocery Company LP	11,110,190	2	0.7%			
Trendmaker Homes INC	10,813,220	3	0.7%	12,655,470	4	0.9%
DHK Fulshear LP	9,931,480	4	0.7%	14,357,210	3	1.1%
TLM-CCR Phase II LLC	9,858,110	5	0.7%	7,413,590	7	0.6%
Taylor Morrison of Texas INC	7,801,840	6	0.5%			
A-S 132 S Fry Road-FM 1463 L P	7,621,295	7	0.5%	6,971,660	9	0.5%
CCR 21 LLC	7,506,260	8	0.5%			
Texas Petroleum Group LLC	5,985,860	9	0.4%	5,374,450	10	0.4%
Stefano-Ratcliff Interest Inc	5,154,820	10	0.3%			
Enterprise Crude Pipeline Lp	4,985,100	11	0.3%			
Shops at Cross Creek II LLC	4,398,020	12	0.3%			
TP Fulshear Self Storage Ltd	4,294,390	13	0.3%			
Rk CCR Phase 1 LLC	4,289,047	14	0.3%			
Yurdy LLC	4,047,770	15	0.3%			
The Market At CCR Ltd	3,966,530	16	0.3%			
Landmark Industries	3,830,000	17	0.3%	12,202,394	5	0.9%
CCR Texas Holding LP	3,503,190	18	0.2%	7,037,120	8	0.5%
MGJ Holdings LP	3,452,428	19	0.2%			
Mobley David Michael & Lisa Lynn	3,345,670	20	0.2%			
CCOC LLC				42,799,809	1	3.2%
	130,223,148		8.6%	129,905,753		9.7%
Other taxpayers	1,378,229,841		91.4%	1,216,032,418		90.3%
<b>Total Assessed Valuation</b>	<b>\$ 1,508,452,989</b>		<b>100.0%</b>	<b>\$ 1,345,938,171</b>		<b>100.0%</b>

(1) Assessed (taxable) value equals appraised value after exemptions.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for valuation data.

Source: Fort Bend County Appraisal District

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report. Data from nine years ago are not available.

**CITY OF FULSHEAR, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
*Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Tax Rate (1)</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
				<b>Amount</b>	<b>Percentage of Levy</b>	<b>Amount</b>
2009	2008	\$ 0.20592	\$ 190,069	\$ 171,369	90.2%	\$ 182,759
2010	2009	0.20592	319,812	294,680	92.1%	316,249
2011	2010	0.20592	414,794	393,244	94.8%	412,216
2012	2011	0.20592	538,621	521,640	96.8%	536,146
2013	2012	0.20366	661,375	685,060	103.6%	658,030
2014	2013	0.19713	829,012	897,005	108.2%	825,770
2015	2014	0.17829	1,197,031	1,192,635	99.6%	1,194,162
2016	2015	0.16163	1,513,831	1,499,858	99.1%	1,508,628
2017	2016	0.15690	1,840,239	1,824,840	99.2%	1,833,410
2018	2017	0.15869	2,102,986	2,086,847	99.2%	2,086,876

(1) Tax rate per \$100 assessed valuation

Source: City Finance Department  
Fort Bend County Tax Office

*Table 8*

<b>Total Collections to Date</b>	
<b>Amount</b>	<b>Percentage of Levy</b>
\$ 182,759	96.2%
316,249	98.9%
412,216	99.4%
536,146	99.5%
658,030	99.5%
825,770	99.6%
1,194,162	99.8%
1,508,628	99.7%
1,833,410	99.6%
2,086,876	99.2%

