



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2015



CITY OF NORTH RICHLAND HILLS, TEXAS



About The Cover

Our new facility at 7301 Iron Horse Boulevard is now open. It's at the corner of Iron Horse Boulevard and Dick Fisher Drive North, one block south of Mid Cities Boulevard. Accommodating up to 145 animals, the new 10,300-square-foot center replaces our old, over crowded facility at 7200 B Dick Fisher Dr. S. The new Animal Adoption & Rescue Center was designed by Quorum Architects with a focus on adopting pets, providing a healthier shelter environment, and creating an efficient working environment for shelter employees. Modern Contractors constructed the new facility.

*Cover Designed by
Budget and Research Department
City of North Richland Hills, Texas*

*Cover Photos: From top: Kitten Courtesy of www.BestWallPaperHD.com;
NRH Animal Shelter Courtesy of Communications Department;
Puppies Picture Courtesy of www.BestWallPaperHD.com*

CITY OF NORTH RICHLAND HILLS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2015

City Officials

Oscar Trevino
Mayor

David Whitson
Place 5
Mayor Pro Tem

Tito Rodriguez
Place 1

Rita Wright Oujesky
Place 2

Tom Lombard
Place 3

Dr. Tim Barth
Place 4

Scott Turnage
Place 6

Tim Welch
Place 7

Mark Hindman
City Manager

Karen Bostic
Assistant City Manager

Paulette Hartman
Assistant City Manager

Jimmy Perdue
Director of Public Safety

Mike Curtis
Managing Director for Development Services

Kent Austin
Director of Finance

Prepared by: Finance Department

NORTH RICHLAND HILLS

City of Choice

ACKNOWLEDGEMENTS

The Comprehensive Annual Financial Report was prepared by the Department of Finance Office of Accounting:

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Assistant City Manager

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Director

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Lisandra Leal, Accounting Technician

Special appreciation is given to:

Budget and Research Department
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Christopher Smith, Budget Analyst

Human Resources Department
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Jenny Bransford, Payroll Specialist
Nancy Holcomb, Generalist Employment

And to all the departments and personnel throughout the City whose extra effort to contribute timely financial data for their departments made this report possible.

City of North Richland Hills, Texas
Comprehensive Annual Financial Report
For Fiscal Year Ended
September 30, 2015

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City of North Richland Hills, Texas

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Introductory Section



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Department of Finance

February 12, 2016

To the Honorable Mayor, City Council Members, City Manager, and Residents of the City of North Richland Hills, Texas:

We hereby issue the comprehensive annual financial report of the City of North Richland Hills, Texas (the "City") for the fiscal year ended September 30, 2015.

This report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by BKD, LLP, independent auditors. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

**P.O. Box 820609 ♦ North Richland Hills, Texas ♦ 76182-0609
7301 Northeast Loop 820 ♦ Finance ♦ 817-427-6166 ♦ Fax 817-427-6151**

Profile of North Richland Hills

The City, incorporated in 1953, is a growing community located in the heart of the Dallas/Fort Worth Metroplex. The City's estimated population is 66,300 for 2015. The City is also home to over 1,200 commercial and industrial businesses. The third largest city in Tarrant County, North Richland Hills is only 10 minutes from downtown Fort Worth and 25 minutes from downtown Dallas. Interstate Loop 820 and Texas 121/183 (Airport Freeway) traverse the City, providing freeway access to five additional interstates and numerous US and state highways. The City is also conveniently located 10 minutes from Dallas/Fort Worth International Airport and 15 minutes from Alliance Airport. D/FW International Airport has over 2,000 flights daily with non-stop service to all major North American cities and many overseas destinations. The Alliance development facilitates the transport of merchandise through both the airport and the Burlington Northern/Santa Fe Intermodal Facility.

North Richland Hills operates under a charter adopted in 1964 which provides for a Council-Manager form of government. The Mayor and seven Council members are elected at large. The City Council is responsible for all matters of policy as well as for levying taxes, securing revenues, authorizing expenditures of City funds, and incurring City debts. The City Manager is directly responsible to the City Council. An organizational chart follows to show the various levels of responsibility.

The City provides a full range of services. These services include police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public waterpark. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls to ensure compliance with provisions in the annual budget adopted by the City Council. Annual operating budgets are adopted for the General Fund, certain Special Revenue Funds, Debt Service Funds, Enterprise Funds, and Internal Service Funds. Project-length financial plans are adopted for the Capital Project Funds. The level of budgetary control (that is, the level at which expenditures/expenses cannot legally exceed the appropriated amount) is established at the fund level. Detail control is accomplished by maintaining appropriations, encumbrances, and expended balances by line item within each operating department, within each operating fund. All annual appropriations lapse at the end of the fiscal year. Budgetary data for proprietary funds has not been presented since reporting on such budgets is not legally required.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance. The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to transfer budgeted amounts between departments within any fund. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Transfers of appropriations between funds require the approval of the City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, comparisons begin on page 76 in the required supplementary information segment of the financial statements. The comparisons for other governmental funds with appropriated annual budgets are presented in the other supplementary information of this report.

Factors Affecting Financial Condition

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

Local economy— North Richland Hills (“NRH”) continues to grow as all major economic indicators are trending in the right direction. The City remains geographically positioned as the main link between bustling downtown Fort Worth and affluent Northeast Tarrant County. Adjacent to the high socioeconomic level cities of Colleyville, Keller and Southlake; the City of NRH remains not only the largest City in Northeast Tarrant County with 66,300 people, but it is poised to eclipse 85,000 people within the next two decades.

According to the U.S. Census Bureau, the City has grown by 8% in total population, adding over 5,000 residents since 2010. This growth rate exceeds the county rate which includes the high growth areas of North Fort Worth, the City of Keller, City of Southlake and the City of Mansfield.

This past year also witnessed continued growth in taxable sales, taxable property values and new home starts. Compared to the previous fiscal year, taxable sales grew by 5.8%, a \$50 million increase. This figure is expected to increase in FY 2016/17 as two recently opened grocery anchored commercial developments are surrounded by new retail and restaurant businesses. Taxable property value grew for the 5th straight year, this time over \$143 million, eclipsing \$4.2 billion in net taxable value. Finally, the City continues steady residential growth, adding another 150 new single family homes with an average value over \$350,000 while approving 200 more lots, keeping the funnel full with 500 shovel ready lots. Like last year, this residential growth was only exceeded by the City of Keller and City of Southlake in Northeast Tarrant County.

The City maintains a diverse mix of 1,200 brick and mortar businesses with 14 primary employers representing 5,000 full time jobs within the healthcare, aerospace and supply chain sectors. Notably in 2015 the City welcomed two additional primary employers; Southwest ADI, a 50 employee supply chain headquarters occupying a vacant 125,000 square foot facility, and Digital Alchemy, a 75 employee full-service software company occupying 24,000 square feet of Class B office space. Both businesses relocated from nearby Fort Worth. In total, the City added roughly 50 net additional businesses over the recent year.

North Richland Hills continues to experience quality commercial development and revitalization thanks to high standards and the ability to adapt and reinvent itself. New commercial growth continues around two grocery anchored shopping centers, while commercial redevelopment progresses along Northeast Loop 820 as over 13 acres, representing 20% of the City’s highway frontage, is now either for sale or undergoing redevelopment.

2016 is projected to be another strong year given the aforementioned economic update, and the City is setting the stage for two separate commuter rail stops in the year 2018. The station sites are surrounded by 160 acres of unimproved property forecasted to develop over the next 10 years.

Long-term financial planning— In 2012, NRH voters authorized the construction of a new municipal facilities building and location. The election authorized \$40 million in general obligation debt for the project. The new facility will be the center of a new economic environment in the oldest part of the city. Located in a former retail mall site, the plans provide for mixed use where commercial and multiple family housing stimulate the revitalization of the area. Projected completion of the new facility is estimated to be January 2016.

In February 2003, the voters authorized the development of 22 street projects (arterial, collector, and residential), two drainage projects, and four municipal facilities projects with the passage of four propositions in the 2003 Bond Election. The authorized election package totaled \$37,210,000 for the aforementioned projects. The City Council and management believe development of these projects is needed to improve infrastructure and provide essential services to its citizens.

At least annually, management reviews and updates long-range financial plans for the general operations of the City as well as the proprietary activities. Forecasts are prepared using conservative growth estimates for major sources of revenue. Maintaining this conservative approach, coupled with an aggressive debt repayment policy, has assisted the City in retaining a favorable bond rating since 1997. Analysis is continuously updated to reflect new bond issues and the repayment thereof, as well as updates to estimates based on new developments, historical trends, changes in applicable legal requirements, and Council and management priorities.

The plans for the internal service funds include the accumulation of resources for meeting both current and future needs. For example, facilities and fleet support services as well as information services collect user fees to meet current maintenance needs as well as to meet future capital replacement needs.

Similarly, the City's policy with regard to self-insurance premiums has been to collect sufficient amounts to cover current health and dental claims as well as additions to reserves for future claims. In fiscal years 2002 and 2003 the Self Insurance (Internal Service) Fund reserves of \$3.1 million were depleted due primarily to spiraling inflation in the health care industry and unforeseeable extraordinary health claims. In fiscal year 2004, City Council adopted a strategy to rebuild reserves over a six-year period beginning in fiscal year 2005. Savings from changes in the health care plan, transfers from existing cash reserves in the General Fund and Water and Sewer Fund, and employee premiums are being used and continue to re-establish the reserves.

Similar plans for the build-up of reserves exist for the City's enterprise operations. Funds are set aside to meet future capital replacement needs such as infrastructure replacement and capital asset acquisitions. This approach has allowed the City's water and sewer operation to meet the majority of its capital replacement needs with the issuance of minimal debt. NRH₂O, the City's waterpark, has funded some new attractions and infrastructure improvements by utilizing cash reserves accumulated from operations.

Cash management policies and practices – The City's current bank depository contract with JP Morgan Chase Bank, N.A., began on October 1, 2014 and will be in effect through October 1, 2017. Cash temporarily idle during the year was invested in four public funds investment pools, certificates of deposit, agency securities, and U.S. Treasury Notes.

The maturities of the investments range from overnight to three years. The average yield for overnight investments for fiscal year 2015 was a somnambulant 0.09%, and the weighted average maturity ("WAM") was 30 days. The average yield on all other investments for fiscal year 2015 (yield at cost) was 0.80% compared to 0.59% for the prior year. The portfolio's weighted average maturity for all other investments at the end of the fiscal year was 595 days, which represents an 83 day increase over last year's WAM of 512 days.

At fiscal year-end, approximately 40.7% of the portfolio was invested beyond one year, 11.5% was invested for one year or less, and the remaining 47.8% was invested in the overnight market. The City continues to use the services of PFM Asset Management, LLC as an investment advisor and overseer of the portfolio, which began on October 1, 2009.

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. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. The Self-Insurance Fund is responsible for workers' compensation, health, automobile liability, and general liability insurance. The City maintains a stop loss third party insurance policy with respect to health claims. This policy covers City medical claims in excess of \$175,000 per individual per year, and/or \$7,133,360 in the aggregate for a 12-month period beginning on January 1, 2015. Self-Insurance Fund claims are funded by charges to other funds and employee, retiree, and dependent premiums. Additional information on the City's risk management activity can be found in the notes to the basic financial statements.

Pension and other post-employment benefits — The City participates in the Texas Municipal Retirement System ("TMRS"), an agency authorized by the State of Texas. Employees of the City contribute a fixed percentage of

their gross pay (currently 7%). TMRS participants are immediately vested in those funds they contribute plus allocated interest. Participants are vested in employer contributions after five years of credited participation. If participants withdraw from TMRS prior to five years of credited participation, they may withdraw from TMRS those funds they contributed plus interest earnings. The City also provides postretirement health and dental care benefits for certain retirees and their dependents. As of the current fiscal year, there were 149 retired employees receiving these benefits. Additional information on the City's pension arrangements and post employment benefits can be found in the notes to the basic financial statements.

Awards — The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last thirty-two consecutive years. Staff believes the current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement Program requirements and it will be submitted to the GFOA for review.

The City also received an award in 2015 for the 2014-2015 operating budget. The Distinguished Budget Presentation award was granted to the City for the 25th consecutive year by the GFOA.

Acknowledgments — Timely preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the Finance Department staff and our independent auditors. We would like to express sincere appreciation to those who contributed to the process.

In closing, the continued leadership and support of the Mayor, City Council, and City Manager in planning and conducting the financial operation of the City is sincerely appreciated.

Respectfully submitted,



Karen Bostic
Assistant City Manager



Kent R. Austin
Director of Finance



Government Finance Officers Association

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

Presented to

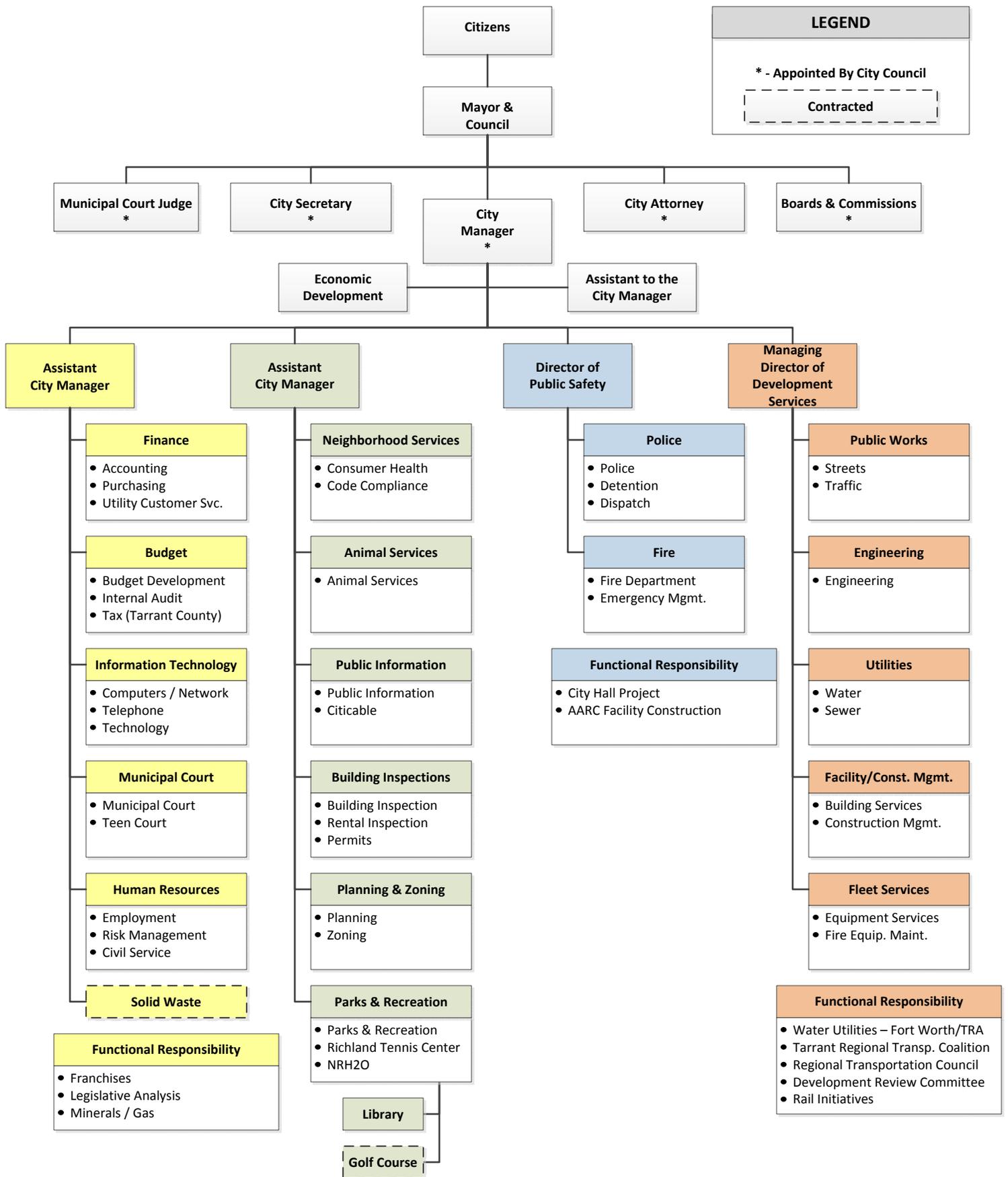
**City of North Richland Hills
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

ORGANIZATION CHART



CITY OF NORTH RICHLAND HILLS, TEXAS

List of Principal Officials
September 30, 2015

MAYOR
MAYOR PRO TEM, COUNCIL MEMBER, PLACE 5
COUNCIL MEMBER, PLACE 1
COUNCIL MEMBER, PLACE 2
COUNCIL MEMBER, PLACE 3
COUNCIL MEMBER, PLACE 4
COUNCIL MEMBER, PLACE 6
COUNCIL MEMBER, PLACE 7

City Manager
Assistant City Manager
Assistant City Manager
Director of Public Safety
Managing Director of Development Services
Managing Director of Community Services
City Secretary
City Attorney
Director of Human Resources
Director of Finance
Director of Budget and Research
Director of Economic Development
Planning Manager
Public Information Officer
Director of Information Technology
Municipal Court Administrator
Director of Neighborhood Services
Library Director
Fleet Services Superintendent
Fire Chief
Director of Facilities & Construction

OSCAR TREVINO
DAVID WHITSON
TITO RODRIGUEZ
RITA WRIGHT OUJESKY
TOM LOMBARD
DR. TIM BARTH
SCOTT TURNAGE
TIM WELCH

Mark Hindman
Karen Bostic
Paulette Hartman
Jimmy Perdue
Mike Curtis
Vickie Loftice
Alicia Richardson
George Staples
Patrick Hillis
Kent Austin
Mark Mills
Craig Hulse
Clayton Comstock
Mary Peters
Kyle Spooner
Debbie Durko
Stefanie Martinez
Cecilia Hurt Barham
Tim Doyle
Stan Tinney
Chris Amarante

Financial Section



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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of North Richland Hills, Texas
North Richland Hills, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Richland Hills, Texas (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note IV* to the financial statements, in 2015, the City changed its method of accounting for pensions with the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary and pension/other postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary 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 accompanying supplementary information including the combining fund statements and budget to actual schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Mayor and Members of the City Council
City of North Richland Hills, Texas
Page 3

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 accompanying information in the introductory and statistical sections listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Dallas, Texas
February 12, 2016

CITY OF NORTH RICHLAND HILLS, TEXAS
Management's Discussion and Analysis
September 30, 2015

The City of North Richland Hills, Texas (the "City") Management's Discussion and Analysis ("MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the City's financial statements (beginning on page 17).

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2015 by over \$309.1 million (net position). Of this amount, approximately \$47.8 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$2.4 million due to operations in fiscal year 2015. An additional decrease in net position of \$13.4 million was due to the adoption of GASB Statement No. 68. Details of this decrease may be found beginning on page 14.
- As of September 30, 2015, the City's governmental funds reported combined fund balances of \$76,216,651, which represents a decrease of \$23,998,585 in comparison to the prior fiscal year's ending balance. Of this amount, \$22,317,473 may be attributed to General Capital Project expenditures, especially the new city hall facility.
- Approximately 38.1% of total governmental fund balance, or \$29,055,047, is available for appropriation at the City's discretion (assigned and unassigned fund balance).
- The City's objective regarding General Fund fund balance is to maintain a minimum unassigned fund balance to operate the City for a period of 60 days or 15% of the following year's appropriated budgeted expenditures. This objective was met at year end.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,457,571 or 23.8% of General Fund actual expenditures for 2015.
- The City's total debt increased by approximately \$13,846,781 (includes premiums) during the current fiscal year. This increase represents issuance of \$32,825,000 in general obligation bonds and certificate of obligations, net of scheduled principal payments and debt refundings.

Overview of the Financial Statements

MD&A is intended to introduce the reader 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. The report also contains other required supplementary information in addition to the basic financial statements.

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 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 reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is

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received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, unused vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used in governmental funds.

In the Statement of Net Position and the Statement of Activities, the City's operations are separated into two types of activities:

- Governmental activities - Most of the City's basic services are reported here, including the activities of public safety, culture and recreation, public works, and general government. Property taxes, sales taxes, and franchise fees finance most of these activities.
- Business-type activities - For this type of activity, the City charges a fee to customers to cover all or most of the cost of services provided including the recovery of costs of capital assets used in the delivery of such services. The City's water and sewer, golf course, and aquatic park activities are reported here.

The government-wide financial statements can be found on pages 17 – 19 of the comprehensive annual financial 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. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law, bond covenants, or Council ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- Governmental funds - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances available for appropriation at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Statements of governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available for appropriation in the near future to finance City programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City maintains six major individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds (pages 20 - 29). The General Fund, General Debt Service Fund, General Capital Projects Fund, Parks and Recreation Development Fund, Gas Development, and Tax Increment Finance District No. 2 are the major governmental funds of the City. Data from the other non-major governmental funds are combined into a single, aggregated presentation in the governmental statements.

- Proprietary funds - The objective of proprietary funds is to charge customers, both internal and external, for services provided an amount sufficient to cover virtually all costs associated with providing the services including recovery of amounts required to replace assets used in the delivery of such services. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are almost identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as the statement of cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's facilities maintenance and construction services, fleet management, employee and

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property insurance coverage, and telephone and computer services. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City maintains three enterprise funds. The City uses enterprise funds to account for its provision of water and wastewater services, golf course operations, and water park activities. The City has two major proprietary funds: Utility and Aquatic Park. Golf course is considered a non-major fund. Financial statements for the enterprise funds can be found on pages 30 – 33 of the report.

Notes to the financial statements - The notes to the financial statements provide additional information that is essential for 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 37 - 70 of this report.

Government-Wide Financial Analysis

The government-wide financial analysis highlights the information contained in the Statement of Net Position and Statement of Activities. The City's combined net position was \$309,140,200 as of September 30, 2015. Analyzing the net position of governmental and business-type activities separately, governmental activities total net position was \$230,441,367 and business-type activities total net position was \$78,698,833. This analysis focuses on the net position and changes in program and general revenues and significant expenses of the City's governmental and business-type activities.

Statement of Net Position – The largest portion of the City's net position (82.07%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, capital assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these obligations. The following table presents the condensed government-wide statement of net position as of September 30, 2015 and 2014. Current and other assets include restricted deposit and investment balances.

Schedule of Assets, Liabilities, and Net Position
Amounts shown in thousands (\$000's)
As of September 30, 2015

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 100,964	\$ 122,693	\$ 35,911	\$ 39,376	\$ 136,875	\$ 162,069
Capital assets, net	308,281	264,349	69,242	70,978	377,523	335,327
Total Assets	<u>409,245</u>	<u>387,042</u>	<u>105,153</u>	<u>110,354</u>	<u>514,398</u>	<u>497,396</u>
Total deferred outflows of resources	<u>5,800</u>	<u>267</u>	<u>701</u>	<u>22</u>	<u>6,501</u>	<u>289</u>
Long-term liabilities	153,843	132,973	21,850	19,343	175,693	152,316
Other liabilities	29,230	13,788	5,102	6,415	34,333	20,203
Total liabilities	<u>183,073</u>	<u>146,761</u>	<u>26,953</u>	<u>25,758</u>	<u>210,026</u>	<u>172,519</u>
Total deferred inflows of resources	<u>1,530</u>	<u>206</u>	<u>203</u>	<u>40</u>	<u>1,733</u>	<u>246</u>
Net Position:						
Net investments in capital assets	196,388	196,927	57,336	58,376	253,724	255,303
Restricted	3,451	4,116	4,154	3,788	7,605	7,904
Unrestricted	30,602	39,299	17,209	22,414	47,811	61,713
Total net position	<u>\$ 230,441</u>	<u>\$ 240,342</u>	<u>\$ 78,699</u>	<u>\$ 84,578</u>	<u>\$ 309,140</u>	<u>\$ 324,920</u>

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Statement of Activities – Governmental activities and the restatement of beginning net position decreased the City of North Richland Hills' net position by \$9,900,688 in fiscal year 2015, and business-type activities decreased net position by \$5,879,628. The following table presents the condensed government-wide statement of activities for the years ended September 30, 2015 and 2014.

Changes in Net Position						
Amounts shown in thousands (000's)						
Year Ended September 30, 2015						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 13,207	\$ 13,414	\$ 36,400	\$ 36,818	\$ 49,607	\$ 50,232
Operating grants and contributions	2,966	2,826	-	85	2,966	2,911
Capital grants and contributions	479	2,676	-	-	479	2,676
General revenues:						
Property tax	26,099	24,903	-	-	26,099	24,903
Sales tax	18,572	18,008	-	-	18,572	18,008
Mixed beverage	138	130	-	-	138	130
Franchise taxes	4,502	4,333	-	-	4,502	4,333
Occupancy taxes	233	207	-	-	233	207
Unrestricted investment earnings	514	320	120	20	634	340
Miscellaneous	188	142	35	300	223	442
Total revenue	<u>66,898</u>	<u>66,959</u>	<u>36,555</u>	<u>37,223</u>	<u>103,453</u>	<u>104,182</u>
Expenses:						
General government	11,394	11,226	-	-	11,394	11,226
Public safety	31,516	31,035	-	-	31,516	31,035
Culture and recreation	12,542	11,931	-	-	12,542	11,931
Public works	8,959	8,962	-	-	8,959	8,962
Interest and other fees	4,488	3,916	-	-	4,488	3,916
Utility	-	-	30,229	28,067	30,229	28,067
Aquatic park	-	-	4,354	4,543	4,354	4,543
Golf course	-	-	2,394	2,433	2,394	2,433
Total expenses	<u>68,899</u>	<u>67,070</u>	<u>36,977</u>	<u>35,043</u>	<u>105,876</u>	<u>102,113</u>
Increase (decrease) in net position before transfers	(2,001)	(111)	(422)	2,180	(2,423)	2,069
Transfers between governmental and Business-Type	3,974	4,162	(3,974)	(4,162)	-	-
Net Increase (decrease) in net position	1,973	4,051	(4,396)	(1,982)	(2,423)	2,069
Net position - beg. Bal.	240,342	236,291	84,578	86,560	324,920	322,851
Adjustment to beginning net position, accounting standard implementation	(11,874)	-	(1,483)	-	(13,356)	-
Net position - end of year	<u>\$ 230,441</u>	<u>\$ 240,342</u>	<u>\$ 78,699</u>	<u>\$ 84,578</u>	<u>\$ 309,141</u>	<u>\$ 324,920</u>

Governmental activities – Overall assets for Governmental Activities increased \$22.2 million or 5.7% in 2015 over 2014. This increase can be traced to the capital asset activity. Capital assets increased \$43,931,767 (the majority in construction in progress) in 2015. This activity was related to capital improvement projects, especially the construction of the new \$70 million dollar city hall municipal facility expected to be completed early in 2016.

Debt issued increased liability totals by 10.3% or approximately \$11.9 million over 2014 balances. Final certificates of obligation totaling \$18.6 million were issued for funding of the new city hall facility construction. The other major increase in long-term liabilities results from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The goal of the Statement is to report explicitly the government's net pension liability (in prior years the amount was included in the Notes section but not on the face of the financial statements). This change removes last year's governmental activities Net Pension Obligation of \$3,446,602 (business-type activities \$788,349) and restates beginning net position. This

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restatement adds a Net Pension Liability as of September 30, 2014. During fiscal year 2015, Net Pension Liability decreased \$287,708 for a total \$21,341,887. More information is provided in Note IV.D.

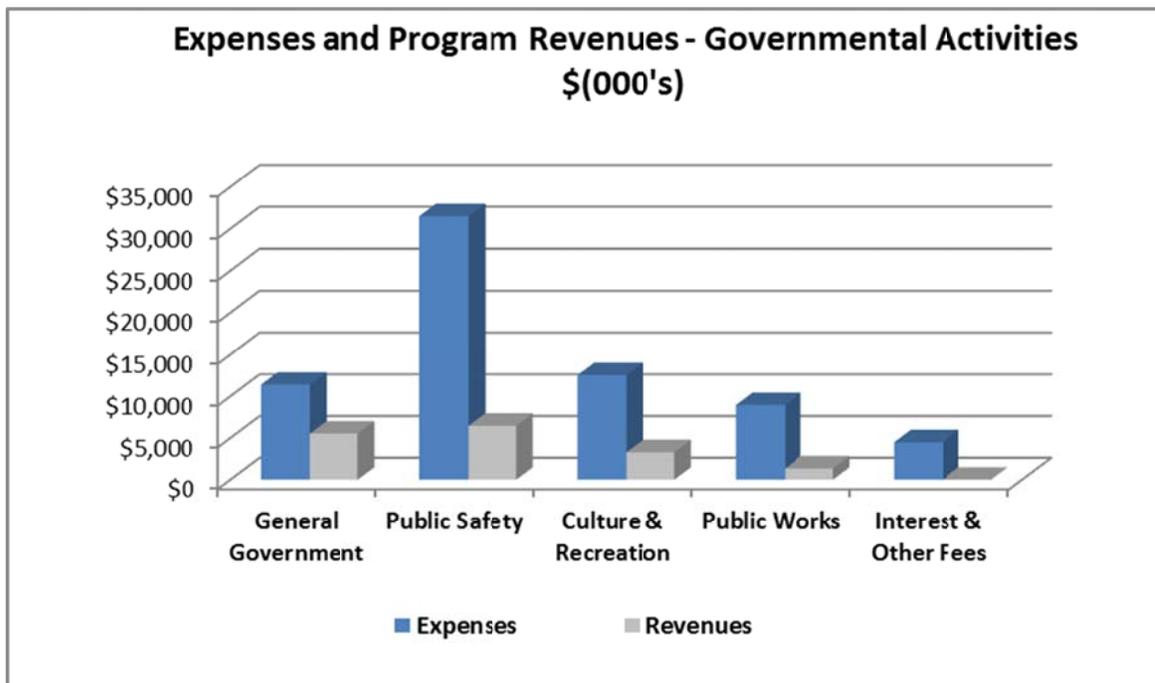
Governmental activities increased the City of North Richland Hills' net position by approximately \$1.97 million in fiscal year 2015, before recognition of the restatement of beginning net position. The City had an increase in tax revenues of \$1.963 million during 2015. Property and Sales tax revenues incurred the biggest gains of this total with increases of \$1,196,000 and \$564,000 respectively. Property taxes rose due to a 5.6% increase in the taxable base, with one-third of the increase resulting from new construction and two-thirds from existing value changes. Sales taxes grew 3.1% due to continued economic recovery, especially from the major interstate corridor construction that caused sales tax revenues to level off in prior years.

Charges for services decreased \$207,000 or approximately 1.5%. This decrease results primarily from a drop in ambulance billing revenue, from \$2.48 million in 2014 to \$2.176 million in 2015.

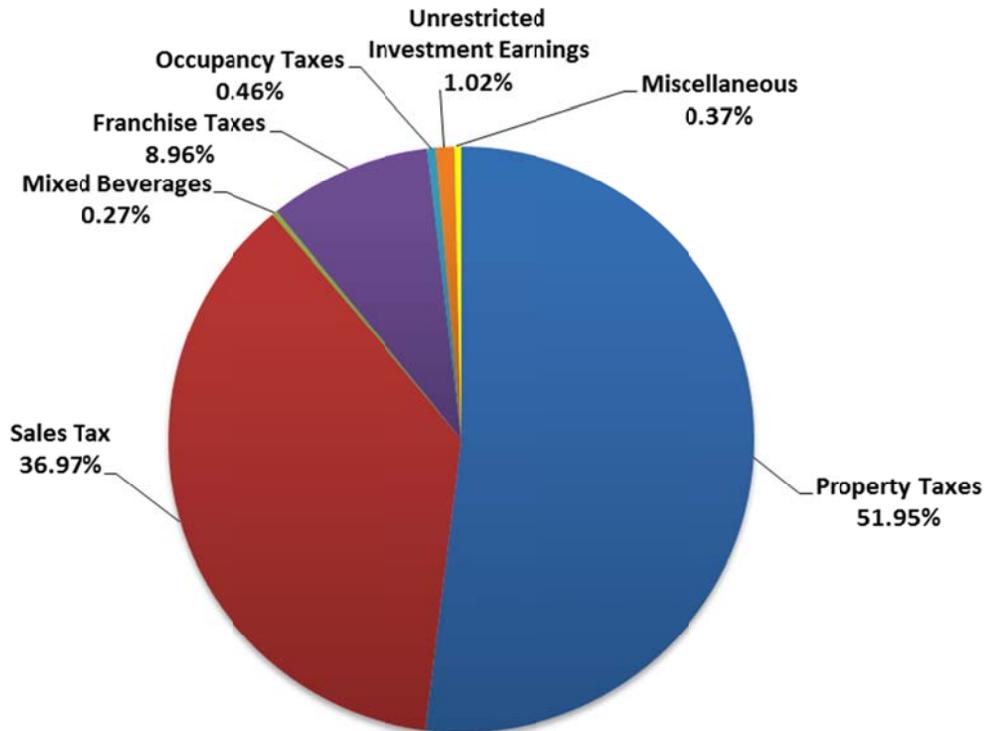
Operating Grants and Contributions saw an increase of \$140,000 in 2015 versus 2014 activity. This increase is a result of continued sharing of services with other contiguous municipalities surrounding the City. The sharpest change was to Capital Grants and Contributions, which decreased by \$2,197,000. This decrease was expected due to completion of major grant capital projects from prior years. In 2016 the City expects another influx of capital grant activity. Streets infrastructure grants and parks and recreation capital development grants are the primary sources of these funds.

The Governmental activities saw a total increase in expenses totaling \$1,829,000 or approximately 2.7% above 2014 levels. This change appears as an increase across all activity divisions except Public Works. Culture and recreation rose due to higher activity volume at the NRH Centre. Two non-fund specific expenses, OPEB and depreciation, recognized only in the government wide statements, grew during 2015. Like last year, OPEB costs continue to rise, increasing the liability by \$998,612, or 10.22%. Depreciation expense rose \$112,923, just 1.3%.

Debt service interest and fiscal charge expense increased by approximately 14.61% or \$572,000. This increase was expected by City Council and Management. In late 2014 the City issued the final phase of a total \$70 million in new debt for construction of the new municipal city hall facility. The City has projected continued increases in interest and fiscal service charges in the next years until principal repayments begin. The other changes creating an increase in overall governmental activities are fund level. Refer to the fund level financial analysis section for further details.



General Revenues by Source - Governmental Activities



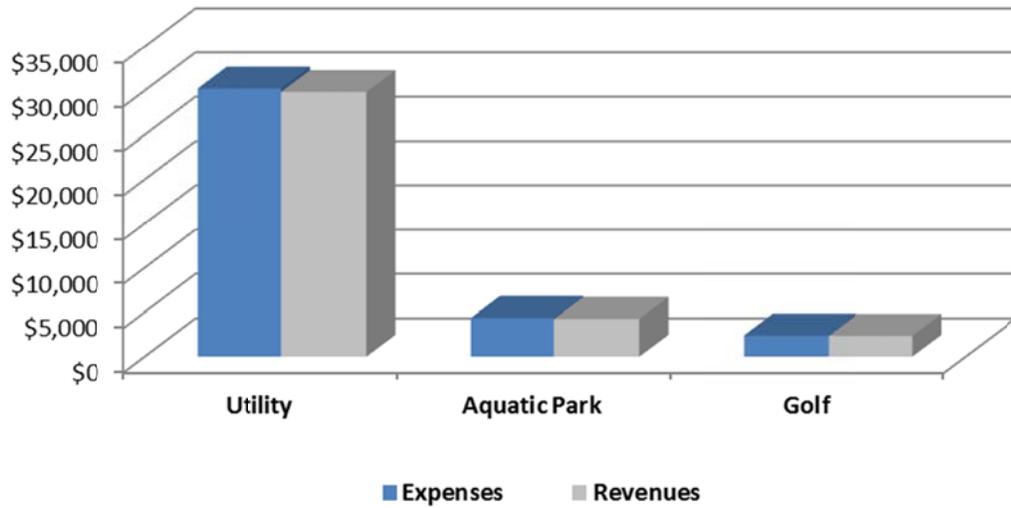
Business-type activities – Business-type activities resulted in a decrease to the City's total net position of \$4.397 million in 2015. Overall the Utility operations (before general revenues and transfers to governmental activities) resulted in a decrease of \$423,000. Transfers out of the Utility Fund into General Fund totaling \$3.729 million, for PILOT fees, indirect fees, and administrative fees, further reduced BTA net position. Finally, the impact of the GASB 68 restatement reduced beginning net position \$1.483 million. The overall decrease for Business-type activities related to Utility fund share is \$4.223 million, which is inclusive of transfers out totaling \$3,954,888.

Aquatic park and Golf course both had net decreases in net position (before general revenues and transfers to governmental activities) of (\$100,391) and (\$54,189), respectively.

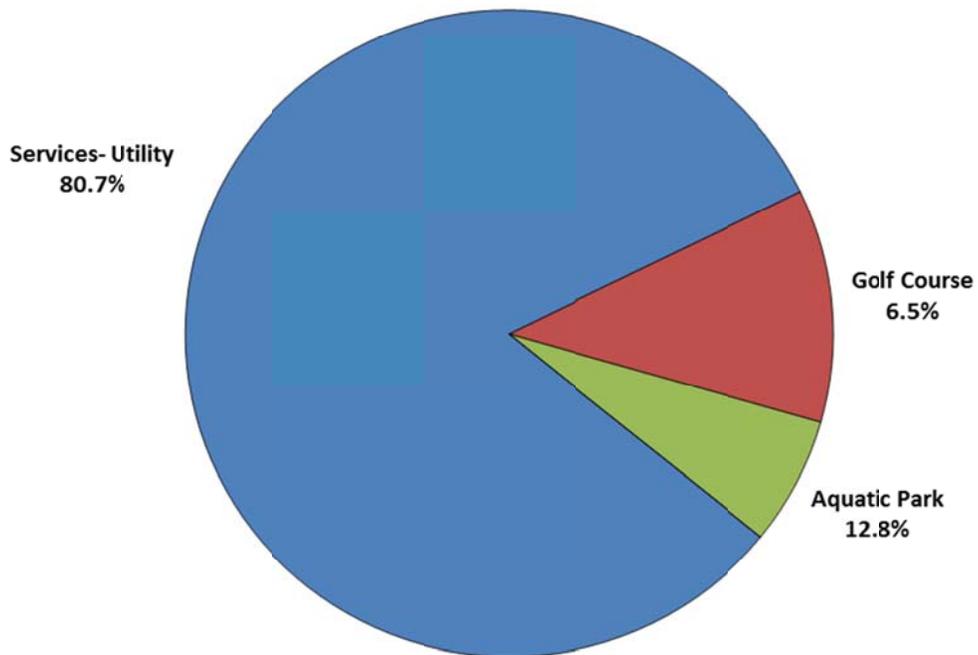
The Aquatic park and Golf course operations are funded by consumers who patronize the facilities of both of these programs. The Aquatic Park saw a decrease in net position because attendance to the park was down for the second consecutive year. Calendar 2015 was the wettest year on record in north Texas, and the prodigious rainfall drove attendance down. The City expects attendance to rebound in 2016, when a new tower slide attraction will come online. Similarly, the golf course was negatively affected by the number of rain days in 2015, but the City is optimistic about 2016.

Although much of the decrease in net position is directly related to net transfers out of business-type activities to governmental activities for shared costs, Utility Fund activities also experienced higher costs and lower revenues thanks to the wet weather. On the whole, the weather demonstrated how sensitive business-type activities are to climate impacts.

**Expenses and Program Revenues - Business-Type Activities
 \$(000's)**



Revenues by Source - Business-type Activities



Fund Level Financial Analysis

Governmental Funds. The focus of the City of North Richland Hills' 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, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City's Council itself, or the designated individual delegated the authority to assign resources for use for particular purposes (Council Designated).

At September 30, 2015, the City's governmental funds reported combined fund balances of \$76,216,651, a decrease of (\$23,998,585) in comparison with prior year. Unassigned fund balance \$9,050,762 is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$374,468), 2) legally required to be maintained intact or to be used for a particular purpose (\$45,221,456), 3) committed for particular purposes (\$1,565,680), or 5) assigned for particular purposes (\$20,004,285).

The general fund is the chief operating fund of the City. For 2015, the general fund unassigned fund balance was \$9,457,571. Total general fund balance decreased \$2,512,770 for 2015. Unassigned fund balance represents approximately, 23.8% of total general fund expenditures, while total fund balance represents 28.5% of that same amount. The general fund balance decrease was due to the transfer of \$1,200,000 for a light rail station project to the General Capital Projects Fund. Also, \$2,000,000 that had been assigned for municipal facilities was released and consumed by operations.

The General Capital Projects fund decreased governmental fund balance by approximately \$22.3 million. The City did issue an additional \$22,215,000 in new bonds that remained partially unused at year end. Of the fund's \$54.6 million in expenditures, the City Hall project consumed \$50.6 million. Additionally, the fund received transfers in from various funds for the light rail station and street improvements totaling \$5,958,511. These funds were received from other funds who allocated prior years fund balance toward the construction project, thus reducing the amount of debt to be issued. The expenditures to offset these transfers are expected in 2016.

General Debt Service fund saw a decrease to fund balance of \$599,273. The decrease is associated with planned usage of debt service reserves to offset principal and interest payments for 2015. The debt service fund had accumulated \$1.8 million in fund balance at the end of 2014. City Council and City Management planned the draw down to offset transfers out of regular operations for debt service requirements.

Parks and Recreation Development Corporation increased governmental fund balance by \$965,091. Of the increase, \$450,999 came from Rec Centre increased activity-

The Gas Development fund contributed an increase to governmental fund balance totaling \$607,693. Expenditures totaled only \$57,693 for a capital project.

Proprietary Funds. The proprietary funds provide the same type of information found in the government-wide financial statements.

General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year, there were sufficient reasons to revise original estimated revenues and original appropriations. Revenue amendments resulted in a total decrease of revenue projections by \$140,341, and appropriations were decreased by \$140,341 also. Specific decreases to revenue projections for charges for services (down \$1,573,956), miscellaneous revenue (\$78,750), licenses and permits (\$67,356), and property taxes (\$60,035) were made. The sharp drop in charges for services resulted from a change in the third-party ambulance billing service provider and a change from booking gross revenue and allowance for doubtful accounts to net revenue. Other appropriations were increased by \$1,300,000. This

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increase directly relates to a transfer out of \$1,300,000. The City increased this appropriation of expense to accommodate usage of fund balance for a new rail station.

Appropriations were amended to increase one time transfers of restricted reserves to construction projects (i.e. rail station) for major facility construction and street maintenance. Non-departmental expenditures were reduced \$1,398,537 to offset the ambulance billing change mentioned above. Adjustments to other departments were minimal.

Final budget compared to actual results. The most significant negative differences between estimated revenues and estimated appropriations to actual were as follows:

<u>Revenue source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Mixed beverage taxes	140,000	138,100	(1,900)
Intergovernmental	4,598,468	4,556,214	(42,254)

<u>Expenditures</u>	<u>Estimated Appropriations</u>	<u>Actual Expenses</u>	<u>Difference</u>
Planning and Inspections	1,027,221	1,030,914	(3,693)
Police	12,585,338	12,644,381	(59,043)

Revenue sources saw negative variances in two categories, both small—mixed beverage taxes (\$1,900 or 1.36%) and intergovernmental (\$42,254 or 0.92%). The intergovernmental change is comparable to the prior year, when revenue had a 1% decrease or (\$45,132) variance. As with last year, this decrease in actual revenues is related to shared services revenue for the NRH Police Department combined dispatch and jail center.

Capital Asset and Debt Administration

Capital assets - At the end of fiscal year 2015, the City had \$377.5 million (net of accumulated depreciation) invested in a broad range of capital assets including, but not limited to, police and fire equipment, buildings, park facilities, roads, bridges, aquatic park facilities, golf course assets, and the water and sewer system. The following table provides capital asset balances net of accumulated depreciation for each major category for both governmental and business-type activities for the fiscal years ending September 30, 2015 and 2014.

Capital Assets
(net of Accumulated Depreciation)
Amounts shown in thousands (000's)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2015	2014	2015	2014	2015	2014
Land & land imp.	\$ 80,844	\$ 82,376	\$ 2,579	\$ 2,579	\$ 83,423	\$ 84,955
Works of art	310	310	-	-	310	310
Buildings & imp.	42,560	41,032	1,866	4,405	44,426	45,437
Other imp.	98,293	98,562	11,631	10,345	109,924	108,907
Utility plant	-	-	50,312	49,225	50,312	49,225
Machinery & equip.	7,548	8,245	1,314	2,703	8,862	10,948
Assets held for resale	3,837	61	-	-	3,837	61
Const. in progress	74,889	33,763	1,540	1,721	76,429	35,484
Total capital assets	<u>\$ 308,281</u>	<u>\$ 264,349</u>	<u>\$ 69,242</u>	<u>\$ 70,978</u>	<u>\$ 377,523</u>	<u>\$ 335,327</u>

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This year's major additions included:

Description	Amount
Various Park Improvements	\$4,401,192
Various Water/Sewer Repl and Improvements	2,810,364
Building (new Animal Shelter)	4,364,245
Various Land Acquisitions	1,231,523
Various Vehicles	992,922
Computer, Machinery, and Equipment	630,212
Various Street Improvements	35,695
Capitalized Interest	13,097

Construction commitments and other limitations affecting availability of fund resources:

The City prepares an annual Capital Improvement Projects budget that assigns specific funds and resources for use to only these projects. Until appropriations are removed these resources are unavailable for general operations or new capital projects.

The City currently has committed resources (displayed as Noncurrent Assets—cash equivalents in the Statement of Net Position) totaling \$53,089,551 for both the Governmental and Business-type activities.

These resources will be used to purchase major equipment, construct new buildings, and add new infrastructure such as water and sewer lines and streets.

More information on capital assets can be found in footnote III.C. in the Footnotes to the financial statements.

Debt - At September 30, 2015 and 2014, the City had the following debt outstanding:

	Outstanding Debt					
	Amounts shown in thousands (000's)					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 77,893	\$ 79,927	\$ 1,812	\$ 1,693	\$ 79,705	\$ 81,620
Certificates of obligation	50,105	36,050	13,670	15,280	63,775	51,330
Sales tax revenue bonds	-	105	-	-	-	105
Capital lease	-	-	163	244	163	244
Totals	\$127,998	\$116,082	\$ 15,645	\$ 17,217	\$143,643	\$133,299

In fiscal year 2015, the City issued \$32,825,000 in new debt. The presently outstanding general obligation debt of the City is rated "AA2" by Moody's and "AA+" by S&P. The City also has issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P through credit enhancement in the form of municipal bond insurance policies.

As a home rule city, the City is not limited by law in the amount of debt it may issue. The City's Charter provides that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. The City's property tax rate is \$0.61 per \$100 assessed valuation. The current ratio of tax-supported debt to assessed value of all taxable property is 2.63%. Additional detailed information on long-term debt activity is disclosed in the notes (III-E) to the financial statements.

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Pensions and Retiree Health Care

Pensions and retiree health care continue to receive negative media attention as governments around the nation struggle to fund these commitments. The City is committed to providing programs in these areas that are fair to both employees and taxpayers and that can be sustained over the long term.

Effective for fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions, an amendment of GASB 27", created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2015 of \$21,341,887, which is 67% of the City's annual covered payroll of \$31,952,469.

Retiree health care's actuarially accrued liability has been calculated in accordance with GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", to be \$52,473,590 as of September 30, 2015, an increase of \$4,241,661 from the previous valuation.

Economic Factors and Next Year's Budgets and Rates

The two largest revenue sources for the General Fund are property tax revenues and sales tax receipts. After working through a struggling economy, the City of North Richland Hills is finally experiencing a stabilizing economy. Given this rise, the budget process has predicted a steady growth in property values and sales tax retail base. For budget year 2015-2016, sales tax receipts are anticipated to be 2% higher than the 2014-2015 budget year. Property tax values are anticipated to continue rising due to steady new construction growth plus the stabilization of property values. The City of North Richland Hills expects a 3% growth in property values.

The fiscal year 2015-2016 budget maintains the property tax rate of \$0.61/\$100. For fiscal year 2015-2016 the tax rate distribution (per \$100 assessed value) for the City is as follows:

Tax Rate Distribution Schedule	Tax Rate Distribution
General Fund - Maintenance & Operations	\$ 13,820,165
Debt Service Fund - Interest and Sinking	8,840,000
Total distribution of tax proceeds	<u>\$ 22,660,165</u>

By policy, the City maintains an unassigned General fund balance of 15% of budgeted expenditures. The use of available fund balance for one-time expenditures eliminates the financial impact of such purchases on future budgets.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of North Richland Hills, Director of Finance, P.O. Box 820609, North Richland Hills, Texas 76182-0609.