**CITY OF FULSHEAR, TEXAS**

**TAXABLE SALES BY CATEGORY**

**LAST TEN CALENDAR YEARS**

*(in Thousands of Dollars)*

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Public Administration	\$	\$	\$	\$
Admin/Support/Waste Mgmt/Remediation	521,650	617,025	558,332	440,142
Retail Trade	4,519,859	4,348,288	5,031,419	4,795,280
Construction	1,037,920	365,903	5,446	65,447
Manufacturing		11,284	24,554	215,628
Mining/Quarrying/Oil and Gas Extraction		13,500	13,500	
Wholesale Trade				
Transportation/Warehousing	2,688,376	477,623		
Information				
Arts/Entertainment/Recreation				
Real Estate/Rental/Leasing				
Other Services (except Public Administration)	479,121	549,487	538,816	666,252
Accommodation/Food Services	2,872,403	3,125,500	3,268,597	3,724,970
Professional/Scientific/Technical Services	57,766	51,140	53,364	64,195
Other	2	1		
<b>Total Taxable Sales</b>	<b>\$ 12,177,097</b>	<b>\$ 9,559,751</b>	<b>\$ 9,494,028</b>	<b>\$ 9,971,914</b>
City direct sales tax rate (1)	1.00%	1.00%	1.00%	1.00%

(1) The City direct sales tax rate includes the City only.

Note: Taxable sales for calendar year 2018 were not available at the date of this report.

Source: State Comptroller's Office

**Table 9**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$	\$	\$	\$	\$	\$ 565,074
356,696	512,242	736,591	717,428	717,120	797,500
5,244,862	6,258,550	25,154,631	43,500,951	45,332,799	49,982,542
134,059	84,428	594	844,183	3,213,700	2,696,718
570,401	532,885	847,415	1,203,498	821,844	1,154,776
	42,875				901,333
8,181		13,988	22,741	28,541	35,725
	40,235	20,036			
7,886	10,496	6,689	6,588	122,357	492,043
	6,959	497,675	1,211,971	825,650	995,769
698,929	647,901	908,401	1,045,581	1,178,494	1,905,629
6,484,729	8,810,293	9,984,358	9,998,796	11,857,090	13,417,178
67,472	103,953	457,417	394,905	272,884	353,454
<u>\$ 13,573,215</u>	<u>\$ 17,050,817</u>	<u>\$ 38,627,795</u>	<u>\$ 58,946,642</u>	<u>\$ 64,370,479</u>	<u>\$ 73,297,741</u>
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**CITY OF FULSHEAR, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL**  
**ACTIVITIES DEBT**  
*As of September 30, 2018*

*Table 10*

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Debt Applicable to City</u>
Katy Independent School District	\$ 1,675,973,206	7.27%	\$ 121,843,252
Lamar Consolidated Independent School District	1,062,884,484	3.48%	36,988,380
Fort Bend County	507,913,816	0.21%	1,066,619
Fort Bend County MUD #169	699,693	100.00%	699,693
Fort Bend County MUD #170	28,363,629	100.00%	28,363,629
Fort Bend County MUD #171	43,804,538	100.00%	43,804,538
Fort Bend County MUD #172	72,165,492	100.00%	72,165,492
Fort Bend County MUD #173	41,316,386	100.00%	41,316,386
Fulshear MUD#1	19,706,895	100.00%	19,706,895
City of Fulshear		100.00%	<u>                    </u>
<b>Total Direct and Overlapping Net Debt</b>			<u><u>\$ 365,954,884</u></u>
Ratio of total direct and overlapping net debt to assessed valuation (1)			<u><u>34.74%</u></u>
Direct and overlapping net debt per capita (2)			<u><u>\$ 32,751</u></u>

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for valuation data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

Source: Texas Municipal Advisory Council

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers 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.



**CITY OF FULSHEAR, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
*Last Ten Fiscal Years*

*Table 11*

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (3)</b>	<b>Median Age (4)</b>	<b>Education Level in Years of Formal Schooling (5)</b>	<b>School Enrollment (5)</b>	<b>Unemployment Rate (6)</b>
2009	968	N/A	N/A	33.00	14	N/A	9.7%
2010	1,134	N/A	N/A	40.00	14	N/A	9.1%
2011	1,177	N/A	N/A	41.00	14	N/A	8.5%
2012	1,886	N/A	N/A	39.00	14	N/A	7.8%
2013	2,948	N/A	56,203	36.00	14	N/A	6.6%
2014	4,287	N/A	56,203	36.00	14	N/A	5.7%
2015	5,849	N/A	56,203	35.00	14	N/A	5.0%
2016	7,914	N/A	56,203	34.00	14	N/A	4.7%
2017	10,044	N/A	56,203	34.00	14	N/A	4.1%
2018	11,174	N/A	56,203	34.00	14	7,139	3.9%

Data Sources:

- (1) United States Census Bureau, Public Data
- (2) Data to compute not available
- (3) United States Census Bureau
- (4) United States Census Bureau, American Fact Finder (some data not available)
- (5) Katy Independent School District & Lamar Consolidated ISD
- (6) Texas Workforce Commission (Data for Fort Bend County)

Note: Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

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**CITY OF FULSHEAR, TEXAS**  
**PRINCIPAL EMPLOYERS**  
*Current Year and Nine Years Ago*

*Table 12*

<b>Employer</b>	<b>2018</b>		<b>2009</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Lamar Consolidated ISD	368	1	N/A	
HEB #65	325	2	N/A	
Katy ISD	201	3	N/A	
City of Fulshear	56	4	N/A	
Civil Corp	20	5	N/A	
Moore Control		6	N/A	
<b>Total</b>	<b>970</b>			

Source: Personnel department of each employer above

**CITY OF FULSHEAR, TEXAS**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**

*Last Ten Fiscal Years*

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government					
Administrative			1	1	4
Municipal Court	1	1	1	1	1
City secretary	1	1	1	1	1
Finance	1	1	1	1	1
Utilities/Customer Service					
Economic Development					
Police	8	10	12	14	15
Planning & Development					
Building Inspection	4	4	4	4	6
Code Enforcement					
Public Works	1	1	1	1	2
<b>Total</b>	<b>16</b>	<b>18</b>	<b>21</b>	<b>23</b>	<b>30</b>

(1) City council are not full-time paid employees

Source: City finance department

Note: Fire service provided by Emergency Medical District

*Table 13*

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
4	4	5	5	7
1	1	2	2	2
1	2	2	2	2
1	3	2	2.5	3
1	1	2	2.5	2.5
1	1	2	2	2
16	17	18	22	23.5
1	1	1	1	1
6	6	6	7	9
	1	1	1	1
2	2	3	3	3
<u>34</u>	<u>39</u>	<u>44</u>	<u>50</u>	<u>56</u>

**CITY OF FULSHEAR, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**  
*Last Ten Fiscal Years*

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Police					
Physical arrests			27	68	116
Parking violations				1	
Traffic violations			2,457	3,448	3,454
Highways and streets					
Street resurfacing (miles)			4		1
Potholes repaired	8	8	6	6	6
Water					
New connections			92	197	263
Water main breaks				1	3
Average daily consumption (thousands of gallons)				631	656
Sewer					
Average daily sewage treatment (thousands of gallons)				182	212

Source: Various City departments

Note: Some Indicators are not available for the general government function

*Table 14*

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
172	449	273	403	381
1	1	22	5	6
5,624	5,633	6,069	9,300	9,708
			0.8	
6	5	7	4	10
381	479	569	688	
5	7	2	2	4
895	904	1,046	1,224	1,328
247	329	416	548	789

**CITY OF FULSHEAR, TEXAS**  
**CAPITAL ASSETS STATISTICS BY FUNCTION**  
*Last Ten Fiscal Years*

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Public safety				
Police				
Stations				
Patrol units	2	2	3	4
Fire				
Fire stations				
Volunteers				
Highways and streets				
Streets (miles)	70	75	75	80
Streetlights				
Culture and recreation				
Parks acreage			5	5
Water				
Water wells	3	3	3	3
Water mains (miles)	33.9	34.3	35.4	40.2
Fire hydrants	441	446	455	520
Maximum daily capacity (thousands of gallons)	655	655	655	655
Sewer				
Sanitary sewers (miles)	32.2	32.6	33.6	36.4
Storm sewers (miles)	20.5	21.1	22.2	25.3
Maximum daily treatment capacity (thousands of gallons)	500	500	750	750

Source: Various City departments

Note: No capital asset indicators are available for the general government function



*Table 15*

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
		1	1	1	1
4	4	7	10	12	12
80	80	80	89	89	89
				146	146
5	5	5	25	25	25
4	4	4	4	4	4
42.9	45.3	48.2	49.2	49.2	49.2
558	588	626	641	641	641
1075	1075	1075	1745	1745	1745
38.8	40.7	42.8	45.1	45.1	45.1
27	29.3	31.2	33.5	33.5	33.5
2100	2100	2100	2100	2100	2100