BASIC FINANCIAL STATEMENTS



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Statement of Net Position
September 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
CURRENT ASSETS			
Cash and cash equivalents	\$ 9,137,940	\$ 2,204,919	\$ 11,342,859
Investments	21,243,924	9,813,414	31,057,338
Receivables, net of allowances:			
Accounts	1,115,077	4,619,370	5,734,447
Property taxes	175,103	-	175,103
Other taxes	3,686,509	-	3,686,509
Interest receivable	137,444	20,103	157,547
Special assessments	80,202	-	80,202
Intergovernmental	808,729	701,546	1,510,275
Other	289,643	-	289,643
Prepays	491,881	42,363	534,244
Inventories, at cost	211,680	303,519	515,199
Internal balances	<u>(6,892,522)</u>	<u>6,892,522</u>	<u>-</u>
Total current assets	<u>30,485,610</u>	<u>24,597,756</u>	<u>55,083,366</u>
NONCURRENT ASSETS			
Cash and cash equivalents	44,493,808	8,595,743	53,089,551
Investments	25,984,491	2,717,532	28,702,023
Capital assets - net:			
Land and nondepreciable land improvements	80,844,371	2,579,137	83,423,508
Buildings and improvements	64,010,970	4,405,053	68,416,023
Improvements other than buildings	191,775,616	24,549,099	216,324,715
Utility plant	-	105,457,128	105,457,128
Machinery and equipment	23,096,662	4,417,458	27,514,120
Artwork and historical treasures	310,208	-	310,208
Assets held for sale	3,836,877	-	3,836,877
Construction in progress	74,887,743	1,540,134	76,427,877
Accumulated depreciation	<u>(130,481,740)</u>	<u>(73,706,034)</u>	<u>(204,187,774)</u>
Total capital assets - net	<u>308,280,707</u>	<u>69,241,975</u>	<u>377,522,682</u>
Total noncurrent assets	<u>378,759,006</u>	<u>80,555,250</u>	<u>459,314,256</u>
Total assets	<u>409,244,616</u>	<u>105,153,006</u>	<u>514,397,622</u>
Deferred Outflows of Resources			
Deferred loss on refunding	651,014	58,981	709,995
Pension contributions	3,494,480	436,395	3,930,875
Difference in projected and actual earnings on pension assets	1,654,322	205,930	1,860,252
Total deferred outflows of resources	<u>5,799,816</u>	<u>701,306</u>	<u>6,501,122</u>
Liabilities			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	9,228,704	3,331,566	12,560,270
Deposits and other liabilities	5,276,992	126,993	5,403,985
Retainage payable	2,409,230	-	2,409,230
Compensated absences	446,601	52,263	498,864
Unearned revenue	119,732	77,412	197,144
Accrued interest payable	561,742	65,304	627,046
Bonds payable	10,971,021	1,371,082	12,342,103
Capital lease payable	-	77,502	77,502
Intergovernmental payables	216,385	-	216,385
Total current liabilities	<u>29,230,407</u>	<u>5,102,122</u>	<u>34,332,529</u>
NONCURRENT LIABILITIES			
Customers' deposits	-	2,570,866	2,570,866
Bonds payable	122,488,178	14,310,803	136,798,981
Capital lease payable	-	85,602	85,602
Compensated absences	2,832,623	328,037	3,160,660
Intergovernmental payables	-	969,286	969,286
Other post employment benefits obligation	9,549,471	1,216,566	10,766,037
Net pension liability	18,972,656	2,369,231	21,341,887
Total noncurrent liabilities	<u>153,842,928</u>	<u>21,850,391</u>	<u>175,693,319</u>
Total liabilities	<u>183,073,335</u>	<u>26,952,513</u>	<u>210,025,848</u>
Deferred Inflows of Resources			
Deferred gain on refunding	180,389	35,000	215,389
Difference in expected and actual experience	1,349,341	167,966	1,517,307
Total deferred inflows of resources	<u>1,529,730</u>	<u>202,966</u>	<u>1,732,696</u>
Net Position			
Net investment in capital assets	196,388,094	57,335,778	253,723,872
Restricted for:			
Debt service	3,451,280	-	3,451,280
Impact fees restricted for construction	-	4,153,891	4,153,891
Unrestricted	30,601,993	17,209,164	47,811,157
Total net position	<u>\$ 230,441,367</u>	<u>\$ 78,698,833</u>	<u>\$ 309,140,200</u>

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



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CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Activities
Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 11,393,967	\$ 5,145,175	\$ 347,186	\$ 42,913	\$ (5,858,693)		\$ (5,858,693)
Public safety	31,515,975	3,894,194	2,479,044	94,267	(25,048,470)		(25,048,470)
Culture and recreation	12,542,034	3,104,181	140,254	50,640	(9,246,959)		(9,246,959)
Public works	8,958,913	1,063,766	-	290,767	(7,604,380)		(7,604,380)
Interest and other fees	4,488,461	-	-	-	(4,488,461)		(4,488,461)
Total governmental activities	<u>68,899,350</u>	<u>13,207,316</u>	<u>2,966,484</u>	<u>478,587</u>	<u>(52,246,963)</u>		<u>(52,246,963)</u>
Business-type activities:							
Utility	30,228,765	29,826,840	-	-		(401,925)	(401,925)
Aquatic park	4,354,652	4,237,734	-	-		(116,918)	(116,918)
Golf course	2,394,132	2,335,223	-	-		(58,909)	(58,909)
Total business-type activities	<u>36,977,549</u>	<u>36,399,797</u>	<u>-</u>	<u>-</u>		<u>(577,752)</u>	<u>(577,752)</u>
Total primary government	<u>\$ 105,876,899</u>	<u>\$ 49,607,113</u>	<u>\$ 2,966,484</u>	<u>\$ 478,587</u>	<u>\$ (52,246,963)</u>	<u>\$ (577,752)</u>	<u>\$ (52,824,715)</u>
General revenue:							
Taxes:							
Property					\$ 26,099,238	\$ -	\$ 26,099,238
Sales					18,571,502	-	18,571,502
Mixed beverage					138,100	-	138,100
Franchise					4,502,303	-	4,502,303
Occupancy					232,793	-	232,793
Unrestricted investment earnings					514,062	119,568	633,630
Miscellaneous					188,123	35,052	223,175
Transfers between governmental and business-type activities					3,973,821	(3,973,821)	-
Total general revenue and transfers					<u>54,219,942</u>	<u>(3,819,201)</u>	<u>50,400,741</u>
Change in net position					<u>1,972,979</u>	<u>(4,396,953)</u>	<u>(2,423,974)</u>
Net position - beginning of year (as previously reported)					240,342,055	84,578,461	324,920,516
Adjustment to beginning net position, accounting standard implementation					(11,873,667)	(1,482,675)	(13,356,342)
Net position - beginning of year					228,468,388	83,095,786	311,564,174
Net position - end of year					<u>\$ 230,441,367</u>	<u>\$ 78,698,833</u>	<u>\$ 309,140,200</u>

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

CITY OF NORTH RICHLAND HILLS, TEXAS

Balance Sheet

Governmental Funds

September 30, 2015

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Assets				
Cash and cash equivalents	\$ 3,994,559	\$ -	\$ -	\$ 853,695
Investments	9,294,060	-	-	2,127,417
Receivables, net of allowance				
Accounts	999,574	-	-	-
Property taxes	175,103	-	-	-
Other taxes receivable	2,015,088	-	-	803,713
Interest receivable	5,392	66,878	390	1,164
Special assessments receivable	-	80,202	-	-
Intergovernmental receivables	40,067	621,186	-	95,686
Other receivables	193,451	9,576	-	31,934
Due from other funds	147,760	-	-	-
Prepaid items	120,951	1,945	4,976	5,583
Inventories, at cost	74,558	-	-	15,611
Advances to other funds	145,764	-	-	-
Restricted:				
Cash and cash equivalents	-	34,087,620	425,001	-
Investments	-	12,471,910	752,853	-
Total assets	<u>\$ 17,206,327</u>	<u>\$ 47,339,317</u>	<u>\$ 1,183,220</u>	<u>\$ 3,934,803</u>
Liabilities				
Accounts payable	\$ 982,281	\$ 5,405,560	\$ -	\$ 45,184
Retainage payable	-	2,409,230	-	-
Accrued liabilities	848,164	5,123	-	93,225
Intergovernmental payables	-	-	-	-
Deposits and other liabilities	3,044,001	726,058	-	27,500
Advances from other funds	-	-	-	-
Unearned revenue	58,549	-	-	60,284
Total liabilities	<u>4,932,995</u>	<u>8,545,971</u>	<u>-</u>	<u>226,193</u>
Deferred Inflows of Resources				
Unavailable revenue - ambulance fees	802,771	-	-	-
Unavailable revenue - property taxes	175,103	-	-	-
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - assessments	-	149,789	-	-
Total deferred inflows of resources	<u>977,874</u>	<u>149,789</u>	<u>-</u>	<u>-</u>

<u>Gas Development</u>	<u>Tax Increment Finance District #2</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
\$ 859,158	\$ -	\$ 1,131,683	\$ 6,839,095
1,912,250	-	2,534,783	15,868,510
-	-	91,022	1,090,596
-	-	-	175,103
-	-	867,708	3,686,509
1,038	3,769	2,657	81,288
-	-	-	80,202
-	-	51,790	808,729
46,984	-	7,698	289,643
-	-	-	147,760
-	-	5,080	138,535
-	-	-	90,169
-	-	-	145,764
-	4,364,941	3,929,937	42,807,499
-	6,890,205	2,454,729	22,569,697
<u>\$ 2,819,430</u>	<u>\$ 11,258,915</u>	<u>\$ 11,077,087</u>	<u>\$ 94,819,099</u>
\$ -	\$ -	\$ 169,962	\$ 6,602,987
-	-	-	2,409,230
-	-	125,894	1,072,406
-	-	216,385	216,385
-	-	98	3,797,657
3,226,239	-	-	3,226,239
-	-	-	118,833
<u>3,226,239</u>	<u>-</u>	<u>512,339</u>	<u>17,443,737</u>
-	-	-	802,771
-	-	-	175,103
-	-	31,048	31,048
-	-	-	149,789
<u>-</u>	<u>-</u>	<u>31,048</u>	<u>1,158,711</u>

(Continued)

CITY OF NORTH RICHLAND HILLS, TEXAS

Balance Sheet
 Governmental Funds
 September 30, 2015

Fund Balance	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Nonspendable:				
Inventories	74,558	-	-	15,611
Prepays	120,951	1,945	4,976	5,583
Advances	145,764	-	-	-
Restricted:				
Municipal court technology & security	551,593	-	-	-
Franchise peg fees	11,929	-	-	-
Record preservation fee	4,000	-	-	-
Parks and recreation development	-	-	-	1,943,056
Crime control district	-	-	-	-
Debt service	-	-	1,178,244	-
Grants	-	-	-	-
Promotional & economic development	-	-	-	-
Public safety	-	-	-	-
Capital projects (bond funded)	-	21,366,681	-	111,116
Committed:				
Donations	-	-	-	-
Drainage utility	-	-	-	-
Assigned:				
Savings incentive program	250,360	-	-	-
Retirement stabilization	250,000	-	-	-
Recreation centre	-	-	-	1,323,690
Capital projects	-	17,274,931	-	-
Purchases on order	428,732	-	-	309,554
Unassigned	9,457,571	-	-	-
Total fund balance (deficit)	<u>11,295,458</u>	<u>38,643,557</u>	<u>1,183,220</u>	<u>3,708,610</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 17,206,327</u>	<u>\$ 47,339,317</u>	<u>\$ 1,183,220</u>	<u>\$ 3,934,803</u>

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

<u>Gas Development</u>	<u>Tax Increment Finance District #2</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
-	-	-	90,169
-	-	5,080	138,535
-	-	-	145,764
-	-	-	551,593
-	-	-	11,929
-	-	-	4,000
-	-	-	1,943,056
-	-	1,576,555	1,576,555
-	-	2,273,036	3,451,280
-	-	65,501	65,501
-	-	1,375,767	1,375,767
-	-	951,328	951,328
-	11,258,915	2,553,735	35,290,447
-	-	595,802	595,802
-	-	969,878	969,878
-	-	-	250,360
-	-	-	250,000
-	-	-	1,323,690
-	-	-	17,274,931
-	-	167,018	905,304
<u>(406,809)</u>	<u>-</u>	<u>-</u>	<u>9,050,762</u>
<u>(406,809)</u>	<u>11,258,915</u>	<u>10,533,700</u>	<u>76,216,651</u>
<u>\$ 2,819,430</u>	<u>\$ 11,258,915</u>	<u>\$ 11,077,087</u>	<u>\$ 94,819,099</u>



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CITY OF NORTH RICHLAND HILLS, TEXAS
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
GOVERNMENTAL FUNDS
 September 30, 2015

Total fund balances--governmental funds	\$ 76,216,651
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities resources (excluding internal service capital assets) are not financial resources and, therefore, are not reported as net position in governmental funds.</p>	304,341,105
<p>Certain litigation liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>	(1,465,000)
<p>Certain receivables are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>	1,200,753
<p>Internal service funds are used by the City's management for building and vehicle support services, self insurance, and information services. The assets and liabilities of the internal service funds, net of amounts included in business type activities, are included with governmental activities in the Statement of Net Position but are not included at the fund level.</p>	9,342,280
<p>Long-term liabilities and related deferred inflows and outflows, including bonds payable, accrued interest payable, compensated absences, other post employment benefits, and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>	<u>(159,194,422)</u>
Total net position--governmental activities	<u><u>\$ 230,441,367</u></u>

The notes to the financial statements are an integral part of this statement. See note II A for additional information on reconciliation calculations.

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2015

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
REVENUES				
Taxes	\$ 27,866,270	\$ -	\$ 8,840,000	\$ 4,648,841
License and permits	1,520,086	-	-	-
Charges for services	2,180,587	6,020	-	2,849,205
Gas utility leases and royalties	-	-	-	-
Fines	2,222,995	-	-	-
Civil citations	-	-	-	-
Contributions	1,575	-	-	36,035
Special assessments	-	12,095	-	-
Investment income (loss)	120,671	168,879	14,598	19,896
Intergovernmental	2,126,982	847,854	82,853	410,690
Forfeitures	-	-	-	-
Miscellaneous	126,766	-	16,665	119,818
Total revenues	<u>36,165,932</u>	<u>1,034,848</u>	<u>8,954,116</u>	<u>8,084,485</u>
EXPENDITURES				
General government	9,008,730	300	-	-
Public safety	24,058,146	-	-	-
Culture and recreation	3,569,492	-	-	5,703,671
Public works	2,991,803	-	-	-
Capital outlay:				
General government	13,856	50,661,589	-	-
Public safety	31,330	23,856	-	-
Culture and recreation	2,450	413,423	-	709,081
Public works	-	3,548,899	-	-
Debt service:				
Principal retirement	-	-	7,407,643	-
Interest and fiscal charges	-	-	3,788,499	-
Total expenditures	<u>39,675,807</u>	<u>54,648,067</u>	<u>11,196,142</u>	<u>6,412,752</u>
Excess (deficiency) of revenues over expenditures	<u>(3,509,875)</u>	<u>(53,613,219)</u>	<u>(2,242,026)</u>	<u>1,671,733</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	22,215,000	-	-
Issuance of refunding of debt	-	-	5,648,056	-
Premium on issuance of debt	-	3,003,059	262,887	-
Payment to refunded bond escrow agent	-	-	(5,648,056)	-
Proceeds from sale of assets	11,422	119,283	-	4,771
Transfers in	4,316,850	5,958,511	1,379,866	564,481
Transfers out	(3,331,167)	(107)	-	(1,275,894)
Total other financing sources (uses)	<u>997,105</u>	<u>31,295,746</u>	<u>1,642,753</u>	<u>(706,642)</u>
Net change in fund balance (deficit)	<u>(2,512,770)</u>	<u>(22,317,473)</u>	<u>(599,273)</u>	<u>965,091</u>
Fund balance - beginning of year	13,808,228	60,961,030	1,782,493	2,743,519
Fund balance (deficit) - end of the year	<u>\$ 11,295,458</u>	<u>\$ 38,643,557</u>	<u>\$ 1,183,220</u>	<u>\$ 3,708,610</u>

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

<u>Gas Development</u>	<u>Tax Increment Finance District #2</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
\$ -	\$ -	\$ 8,186,058	\$ 49,541,169
-	-	-	1,520,086
8,200	-	860,836	5,904,848
664,788	-	-	664,788
-	-	-	2,222,995
-	-	1,226,567	1,226,567
-	-	240,362	277,972
-	-	-	12,095
12,398	65,671	35,556	437,669
-	-	836,869	4,305,248
-	-	67,598	67,598
-	-	2	263,251
<u>685,386</u>	<u>65,671</u>	<u>11,453,848</u>	<u>66,444,286</u>
-	-	290,206	9,299,236
-	-	5,992,237	30,050,383
-	-	261,539	9,534,702
-	-	33,019	3,024,822
57,693	-	-	50,733,138
-	-	358,426	413,612
-	-	9,627	1,134,581
-	-	788	3,549,687
-	-	2,591,733	9,999,376
-	-	718,411	4,506,910
<u>57,693</u>	<u>-</u>	<u>10,255,986</u>	<u>122,246,447</u>
<u>627,693</u>	<u>65,671</u>	<u>1,197,862</u>	<u>(55,802,161)</u>
-	-	-	22,215,000
-	-	4,768,520	10,416,576
-	-	-	3,265,946
-	-	(4,768,520)	(10,416,576)
-	-	1,081	136,557
-	-	117,743	12,337,451
<u>(20,000)</u>	<u>-</u>	<u>(1,524,210)</u>	<u>(6,151,378)</u>
<u>(20,000)</u>	<u>-</u>	<u>(1,405,386)</u>	<u>31,803,576</u>
607,693	65,671	(207,524)	(23,998,585)
<u>(1,014,502)</u>	<u>11,193,244</u>	<u>10,741,224</u>	<u>100,215,236</u>
<u>\$ (406,809)</u>	<u>\$ 11,258,915</u>	<u>\$ 10,533,700</u>	<u>\$ 76,216,651</u>



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CITY OF NORTH RICHLAND HILLS, TEXAS
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
 Balance of Governmental Funds to the Statement of Activities
 Year Ended September 30, 2015

Net change in fund balance--total governmental funds	\$ (23,998,585)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	44,093,189
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.	13,286
Certain deferred inflows of resources were earned in prior year but not yet available for fund level activity. This decrease is due to the deferred inflows becoming available in current year.	(337,604)
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. The current year change in those liabilities is reported as expense in the statement of activities. Expenses recorded for accrual of interest and amortization expense are included in this category.	(678,228)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the difference between repayments and proceeds received.	(15,562,095)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities (exclusive of capital assets and debt).	<u>(1,556,984)</u>
Change in net position of governmental activities	<u><u>\$ 1,972,979</u></u>

The notes to the financial statements are an integral part of this statement.
 See note II B for additional information on reconciliation calculations.

CITY OF NORTH RICHLAND HILLS, TEXAS

Statement of Net Position

PROPRIETARY FUNDS

September 30, 2015

	Enterprise Funds				Governmental
	Utility	Aquatic Park	Golf	Total Enterprise	Activities - Internal Service
ASSETS					
Current					
Cash and cash equivalents	\$ 1,038,719	\$ 817,063	\$ 349,137	\$ 2,204,919	\$ 2,298,845
Investments	8,163,218	1,327,841	322,355	9,813,414	5,375,414
Accounts receivable, net of allowance:					
Billed	1,835,634	-	-	1,835,634	-
Unbilled	2,481,600	-	-	2,481,600	-
Other	29,420	254,388	18,328	302,136	24,481
Interest receivable	16,913	2,868	322	20,103	14,114
Intergovernmental receivable	701,546	-	-	701,546	-
Prepaid items	22,368	5,818	14,177	42,363	353,346
Due from other funds	34,208	-	-	34,208	-
Inventories, at cost	212,203	21,930	69,386	303,519	121,511
Total current assets	<u>14,535,829</u>	<u>2,429,908</u>	<u>773,705</u>	<u>17,739,442</u>	<u>8,187,711</u>
Noncurrent					
Restricted assets					
Cash and cash equivalents	8,422,547	-	173,196	8,595,743	1,686,309
Investments	2,467,233	250,299	-	2,717,532	3,414,794
Total restricted cash and cash equivalents	<u>10,889,780</u>	<u>250,299</u>	<u>173,196</u>	<u>11,313,275</u>	<u>5,101,103</u>
Advances to other funds	3,396,102	-	-	3,396,102	-
Capital assets, at cost					
Land	75,366	745,771	1,758,000	2,579,137	-
Building and improvements	1,136,327	2,465,964	802,762	4,405,053	135,455
Other improvements	-	19,258,512	5,290,587	24,549,099	1,041,947
Utility plant in service	105,457,128	-	-	105,457,128	-
Machinery and equipment	2,014,935	808,109	1,594,414	4,417,458	9,522,083
Construction in progress	1,379,618	160,516	-	1,540,134	-
Accumulated depreciation	(57,306,757)	(10,487,070)	(5,912,207)	(73,706,034)	(6,759,883)
Net capital assets	<u>52,756,617</u>	<u>12,951,802</u>	<u>3,533,556</u>	<u>69,241,975</u>	<u>3,939,602</u>
Total noncurrent assets	<u>67,042,499</u>	<u>13,202,101</u>	<u>3,706,752</u>	<u>83,951,352</u>	<u>9,040,705</u>
Total assets	<u>81,578,328</u>	<u>15,632,009</u>	<u>4,480,457</u>	<u>101,690,794</u>	<u>17,228,416</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	6,642	47,939	4,400	58,981	-
Pension contributions	373,862	62,533	-	436,395	295,677
Pension differences - earnings	179,142	26,788	-	205,930	134,683
Total deferred outflows of resources	<u>559,646</u>	<u>137,260</u>	<u>4,400</u>	<u>701,306</u>	<u>430,360</u>
LIABILITIES					
Current					
Accounts payable and accrued expenses	3,146,744	64,589	120,233	3,331,566	1,553,310
Other current liabilities	93,112	5,409	28,472	126,993	14,335
Compensated absences	40,964	11,299	-	52,263	35,729
Unearned revenue	-	12,300	65,112	77,412	900
Due to other funds	-	-	181,968	181,968	-
Accrued interest payable	37,066	25,355	2,883	65,304	-
Bonds payable	780,000	501,082	90,000	1,371,082	-
Capital lease payable	-	-	77,502	77,502	-
Total current liabilities	<u>4,097,886</u>	<u>620,034</u>	<u>566,170</u>	<u>5,284,090</u>	<u>1,604,274</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

Statement of Net Position

PROPRIETARY FUNDS

September 30, 2015

	Enterprise Funds				Governmental
	Utility	Aquatic Park	Golf	Total Enterprise	Activities - Internal Service
Noncurrent					
Customer deposits	2,570,866	-	-	2,570,866	-
Bonds payable	8,927,083	4,769,357	614,363	14,310,803	-
Capital lease payable	-	-	85,602	85,602	-
Compensated absences	258,225	69,812	-	328,037	223,282
Intergovernmental payables	969,286	-	-	969,286	-
Advances from other funds	-	-	315,627	315,627	-
Other post employment benefits obligation	1,049,378	167,188	-	1,216,566	814,777
Net pension liability	2,030,152	339,079	-	2,369,231	1,604,503
Total noncurrent liabilities	<u>15,804,990</u>	<u>5,345,436</u>	<u>1,015,592</u>	<u>22,166,018</u>	<u>2,642,562</u>
Total liabilities	<u>19,902,876</u>	<u>5,965,470</u>	<u>1,581,762</u>	<u>27,450,108</u>	<u>4,246,836</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	-	35,000	-	35,000	-
Pensions - expected/actual	146,117	21,849	-	167,966	109,853
Total deferred inflows of resources	<u>146,117</u>	<u>56,849</u>	<u>-</u>	<u>202,966</u>	<u>109,853</u>
NET POSITION					
Net investment in capital assets	46,730,864	7,668,947	2,935,967	57,335,778	3,947,451
Impact fees restricted for construction	4,153,891	-	-	4,153,891	-
Unrestricted (deficit)	11,204,226	2,078,003	(32,872)	13,249,357	9,354,636
Total net position	<u>\$ 62,088,981</u>	<u>\$ 9,746,950</u>	<u>\$ 2,903,095</u>	<u>\$ 74,739,026</u>	<u>\$ 13,302,087</u>

Reconciliation to business-type activities:

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal balances are included with business-type activities

Net Position of business-type activities

3,959,807
\$ 78,698,833

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

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Revenues, Expenses, and Changes in Net Position
PROPRIETARY FUNDS
Year Ended September 30, 2015

	Enterprise Funds				Governmental
	Utility	Aquatic Park	Golf	Total Enterprise	Activities - Internal Service
OPERATING REVENUES					
Charges for services:					
Water and sewer service	\$ 28,742,666	\$ -	\$ -	\$ 28,742,666	\$ -
Service charges	920,165	-	-	920,165	-
Inspection fees	101,472	-	-	101,472	-
Golf course fees and charges	-	-	2,333,795	2,333,795	-
Aquatic park admissions and services	-	4,190,688	-	4,190,688	-
Other intergovernmental	60,439	-	-	60,439	14,902
Risk management	-	-	-	-	9,753,876
Facilities and fleet management	-	-	-	-	6,169,249
Information systems management	-	-	-	-	2,674,154
Miscellaneous revenues	2,098	47,046	1,428	50,572	567,830
Total operating revenues	<u>29,826,840</u>	<u>4,237,734</u>	<u>2,335,223</u>	<u>36,399,797</u>	<u>19,180,011</u>
OPERATING EXPENSES					
Claims	-	-	-	-	9,520,100
Contractual services	1,752,357	996,547	-	2,748,904	1,881,599
Water purchases	10,279,601	-	-	10,279,601	-
Wastewater treatment services	4,880,490	-	-	4,880,490	-
Personnel services	5,104,575	1,637,891	-	6,742,466	3,621,763
Golf course sales and service	-	-	1,963,074	1,963,074	-
Repairs and maintenance	4,252,177	145,604	-	4,397,781	1,627,342
Supplies	305,403	604,551	-	909,954	1,121,505
Depreciation	3,355,476	773,895	411,449	4,540,820	882,949
Total operating expenses	<u>29,930,079</u>	<u>4,158,488</u>	<u>2,374,523</u>	<u>36,463,090</u>	<u>18,655,258</u>
Operating income (loss)	<u>(103,239)</u>	<u>79,246</u>	<u>(39,300)</u>	<u>(63,293)</u>	<u>524,753</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	104,248	13,550	1,770	119,568	78,951
Interest and fiscal charges	(298,686)	(196,164)	(19,609)	(514,459)	-
Other income (expense)	19,546	-	2,950	22,496	-
Gain on disposal of assets	9,579	2,977	-	12,556	51,564
Total nonoperating revenues (expenses)	<u>(165,313)</u>	<u>(179,637)</u>	<u>(14,889)</u>	<u>(359,839)</u>	<u>130,515</u>
Income (loss) before transfers	<u>(268,552)</u>	<u>(100,391)</u>	<u>(54,189)</u>	<u>(423,132)</u>	<u>655,268</u>
TRANSFERS					
Transfers in	-	-	-	-	323,425
Transfers out	(3,954,888)	(228,519)	-	(4,183,407)	(2,326,091)
Total transfers - net	<u>(3,954,888)</u>	<u>(228,519)</u>	<u>-</u>	<u>(4,183,407)</u>	<u>(2,002,666)</u>
Change in net position	<u>(4,223,440)</u>	<u>(328,910)</u>	<u>(54,189)</u>	<u>(4,606,539)</u>	<u>(1,347,398)</u>
Net position - beginning of year (as previously reported)	67,583,155	10,287,801	2,957,284	80,828,240	15,653,132
Adjustment to beginning net position, accounting standard implementation	<u>(1,270,734)</u>	<u>(211,941)</u>	<u>-</u>	<u>(1,482,675)</u>	<u>(1,003,647)</u>
Net position - beginning of year (as restated)	66,312,421	10,075,860	2,957,284	79,345,565	14,649,485
Net position - end of year	<u>\$ 62,088,981</u>	<u>\$ 9,746,950</u>	<u>\$ 2,903,095</u>	<u>\$ 74,739,026</u>	<u>\$ 13,302,087</u>
Reconciliation of Change in Net Position - Business-type Activities:					
Change in net position of enterprise funds					(4,606,539)
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal revenue service funds is reported with business-type activities					209,586
Change in net position of business-type activities					<u>\$ (4,396,953)</u>

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

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Cash Flows
PROPRIETARY FUNDS
Year Ended September 30, 2015

	Enterprise Funds				Governmental Activities - Internal Service
	Utility	Aquatic Park	Golf	Totals	
Cash flows from operating activities:					
Receipts from customers	\$ 29,899,662	\$ 4,193,513	\$ 2,319,817	\$ 36,412,992	\$ -
Receipts from interfund services provided	-	-	-	-	18,597,279
Other operating revenue (expense)	(82,190)	49,840	(4,860)	(37,210)	606,451
Payments to suppliers	(20,743,938)	(1,796,868)	(1,992,968)	(24,533,774)	(13,828,908)
Payments to employees	(3,844,656)	(1,409,773)	-	(5,254,429)	(3,571,056)
Net cash provided by operating activities	<u>5,228,878</u>	<u>1,036,712</u>	<u>321,989</u>	<u>6,587,579</u>	<u>1,803,766</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	-	323,425
Transfers to other funds	(3,954,888)	(228,519)	-	(4,183,407)	(2,326,091)
Advances to other funds	-	-	(147,760)	(147,760)	-
Net cash provided by (used for) noncapital and related financing activities	<u>(3,954,888)</u>	<u>(228,519)</u>	<u>(147,760)</u>	<u>(4,331,167)</u>	<u>(2,002,666)</u>
Cash flows from capital and related financing activities:					
Insurance recovery proceeds	19,546	-	2,950	22,496	-
Proceeds from capital debt	-	-	-	-	-
Acquisition and construction of capital assets	(2,534,463)	(160,517)	(17,323)	(2,712,303)	(708,240)
Principal paid on capital debt	(782,263)	(534,705)	(177,481)	(1,494,449)	-
Interest paid on capital debt	(1,568,373)	(453,652)	(23,554)	(2,045,579)	-
Proceeds from sale of capital assets	9,579	2,977	-	12,556	51,564
Net cash used for capital and related financing activities	<u>(4,855,974)</u>	<u>(1,145,897)</u>	<u>(215,408)</u>	<u>(6,217,279)</u>	<u>(656,676)</u>
Cash flows from investing activities:					
Purchase of investments	(4,837,996)	(492,095)	(238,022)	(5,568,113)	(4,423,580)
Proceeds from the sale of investments	6,146,766	886,464	89,262	7,122,492	4,632,390
Interest and dividends received	106,581	13,597	1,807	121,985	79,802
Net cash provided by investing activities	<u>1,415,351</u>	<u>407,966</u>	<u>(146,953)</u>	<u>1,676,364</u>	<u>288,612</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,166,633)</u>	<u>70,262</u>	<u>(188,132)</u>	<u>(2,284,503)</u>	<u>(566,964)</u>
Cash and cash equivalents beginning of year	<u>11,627,899</u>	<u>997,100</u>	<u>710,465</u>	<u>13,335,464</u>	<u>4,552,118</u>
Cash and cash equivalents end of year	<u>\$ 9,461,266</u>	<u>\$ 1,067,362</u>	<u>\$ 522,333</u>	<u>\$ 11,050,961</u>	<u>\$ 3,985,154</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (103,239)	\$ 79,246	\$ (39,300)	\$ (63,293)	\$ 524,753
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	3,355,476	773,895	411,449	4,540,820	882,949
Other expense	-	-	-	-	(3,351)
(Increase) decrease in accounts receivable	135,359	2,825	(13,978)	124,206	22,819
(Increase) decrease in intergovernmental receivables	(221,655)	-	-	(221,655)	-
(Increase) decrease in inventories	85,956	(724)	(3,947)	81,285	4,932
(Increase) decrease in prepaid items	(3,249)	(3,451)	3,720	(2,980)	31,803
Increase (decrease) in accounts payable	446,013	(68,995)	(67,896)	309,122	288,254
Increase (decrease) in customer deposits payable	117,093	-	-	117,093	-
Increase (decrease) in compensating absences	(55,996)	8,932	-	(47,064)	8,902
Increase (decrease) in other post employment benefits	95,567	14,780	-	110,347	73,998
Increase (decrease) in intergovernmental payable	(40,165)	-	-	(40,165)	-
Increase (decrease) in other liabilities	93,112	1,000	28,472	122,584	-
Increase (decrease) in net pension liability	1,220,348	204,406	-	1,424,754	(37,881)
Increase (decrease) in unearned revenues	-	2,794	(6,288)	(3,494)	900
Increase (decrease) in accrued liabilities	104,258	22,004	9,757	136,019	5,688
Total adjustments	<u>5,332,117</u>	<u>957,466</u>	<u>361,289</u>	<u>6,650,872</u>	<u>1,279,013</u>
Net cash provided by operating activities	<u>\$ 5,228,878</u>	<u>\$ 1,036,712</u>	<u>\$ 321,989</u>	<u>\$ 6,587,579</u>	<u>\$ 1,803,766</u>
Noncash from capital and related financing activities:					
Capitalized interest	13,109	-	-	13,109	-

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

CITY OF NORTH RICHLAND HILLS, TEXAS

Statement of Net Position

FIDUCIARY FUNDS

September 30, 2015

	<u>OPEB Trust</u>
ASSETS	
Investments, at fair value	
Mutual funds	\$ 1,316,394
Total assets	<u>1,316,394</u>
NET POSITION	
Restricted for other post employment benefits	1,316,394
Total net position	<u>\$ 1,316,394</u>

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

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Changes in Fiduciary Net Position
FIDUCIARY FUNDS
For the Year Ended September 30, 2015

	OPEB Trust
ADDITIONS	
Contributions:	
Employer	\$ 1,688,391
Investment earnings (loss)	(6,306)
Total additions	1,682,085
DEDUCTIONS	
Benefit payments	1,588,391
Investment expense	7,063
Total deductions	1,595,454
Change in net position	86,631
Net position - beginning	1,229,763
Net position - ending	\$ 1,316,394

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



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CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Basic Financial Statements
September 30, 2015

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CITY OF NORTH RICHLAND HILLS

Notes to Basic Financial Statements

September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Richland Hills, Texas (the "City") Home Rule Charter was adopted by the voters at an election held on November 3, 1964. The City operates under a Council-Manager form of government. The City provides a full range of services including police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public water park. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. Reporting Entity

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the primary government's operations. As such, data from these units is combined with data of the primary government. Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or whose relationships with the City are such that exclusion would be misleading or incomplete.

Blended Component Units - The North Richland Hills Parks and Recreation Facilities Development Corporation ("PRD") is used to account for the accumulation of resources to build and improve City parks and recreational facilities and fund economic development activities. The North Richland Hills Crime Control and Prevention District ("CCD") is used to account for the accumulation and use of half-cent sales tax proceeds dedicated for crime reduction programs. The PRD and CCD are reported as special revenue funds of the primary government. The Boards of Directors of both component units are substantially the same as the City Council.

Tax Increment Financing District No. 1 ("TIF #1") was created to fund drainage improvements that would alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development within the zone of TIF #1. In 2008, TIF #1 was expanded to provide funding for intersection improvements and the burial of utility lines to enhance economic revitalization in the area. Tax Increment Financing District #2 ("TIF #2") was created to provide funding for public improvements that would benefit the participants in and citizens of TIF #2. These TIF's meet the criteria for blending as the City Council and TIF Boards are substantially the same. In addition, although other entities are involved in the TIF, the primary financial benefit or burden relationship is between the City and the TIF's, and management of the City has day-to-day operational responsibility for the activities of the TIF.

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 non-fiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been eliminated from these statements. However, interfund services provided and used are not eliminated in the consolidation process. 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 user fees and charges for support.

CITY OF NORTH RICHLAND HILLS
Notes to Basic Financial Statements
September 30, 2015

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are designated to meeting the operational or capital requirements of a particular function or 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund. Major functions financed by the General Fund include general government, public safety, culture and recreation, and public works. Financing is provided from taxes (primarily property, sales, and franchise), licenses and permits, fines, and investment income.

The General Capital Projects Fund is used to account for financial resources used for the acquisition and construction of major street, drainage, and municipal facilities capital assets.

The General Debt Service Fund accounts for the accumulation of resources for the payment of principal, interest, and related charges on long-term general obligation debt of governmental funds. Financing is provided primarily by a specific annual property tax levy.

The Parks and Recreation Facilities Development Fund accounts for the accumulation and use of resources to build and improve City parks and recreation facilities as well as economic development projects.

CITY OF NORTH RICHLAND HILLS

Notes to Basic Financial Statements

September 30, 2015

The Gas Development Fund accounts for the accumulation and expenditures of resources from gas drilling and exploration on City owned property.

The Tax Increment Financing District #2 provides funding for public improvements that would benefit the participants in and citizens of TIF #2 as well as others in the Metroplex area.

The City reports the following proprietary funds:

The Utility Fund (a major fund) accounts for the distribution of water, transportation of wastewater, and solid waste removal services provided to the residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and debt service, and billing and collections.

The Aquatic Park Fund (a major fund) accounts for the operation of NRH₂O, the City's public water park. All activities necessary to operate the park are accounted for in the fund, including, but not limited to, administration, park operations, park maintenance, and financing and debt service.

The Golf Course Fund accounts for the operations of Iron Horse Golf Course, the City's public golf course. All activities necessary to operate the course are accounted for in the fund, including, but not limited to, administration, operations, course maintenance, and financing and debt service. The Golf Course is the only non-major proprietary fund.

Internal Service Funds account for building maintenance services, fleet management, computer and telephone service, as well as insurance coverage provided to other departments of the City, on a cost reimbursement basis.

The City also reports one fiduciary fund. The OPEB Trust Fund accounts for the activities of the long term funding of the City's other post employment benefits provided. These funds are contributed by the City on an annual basis to help offset future costs and outflows for post employment benefits payments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Deposits and investments

Deposits consist of cash and cash equivalents. Substantially all operating deposits and investments are maintained in pooled deposits and investment accounts. Interest income relating to pooled

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deposits and investments is allocated monthly to the participating individual funds based on each fund's pro-rata share of total pooled deposits and investments.

Investments consist of (1) investments in public fund investment pools, (2) short-term investments that mature in 12 months or less from the time of purchase and (3) investments that mature in greater than 12 months from the time of purchase.

Other than investment pools, most of the City's investments are long-term (i.e., at the time of purchase, the maturity equals or exceeds one year) and, accordingly, the investments are carried at fair value in accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools."*

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. During the year ended September 30, 2015, the City did not own any types of securities other than those permitted by statute.

For the purposes of presenting the statement of cash flows for Proprietary Funds, cash and cash equivalents are defined as cash and the funds' investment in the City's pooled accounts which provide cash-equivalent liquidity (Note III).

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and certain personal property located in the City. Tax liens attach as of February 1. Taxes are due upon receipt of the tax bill.

Property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation and by City Charter to \$1.50 per \$100 assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2015 was \$.61 per \$100 of assessed valuation.

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out ("FIFO") method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset by a fund balance reserve account in applicable governmental funds to indicate the inventory values are not available for appropriation and are not expendable financial resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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Restricted assets

Certain resources set aside for the repayment of outstanding City debt are classified as restricted assets on the balance sheet because their use is limited. The “debt service reserve funds” are used to segregate resources accumulated for outstanding debt. The “construction funds” account includes, but is not limited to, unspent bond proceeds that are limited as to use for financing the acquisition or construction of capital assets.

In the Utility Fund, impact fees are a restriction imposed by the City’s governing body for the purpose of collection of funds from developers for specific utility infrastructure improvement projects. State of Texas Statutes grant this authority to the City Council which upon their approval is valid for a five year period. Every five years, the impact fee plan expires and a new program must be developed and submitted to Council for approval.

Also designated in the Utility Fund are customer deposits. This restriction is contractually supported. The City is not allowed to use the funds unless it is to refund back to the customer for good standing account history or that they default upon the terms of the agreement.

Assets have also been restricted by management for the following:

The Crime Control and Prevention District (Special Revenue) Fund contains assets restricted for transition. The “transition” term is used to identify funds that are covered by Texas Sales Tax laws and has been restricted to offset future unforeseen circumstances (i.e. dissolution of the fund due to citizens vote to end operations of the district). If indeed the half-cent sales tax funding CCD activities is discontinued, the restricted assets will be used to fund those activities until an alternate funding source can be identified (i.e., during the transition period).

The Information Technology (Internal Service) Fund contains assets used for future system improvements. The intended purpose is to fund major computer system software and hardware system replacements and upgrades.

The Facilities and Construction Services and Fleet Services (Internal Service) Funds contain assets used for building and equipment maintenance and replacement. The building reserve is used to accumulate funds for the implementation of the multi-year plan. Equipment reserve is used to accumulate funds for the replacement of vehicles and heavy equipment.

The Self-Insurance (Internal Service) Fund contains assets used for future insurance claims. Funds will be accumulated until needed to cover these costs of excessive claims or until management has determined sufficient funds have been accumulated to cover future claims.

Future claims of the Self-Insurance Internal Service Fund are funds set aside and obligated for medical, dental, prescription, or other risk payables that could arise in future fiscal periods. This fund has a very proactive approach to plan for future claims and ensure that funding is available to pay when and if the need occurs.

Capital assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drainage facilities, parks and related improvements, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund level financial statements. Capital assets are defined by the City as assets with an initial, individual cost of at least \$5,000 and an estimated useful life in excess of one year. Assets purchased or constructed are recorded at historical cost when available or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation.

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are capitalized at the following thresholds and are depreciated using the straight-line method over the following estimated useful lives:

Asset Category	Useful Life	Capitalization Threshold
Land		\$ 100,000
Buildings and improvements	30 years	100,000
Other improvements	30 years	100,000
Water, sewer system and other infrastructure	33 years	100,000
Furniture and fixtures, and certain machinery and equipment	10 years	5,000
Firetrucks and ambulances	20 years	25,000
Other machinery and equipment including vehicles	3-6 years	5,000-25,000 *

**Range is due to different machinery and equipment having different levels of capitalization thresholds within fiscal policy*

Compensated absences

City employees are granted vacation leave in varying amounts depending on length of service. Sick leave is also granted to employees after six months of service. In the event of termination after one or more years of service, an employee is paid for all accumulated unused vacation. No reimbursement is made for unused accumulated sick leave upon termination of employment, except upon retirement. Upon retirement, an employee may convert up to six weeks of accrued sick leave to vacation. Sick pay is recorded when taken. All vacation pay is accrued as vested and included in accrued liabilities in the government-wide and proprietary fund financial statements. Accrued vacation pay, including converted sick leave, that is expected to be liquidated within one year, is reported as a short-term liability. The remainder of the liability is reflected as long-term.

Historically the General Fund has liquidated the majority of compensating absences liability.

Long-term obligations

In the government-wide financial statements and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts and losses on bond refundings are deferred and amortized over the life of the related debt using the straight-line method which approximates the interest method.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element,

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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 City has the following items that qualify for reporting in this category.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 the following deferred inflows: the difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date, and deferred gain on refundings. Fund level statements have deferred inflows from the following sources: Ambulance \$802,771, property taxes \$175,103, grants \$31,048 and assessments \$149,789. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balance

Fund balances are reported within one of the fund balance categories list below.

1. *Nonspendable*, such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's Council (the city's highest level of authority),
4. *Assigned* fund balance classification are intended to be identified and authorized for specific purposes by the City's authorized representative by the Council (City Manager) and for other purposes that cannot be classified as restricted or committed,
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Committed Fund Balance Policy

Fund balances are committed by the City Council under specific resolutions or ordinances which were adopted to restrict the utilization of special revenue sources. The resolutions or ordinances adopted by Council can only be amended or rescinded by an equivalent Council action via resolution or ordinance.

Fund balance reporting as a result of resolutions and ordinances passed by City Council:

- General Donations or contributions to the City that do not have specific goals designated by the donor are committed by council resolution to keep the original general intent for which they were received.
- Drainage Utility Fees are to be utilized for the infrastructure or debt service for such infrastructure.

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Assigned Fund Balance Policy

The City's Assigned Fund Balance is under the direction of the City Manager, (as authorized by the City Council).

- Savings incentive program represent funds assigned to encourage departments to implement cost savings measures whereby any savings would be accumulated for use at a later date,
- Retirement stabilization are funds for anticipated future increases in TMRS funding requirements,
- Capital projects are proceeds assigned by management through budget appropriations to fund special capital projects not funded through bond proceeds,
- Recreation Centre assignment is net operations for the program for future infrastructure maintenance and operational needs,
- Encumbrances are purchases procured in the current fiscal year, but will not be delivered or services accomplished until the next fiscal year. This assignment of prior year encumbrances insures resources are available to complete the purchases.

Fund Balance Flow Assumptions

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

Minimum Fund Balance

At the end of each fiscal year, the General Fund should maintain a minimum unassigned fund balance that is no less than 15% of the subsequent year's General Fund Appropriated Expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

II. RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that "capital assets used in governmental activities (excluding internal service capital assets) are not financial resources and, therefore, are not reported as assets in governmental funds." The details of the \$304,341,105 difference are as follows:

Capital assets, net of depreciation (internal service funds excluded)	\$ 229,453,362
Construction in progress (internal service funds excluded)	74,887,743

Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$ 304,341,105

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The second element of that reconciliation explains that “certain litigation liabilities are not due and payable in the current period” are included with governmental activities in the Statement of Net Position but are not included at the fund level.” The details of the (\$1,465,000) difference are as follows:

Litigation payable	\$ (1,465,000)
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ (1,465,000)

Another element of that reconciliation explains that “certain receivables are not available to pay current-period expenditures and, therefore, are deferred in the funds.” The details of the \$1,200,753 difference are as follows:

Interest earned but not available within 60 days for Governmental Activities	\$ 42,042
Unavailable revenue	1,158,711
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 1,200,753

The fourth element of that reconciliation explains that “the assets and liabilities of the internal service funds are included with governmental activities in the Statement of Net Position but are not included at the fund level.” The details of the \$9,342,280 difference are as follows:

Net position, internal service funds combined	\$ 13,302,087
Amount allocated to business-type activities	(3,959,807)
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 9,342,280

The last element of that reconciliation explains that “long-term liabilities (excluding internal service funds), including bonds payable and related deferred inflows and outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.” The details of the \$(159,194,422) difference are as follows:

Bonds payable - short-term	\$ (10,971,021)
Bonds payable - long-term	(122,488,178)
Deferred gain on refunding	(180,389)
Deferred loss on refunding	651,014
Accrued interest payable	(561,742)
Compensated absences	(3,020,213)
Other post employment benefits obligation	(8,734,694)
Net pension liability	(17,368,153)
Deferred difference in projected and actual earnings on pension assets	1,519,639
Deferred pension contributions	3,198,803
Deferred difference in expected and actual experience	(1,239,488)
Net adjustment to reduce fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ (159,194,422)

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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balance – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$44,093,189 difference are as follows:

Capital outlay - assets acquisitions	\$ 52,798,645
Depreciation expense	(8,705,456)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 44,093,189

The next element of that reconciliation explains that “the net effects of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.” The details of this \$13,286) difference are as follows:

Asset retirements and impairments	\$ 13,286
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$ 13,286

The next element of that reconciliation explains that “certain deferred inflows of resources were earned in prior year.” The details of this \$(337,604) difference are as follows:

Investment income not available for current financial resources	\$ (2,556)
Revenue that is earned but not received	(335,048)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$ (337,604)

The next element of that reconciliation explains that “certain long-term liabilities are accrued at the government-wide level but not at the fund level.” The details of this \$(678,228) difference are as follows: (Excludes Internal Service Funds)

Changes in:	
Accrued interest/interest expense	\$ 98,975
Other post employment benefits	(814,268)
Net pension liability	427,423
Compensated absences	(390,358)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$ (678,228)

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Another element of that reconciliation states that “bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the difference between repayments and proceeds received.” The details of this \$(15,562,095) difference are as follows: (Excludes Internal Service Funds)

Debt issued or incurred:	
General obligation bonds	\$ (250,000)
Refunding of bonds	(10,416,576)
Certificates of obligation bonds	(21,965,000)
Principal repayments:	
General obligation bonds	9,894,376
General Obligation bonds - refunding	10,416,576
Sales tax revenue bonds	105,000
Premium on bond sale	(3,265,946)
Current year amortization of bond premium, discount, deferred inflows and outflows (gain and loss)	(80,525)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (15,562,095)

Another element of that reconciliation states that “the net revenue (expense) of internal service funds is reported with governmental activities.” The details of the \$(1,556,984) difference are as follows:

Change in net position - internal service funds combined	\$ (1,347,398)
Income (Expenses) reflected in business-type activities	(209,586)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (1,556,984)

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits - The City maintains an entity wide cash and investment pool that is available for use by all funds. Each fund’s portion of the pool is displayed on the statement of net position as “Cash, Cash Equivalents and Investments”.

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation (“FDIC”) insurance or full 100 percent collateralization; depositories are limited to Texas banking institutions; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

State statutes require all time and demand deposits to be fully insured or collateralized. At September 30, 2015 the carrying amount of the City’s demand deposits were \$9,573,037. Accounts with under \$250,000 balance of either an interest bearing account or non-interest bearing account are covered by

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FDIC deposit insurance. The total cash held in demand deposits has been fully collateralized and meets statutes' requirements.

As of September 30, 2015, the City's investment pool portfolio (excluding bank deposits) are held by the City's custodian in the City's name under written agreements. The City's custodian is JP Morgan Chase.

All security investments are reported at fair value priced by an independent source. The City generally holds all investments to maturity.

The City's investment pool, excluding fiduciary funds, held the following cash, cash equivalents, and investments as of September 30, 2015:

		<u>Total</u>
Cash on hand (petty cash, cashier tills)	\$	10,582
Demand Deposit Accounts		9,573,036
Investment Pools		54,848,792
US Treasury Notes		40,785,223
U.S. Agencies and Government Sponsored Agencies		<u>18,974,138</u>
Total deposits and investments		<u>\$ 124,191,771</u>

Investments - Weighted average maturity ("WAM") of the portfolio by investment type categories reflected in the following table is stated in days. Investment type acronyms displayed in the following table are defined as follows: FHLB – Federal Home Loan Bank, FHLMC – Federal Home Loan Mortgage Corporation, FMDN – Federal National Mortgage Discounted Notes, FNMA – Federal National Mortgage Association, and USTR – U.S. Treasury Notes. The rating agency acronym is defined as follows: S&P – Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. Additional information about the rating agency or the significance of the ratings provided may be obtained from the agency's web site.

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. Because the City is responsible for the investment portfolio of its blended component units, the City's investment practices and policies disclosed herein apply equally to its component units. During the year ended September 30, 2015, the City did not own any types of securities other than those permitted by statute.

The pools in which the City is currently participating seek to maintain a stable \$1 net asset value per share or unit. Accordingly, the fair value of the City's position in these pools is substantially the same as the market value of the shares in each of the pools.

TexPool falls under the purview of the Texas Comptroller of Public Accounts ("Comptroller") who is responsible for oversight of TexPool operations. LOGIC and TexSTAR have established a governing board at least partially comprised of pool participants. TexasTERM is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. Duties of the governing boards include oversight responsibility. The Comptroller and the governing boards exercise oversight of the pools' activities via daily, weekly, and monthly reporting requirements. Additionally, per the requirements of the Public Funds Investment Act ("PFIA"), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm.

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The table below states investments at fair value:

Investment Type	WAM	Rating	Rating Agency	Total
Investment pools:				
TexPool	51	AAAm	S&P	\$ 18,151,103
LOGIC	59	AAAm	S&P	1,732,154
TexSTAR	50	AAAm	S&P	1,548,863
Texas Term	47	AAAm	S&P	33,416,672
Total pools				\$ 54,848,792
USTR	655	AA+	S&P	40,785,223
Total U.S. Treasuries				\$ 40,785,223
U.S. Agencies and Government Sponsored Entities:				
FHLB	56	AA+	S&P	\$ 4,049,393
FHLMC	43	AA+	S&P	6,872,498
FMDN	207	AA+	S&P	1,968,224
FNMA	61	AA+	S&P	6,084,023
Total U.S. Agencies & Government Sponsored Entities				\$ 18,974,138
Total Portfolio				\$ 114,608,153

Interest Rate Risk – Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally-adopted investment policy, the City manages its exposure to declines in fair market value by limiting the portfolio’s weighted average maturity to a maximum of 730 days. The City also employs an investment maturity laddering structure to stagger investment maturities at various monthly rungs on the ladder. This laddering structure provides the City with the ability to reinvest the proceeds from the maturities in higher-yielding securities given the proceeds are not required to meet immediate cash flow needs.

Custodial Credit Risk – Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party safekeeping agent.

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to the following percentages, as applicable, to the largest balances the City maintains in the Bank.

Maturity of Collateral	U.S. Treasuries	Other Securities
1 year or less	101%	102%
1 year to 5 years	102%	105%
Over 5 years	103%	110%

The percentages as shown reflect the requirement based on market value of the pledged securities.

The City’s depository bank also acts as its safekeeping agent per the terms of the depository contract. City policy dictates that all securities rendered for payment will be sent delivery vs. payment meaning

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that the funds required for purchase of a security will not be released until the safekeeping agent has received the security purchased in the City's name. No broker holds City funds. The City does not purchase securities from its depository bank or any subsidiary banks of the same bank holding company.

Credit Risk – The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In order to minimize credit risk, the City limits investments to those rated as to investment quality of not less than “A” or its equivalent by a nationally recognized rating firm. Diversification of the portfolio is also employed to manage credit risk. The investment policy limits the percentage of the portfolio that may be invested in any specific type of security. Ratings for the City's investments and the percentage of the total portfolio of each investment type held at the end of year can be found on the first table in this section.

OPEB Trust Fund Investments - The City has contracted with Public Agency Retirement Services (PARS) for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. The OPEB Plan does not have a formal policy for custodial credit risk. As of September 30, 2015 all investments are registered in the name of the OPEB Plan's custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of \$1,316,394 as of September 30, 2015. The Trust's funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

Interest Rate Risk – Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally-adopted investment policy, the Trust committee has chosen to use moderate risk levels. Exposure to market fluctuations can occur, and the investment strategy is reviewed annually to insure that exposure to these market fluctuations is appropriate.

Custodial Credit Risk – Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. The Trust is not covered by any collateralization agreement or FDIC insurance.

Credit Risk – The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk tolerance chosen by the Trust is moderate. The mutual fund investment is not rated.

Investment Type	Total
Mutual Fund:	
Highmark Moderate	\$ 1,316,394
Total mutual fund	\$ 1,316,394
Total Portfolio	\$ 1,316,394

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B. Receivables

Governmental and Business-type funds' receivables as of year-end for the City's major funds and non-major in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds:

	General	Parks and Recreation Development	Non-major	Total
Accounts	\$ 1,242,123	\$ -	\$ 93,361	\$ 1,335,484
Property taxes	739,504	-	-	739,504
Other taxes	2,015,088	803,713	867,708	3,686,509
Total	<u>\$ 3,996,715</u>	<u>\$ 803,713</u>	<u>\$ 961,069</u>	<u>\$ 5,761,497</u>
Allowance	(806,950)	-	(2,339)	(809,289)
Total (net of allowance)	<u><u>\$ 3,189,765</u></u>	<u><u>\$ 803,713</u></u>	<u><u>\$ 958,730</u></u>	<u><u>\$ 4,952,208</u></u>

Proprietary Funds:

	Utility	Aquatic Park	Golf	Total	Internal Service
Accounts	\$ 4,495,763	\$ 254,388	\$ 18,773	\$ 4,768,924	\$ 24,481
Total	<u>\$ 4,495,763</u>	<u>\$ 254,388</u>	<u>\$ 18,773</u>	<u>\$ 4,768,924</u>	<u>\$ 24,481</u>
Allowance	(149,109)	-	(445)	(149,554)	-
Total (net of allowance)	<u><u>\$ 4,346,654</u></u>	<u><u>\$ 254,388</u></u>	<u><u>\$ 18,328</u></u>	<u><u>\$ 4,619,370</u></u>	<u><u>\$ 24,481</u></u>

Unearned Revenue

At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
General Fund:	
Escrow deposits	\$ 18,993
LEOSE Public Safety proceeds	39,556
Sub-total	<u>\$ 58,549</u>
Parks and Recreation Development Corporation:	
Centre and event deposits for future services	\$ 60,284
Sub-total	<u>\$ 60,284</u>
Total governmental funds	<u><u>\$ 118,833</u></u>
Business-type activities for unearned revenue is:	
Advanced Payments, Gift Certificates, Store Credit	\$ 77,412
Total unearned revenue for enterprise funds	<u><u>\$ 77,412</u></u>

CITY OF NORTH RICHLAND HILLS
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C. Capital assets

Capital asset activity for the year ended September 30, 2015 was as follows:

Primary Government Governmental activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, nondepreciable					
Land	\$ 82,376,461	\$ -	\$ 2,763,614	\$ 1,231,524	\$ 80,844,371
Works of art	310,208	-	-	-	310,208
Assets held for sale	60,562	3,822,265	45,950	-	3,836,877
Construction in progress	33,763,400	51,718,983	50,070	(10,544,570)	74,887,743
Total nondepreciable	<u>116,510,631</u>	<u>55,541,248</u>	<u>2,859,634</u>	<u>(9,313,046)</u>	<u>159,879,199</u>
Capital assets, depreciable:					
Buildings	60,705,375	-	1,058,650	4,364,245	64,010,970
Other improvements	186,824,121	587,508	72,900	4,436,887	191,775,616
Machinery and equipment	24,386,438	492,154	2,293,844	511,914	23,096,662
Total depreciable	<u>271,915,934</u>	<u>1,079,662</u>	<u>3,425,394</u>	<u>9,313,046</u>	<u>278,883,248</u>
Less accumulated depreciation for:					
Buildings	(19,528,166)	(1,940,550)	(17,644)	-	(21,451,072)
Other improvements	(88,249,617)	(5,238,338)	(5,523)	-	(93,482,432)
Machinery and equipment	(16,299,842)	(1,526,568)	(2,278,174)	-	(15,548,236)
Total accumulated depreciation	<u>(124,077,625)</u>	<u>(8,705,456)</u>	<u>(2,301,341)</u>	<u>-</u>	<u>(130,481,740)</u>
Total depreciable - net	<u>147,838,309</u>	<u>(7,625,794)</u>	<u>1,124,053</u>	<u>9,313,046</u>	<u>148,401,508</u>
Governmental activities - net	<u>\$ 264,348,940</u>	<u>\$ 47,915,454</u>	<u>\$ 3,983,687</u>	<u>\$ -</u>	<u>\$ 308,280,707</u>

Primary Government Business-type activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, nondepreciable					
Land	\$ 2,579,137	\$ -	\$ -	\$ -	\$ 2,579,137
Construction in progress	1,721,307	2,814,575	-	(2,995,748)	1,540,134
Total nondepreciable	<u>4,300,444</u>	<u>2,814,575</u>	<u>-</u>	<u>(2,995,748)</u>	<u>4,119,271</u>
Capital assets, depreciable:					
Buildings	4,405,053	-	-	-	4,405,053
Utility Plant	102,651,465	-	17,799	2,823,462	105,457,128
Other improvements	24,549,098	1	-	-	24,549,099
Machinery and equipment	4,372,935	7,602	135,365	172,286	4,417,458
Total depreciable	<u>135,978,551</u>	<u>7,603</u>	<u>153,164</u>	<u>2,995,748</u>	<u>138,828,738</u>
Less accumulated depreciation for:					
Buildings	(2,391,493)	(147,578)	-	-	(2,539,071)
Utility Plant	(51,995,326)	(3,151,729)	(2,427)	-	(55,144,628)
Other improvements	(12,094,201)	(824,215)	-	-	(12,918,416)
Machinery and equipment	(2,819,560)	(419,725)	(135,366)	-	(3,103,919)
Total accumulated depreciation	<u>(69,300,580)</u>	<u>(4,543,247)</u>	<u>(137,793)</u>	<u>-</u>	<u>(73,706,034)</u>
Total depreciable - net	<u>66,677,971</u>	<u>(4,535,644)</u>	<u>15,371</u>	<u>2,995,748</u>	<u>65,122,704</u>
Business-type activities - net	<u>\$ 70,978,415</u>	<u>\$ (1,721,069)</u>	<u>\$ 15,371</u>	<u>\$ -</u>	<u>\$ 69,241,975</u>

CITY OF NORTH RICHLAND HILLS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$1,312,552
Public safety	690,290
Culture and recreation	2,119,651
Public works	4,582,963
Total depreciation expense - governmental activities	<u>\$ 8,705,456</u>

Business-type activities:	
Water and sewer	\$3,357,903
Golf course	411,449
Aquatic park	773,895
Total depreciation expense - business-type activities	<u>\$ 4,543,247</u>

Construction commitments & Other Significant Commitments

The City has active construction projects as of September 30, 2015. The projects include street construction, widening, and streetscaping; as well as construction of drainage facilities, parks and park improvements, and municipal facilities. At year-end the City's commitments with contractors were as follows:

	<u>Project Authorization</u>	<u>Expended to September 30, 2015</u>	<u>Committed</u>
Streets, drainage, public safety, park improvements, municipal facilities, equipment, and utility improvements	<u>\$ 180,352,693</u>	<u>\$ 120,798,563</u>	<u>\$ 59,554,130</u>

D. Interfund receivables, payables, and transfers

At September 30, 2015, interfund balances consisted of the following:

Due to and due from other funds are the short-term portion of the advances to and advances from other funds. The Golf Course Fund is currently repaying two interfund loans to the General Fund and the Utility Fund. The original General Fund loans were \$886,564 (which is an interest free loan) and is scheduled for full repayment in 2017. The original Utility Fund loan was \$536,000. The current estimated pay-off is fiscal year 2019.

Due to/due from balances for governmental and proprietary funds are as follows:

Governmental activities:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General Fund	Golf Fund	\$ 147,760
Total		<u>\$ 147,760</u>

CITY OF NORTH RICHLAND HILLS
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Business-type activities:

Receivable Fund	Payable Fund	Total
Utility Fund	Golf Fund	34,208
Total		\$ 34,208
Total for all funds		\$ 181,968

Advances to other funds activity are expected to be reimbursed during a longer period of one year. The General Fund and the Utility Fund have advanced funds to Golf Fund for various equipment and machinery purchases. The Utility Fund advanced funds to Gas Development fund to purchase property that is held for resale. 2015 advances to other funds ending balances were as follows:

Governmental activities:

Receivable Fund	Payable Fund	Total
General Fund	Golf fund	\$ 145,764
Total		\$ 145,764

Business-type activities:

Receivable Fund	Payable Fund	Total
Utility Fund	Gas Development	\$ 3,226,239
	Golf Fund	169,863
Total		3,396,102
Total for all funds		\$ 3,541,866

CITY OF NORTH RICHLAND HILLS
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Transfers In/Out amounts for Governmental and Proprietary Funds are as follows:

	Transfer in:						Total
	General	General	General Debt	Parks and	Other	Internal	
	Fund	Capital Projects	Service	Recreation Development	Governmental	Service Funds	
Transfer out:							
Governmental:							
General Fund	\$ -	\$ 2,744,119	\$ -	\$ 487,101	\$ 1,522	\$ 98,425	\$ 3,331,167
General Capital Projects	-	-	107	-	-	-	107
Parks and Recreation							
Development Fund	410,189	407,948	341,536	-	116,221	-	1,275,894
Gas Development Fund	-	20,000	-	-	-	-	20,000
Other Governmental	24,871	933,500	565,839	-	-	-	1,524,210
Subtotal governmental funds	<u>\$ 435,060</u>	<u>\$ 4,105,567</u>	<u>\$ 907,482</u>	<u>\$ 487,101</u>	<u>\$ 117,743</u>	<u>\$ 98,425</u>	<u>\$ 6,151,378</u>
Proprietary:							
Utility Fund	\$ 3,729,888	\$ -	\$ -	\$ -	\$ -	\$ 225,000	\$ 3,954,888
Aquatic Park	151,139	-	-	77,380	-	-	228,519
Golf	-	-	-	-	-	-	-
Subtotal enterprise funds	<u>3,881,027</u>	<u>-</u>	<u>-</u>	<u>77,380</u>	<u>-</u>	<u>225,000</u>	<u>4,183,407</u>
Internal Service Funds	<u>763</u>	<u>1,852,944</u>	<u>472,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,326,091</u>
Grand total	<u>\$ 4,316,850</u>	<u>\$ 5,958,511</u>	<u>\$ 1,379,866</u>	<u>\$ 564,481</u>	<u>\$ 117,743</u>	<u>\$ 323,425</u>	<u>\$ 12,660,876</u>

Governmental

In 2015, General Fund received \$410,189 from Parks and Recreation Development Corporation for indirect cost fee. The Other Governmental transfers of \$24,871 were from Donations and Crime Control District (\$20,000 and \$4,870 respectfully). These transfers were for cost sharing of expenditures in the current year. Utility Fund transferred \$3,729,888. This transfer is for payment for administration fees, payment in lieu of tax, and franchise fees. Aquatic Park paid for indirect and administration fees in the total sum of \$115,139.

General Capital projects received \$2,744,199 from General Fund. These transfers were for permanent street and sidewalk, and facility construction projects. Parks and Recreation Development transferred \$407,948 for new park facilities and infrastructure. Gas Development and Other Governmental funds transferred \$20,000 and \$933,500. These transfers represent funding for a land purchase and facilities construction. Internal Services transferred in \$1,852,944. This transfer was to purchase machinery and equipment for Fleet Services and update facilities.

General Debt Service receives transfers from self-supporting debt repayment sources each year. Parks and Recreation Development Corporation, Other Governmental, and Internal Service funds transferred \$341,536, \$565,838, and \$472,384 respectively for their portion of debt service paid in 2015. The other transfer of \$107 was for bond proceeds left over from project savings and transferred into General Debt Service.

Parks and Recreation Development Corporation received a baseline level transfer in from General Fund for the Recreation Centre operations. The transfer amount for 2015 was \$487,101. Aquatic Park transfer of \$77,380 is an annual transfer to help offset operational costs incurred by the fund for the water park operations.

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Other Governmental funds received a reimbursement of expenses from General Fund in the amount totaling \$1,522. Parks and Recreational Development Funds transferred the annual 4B sales tax proceeds to the Economic Development Fund in the amount of \$116,221.

Proprietary

Internal service funds received additional funding to help offset non-capital project related costs above normal operations. These transfers were respectively \$98,425 (General Fund), and \$225,000 (Utility Fund).

E. Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets such as streets, drainage structures, and municipal facilities, as well as for the purpose of refunding a portion of its outstanding debt. General obligation bonds have been issued for governmental activities (new animal adoption and rescue facility) during the year ended September 30, 2015. The debt issued was \$10,835,000 and premium received of \$1,048,856. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
Governmental activities	2.00 - 5.50%	\$ 77,892,728
Business-type activities	2.00 - 4.00%	<u>1,812,272</u>
		<u><u>\$ 79,705,000</u></u>

Annual debt service requirements to maturity for general obligations bonds are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 6,341,021	\$ 2,519,602	\$ 316,082	\$ 65,467
2017	6,307,841	2,322,511	362,159	53,294
2018	6,067,841	2,102,791	327,159	38,268
2019	5,648,918	1,909,215	171,082	27,803
2020	5,432,841	1,733,469	122,159	22,738
2021-2025	23,256,369	6,123,472	468,631	47,161
2026-2030	17,430,000	2,752,014	45,000	900
2031-2035	7,407,897	424,641	-	-
	<u>\$ 77,892,728</u>	<u>\$ 19,887,715</u>	<u>\$ 1,812,272</u>	<u>\$ 255,631</u>

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Certificates of Obligation

The City also issues certificates of obligation (“CO’s”) to finance the acquisition and construction of capital assets including certain capital improvement projects, municipal facilities, and machinery and equipment. Certificates of Obligation bonds have been issued for 2015. The debt issued was \$21,990,000 principal and premium received of \$3,242,887. The bonds are generally issued for 20-year serial bonds with equal amounts of principal maturing each year.

Certificates of Obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
Governmental activities	1.25 - 5.00%	\$ 50,105,000
Business-type activities	1.25 - 5.00%	<u>13,670,000</u>
		<u>\$ 63,775,000</u>

Annual debt service requirements to maturity for certificates of obligation of the primary government are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 4,630,000	\$ 1,821,659	\$ 1,055,000	\$ 435,249
2017	4,100,000	1,702,689	995,000	406,572
2018	4,080,000	1,593,977	995,000	378,482
2019	3,555,000	1,478,075	965,000	349,897
2020	3,420,000	1,356,361	965,000	320,992
2021-2025	14,840,000	5,002,528	4,415,000	1,162,179
2026-2030	10,315,000	2,243,160	3,515,000	415,728
2031-2034	<u>5,165,000</u>	<u>486,195</u>	<u>765,000</u>	<u>29,891</u>
	<u>\$ 50,105,000</u>	<u>\$ 15,684,644</u>	<u>\$ 13,670,000</u>	<u>\$ 3,498,990</u>

Capital Leases

Golf Fund entered into a lease agreement as lessee for the financing the acquisition of golf cart equipment originally valued at \$387,845. The equipment has a four year estimated useful life with a remaining net book value of \$48,481. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments were as follows:

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>
2016	81,799
2017	92,400
Total Minimum Lease Payments	<u>174,199</u>
Less: Amount representing interest	<u>(11,095)</u>
	<u>\$ 163,104</u>

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Refunding of Debt

On December 2, 2014, the City issued \$10.835 million in General Obligation Bonds with an average interest rate of 3.863% to partial refund \$10.945 million of outstanding 2005 and 2006 General Obligation and Certificate of Obligations with an average interest rate of 4.578%. The net proceeds of \$11,474,387 (includes premium of \$1,025,798) million were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of (\$572,633). This difference, reported in the accompanying financial statements as an increase from deferred loss on refunding, is being charged to operations through the year 2025. An economic gain was incurred (difference between the present values of the old and new debt service payments) of \$905,150.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2015, is reflected in the following tables.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable					
General Obligation Bonds	\$ 79,927,104	\$ 9,855,000	\$ 11,889,376	\$ 77,892,728	\$ 6,341,021
Certificates of Obligation	36,050,000	21,990,000	7,935,000	50,105,000	4,630,000
Sales Tax Revenue Bonds	105,000	-	105,000	-	-
Deferred loss on refunding	(266,749)	(520,764)	(136,499)	(651,014)	-
Deferred gain on refunding	205,909	-	25,520	180,389	-
Premium on Bond Issues	1,602,493	4,195,858	328,667	5,469,684	-
Discount on Bond Issues	(17,778)	-	(9,565)	(8,213)	-
Compensated Absences	2,879,964	1,106,241	706,981	3,279,224	446,601
Other Post Employment Benefits	8,661,205	888,266	-	9,549,471	-
Net Pension Liability	19,228,515	-	255,859	18,972,656	-
Total Governmental Activities	\$ 148,375,663	\$ 37,514,601	\$ 21,100,339	\$ 164,789,925	\$ 11,417,622
Business-Type Activities:					
Bonds Payable					
General Obligation Bonds	\$ 1,692,896	\$ 980,000	\$ 860,624	\$ 1,812,272	\$ 316,082
Certificates of Obligation	15,280,000	-	1,610,000	13,670,000	1,055,000
Capital Lease	244,533	-	81,429	163,104	77,502
Deferred loss on refunding	(22,444)	(56,385)	(19,848)	(58,981)	-
Deferred gain on refunding	39,828	-	4,828	35,000	-
Premium on Bond Issues	158,337	95,885	21,559	232,663	-
Discount on Bond Issues	(36,328)	-	(3,278)	(33,050)	-
Compensated Absences	427,364	85,032	132,096	380,300	52,263
Other Post Employment Benefits	1,106,219	110,347	-	1,216,566	-
Net Pension Liability	2,401,080	-	31,849	2,369,231	-
Total Business-Type Activities	\$ 21,291,485	\$ 1,214,879	\$ 2,719,259	\$ 19,787,105	\$ 1,500,847

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IV. OTHER INFORMATION

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. Premiums are paid into the self-insurance internal service fund by all other participating funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for health and dental as well as workers' compensation claims that have been incurred but not reported ("IBNR"). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. An excess coverage medical insurance policy covers individual claims in excess of \$175,000 and/or \$7,133,360 in the aggregate for a 12-month period beginning on January 1, 2015. Changes in the balances of claims liabilities during the past two years are as follows:

		<u>2015</u>		<u>2014</u>
Unpaid claims, beginning of year	\$	989,811	\$	1,046,723
Incurred claims (including IBNR)		9,742,674		9,046,171
Claim expense		<u>(9,520,100)</u>		<u>(9,103,083)</u>
Unpaid claims, end of year	\$	<u>1,212,385</u>	\$	<u>989,811</u>

B. Contingent liabilities

The City has participated in a number of State and Federal assistance grant programs. Amounts received or receivable under these programs are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in certain lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City. The City's total liability for these lawsuits is \$1,450,000.

C. Postemployment Benefits

Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is administered by Public Employees Benefit Services Corporation. In 1998, the City implemented the requirements of GASB No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In accordance with this statement and tax law, the City has amended its trust agreements which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due

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to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities of the Plan in these basic financial statements.

Retiree Healthcare Plan

Plan Description. The City provides postretirement health and dental care benefits for retirees and their dependents. The City does not have a separate audited generally accepted accounting principles financial report for the retiree health plan.

The benefits vary depending upon a retiree's years of service. Retirees fall into three categories: full retirement, early retirement, and combined service retirement. The full retirement retiree pays 100% of the current premiums for health and dental care coverage for themselves and covered dependents. Early retirement and combined service retirement employees pay premiums for health and dental care coverage for themselves and covered dependents at 150% and 175%, respectively, of the current premium. The City's regular health and dental care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

Membership

Non-vested active members	403
Fully-vested active members	85
Retirees and beneficiaries currently receiving benefits	<u>149</u>
	<u>637</u>

The City of North Richland Hills Retired Employees Healthcare Plan (NRHREHP) is a single-employer defined benefit healthcare plan and is self administered through an internal oversight committee (appointed by the City Manager through conveyed authority from City Council). NRHREHP provides medical, prescription, and dental insurance benefits to eligible retirees and their spouses. City council is the authoritative body granting health care benefits for both active and retired employees.

Funding Policy. The contribution requirements of plan members and the state are established and may be amended by the City Council members. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund.

For fiscal year 2015, the City contributed a total of \$1,688,391 to the plan for current premiums. Of the \$1,688,391, \$100,000 was contributed to the OPEB Trust and \$1,588,391 was for and health insurance premium activity.

It is anticipated that governmental fund General Fund will liquidate the majority other post employment benefits liabilities.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to NRHREHP:

CITY OF NORTH RICHLAND HILLS
Notes to Basic Financial Statements
September 30, 2015

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual required contribution	\$ 2,991,041	\$ 3,177,342	\$ 3,290,774
Interest on net OPEB obligation	263,782	340,422	439,535
Adjustment to annual required contribution	(209,284)	(270,092)	(1,043,305)
Annual OPEB cost (expense)	<u>3,045,539</u>	<u>3,247,672</u>	<u>2,687,004</u>
Contributions made	(1,278,708)	(1,108,890)	(1,688,391)
Increase (Decrease) in net OPEB obligation	1,766,831	2,138,782	998,613
Net OPEB obligation-beginning of year	<u>5,861,812</u>	<u>7,628,642</u>	<u>9,767,424</u>
Net OPEB obligation-end of year	<u>\$ 7,628,642</u>	<u>\$ 9,767,424</u>	<u>\$ 10,766,037</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 through 2015:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2013	\$ 3,045,539	41.99%	\$ 7,628,642
9/30/2014	\$ 3,247,672	34.14%	\$ 9,767,424
9/30/2015	\$ 3,381,581	70.47%	\$ 10,766,037

Funded Status and Funding Progress. As of September 30, 2015, the most recent actuarial valuation date, the plan was 2.62% percent funded. The actuarial accrued liability for benefits was \$52,473,590, and the actuarial value of assets was \$1,341,699, resulting in an unfunded actuarial accrued liability (UAAL) of \$51,131,892. The covered payroll (annual payroll of active employees covered by the plan) was \$32,831,592 and the ratio of the UAAL to the covered payroll was 155.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2015, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is the interest rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and

CITY OF NORTH RICHLAND HILLS
Notes to Basic Financial Statements
September 30, 2015

an annual healthcare cost trend rate of 10.00% initially, reduced by decrements to an ultimate rate of 5.00% after ten years. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. Each component of the calculation is being amortized over a thirty year period since inception.

The healthcare cost trend rate for the plan used 9.5% for 2015 ending with 4.5% rate for 2023 and beyond.

D. Employee retirement system and pension plan

Plan Description

The City of North Richland Hills participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issue a publically available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.org.

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 member's deposits and interest.

Benefits depend upon the sum of the employees' contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% and 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. An updated service credit is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

CITY OF NORTH RICHLAND HILLS
Notes to Basic Financial Statements
September 30, 2015

As the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	282
Inactive employees entitled to but not yet receiving benefits	231
Active employees	542
	1,055

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.64% and 16.79% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were \$5,528,987, and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2014, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year	
Overall payroll growth	3.0% per year	
Investment Rate of Return	7.0%, 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.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost

CITY OF NORTH RICHLAND HILLS
Notes to Basic Financial Statements
September 30, 2015

method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. 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 investment was determined using a building-block method in which best estimate ranges of expend future real rates of return (expected returns, net of pension plan investment expense and inflation are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF NORTH RICHLAND HILLS
Notes to Basic Financial Statements
September 30, 2015

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2014	\$ 203,427,285	\$ 181,797,690	\$ 21,629,595
Changes for the year:			
Service costs	5,572,383	-	5,572,383
Interest	14,176,755	-	14,176,755
Difference between expected and actual experience	(1,880,743)	-	(1,880,743)
Contributions - employer	-	5,636,415	(5,636,415)
Contributions - employee	-	2,236,673	(2,236,673)
Net investment income	-	10,400,524	(10,400,524)
Benefits payments, including refunds of employee contributions	(7,376,810)	(7,376,810)	-
Administrative expense	-	(108,580)	108,580
Other changes	-	(8,929)	8,929
Net Changes	10,491,585	10,779,293	(287,708)
Balance at September 30, 2015	\$ 213,918,870	\$ 192,576,983	\$ 21,341,887

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculate using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's Net pension liability (asset)	53,509,591	21,341,887	(4,908,752)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com

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

For the year ended September 30, 2015, the city recognized pension expense of \$5,005,761.

At September 30, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

CITY OF NORTH RICHLAND HILLS
Notes to Basic Financial Statements
September 30, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	1,860,252	-
Differences between expected and actual experience	-	1,517,307
Contributions subsequent to the measurement date	3,930,875	-
Total	\$ 5,791,127	\$ 1,517,307

\$3,930,875 reported as deferred outflow of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2015	\$	101,627
2016		101,627
2017		101,627
2018		101,627
2019		(63,563)
	<u>\$</u>	<u>342,945</u>

Subsequent event:

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be a large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change. Accordingly, the City has included in its approved fiscal year 2016 budget to continue to fund pension contributions above the required ADC which will help smooth impacts of any increases in the required ADC for fiscal year 2017.

E. New Financial Reporting Requirements

The GASB has issued the following statement which became effective for fiscal year 2015.

Statement No. 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27." – This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

CITY OF NORTH RICHLAND HILLS
Notes to Basic Financial Statements
September 30, 2015

The implementation of Statement No. 68 resulted in the restatement of beginning net position for the elimination of the previously reported net pension obligation, the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date.

	Government-wide	
	Statement of Activities	
	Governmental Activities	Business-type Activities
Net position at September 30, 2014, as previously reported	\$ 240,342,055	\$ 84,578,461
Reversal of net pension obligation as of September 30, 2014	3,764,832	\$ 470,118
Recording of net pension liability as of September 30, 2014	(19,228,514)	(2,401,081)
Deferral for pension contributions made after the measurement date	<u>3,590,015</u>	<u>448,288</u>
Net position at September 30, 2014 as restated	<u>\$ 228,468,388</u>	<u>\$ 83,095,786</u>

The adoption of GASB Statement No. 68 had the same impact on the proprietary fund financial statements as the business-type activities at the government-wide level.

F. Implementation of future GASB Statements

The Governmental Accounting Standards Board (“GASB”) has issued the following new statements to be implemented in future years.

Statement No. 72: Fair Value Measurement and Application

GASB Statement No. 72: Fair Value Measurement and Application was issued in February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard becomes effective for the City in fiscal year 2016.

Statement No. 73: Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68.

GASB Statement No. 73: Accounting for Financial Reporting for Pension and Related Assets that are not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and 68 was issued in June 2015. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for the City’s fiscal year 2017.

CITY OF NORTH RICHLAND HILLS
Notes to Basic Financial Statements
September 30, 2015

Statement No.74: Financial Reporting for Postemployment Benefit Plans other than Pension Plans

GASB Statement No. 74: Financial Reporting for Postemployment Benefit Plans other than Pension Plans was issued June 2015. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This standard becomes effective for the City in fiscal year 2017.

Statement No.75: Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

GASB Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other than Pensions was issued June 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This standard become effective for the City in fiscal year 2018.

Statement No.76: The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.

GASB Statement No. 76: The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments was issued in June 2015. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This standard become effective for the City in fiscal year 2016.

Statement No.77: Tax Abatement Disclosures

GASB Statement No. 77: Tax Abatement Disclosures issued in August 2015. This Statement improves financial reporting by giving users of financial statement essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government’s financial position and economic condition. This standard becomes effective for the City in fiscal year 2016.

Statement No.78: Pensions provided through certain Multiple-employer Defined Benefit Pension Plans

GASB Statement No. 78: Pensions provided through certain Multiple-employer Defined Benefit Pension Plans was issued in November December 2015. This statement amends the scope and

CITY OF NORTH RICHLAND HILLS
Notes to Basic Financial Statements
September 30, 2015

applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This standard becomes effective for the City in fiscal year 2016.

Statement No.79: Certain External Investment Pools and Pool Participants

GASB Statement No. 79: Certain External Investment Pools and Pool Participants was issued in December 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. This standard becomes effective for the City in fiscal year 2016.

The City has not yet determined the effect on the City's financial statements or disclosures upon implementation of these new accounting standards.

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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF NORTH RICHLAND HILLS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System Plan
Schedule of Changes in Net Pension Liability and Related Ratios

	<u>Measurement Year</u> <u>2014</u>
Total pension liability	
Service cost	\$ 5,572,383
Interest (on the total pension liability)	14,176,755
Difference between expected and actual experience	(1,880,743)
Benefit payments, including refunds of employee contributions	(7,376,810)
Net Change in Total Pension Liability	<u>10,491,585</u>
Total Pension Liability - Beginning	<u>203,427,285</u>
Total Pension Liability - Ending (a)	<u><u>\$ 213,918,870</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 5,636,415
Contributions - employee	2,236,673
Net investment income	10,400,524
Benefit payments, including refunds of employee contributions	(7,376,810)
Administrative expense	(108,580)
Other	(8,929)
Net Change in Plan Fiduciary Net Position	<u>10,779,293</u>
Plan Fiduciary Net Position - Beginning	<u>181,797,690</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 192,576,983</u></u>
Net Pension Liability - Ending (a) - (b)	\$ 21,341,887
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.02%
Covered Employee Payroll	\$ 31,952,469
Net Pension Liability as a Percentage of Covered Employee Payroll	66.79%

CITY OF NORTH RICHLAND HILLS, TEXAS

Required Supplementary Information
Texas Municipal Retirement System Plan
Schedule of Contributions

	2015
Actuarially determined contribution	\$ 5,528,987
Contributions in relation to the actuarially determined contribution	\$ 5,528,987
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 32,471,592
Contributions as a percentage of covered employee payroll	17.03%

Notes:

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

Methods and Assumptions Used to Determine Contribution Rate:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year Smoothed Market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information: There were not benefit changes during the year.

CITY OF NORTH RICHLAND HILLS, TEXAS
 Required Supplementary Information
 North Richland Hills Other Post Employment Benefits
 Schedule of Funding Progress

Valuation Dated September 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Fund Ratio	Annual Covered Payroll	UAAL as % of Payroll
2010	\$ 518,660	\$ 38,868,426	\$ 38,349,766	1.00%	\$ 30,952,000	123.90%
2011	\$ 595,415	\$ 42,098,543	\$ 41,450,154	2.00%	\$ 30,514,794	135.80%
2012	\$ 779,748	\$ 44,173,440	\$ 43,393,624	2.00%	\$ 31,735,386	136.70%
2013	\$ 1,032,303	\$ 46,317,371	\$ 45,285,068	2.28%	\$ 31,030,924	145.90%
2014	\$ 1,181,007	\$ 48,231,929	\$ 47,050,922	2.51%	\$ 32,272,161	145.80%
2015	\$ 1,341,699	\$ 52,473,590	\$ 51,131,892	2.62%	\$ 32,831,592	155.70%

CITY OF NORTH RICHLAND HILLS, TEXAS
 Required Supplementary Information (unaudited)
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
 For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Property taxes (penalties & interest included)	\$ 14,446,942	\$ 14,386,907	\$ 14,406,514	\$ 19,607
City sales taxes	9,096,914	9,233,855	9,297,668	63,813
Mixed beverage taxes	127,500	140,000	138,100	(1,900)
Franchise taxes	5,059,327	5,172,497	5,264,471	91,974
Sub-total Taxes	<u>28,730,683</u>	<u>28,933,259</u>	<u>29,106,753</u>	<u>173,494</u>
Fines and forfeitures	2,229,005	2,188,442	2,222,995	34,553
Licenses and permits	1,898,484	1,831,128	1,852,920	21,792
Charges for services	3,642,389	2,068,433	2,183,975	115,542
Intergovernmental	4,485,995	4,598,468	4,556,214	(42,254)
Miscellaneous	2,683,835	2,605,085	2,634,492	29,407
Sub-total Non-Tax Revenues	<u>14,939,708</u>	<u>13,291,556</u>	<u>13,450,596</u>	<u>159,040</u>
Other Appropriations:				
Court Technology Funds	-	3,250	3,250	-
Utility Assistance Program	10,000	1,906	1,906	-
PEG Fees	5,500	5,500	5,500	-
Record Preservation Fees	-	8,000	8,000	-
Previous year encumbrances	-	102,079	102,079	-
General Fund Reserves	-	1,200,000	1,200,000	-
Sub-Total Appropriations	<u>15,500</u>	<u>1,320,735</u>	<u>1,320,735</u>	<u>-</u>
TOTAL REVENUES	<u>43,685,891</u>	<u>43,545,550</u>	<u>43,878,084</u>	<u>332,534</u>
EXPENDITURES				
City Council	127,943	127,943	116,848	11,095
City Manager	605,171	605,398	595,828	9,570
Communications	352,637	352,815	339,844	12,971
City Secretary	474,311	482,311	426,363	55,948
Legal	303,928	303,928	265,100	38,828
Human Resources	124,029	124,064	122,253	1,811
Finance	675,320	634,513	625,357	9,156
Budget & Research	411,875	397,361	359,536	37,825
Municipal Court	1,377,246	1,380,063	1,335,981	44,082
Planning and Inspections	1,026,913	1,027,221	1,030,914	(3,693)
Economic Development	322,689	322,689	310,638	12,051
Library	2,073,313	2,075,100	2,033,512	41,588
Neighborhood Services	1,737,317	1,721,977	1,644,081	77,896
Public Works	4,157,896	4,170,338	3,989,119	181,219
Parks & Recreation	2,061,510	2,059,805	2,024,804	35,001
Police	12,540,705	12,585,338	12,644,381	(59,043)
Emergency Management	928,502	852,626	828,451	24,175
Fire	10,714,679	10,777,550	10,664,645	112,905
Building Services	737,070	737,070	737,070	-
Non-Departmental	2,312,412	913,875	767,629	146,246
Sub-Total Departments	<u>43,065,466</u>	<u>41,651,985</u>	<u>40,862,354</u>	<u>789,631</u>
Reserves & Other Expenditures				
Reserves	543,040	465,680	477,167	(11,487)
Transfers out	77,385	1,377,385	1,377,385	-
Economic development incentives	-	50,500	28,000	22,500
Sub-Total Reserves and Other	<u>620,425</u>	<u>1,893,565</u>	<u>1,882,552</u>	<u>11,013</u>
TOTAL EXPENDITURES	<u>43,685,891</u>	<u>43,545,550</u>	<u>42,744,906</u>	<u>800,644</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,133,178</u>	<u>\$ 1,133,178</u>

The notes to the required supplemental information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Required Supplementary Information
September 30, 2015

A. Budgetary Information

Annual budgets are adopted on a modified cash basis for the following : General, General Debt Service, Promotional, Donations, Special Investigation, Drainage Utility, Parks and Recreation Development, Crime Control District, Gas Development, Traffic Safety, Utility, Aquatic Park, Golf, Facilities and Construction, Fleet Services, Self Insurance, and Information Systems. The General Capital Projects Fund and Grants Fund adopt project-length budgets. All annual appropriations lapse at fiscal year end.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance.

The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. During the year the City budget appropriations were increased by \$3,593,754.

<u>Legally Adopted Fund</u>	<u>Original</u>	<u>Final</u>	<u>Revision Increase (Decrease)</u>	<u>Explanation</u>
General Fund	\$ 43,685,891	\$ 43,545,550	\$ (140,341)	The fund decreased in budget appropriations primarily to various expense reductions that include ambulance receivable bad debt expense, radio system reimbursements, record preservation fees, and various other smaller adjustments.
General Debt Service	\$ 11,095,008	\$ 11,095,006	\$ (2)	During the fiscal year, minor adjustments were made to revise budget to include actual, instead of estimated, principal and interest payments.
Parks and Recreation	\$ 8,022,142	\$ 8,176,372	\$ 154,230	The fund is ending in positive operation position and therefore, a budget increase to transfer the increase to reserves for future operations or capital needs.
Gas Development	\$ -	\$ 20,000	\$ 20,000	The fund increased transfers out budget to fund a capital project.
Donations	\$ 170,174	\$ 276,360	\$ 106,186	The increase was due to transfer out of donations received for the construction of a new Animal Control facility (\$78,500). The rest of the increase was to fund new donation programs.
Special Investigations	\$ 295,500	\$ 326,142	\$ 30,642	Prior year encumbrances totaling \$30,642 rolled into FY 14/15 accounting for this increase.
Drainage Utility Fund	\$ 600,838	\$ 1,405,210	\$ 804,372	\$800,000 of this increase was directly related to a new transfer out to fund a capital project fund.
Crime Control District	\$ 4,867,167	\$ 4,887,881	\$ 20,714	This increase was to add funding for two additional crime prevention programs.
Traffic Safety	\$ 886,830	\$ 1,029,582	\$ 142,752	Of the \$142,752 increase, \$99,786 is attributed to anticipated larger payment to the State for the photo enforcement program.
Utility	\$ 31,279,714	\$ 31,038,542	\$ (241,172)	The fund overall saw a decrease in costs for such things as water purchases and wastewater treatment. This net decrease is a result of multiple budget line changes for supplies and services.
Aquatic Park	\$ 4,668,899	\$ 5,011,788	\$ 342,889	The appropriation increase was due to funding a new capital improvement project for the waterpark.
Facilities and Construction	\$ 2,809,117	\$ 3,020,607	\$ 211,490	Over half of this increase is due to purchasing of new facilities equipment (New City Hall). The remaining differences are for various damage costs to buildings and Emergency Operations Center updates.

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Required Supplementary Information
September 30, 2015

Fleet Services	\$ 3,828,466	\$ 4,167,198	\$ 338,732	Of the \$338,732 increase, \$300,000 is due to a new transfer of funds to facilitate Capital Improvement Programs.
Self Insurance	\$ 10,995,233	\$ 11,413,954	\$ 418,721	Increase is all due to rising health claims trend.
Information Technology	\$ 3,061,149	\$ 4,445,690	\$ 1,384,541	Of this amount, \$1,228,944 was new transfers to fund Capital Improvement Projects. The remaining balance increase was minor line item increases for daily operational needs.
<hr/>				
Total	<u>\$ 126,266,128</u>	<u>\$ 129,859,882</u>	<u>\$ 3,593,754</u>	

B. General Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	<u>\$ 1,133,178</u>
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(3,320,735)
The City budgets specific "Reserves" expenditures as a outflow but in GAAP statements it is not an expenditure: Peg Franchise Fees Reserves and Record Preservation Fees.	11,929
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	(16,501)
Increase (decrease) in intergovernmental shared services revenue are not considered a resource/inflow for budgetary recognition because payment for services will be received in subsequent fiscal year.	(10,330)
Increase (decrease) in miscellaneous revenue are not considered a resource/inflow for budgetary recognition because payment for services will be received in subsequent fiscal year.	(3,001)
Sources/Inflows for advances given to other funds are not recognized as revenues in GAAP statements; only recognized as reduction of an asset on balance sheet and not a transfer in	(147,720)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.	22,029
Outflows for expenditures for budgetary basis is recognized in actual period in which resources were used to expend the payment. Accounts receivable bad debt is not recognized as an outflow of resources in the budgetary statement and only recognized as reduction of resources in GAAP statements.	(202,342)
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	20,723
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Balances - Governmental Fund -- General Fund	<u>\$ (2,512,770)</u>

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Promotional Fund accounts for the operations and expenditures for which hotel/motel occupancy taxes are used. Occupancy tax revenues are primarily to attract tourist and new businesses to the City.

The Donations Fund holds funds contributed (donated) to the City for special projects earmarked by requests or nonrecurring expenditures. It primarily collects and holds funds that are voluntarily given by the citizens via adding \$1.50 to their water utility billing which is then distributed to support the activities of the library and neighborhood services departments.

The Special Investigations Fund is mandated by state statute to account for various legal seizure and forfeiture deposits and expenditures.

The Drainage Utility Fund accounts for the establishment of drainage facilities within the municipal boundaries of the City and the subsequent billing and collection of fees so established.

The Crime Control and Prevention District Fund accounts for the accumulation and use of half-cent sales tax proceeds dedicated for crime prevention and reduction programs.

The Grants Fund is a centralized fund accounting for all private, local, state, and federal grant proceeds.

The Economic Development Fund accounts for the accumulation and expenditure of resources designed to stimulate the local economy through development and redevelopment.

The Traffic Safety Fund accounts for funds collected from various red-light traffic safety cameras. These resources assist with funding of various traffic safety projects.

Tax Increment Financing District #1 is to fund drainage improvements that would alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development for the benefit of citizens within TIF #1.

DEBT SERVICE FUND

The Tax Increment Financing Districts (TIF's) Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on the debts of Districts No. 1 and No. 2.

The Sales Tax Revenue Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on sales tax revenue bonds.

CITY OF NORTH RICHLAND HILLS, TEXAS
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2015

					Special
	Promotional	Donations	Special Investigations	Drainage Utility	Crime Control District
Assets					
Cash and cash equivalents	\$ 146,147	\$ 179,090	\$ 220,798	\$ 274,975	\$ -
Investments	328,677	418,332	489,944	603,553	-
Receivables, net of allowance					
Accounts	-	-	-	91,022	-
Other taxes receivable	62,528	-	-	-	805,180
Interest receivable	180	233	252	328	174
Intergovernmental receivables	-	-	-	-	6,300
Other receivables	-	220	7,478	-	-
Prepaid items	779	-	-	-	2,584
Restricted:	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	580,129
Investments	-	-	-	-	465,712
Total assets	<u>\$ 538,311</u>	<u>\$ 597,875</u>	<u>\$ 718,472</u>	<u>\$ 969,878</u>	<u>\$ 1,860,079</u>
Liabilities					
Accounts payable	-	2,064	116,680	-	1,323
Accrued liabilities	2,887	-	-	-	118,098
Intergovernmental payables	-	-	-	-	-
Deposits and other liabilities	-	9	89	-	-
Total liabilities	<u>2,887</u>	<u>2,073</u>	<u>116,769</u>	<u>-</u>	<u>119,421</u>
Deferred Inflows of Resources					
Unavailable revenue - grants	\$ -	\$ -	\$ -	\$ -	\$ 6,300
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,300</u>
Fund Balance					
Nonspendables:					
Prepays	779	-	-	-	2,584
Restricted:					
Crime control district	-	-	-	-	1,576,555
Debt service	-	-	-	-	-
Grants	-	-	-	-	-
Promotional & economic development	528,645	-	-	-	-
Public safety	-	-	595,904	-	-
Capital projects (bond funded)	-	-	-	-	-
Committed:					
Donations	-	595,802	-	-	-
Drainage utility	-	-	-	969,878	-
Assigned:					
Purchases on order	6,000	-	5,799	-	155,219
Total fund balance	<u>535,424</u>	<u>595,802</u>	<u>601,703</u>	<u>969,878</u>	<u>1,734,358</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 538,311</u>	<u>\$ 597,875</u>	<u>\$ 718,472</u>	<u>\$ 969,878</u>	<u>\$ 1,860,079</u>

Revenue				Debt Service		
Grants	Economic Development	Traffic Safety	Tax Increment Finance District #1	Tax Increment Finance Districts	Sales Tax Revenue Bond	Total Non-major Governmental
\$ 14,725	\$ 99,819	\$ 196,129	\$ -	\$ -	\$ -	\$ 1,131,683
29,995	234,031	430,251	-	-	-	2,534,783
-	-	-	-	-	-	91,022
-	-	-	-	-	-	867,708
39	321	233	39	760	98	2,657
45,490	-	-	-	-	-	51,790
-	-	-	-	-	-	7,698
625	-	-	-	1,092	-	5,080
-	161,340	-	2,481,985	626,691	79,792	3,929,937
-	351,611	-	71,711	1,386,417	179,278	2,454,729
<u>\$ 90,874</u>	<u>\$ 847,122</u>	<u>\$ 626,613</u>	<u>\$ 2,553,735</u>	<u>\$ 2,014,960</u>	<u>\$ 259,168</u>	<u>\$ 11,077,087</u>
-	-	49,895	-	-	-	169,962
-	-	4,909	-	-	-	125,894
-	-	216,385	-	-	-	216,385
-	-	-	-	-	-	98
-	-	271,189	-	-	-	512,339
<u>\$ 24,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>31,048</u>
<u>24,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,048</u>
625	-	-	-	1,092	-	5,080
-	-	-	-	-	-	1,576,555
-	-	-	-	2,013,868	259,168	2,273,036
65,501	-	-	-	-	-	65,501
-	847,122	-	-	-	-	1,375,767
-	-	355,424	-	-	-	951,328
-	-	-	2,553,735	-	-	2,553,735
-	-	-	-	-	-	595,802
-	-	-	-	-	-	969,878
-	-	-	-	-	-	167,018
<u>66,126</u>	<u>847,122</u>	<u>355,424</u>	<u>2,553,735</u>	<u>2,014,960</u>	<u>259,168</u>	<u>10,533,700</u>
<u>\$ 90,874</u>	<u>\$ 847,122</u>	<u>\$ 626,613</u>	<u>\$ 2,553,735</u>	<u>\$ 2,014,960</u>	<u>\$ 259,168</u>	<u>\$ 11,077,087</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
Year Ended September 30, 2015

Special

	Promotional	Donations	Special Investigations	Drainage Utility	Crime Control District
REVENUES					
Taxes	\$ 232,793	\$ -	\$ -	\$ -	\$ 4,720,531
Charges for services	-	-	-	860,836	-
Civil citations	-	-	-	-	-
Contributions	-	240,362	-	-	-
Investment income (loss)	3,069	4,086	3,907	3,317	2,882
Intergovernmental	-	-	191,538	-	174,244
Forfeitures	-	-	67,598	-	-
Miscellaneous	-	2	-	-	-
Total revenues	<u>235,862</u>	<u>244,450</u>	<u>263,043</u>	<u>864,153</u>	<u>4,897,657</u>
EXPENDITURES					
General government	98,484	26,386	-	538	-
Public safety	-	22,720	98,162	-	4,689,769
Culture and recreation	88,746	98,028	-	-	-
Public works	-	-	-	33,019	-
Capital outlay:					
Public safety	-	-	233,219	-	25,576
Culture and recreation	1,800	7,827	-	-	-
Public works	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>189,030</u>	<u>154,961</u>	<u>331,381</u>	<u>33,557</u>	<u>4,715,345</u>
Excess (deficiency) of revenues over expenditures	<u>46,832</u>	<u>89,489</u>	<u>(68,338)</u>	<u>830,596</u>	<u>182,312</u>
OTHER FINANCING SOURCES (USES)					
Issuance of refunding of debt	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Proceeds from sale of assets	-	-	1,081	-	-
Transfer in	-	1,443	79	-	-
Transfers out	-	(78,500)	-	(1,365,840)	(4,870)
Total other financing sources (uses)	<u>-</u>	<u>(77,057)</u>	<u>1,160</u>	<u>(1,365,840)</u>	<u>(4,870)</u>
Net change in fund balance	<u>46,832</u>	<u>12,432</u>	<u>(67,178)</u>	<u>(535,244)</u>	<u>177,442</u>
Fund balance - beginning of year	<u>488,592</u>	<u>583,370</u>	<u>668,881</u>	<u>1,505,122</u>	<u>1,556,916</u>
Fund balance - end of the year	<u>\$ 535,424</u>	<u>\$ 595,802</u>	<u>\$ 601,703</u>	<u>\$ 969,878</u>	<u>\$ 1,734,358</u>

Revenue				Debt Service		
Grants	Economic Development	Traffic Safety	Tax Increment Finance District #1	Tax Increment Finance Districts	Sales Tax Revenue Bonds	Total Non-major Governmental
\$ -	\$ -	\$ -	\$ -	\$ 3,232,734	\$ -	\$ 8,186,058
-	-	-	-	-	-	860,836
-	-	1,226,567	-	-	-	1,226,567
-	-	-	-	-	-	240,362
317	(2,197)	3,667	2,625	11,830	2,053	35,556
471,087	-	-	-	-	-	836,869
-	-	-	-	-	-	67,598
-	-	-	-	-	-	2
<u>471,404</u>	<u>(2,197)</u>	<u>1,230,234</u>	<u>2,625</u>	<u>3,244,564</u>	<u>2,053</u>	<u>11,453,848</u>
164,798	-	-	-	-	-	290,206
155,871	-	1,025,715	-	-	-	5,992,237
74,765	-	-	-	-	-	261,539
-	-	-	-	-	-	33,019
73,758	-	25,873	-	-	-	358,426
-	-	-	-	-	-	9,627
-	788	-	-	-	-	788
-	-	-	-	2,486,733	105,000	2,591,733
-	-	-	-	712,651	5,760	718,411
<u>469,192</u>	<u>788</u>	<u>1,051,588</u>	<u>-</u>	<u>3,199,384</u>	<u>110,760</u>	<u>10,255,986</u>
2,212	(2,985)	178,646	2,625	45,180	(108,707)	1,197,862
-	-	-	-	4,768,520	-	4,768,520
-	-	-	-	(4,768,520)	-	(4,768,520)
-	-	-	-	-	-	1,081
-	116,221	-	-	-	-	117,743
-	(75,000)	-	-	-	-	(1,524,210)
-	41,221	-	-	-	-	(1,405,386)
<u>2,212</u>	<u>38,236</u>	<u>178,646</u>	<u>2,625</u>	<u>45,180</u>	<u>(108,707)</u>	<u>(207,524)</u>
<u>63,914</u>	<u>808,886</u>	<u>176,778</u>	<u>2,551,110</u>	<u>1,969,780</u>	<u>367,875</u>	<u>10,741,224</u>
<u>\$ 66,126</u>	<u>\$ 847,122</u>	<u>\$ 355,424</u>	<u>\$ 2,553,735</u>	<u>\$ 2,014,960</u>	<u>\$ 259,168</u>	<u>\$ 10,533,700</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL DEBT SERVICE FUND
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property taxes (penalties & interest included)	\$ 8,840,000	\$ 8,840,000	\$ 8,840,000	\$ -
Sub-total ad valorem taxes	8,840,000	8,840,000	8,840,000	-
Transfers in:				
Drainage utility	565,838	565,838	565,838	-
Parks & recreation facilities development corp.	341,536	341,536	341,536	-
Fleet services fund	447,714	447,714	447,714	-
Facilities services fund	24,670	24,670	24,670	-
Gas development fund	-	-	-	-
Sub-total transfers in	1,379,758	1,379,758	1,379,758	-
Other:				
Bond issuance premium	137,324	137,324	262,887	125,563
Refunding Proceeds	-	-	5,648,056	5,648,056
Interest income	7,000	12,029	15,685	3,656
City of Watauga, cip participation	82,853	82,853	82,853	-
Miscellaneous Revenues	-	-	108	108
Appropriation of fund balance	648,073	648,073	648,073	-
Sub-total other	875,250	880,279	6,657,662	5,777,383
Total revenues	11,095,008	11,100,037	16,877,420	5,777,383
EXPENDITURES				
Existing bonds & co's	10,854,508	10,854,506	10,923,172	(68,666)
Issuance costs/paying agent fees	240,500	240,500	258,140	(17,640)
Bond defeasance/refunding	-	-	5,648,056	(5,648,056)
Total expenditures	11,095,008	11,095,006	16,829,368	(5,734,362)
Net Increase	\$ -	\$ 5,031	\$ 48,052	\$ 43,021

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
PARKS AND RECREATION DEVELOPMENT CORPORATION FUND
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales tax	\$ 4,547,801	\$ 4,616,928	\$ 4,648,841	\$ 31,913
Interest income	7,700	13,700	21,367	7,667
Youth assn. maintenance fees	54,500	57,000	47,444	(9,556)
Tennis center revenue	386,850	348,498	329,384	(19,114)
Transfer in from aquatic park fund	77,379	77,379	77,379	-
Park impact fees	25,000	70,864	60,635	(10,229)
Other income	1,500	19,664	46,351	26,687
NRH Centre				
Memberships/drop-in passes	1,386,900	1,410,000	1,425,002	15,002
Fitness	368,000	371,005	385,800	14,795
Recreation/sports	259,610	263,664	234,463	(29,201)
Grand hall rental	165,000	174,105	184,919	10,814
Catering & event fees	17,000	17,000	15,215	(1,785)
Aquatic programs	180,600	189,000	218,325	29,325
Pool rental	5,400	5,400	4,061	(1,339)
Gym rental	3,100	3,100	1,991	(1,109)
Concessions/merchandise	25,000	28,838	30,919	2,081
Special events	10,000	10,000	8,374	(1,626)
Other	13,700	13,125	22,967	9,842
General fund	487,102	487,102	487,102	-
Total revenues	<u>8,022,142</u>	<u>8,176,372</u>	<u>8,250,539</u>	<u>74,167</u>
EXPENDITURES				
Operating				
Park facilities development administration	709,231	711,278	710,339	939
Parks & public grounds	2,006,358	2,002,685	1,883,460	119,225
Tennis center operations	628,662	628,036	550,900	77,136
Sub-total operating	<u>3,344,251</u>	<u>3,341,999</u>	<u>3,144,699</u>	<u>197,300</u>
NRH Centre				
Center management	676,291	678,291	659,089	19,202
Fitness	344,197	346,297	367,092	(20,795)
Building operations	200,096	200,096	197,357	2,739
Aquatic	525,536	525,536	524,000	1,536
Recreation sports	342,678	342,678	279,766	62,912
Event center	250,109	250,109	231,986	18,123
Building services	320,000	320,000	320,000	-
Sub-total NRH Centre	<u>2,658,907</u>	<u>2,663,007</u>	<u>2,579,290</u>	<u>83,717</u>
Other & Reserves				
Debt service - CO's	341,536	341,536	341,536	-
Indirect costs	405,318	417,943	410,189	7,754
Non-department	37,383	39,635	40,319	(684)
Transfer to capital projects	-	221,278	407,949	(186,671)
Reserve for capital	858,592	726,219	726,219	-
Reserve for economic development	113,653	115,423	116,221	(798)
Reserve for NRH Centre	262,502	309,332	450,999	(141,667)
Total other & reserves	<u>2,018,984</u>	<u>2,171,366</u>	<u>2,493,432</u>	<u>(322,066)</u>
Total expenditures	<u>8,022,142</u>	<u>8,176,372</u>	<u>8,217,421</u>	<u>(41,049)</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,118</u>	<u>\$ 33,118</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
GAS DEVELOPMENT FUND
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Bonuses				
General fund purposes	\$ -	\$ -	\$ 5,040	\$ 5,040
Sub-total bonuses	-	-	5,040	5,040
Royalties/overrides				
General fund purposes	1,080,000	680,000	664,788	(15,212)
Sub-total royalties / overrides	1,080,000	680,000	664,788	(15,212)
Other				
Right of way usage fees	\$ -	\$ 3,160	\$ 3,160	-
Interest income	16,300	16,300	14,230	(2,070)
Sub-total other	16,300	19,460	17,390	(2,070)
Total revenues	1,096,300	699,460	687,218	(12,242)
EXPENDITURES				
Operating				
Transfer to capital projects	-	20,000	20,000	-
Total expenditures	-	20,000	20,000	-
Net Increase (decrease)	\$ 1,096,300	\$ 679,460	\$ 667,218	\$ (12,242)

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
PROMOTIONAL FUND
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Occupancy tax proceeds	\$ 215,000	\$ 219,473	\$ 232,793	\$ 13,320
Interest revenue	1,400	2,544	3,436	892
Total revenues	<u>216,400</u>	<u>222,017</u>	<u>236,229</u>	<u>14,212</u>
EXPENDITURES				
Economic development	112,196	106,196	98,085	8,111
Culture & leisure	103,989	103,989	90,546	13,443
Non-departmental	215	6,215	215	6,000
Total expenditures	<u>216,400</u>	<u>216,400</u>	<u>188,846</u>	<u>27,554</u>
Net Increase	<u>\$ -</u>	<u>\$ 5,617</u>	<u>\$ 47,383</u>	<u>\$ 41,766</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
DONATIONS FUND
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Contributions				
NRH water bills	\$ 57,737	\$ 57,182	\$ 59,251	\$ 2,069
Sub-total contributions	<u>57,737</u>	<u>57,182</u>	<u>59,251</u>	<u>2,069</u>
Donations				
Spay/neuter	15,000	13,808	18,206	4,398
Shelter fund	46,500	49,650	48,958	(692)
Duncan	15,000	15,250	15,250	-
Santa cops	4,000	5,800	5,000	(800)
Sub-total donations	<u>80,500</u>	<u>84,508</u>	<u>87,414</u>	<u>2,906</u>
Proceeds				
Library book sales	8,500	9,540	9,547	7
Sub-total proceeds	<u>8,500</u>	<u>9,540</u>	<u>9,547</u>	<u>7</u>
Other				
Interest revenue	2,500	3,486	4,672	1,186
Other income	46,200	80,834	85,595	4,761
Appropriation of fund balance:				
Neighborhood services	-	58,500	58,500	-
Library	38,365	19,546	19,546	-
Parks and Recreation	43,700	40,908	40,908	-
Police	3,600	1,100	1,100	-
Sub-total other	<u>134,365</u>	<u>204,374</u>	<u>210,321</u>	<u>5,947</u>
Total revenues	<u>281,102</u>	<u>355,604</u>	<u>366,533</u>	<u>10,929</u>
EXPENDITURES				
Library - book collections	58,865	58,865	48,682	10,183
Neighborhood services				
Animal services	25,310	31,446	31,626	(180)
Keep nrh beautiful	14,999	34,999	29,555	5,444
Municipal court - teen court	1,000	7,000	7,000	-
Parks special events and arts	60,000	60,000	34,987	25,013
Police department	10,000	25,550	22,720	2,830
Transfer to capital projects	-	58,500	58,500	-
Total expenditures	<u>170,174</u>	<u>276,360</u>	<u>233,070</u>	<u>43,290</u>
Net Increase	<u>\$ 110,928</u>	<u>\$ 79,244</u>	<u>\$ 133,463</u>	<u>\$ 54,219</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
SPECIAL INVESTIGATIONS FUND
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Forfeited funds	\$ 135,250	\$ 129,019	\$ 67,598	\$ (61,421)
AFIS reimbursements	13,500	12,759	12,759	-
911 telecom	116,000	116,068	178,779	62,711
Interest income	2,100	3,357	4,563	1,206
Other income	-	-	78	78
Appropriations of fund balance	28,650	68,296	68,296	-
Total revenues	<u>295,500</u>	<u>329,499</u>	<u>332,073</u>	<u>2,574</u>
EXPENDITURES				
Federal forfeited funds	110,000	134,889	61,178	73,711
State forfeited funds	55,000	55,000	31,016	23,984
Local forfeited funds	1,000	1,500	1,000	500
AFIS maintenance & equipment	13,500	18,685	18,357	328
911 telecom	61,000	61,058	61,058	-
Reserve for city hall project:				
911 telecom	55,000	55,010	55,010	-
Total expenditures	<u>295,500</u>	<u>326,142</u>	<u>227,619</u>	<u>98,523</u>
Net Increase	<u>\$ -</u>	<u>\$ 3,357</u>	<u>\$ 104,454</u>	<u>\$ 101,097</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
DRAINAGE UTILITY FUND
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Drainage fees	\$ 860,000	\$ 871,386	\$ 860,836	\$ (10,550)
Interest income	3,900	4,345	5,948	1,603
Appropriations of fund balance	-	800,000	800,000	-
Total revenues	<u>863,900</u>	<u>1,675,731</u>	<u>1,666,784</u>	<u>(8,947)</u>
EXPENDITURES				
Debt service (transfers out)	565,838	565,838	565,838	-
Other expenditures	35,000	839,372	833,557	5,815
Total expenditures	<u>600,838</u>	<u>1,405,210</u>	<u>1,399,395</u>	<u>5,815</u>
Net Increase	<u>\$ 263,062</u>	<u>\$ 270,521</u>	<u>\$ 267,389</u>	<u>\$ (3,132)</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
CRIME CONTROL DISTRICT
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales tax	\$ 4,547,801	\$ 4,598,460	\$ 4,624,993	\$ 26,533
Franchise tax	81,000	95,538	95,538	-
Interest income	2,200	2,200	2,140	(60)
SRO Reimbursement (BISD)	174,244	174,244	174,244	-
Previous year encumbrances	61,922	17,439	17,439	-
Total revenues	<u>4,867,167</u>	<u>4,887,881</u>	<u>4,914,354</u>	<u>26,473</u>
EXPENDITURES				
Operating				
Administrative services	747,467	744,787	710,799	33,988
Investigations	471,496	470,035	418,933	51,102
Uniform patrol	2,844,326	2,838,032	2,749,387	88,645
Technical services	521,810	522,104	528,698	(6,594)
Property Evidence	147,338	150,160	156,317	(6,157)
Sub-total operating	<u>4,732,437</u>	<u>4,725,118</u>	<u>4,564,134</u>	<u>160,984</u>
Other & Reserves				
Partner agency funding	57,205	65,294	61,146	4,148
Other	77,525	84,844	77,525	7,319
Indirect costs	-	12,625	4,871	7,754
Total other & reserves	<u>134,730</u>	<u>162,763</u>	<u>143,542</u>	<u>19,221</u>
Total expenditures	<u>4,867,167</u>	<u>4,887,881</u>	<u>4,707,676</u>	<u>180,205</u>
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,678</u>	<u>\$ 206,678</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
TRAFFIC SAFETY FUND
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Gross fine revenue	\$ 939,175	\$ 1,147,321	\$ 1,226,567	\$ 79,246
Interest income	900	2,249	3,384	1,135
Sub-total	<u>940,075</u>	<u>1,149,570</u>	<u>1,229,951</u>	<u>80,381</u>
EXPENDITURES				
Contractor Payments	612,000	612,000	601,821	10,179
Program Administration	188,906	194,350	191,977	2,373
Payment to State	70,700	170,486	216,385	(45,899)
Traffic Enforcement	-	37,522	26,373	11,149
Pedestrian Safety	15,224	15,224	15,033	191
Total expenditures	<u>886,830</u>	<u>1,029,582</u>	<u>1,051,589</u>	<u>(22,007)</u>
Net increase	<u>\$ 53,245</u>	<u>\$ 119,988</u>	<u>\$ 178,362</u>	<u>\$ 102,388</u>

Notes to other supplementary information are an integral part of this schedule.



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INTERNAL SERVICE FUNDS

Facility and Construction Services Fund – To account for building maintenance and repair services provided to numerous departments located at various sites throughout the City. Facility and Construction Services Fund operations are financed by charges to user departments.

Fleet Services Fund – To account for the maintenance, repair service, and replacement of vehicles and equipment provided to numerous departments responsible for the operation of City vehicles and equipment. Fleet Services Fund operations are financed by charges to user departments.

Self-Insurance Fund – To account for the payment of substantially all claims except for fire insurance coverage and employee life insurance coverage. Self-Insurance Fund operations are financed by charges to user departments and employee contributions.

Information Services Fund – To account for the acquisition, maintenance, and support of computer and telephone hardware and software. Information Services Fund operations are financed by charges to user departments.

CITY OF NORTH RICHLAND HILLS, TEXAS
Combining Statement of Net Position
INTERNAL SERVICE
September 30, 2015

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service
ASSETS					
Current					
Cash and cash equivalents	\$ 581,706	\$ 530,805	\$ 734,522	\$ 451,812	\$ 2,298,845
Investments	1,398,353	1,547,669	1,311,843	1,117,549	5,375,414
Accounts receivable, net of allowance:					
Other	498	14,960	-	9,023	24,481
Interest receivable	2,273	2,468	7,520	1,853	14,114
Prepaid items	3,690	-	193,952	155,704	353,346
Inventories, at cost	35,796	85,715	-	-	121,511
Total current assets	2,022,316	2,181,617	2,247,837	1,735,941	8,187,711
Noncurrent					
Restricted assets:					
Cash and cash equivalents	3,377	98,796	1,538,662	45,474	1,686,309
Investments	-	-	3,414,794	-	3,414,794
Capital assets, at cost:					
Building and improvements	135,455	-	-	-	135,455
Other improvemen	439,178	-	-	602,769	1,041,947
Machinery and equipment	-	6,983,844	17,312	2,520,927	9,522,083
Accumulated depreciation	(354,088)	(4,325,751)	(17,312)	(2,062,732)	(6,759,883)
Net capital assets	220,545	2,658,093	-	1,060,964	3,939,602
Total noncurrent assets	223,922	2,756,889	4,953,456	1,106,438	9,040,705
Total assets	2,246,238	4,938,506	7,201,293	2,842,379	17,228,416
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions	74,289	86,734	47,744	86,910	295,677
Pension actuarial losses	38,321	36,089	18,603	41,670	134,683
Total deferred outflows of resources	112,610	122,823	66,347	128,580	430,360
LIABILITIES					
Current					
Accounts payable and accrued expenses	133,515	81,712	1,289,292	48,791	1,553,310
Other current liabilities	277	40	14,018	-	14,335
Compensated absences	8,039	7,554	6,942	13,194	35,729
Unearned revenue	900	-	-	-	900
Total current liabilities	142,731	89,306	1,310,252	61,985	1,604,274
Noncurrent					
Compensated absences	47,358	48,566	45,573	81,785	223,282
Other post employment benefits obligation	210,940	237,342	120,778	245,717	814,777
Net pension liability	403,825	470,136	258,598	471,944	1,604,503
Total noncurrent liabilities	662,123	756,044	424,949	799,446	2,642,562
Total liabilities	804,854	845,350	1,735,201	861,431	4,246,836
DEFERRED INFLOWS OF RESOURCES					
Excess pension investment earnings	31,256	29,436	15,173	33,988	109,853
Total deferred outflows of resources	31,256	29,436	15,173	33,988	109,853
NET POSITION					
Net investment in capital assets	220,545	2,665,942	-	1,060,964	3,947,451
Unrestricted	1,302,193	1,520,601	5,517,266	1,014,576	9,354,636
Total net position	\$ 1,522,738	\$ 4,186,543	\$ 5,517,266	\$ 2,075,540	\$ 13,302,087

CITY OF NORTH RICHLAND HILLS, TEXAS
Combining Statement of Revenues, Expenses, and Changes in Net Position
INTERNAL SERVICE
Year Ended September 30, 2015

	Facilities and Construction	Fleet Services	Self Insurance	Information Technology	Total Internal Service
OPERATING REVENUES					
Other intergovernmental	\$ -	\$ -	\$ -	\$ 14,902	\$ 14,902
Internal service revenues					
Risk management	-	-	9,753,876	-	9,753,876
Facilities and fleet management	2,655,133	3,514,116	-	-	6,169,249
Information systems management	-	-	-	2,674,154	2,674,154
Miscellaneous revenues	101,392	30,488	281,063	154,887	567,830
Total operating revenues	<u>2,756,525</u>	<u>3,544,604</u>	<u>10,034,939</u>	<u>2,843,943</u>	<u>19,180,011</u>
OPERATING EXPENSES					
Claims	-	-	9,520,100	-	9,520,100
Contractual services	919,463	93,330	538,099	330,707	1,881,599
Personnel services	1,077,757	933,252	505,801	1,104,953	3,621,763
Repairs and maintenance	329,831	188,266	4,359	1,104,886	1,627,342
Supplies	61,981	890,352	2,629	166,543	1,121,505
Depreciation	42,010	614,816	-	226,123	882,949
Total operating expenses	<u>2,431,042</u>	<u>2,720,016</u>	<u>10,570,988</u>	<u>2,933,212</u>	<u>18,655,258</u>
Operating income (loss)	<u>325,483</u>	<u>824,588</u>	<u>(536,049)</u>	<u>(89,269)</u>	<u>524,753</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	12,457	13,732	45,326	7,436	78,951
Gain on disposal of assets	530	48,699	-	2,335	51,564
Total nonoperating revenues (expenses)	<u>12,987</u>	<u>62,431</u>	<u>45,326</u>	<u>9,771</u>	<u>130,515</u>
Income (loss) before transfers	<u>338,470</u>	<u>887,019</u>	<u>(490,723)</u>	<u>(79,498)</u>	<u>655,268</u>
TRANSFERS					
Transfers in	-	71,040	-	252,385	323,425
Transfers out	(319,433)	(777,714)	-	(1,228,944)	(2,326,091)
Total transfers - net	<u>(319,433)</u>	<u>(706,674)</u>	<u>-</u>	<u>(976,559)</u>	<u>(2,002,666)</u>
Change in net position	19,037	180,345	(490,723)	(1,056,057)	(1,347,398)
Net position - beginning of year (as previously reported)	1,756,724	4,299,955	6,169,450	3,427,003	15,653,132
Adjustment to beginning net position, accounting standard implementation	(253,023)	(293,757)	(161,461)	(295,406)	(1,003,647)
Net position - beginning of year (as restated)	<u>1,503,701</u>	<u>4,006,198</u>	<u>6,007,989</u>	<u>3,131,597</u>	<u>14,649,485</u>
Net position - end of year	<u>\$ 1,522,738</u>	<u>\$ 4,186,543</u>	<u>\$ 5,517,266</u>	<u>\$ 2,075,540</u>	<u>\$ 13,302,087</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

Year Ended September 30, 2015

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Totals
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 2,655,133	\$ 3,514,116	\$ 9,753,876	\$ 2,674,154	\$ 18,597,279
Other operating revenue	111,323	33,843	281,063	180,222	606,451
Payments to suppliers	(1,280,302)	(1,156,900)	(9,788,804)	(1,602,902)	(13,828,908)
Payments to employees	(1,062,558)	(958,759)	(483,136)	(1,066,603)	(3,571,056)
Net cash provided by (used for) operating activities	<u>423,596</u>	<u>1,432,300</u>	<u>(237,001)</u>	<u>184,871</u>	<u>1,803,766</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	-	71,040	-	252,385	323,425
Transfers to other funds	(319,433)	(777,714)	-	(1,228,944)	(2,326,091)
Net cash provided by (used for) noncapital and related financing activities	<u>(319,433)</u>	<u>(706,674)</u>	<u>-</u>	<u>(976,559)</u>	<u>(2,002,666)</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(21,865)	(686,375)	-	-	(708,240)
Proceeds from sale of capital assets	530	48,699	-	2,335	51,564
Net cash provided by (used for) capital and related financing activities	<u>(21,335)</u>	<u>(637,676)</u>	<u>-</u>	<u>2,335</u>	<u>(656,676)</u>
Cash flows from investing activities:					
Purchase of Investments	(788,985)	(865,160)	(2,423,448)	(345,987)	(4,423,580)
Proceeds from the sale of investments	646,380	723,330	2,443,932	818,748	4,632,390
Interest and dividends received	12,298	13,851	45,504	8,149	79,802
Net cash provided by investing activities	<u>(130,307)</u>	<u>(127,979)</u>	<u>65,988</u>	<u>480,910</u>	<u>288,612</u>
Net increase (decrease) in cash and cash equivalents	(47,479)	(40,029)	(171,013)	(308,443)	(566,964)
Cash and cash equivalents beginning of year	<u>632,562</u>	<u>669,630</u>	<u>2,444,197</u>	<u>805,729</u>	<u>4,552,118</u>
Cash and cash equivalents end of year	<u>\$ 585,083</u>	<u>\$ 629,601</u>	<u>\$ 2,273,184</u>	<u>\$ 497,286</u>	<u>\$ 3,985,154</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 325,483	\$ 824,588	\$ (536,049)	\$ (89,269)	\$ 524,753
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	42,010	614,816	-	226,123	882,949
Other expense	-	-	(3,351)	-	(3,351)
(Increase) decrease in accounts receivable	9,031	3,355	-	10,433	22,819
(Increase) decrease in inventories	913	4,019	-	-	4,932
(Increase) decrease in prepaid items	678	-	21,121	10,004	31,803
Increase (decrease) in compensating absences	4,103	(34,667)	16,469	22,997	8,902
Increase (decrease) in other post employment benefits	20,372	20,073	10,286	23,267	73,998
Increase (decrease) in net pension liability	(10,779)	(10,150)	(5,232)	(11,720)	(37,881)
Increase (decrease) in unearned revenues	900	-	-	-	900
Increase (decrease) in accounts payable	29,382	11,029	258,613	(10,770)	288,254
Increase (decrease) in accrued liabilities	1,503	(763)	1,142	3,806	5,688
Total adjustments	<u>98,113</u>	<u>607,712</u>	<u>299,048</u>	<u>274,140</u>	<u>1,279,013</u>
Net cash provided by (used for) operating activities	<u>\$ 423,596</u>	<u>\$ 1,432,300</u>	<u>\$ (237,001)</u>	<u>\$ 184,871</u>	<u>\$ 1,803,766</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Other Supplementary Information
September 30, 2015

A. General Debt Service Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	<u>\$ 48,052</u>
The City budgets "Appropriations of Fund Balances" revenues as a inflow of resources but for GAAP purposes these inflows were recognized in prior periods.	(648,073)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.	748
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund -- General Debt Service	<u><u>\$ (599,273)</u></u>

B. Parks and Recreation Development Corporation Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	<u>\$ 33,118</u>
The City budgets specific "Reserves" expenditures as a outflow but in GAAP statements it is not an expenditure: Net Operations from Parks Maintenance, Tennis Center, and Recreation Centre for future capital or operational needs	1,177,218
Increase (decrease) in intergovernmental shared services revenue are not considered a resource/inflow for budgetary recognition because payment for services will be received in subsequent fiscal year.	406,850
Increase (decrease) in miscellaneous revenue are not considered a resource/inflow for budgetary recognition because payment for services will be received in subsequent fiscal year.	(2,180)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.	171
Special funded projects expenditures are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	(650,086)
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund -- Parks and Recreation Development Corporation	<u><u>\$ 965,091</u></u>

C. Gas Development Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	<u>\$ 667,218</u>
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	(1,832)
Special funded projects inflows/resources are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	(57,693)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds -- Gas Development Fund	<u><u>\$ 607,693</u></u>

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Other Supplementary Information
September 30, 2015

D. Promotional Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	<u>\$ 47,383</u>
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	(367)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.	(184)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Promotional Fund	<u><u>\$ 46,832</u></u>

E. Donations Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	<u>\$ 133,463</u>
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(120,054)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	(586)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.	(391)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Donations Fund	<u><u>\$ 12,432</u></u>

F. Special Investigation Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	<u>\$ 104,454</u>
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(68,296)
The City budgets specific "Reserves" expenditures as a outflow but in GAAP statements it is not an expenditure: 911 Telecom; Automated Fingerprint ID System; Reserves	55,010
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	(656)
Increase (decrease) in miscellaneous revenue are not considered a resource/inflow for budgetary recognition because payment for services will be received in subsequent fiscal year.	1,081
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.	(122)
Special funded projects expenditures are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	(158,649)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Special Investigation Fund	<u><u>\$ (67,178)</u></u>

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Other Supplementary Information
September 30, 2015

G. Drainage Utility Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	<u>\$ 267,389</u>
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(800,000)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	(2,633)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Drainage Utility Fund	<u>\$ (535,244)</u>

H. Crime Control District Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	<u>\$ 206,678</u>
The City budgets "appropriations from fund balance" (prior year encumbrance) as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(17,439)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	743
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.	(7,669)
The City budgets specific "Reserves" expenditures as a outflow but in GAAP statements it is not an expenditure: Investigations	(4,871)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Crime Control District Fund	<u>\$ 177,442</u>

I. Traffic Safety Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	<u>\$ 178,362</u>
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	284
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Traffic Safety Fund	<u>\$ 178,646</u>

J. Utility Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	<u>\$ (817,599)</u>
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(3,355,476)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	15,060

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Other Supplementary Information
September 30, 2015

Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	9,634
Gain (loss) on disposal of assets represents "GAAP" non-cash transactions and are not reported in the budgetary basis schedule.	8,600
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage.	(502,094)
Outflows of resources for capital expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment for budgetary purposes. GAAP Statements delay expense recognition until the period of coverage through assessing depreciation.	2,654,060
Outflows of resources that represent debt service payments and related amortized costs for budgetary purposes are recognized as expense in budget basis statements	781,267
Inflows of resources that represent accrued revenue and not cash receipts are not recognized as revenues in the budget basis statements.	381,316
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	(3,398,208)
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Utility Fund	\$ (4,223,440)

K. Aquatic Park Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	\$ (62,973)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(575,000)
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(773,895)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	(16,177)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	211
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage.	3,418
Outflows of resources that represent debt service principal payments for budgetary purposes are recognized as expense in budget basis statements	580,588
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	514,918
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Aquatic Park	\$ (328,910)

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Other Supplementary Information
September 30, 2015

L. Golf Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	<u>\$ 28,626</u>
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(411,449)
Outflows for advances given to other funds are not recognized as expense in GAAP statements; only recognized as reduction of an liability on statement of net position and not a transfer out	(147,760)
The City budgets specific "Reserves" Expenses as a outflow but in GAAP statements it is not an expense: Reserve for Capital	5,385
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	518
Outflows of resources representing expenses of prior year adjustment are recognized for budgetary purposes as reduction in reserves prior transferred. This amount represents audit adjustments that effect a prior period and prior budgetary period.	75,065
Outflows of resources that represent debt service principal payments for budgetary purposes are recognized as expense in budget basis statements	395,426
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Golf Fund	<u><u>\$ (54,189)</u></u>

M. Facilities and Construction Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	<u>\$ 278,691</u>
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(42,010)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	(13,696)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage.	22,685
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition.	(1,838)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition.	(240,485)
The City budgets specific "Reserves" Expenses as a outflow but in GAAP statements it is not an expense: Reserve for Capital.	20,327
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget.	(4,637)
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Facilities and Construction Fund	<u><u>\$ 19,037</u></u>

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Other Supplementary Information
September 30, 2015

N. Fleet Services Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	<u>\$ 583,769</u>
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(614,816)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	24,745
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	(3,073)
Gain (loss) on disposal of assets represents "GAAP" non-cash transactions and are not reported in the budgetary basis schedule	(6,515)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(542,264)
The City budgets specific "Reserves" Expenses as a outflow but in GAAP statements it is not an expense: Reserve for Capital	49,173
Resources obtained for special funded projects are appropriated through long range capital improvement budget in which separate from the operating budget	689,374
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage	(48)
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Fleet Fund	<u><u>\$ 180,345</u></u>

O. Self Insurance Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	<u>\$ (339,392)</u>
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	(21,522)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	(8,688)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(100,000)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage	(21,121)
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Self Insurance Fund	<u><u>\$ (490,723)</u></u>

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Other Supplementary Information
September 30, 2015

P. Information Systems Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and Expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	<u>\$ 559,881</u>
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(226,123)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	(34,544)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	(4,619)
Gain (loss) on disposal of assets represents "GAAP" non-cash transactions and are not reported in the budgetary basis schedule	(612)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage	(9,813)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(1,339,373)
Outflows of resources for prepaid Expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage	(854)
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Information Systems Fund	<u><u>\$ (1,056,057)</u></u>

PROPRIETARY FUNDS OTHER SUPPLEMENTARY
INFORMATION

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
UTILITY FUND
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Water sales and charges				
Water sales	\$ 20,099,458	\$ 18,474,864	\$ 18,490,684	\$ 15,820
Water taps	34,412	34,412	28,715	(5,697)
Water inspection fees	11,000	33,213	33,770	557
Sub-total	<u>20,144,870</u>	<u>18,542,489</u>	<u>18,553,169</u>	<u>10,680</u>
Sewer sales and charges				
Sewer sales	10,320,773	10,350,856	9,838,360	(512,496)
Sewer taps	9,683	9,683	9,825	142
Sewer inspection fees	9,000	27,161	27,161	-
Sub-total	<u>10,339,456</u>	<u>10,387,700</u>	<u>9,875,346</u>	<u>(512,354)</u>
Miscellaneous				
Interest income	52,700	71,878	94,614	22,736
Service charges	102,300	86,613	88,952	2,339
Late charges	484,359	431,752	432,123	371
Miscellaneous	18,000	43,148	43,618	470
Joint use reimbursement - Watauga	108,817	108,817	60,439	(48,378)
Subdivision meter revenue	29,212	44,145	43,380	(765)
Sub-total	<u>795,388</u>	<u>786,353</u>	<u>763,126</u>	<u>(23,227)</u>
Appropriation of fund balance				
Previous year encumbrances	-	1,322,000	1,322,000	-
Sub-total	<u>-</u>	<u>1,322,000</u>	<u>1,322,000</u>	<u>-</u>
Total revenues	<u>\$ 31,279,714</u>	<u>\$ 31,038,542</u>	<u>\$ 30,513,641</u>	<u>\$ (524,901)</u>
EXPENSES				
Operating				
Administration	\$ 307,720	\$ 307,153	\$ 296,621	\$ 10,532
Development	856,769	838,505	791,669	46,836
Right of way maintenance	200,000	155,000	149,327	5,673
Sub-total	<u>1,364,489</u>	<u>1,300,658</u>	<u>1,237,617</u>	<u>63,041</u>
Water Services				
Water operations	4,652,964	4,383,887	4,199,796	184,091
Purchase of water FTW	5,018,705	4,281,717	4,726,223	(444,506)
Purchase of water TRA	5,000,000	4,630,568	5,059,788	(429,220)
Sub-total	<u>14,671,669</u>	<u>13,296,172</u>	<u>13,985,807</u>	<u>(689,635)</u>
Sewer Services				
Sewer operations	1,386,320	1,383,487	1,285,498	97,989
Sewer treatment FTW	1,420,242	1,423,100	1,307,619	115,481
Sewer treatment TRA	3,572,771	3,602,954	3,602,954	-
Sub-total	<u>6,379,333</u>	<u>6,409,541</u>	<u>6,196,071</u>	<u>213,470</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
UTILITY FUND
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
Finance/Utility Collections				
Meter reading	471,501	474,993	464,214	10,779
Utility billing / customer service	843,335	840,635	809,496	31,139
Utility collection services	288,922	288,386	282,857	5,529
Accounting services	395,312	374,161	361,333	12,828
Budget & research	209,292	209,470	206,950	2,520
Sub-total	<u>2,208,362</u>	<u>2,187,645</u>	<u>2,124,850</u>	<u>62,795</u>
Building services	1,598,063	1,598,063	1,598,063	-
Non-departmental	342,323	282,737	219,211	63,526
Sub-total Departments	<u>\$ 26,564,239</u>	<u>\$ 25,074,816</u>	<u>\$ 25,361,619</u>	<u>\$ (286,803)</u>
OTHER & RESERVES				
Debt service	\$ 1,091,530	\$ 1,091,530	\$ 1,091,823	\$ (293)
Franchise fee	912,607	852,104	857,706	(5,602)
Indirect costs	2,090,315	2,090,315	2,090,315	-
Payment in lieu of taxes	382,777	382,777	382,777	-
Transfer from utility cip reserve to information services fund	175,000	175,000	175,000	-
Contribution to equipment services	50,000	50,000	50,000	-
Reserve for capital	13,246	1,322,000	1,322,000	-
Total other & reserves	<u>\$ 4,715,475</u>	<u>\$ 5,963,726</u>	<u>\$ 5,969,621</u>	<u>\$ (5,895)</u>
Total expenses	<u>\$ 31,279,714</u>	<u>\$ 31,038,542</u>	<u>\$ 31,331,240</u>	<u>\$ (292,698)</u>
Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (817,599)</u>	<u>\$ (817,599)</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
AQUATIC PARK
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Operating				
Admissions	\$ 3,442,500	\$ 3,234,779	\$ 3,109,013	\$ (125,766)
Food and beverage	897,600	856,669	805,873	(50,796)
Merchandise	147,900	133,728	127,737	(5,991)
Rentals	156,099	153,458	148,066	(5,392)
Aquatic classes / special events	-	7,881	3,823	(4,058)
Sub-total	<u>4,644,099</u>	<u>4,386,515</u>	<u>4,194,512</u>	<u>(192,003)</u>
Other revenues				
Interest income	7,600	9,866	13,337	3,471
Other	17,200	40,407	46,200	5,793
Sub-total	<u>24,800</u>	<u>50,273</u>	<u>59,537</u>	<u>9,264</u>
Sub-total revenues	<u>4,668,899</u>	<u>4,436,788</u>	<u>4,254,049</u>	<u>(182,739)</u>
Appropriation of fund balance				
Appropriation of fund balance	-	575,000	575,000	-
Sub-total	<u>-</u>	<u>575,000</u>	<u>575,000</u>	<u>-</u>
Total revenues	<u>\$ 4,668,899</u>	<u>\$ 5,011,788</u>	<u>\$ 4,829,049</u>	<u>\$ (182,739)</u>
EXPENSES				
Operating				
General services & utilities	\$ 887,078	\$ 824,577	\$ 790,280	\$ 34,297
Public grounds / aquatics / maintenance	1,224,468	1,161,611	1,155,830	5,781
Business & office administration	573,321	585,840	558,520	27,320
Gift shop / concessions	569,660	550,598	535,119	15,479
Sales / special events / admissions	272,212	259,865	230,591	29,274
Sub-total	<u>3,526,739</u>	<u>3,382,491</u>	<u>3,270,340</u>	<u>112,151</u>
OTHER & RESERVES				
Debt service	\$ 771,316	\$ 771,316	\$ 776,753	\$ (5,437)
Indirect costs	151,139	151,139	151,139	-
Transfer out - PARD	77,379	77,379	77,379	-
Reserve for:				-
Infrastructure & major repairs	102,051	589,188	575,000	14,188
Non-departmental	40,275	40,275	41,411	(1,136)
Total other & reserves	<u>\$ 1,142,160</u>	<u>\$ 1,629,297</u>	<u>\$ 1,621,682</u>	<u>\$ 7,615</u>
Total expenses	<u>\$ 4,668,899</u>	<u>\$ 5,011,788</u>	<u>\$ 4,892,022</u>	<u>\$ 119,766</u>
Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,973)</u>	<u>\$ (62,973)</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Golf
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Green fees	\$ 957,518	\$ 914,877	\$ 870,480	\$ (44,397)
Pro shop	375,856	377,056	388,861	11,805
Driving range	80,500	80,500	92,330	11,830
Carts	391,436	391,436	370,048	(21,388)
Food & beverage	589,027	630,468	660,051	29,583
General & administrative	-	-	405	405
Other revenues	1,000	1,000	41,355	40,355
Total revenues	<u>2,395,337</u>	<u>2,395,337</u>	<u>2,423,530</u>	<u>28,193</u>
EXPENSES				
Operating				
Pro shop	\$ 165,718	\$ 165,718	\$ 158,563	\$ 7,155
Pro shop: cost of goods sold	143,140	143,140	138,415	4,725
Driving range	13,000	13,000	8,562	4,438
Golf carts	231,999	231,999	230,040	1,959
Course maintenance	601,500	601,500	542,122	59,378
Food & beverage	250,211	250,211	263,935	(13,724)
Food & beverage: cost of goods sold	191,434	191,434	197,226	(5,792)
Sales & membership	50,501	50,501	54,682	(4,181)
General & administrative	239,771	239,771	264,863	(25,092)
Clubhouse	115,883	115,883	126,275	(10,392)
Management fees	119,535	119,535	137,560	(18,025)
Sub-total	<u>2,122,692</u>	<u>2,122,692</u>	<u>2,122,243</u>	<u>449</u>
OTHER & RESERVES				
Debt service	\$ 119,500	\$ 119,500	\$ 119,516	\$ (16)
Payment to interdepartmental loans:				
Water Fund	37,232	-	-	-
General fund	110,528	147,760	147,760	-
Reserve for Equipment/CIP	5,385	5,385	5,385	-
Total other & reserves	<u>\$ 272,645</u>	<u>\$ 272,645</u>	<u>\$ 272,661</u>	<u>\$ (16)</u>
Total expenses	<u>\$ 2,395,337</u>	<u>\$ 2,395,337</u>	<u>\$ 2,394,904</u>	<u>\$ 433</u>
Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,626</u>	<u>\$ 28,626</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Facilities and Construction
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for service				
Transfer from:				
General fund	\$ 737,070	\$ 737,070	\$ 737,070	\$ -
Parks development fund	320,000	320,000	320,000	-
Utility Fund	1,598,063	1,598,063	1,598,063	-
Sub-total	<u>2,655,133</u>	<u>2,655,133</u>	<u>2,655,133</u>	<u>-</u>
Other revenues				
Interest income	5,700	10,473	14,295	3,822
Rent from rental properties	78,000	78,000	76,804	(1,196)
Other income	13,500	41,289	25,118	(16,171)
Sub-total	<u>97,200</u>	<u>129,762</u>	<u>116,217</u>	<u>(13,545)</u>
Sub-total revenues	<u>2,752,333</u>	<u>2,784,895</u>	<u>2,771,350</u>	<u>(13,545)</u>
Appropriation of fund balance				
Building services fund reserves	56,784	240,485	240,485	-
Sub-total	<u>56,784</u>	<u>240,485</u>	<u>240,485</u>	<u>-</u>
Total revenues	<u>\$ 2,809,117</u>	<u>\$ 3,025,380</u>	<u>\$ 3,011,835</u>	<u>\$ (13,545)</u>
EXPENSES				
General services	\$ 322,247	\$ 322,247	\$ 324,362	\$ (2,115)
Building services	2,077,121	2,288,600	2,025,558	263,042
Rental property program	56,910	56,910	30,385	26,525
Transfer to capital budget	294,000	294,000	294,000	-
Sub-total	<u>2,750,278</u>	<u>2,961,757</u>	<u>2,674,305</u>	<u>287,452</u>
OTHER & RESERVES				
Debt service	\$ 24,670	\$ 24,670	\$ 24,670	\$ -
Other	13,079	13,090	13,079	11
Reserve for rental property	21,090	21,090	21,090	-
Total other & reserves	<u>\$ 58,839</u>	<u>\$ 58,850</u>	<u>\$ 58,839</u>	<u>\$ 11</u>
Total expenses	<u>\$ 2,809,117</u>	<u>\$ 3,020,607</u>	<u>\$ 2,733,144</u>	<u>\$ 287,463</u>
Balance	<u>\$ -</u>	<u>\$ 4,773</u>	<u>\$ 278,691</u>	<u>\$ 273,918</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Fleet Services
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for service				
Transfer from:				
General fund	\$ 1,190,157	\$ 1,190,157	\$ 1,190,157	\$ -
Utility fund	1,751,354	1,751,354	1,751,354	-
Utility CIP / utility customers	256,945	256,945	256,945	-
Crime control district	151,692	151,692	151,692	-
Parks development fund	128,117	128,117	128,117	-
Other funds	35,851	35,851	35,851	-
Sub-total	<u>3,514,116</u>	<u>3,514,116</u>	<u>3,514,116</u>	<u>-</u>
Other revenues				
Interest income	6,900	12,651	16,805	4,154
Sale of city property	20,000	30,161	29,606	(555)
Other income	12,000	57,092	56,096	(996)
Transfer from general fund	21,040	21,040	21,040	-
Transfer from utility fund	50,000	50,000	50,000	-
Sub-total	<u>109,940</u>	<u>170,944</u>	<u>173,547</u>	<u>2,603</u>
Sub-total revenues	<u>3,624,056</u>	<u>3,685,060</u>	<u>3,687,663</u>	<u>2,603</u>
Appropriation of fund balance				
Equipment service fund reserves	204,410	542,264	542,264	-
Sub-total	<u>204,410</u>	<u>542,264</u>	<u>542,264</u>	<u>-</u>
Total revenues	<u>\$ 3,828,466</u>	<u>\$ 4,227,324</u>	<u>\$ 4,229,927</u>	<u>\$ 2,603</u>
EXPENSES				
General services	\$ 350,931	\$ 351,401	\$ 297,282	\$ 54,119
Equipment services operations	1,735,876	1,735,950	1,481,835	254,115
Fire fleet maintenance	279,972	281,133	252,134	28,999
Equipment purchases	342,915	346,353	300,096	46,257
Fire vehicles/equipment	60,437	62,645	36,638	26,007
Police vehicles/equipment	548,115	550,323	438,780	111,543
Sub-total	<u>3,318,246</u>	<u>3,327,805</u>	<u>2,806,765</u>	<u>521,040</u>
OTHER & RESERVES				
Debt service	\$ 447,714	\$ 447,714	\$ 447,714	\$ -
Other	12,506	342,506	342,506	-
Equipment services reserves	50,000	49,173	49,173	-
Total other & reserves	<u>\$ 510,220</u>	<u>\$ 839,393</u>	<u>\$ 839,393</u>	<u>\$ -</u>
Total expenses	<u>\$ 3,828,466</u>	<u>\$ 4,167,198</u>	<u>\$ 3,646,158</u>	<u>\$ 521,040</u>
Balance	<u>\$ -</u>	<u>\$ 60,126</u>	<u>\$ 583,769</u>	<u>\$ 523,643</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Allocations				
Health/medical	\$ 9,131,504	\$ 9,131,504	\$ 9,234,574	\$ 103,070
Worker's compensation	500,390	500,390	500,390	-
Administration allocation	568,619	568,619	568,619	-
Other insurance	574,920	574,920	576,360	1,440
Sub-total	<u>10,775,433</u>	<u>10,775,433</u>	<u>10,879,943</u>	<u>104,510</u>
Other revenues				
Interest income	24,000	40,732	54,014	13,282
Other income	95,800	280,987	281,064	77
Expenditure reimbursement	-	422,054	462,324	40,270
Sub-total	<u>119,800</u>	<u>743,773</u>	<u>797,402</u>	<u>53,629</u>
Sub-total revenues	<u>10,895,233</u>	<u>11,519,206</u>	<u>11,677,345</u>	<u>158,139</u>
Appropriation of fund balance				
Self insurance fund reserves	100,000	100,000	100,000	-
Sub-total	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total revenues	<u>\$ 10,995,233</u>	<u>\$ 11,619,206</u>	<u>\$ 11,777,345</u>	<u>\$ 158,139</u>
EXPENSES				
Health/medical	\$ 9,154,738	\$ 9,570,518	\$ 10,096,330	\$ (525,812)
Worker's compensation	591,441	596,441	840,925	(244,484)
Personnel expenses	458,270	462,091	449,136	12,955
Other insurance	479,920	479,920	397,704	82,216
Reserve for insurance claims	20,064	-	-	-
Other expenses	95,800	109,984	145,906	(35,922)
Life insurance premium	95,000	95,000	86,736	8,264
Sub-total	<u>\$ 10,895,233</u>	<u>\$ 11,313,954</u>	<u>\$ 12,016,737</u>	<u>\$ (702,783)</u>
OTHER & RESERVES				
Transfer to retiree health care fund	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total other & reserves	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>
Total expenses	<u>\$ 10,995,233</u>	<u>\$ 11,413,954</u>	<u>\$ 12,116,737</u>	<u>\$ (702,783)</u>
Balance	<u>\$ -</u>	<u>\$ 205,252</u>	<u>\$ (339,392)</u>	<u>\$ (544,644)</u>

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Information Technology
Year Ended September 30, 2015

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Telecommunications				
Transfer from:				
General fund	\$ 294,255	\$ 325,876	\$ 321,798	\$ (4,078)
Park Fund	32,227	32,387	32,387	-
Crime control district	26,592	26,592	26,592	-
Utility fund	79,490	81,048	81,168	120
Other funds	52,763	58,297	58,297	-
Sub-total	<u>485,327</u>	<u>524,200</u>	<u>520,242</u>	<u>(3,958)</u>
Computers:				
Transfer from:				
General fund	\$ 932,796	\$ 932,796	\$ 932,796	\$ -
Park Fund	102,370	102,370	102,370	-
Crime control district	171,086	171,086	171,086	-
Utility fund	666,505	666,505	666,505	-
Other funds	281,155	281,155	281,155	-
Sub-total	<u>2,153,912</u>	<u>2,153,912</u>	<u>2,153,912</u>	<u>-</u>
Other revenues				
Interest income	6,700	9,047	12,055	3,008
Transmitter lease	145,012	145,012	136,940	(8,072)
Other income	18,410	22,358	35,796	13,438
Transfer from general fund	76,788	76,788	77,385	597
Transfer from utility fund	175,000	175,000	175,000	-
Sub-total	<u>421,910</u>	<u>428,205</u>	<u>437,176</u>	<u>8,971</u>
Sub-total revenues	<u>3,061,149</u>	<u>3,106,317</u>	<u>3,111,330</u>	<u>5,013</u>
Appropriation of fund balance				
Appropriation of information systems reserves	-	1,339,373	1,339,373	-
Sub-total	<u>-</u>	<u>1,339,373</u>	<u>1,339,373</u>	<u>-</u>
Total revenues	<u>\$ 3,061,149</u>	<u>\$ 4,445,690</u>	<u>\$ 4,450,703</u>	<u>\$ 5,013</u>
EXPENSES				
General services	\$ 247,632	\$ 247,632	\$ 245,714	\$ 1,918
Major computer systems	321,634	419,053	298,297	120,756
Microcomputer systems	719,091	720,341	605,516	114,825
Telecommunications	343,260	382,133	354,386	27,747
Data network	655,183	657,493	588,592	68,901
GIS System	186,096	186,096	178,592	7,504
Public safety	468,209	477,659	382,167	95,492
Sub-total	<u>2,941,105</u>	<u>3,090,407</u>	<u>2,653,264</u>	<u>437,143</u>
OTHER & RESERVES				
Other	8,614	8,614	8,614	-
Reserve for system improvements	111,430	1,346,669	1,228,944	117,725
Total other & reserves	<u>\$ 120,044</u>	<u>\$ 1,355,283</u>	<u>\$ 1,237,558</u>	<u>\$ 117,725</u>
Total expenses	<u>\$ 3,061,149</u>	<u>\$ 4,445,690</u>	<u>\$ 3,890,822</u>	<u>\$ 554,868</u>
Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 559,881</u>	<u>\$ 559,881</u>

Notes to other supplementary information are an integral part of this schedule.



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Statistical Section

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF NORTH RICHLAND HILLS, TEXAS
Net Position by Component

(unaudited)

	2015	2014	2013	<i>Fiscal</i> 2012
	(1)			
<i>Governmental Activities</i>				
Net Investment in Capital				
Assets	\$ 196,388,094	\$ 196,926,762	\$ 205,397,867	\$ 205,162,006
Restricted	3,451,280	4,115,704	4,634,803	4,253,430
Unrestricted	30,601,993	39,299,589	26,228,262	23,572,411
Total net assets	230,441,367	240,342,055	236,260,932	232,987,847
<i>Business-type Activities</i>				
Net Investment in Capital				
Assets	57,335,778	58,375,965	62,044,064	62,615,382
Restricted	4,153,891	3,788,127	3,762,460	2,710,553
Unrestricted	17,209,164	22,414,369	20,753,387	22,957,383
Total net assets	78,698,833	84,578,461	86,559,911	88,283,318
<i>Primary Government</i>				
Net Investment in Capital				
Assets	253,723,872	255,302,727	267,441,931	267,777,388
Restricted	7,605,171	7,903,831	8,397,263	6,963,983
Unrestricted	47,811,157	61,713,958	46,981,649	46,529,794
Total net assets	\$ 309,140,200	\$ 324,920,516	\$ 322,820,843	\$ 321,271,165

(1) Amounts for 2015 were restated as per GASB 68

Table 1

Year						
	2011	2010	2009	2008	2007	2006
	\$ 178,349,544	\$ 164,973,337	\$ 142,066,447	\$ 129,533,935	\$ 128,290,273	\$ 127,692,821
	3,368,190	3,715,127	4,693,345	3,984,364	3,270,409	2,973,821
	37,099,102	35,253,260	52,082,125	54,146,336	44,787,548	36,986,785
	<u>218,816,836</u>	<u>203,941,724</u>	<u>198,841,917</u>	<u>187,664,635</u>	<u>176,348,230</u>	<u>167,653,427</u>
	65,810,811	61,160,189	62,354,993	60,828,610	65,485,796	62,776,005
	2,600,187	2,610,287	3,018,779	2,709,713	2,937,027	2,712,360
	21,455,781	21,724,799	25,309,106	29,018,350	24,779,076	27,457,208
	<u>89,866,779</u>	<u>85,495,275</u>	<u>90,682,878</u>	<u>92,556,673</u>	<u>93,201,899</u>	<u>92,945,573</u>
	244,160,355	226,134,526	204,421,440	190,362,545	193,776,069	190,468,826
	5,968,377	6,325,414	7,712,124	6,694,077	6,207,436	5,686,181
	58,554,883	56,978,925	77,391,231	83,164,686	69,566,624	64,443,993
	<u>\$ 308,683,615</u>	<u>\$ 289,438,865</u>	<u>\$ 289,524,795</u>	<u>\$ 280,221,308</u>	<u>\$ 269,550,129</u>	<u>\$ 260,599,000</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

Changes in Net Position

(unaudited)

Fiscal Year

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Governmental activities:					
General government	\$ 11,393,967	\$ 11,226,130	\$ 10,656,322	\$ 10,399,845	\$ 9,886,731
Public safety	31,515,975	31,035,115	30,611,650	28,881,714	28,512,136
Culture and recreation	12,542,034	11,931,205	11,633,882	11,679,786	9,352,354
Public works	8,958,913	8,962,500	8,398,711	7,794,339	7,679,001
Interest and other fees	4,488,461	3,915,632	3,673,780	3,453,283	2,108,277
Total governmental activities	<u>68,899,350</u>	<u>67,070,582</u>	<u>64,974,345</u>	<u>62,208,967</u>	<u>57,538,499</u>
Business-type activities:					
Utility	30,228,765	28,066,386	27,623,220	26,642,141	27,981,025
Golf course	4,354,652	2,433,004	2,566,632	2,429,973	2,227,315
Aquatic park	2,394,132	4,542,966	4,749,688	4,753,949	4,507,561
Interest and other fees	-	-	-	-	-
Total business-type activities	<u>36,977,549</u>	<u>35,042,356</u>	<u>34,939,540</u>	<u>33,826,063</u>	<u>34,715,901</u>
Total primary government	<u>105,876,899</u>	<u>102,112,938</u>	<u>99,913,885</u>	<u>96,035,030</u>	<u>92,254,400</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	5,145,175	5,521,811	5,497,050	5,490,245	5,466,876
Public safety	3,894,194	3,655,306	4,204,508	3,426,008	2,668,111
Culture and recreation	3,104,181	3,100,292	3,001,249	2,381,024	858,241
Public works	1,063,766	1,136,920	937,102	932,819	857,809
Operating grants and contributions	2,966,484	2,826,280	2,545,158	1,833,138	879,524
Capital grants and contributions	478,587	2,676,372	2,938,951	7,401,996	17,644,326
Total governmental activities	<u>16,652,387</u>	<u>18,916,981</u>	<u>19,124,018</u>	<u>21,465,230</u>	<u>28,374,887</u>
Business-type activities:					
Charges for services					
Utility	29,826,840	30,483,178	30,160,950	28,445,746	28,921,168
Golf course	4,237,734	2,314,514	2,371,010	2,443,865	2,324,118
Aquatic park	2,335,223	4,019,970	4,377,388	4,548,828	4,587,899
Operating grants and contributions	-	84,842	138,831	80,660	-
Capital grants and contributions	-	-	7,291	50,744	4,643,096
Total business-type activities	<u>36,399,797</u>	<u>36,902,504</u>	<u>37,055,470</u>	<u>35,569,843</u>	<u>40,476,281</u>
Total primary government	<u>53,052,184</u>	<u>55,819,485</u>	<u>56,179,488</u>	<u>57,035,073</u>	<u>68,851,168</u>
Net (Expense) Revenue					
Governmental activities	(52,246,963)	(48,153,601)	(45,850,327)	(40,743,737)	(29,163,612)
Business-type activities	<u>(577,752)</u>	<u>1,860,148</u>	<u>2,115,930</u>	<u>1,743,780</u>	<u>5,760,380</u>
Total primary government	<u><u>\$ (52,824,715)</u></u>	<u><u>\$ (46,293,453)</u></u>	<u><u>\$ (43,734,397)</u></u>	<u><u>\$ (38,999,957)</u></u>	<u><u>\$ (23,403,232)</u></u>

Table 2

2010	2009	2008	2007	2006
\$ 14,653,747	\$ 16,355,871	\$ 9,379,422	\$ 8,461,142	\$ 9,269,861
26,172,292	27,772,668	25,791,827	23,265,259	22,022,696
9,468,346	10,718,579	7,973,359	7,327,532	7,611,710
8,388,531	2,126,721	5,748,315	7,799,706	8,169,282
1,761,128	2,269,541	2,302,096	2,561,837	2,546,791
<u>60,444,044</u>	<u>59,243,380</u>	<u>51,195,019</u>	<u>49,415,476</u>	<u>49,620,340</u>
27,313,424	25,121,565	27,329,181	23,154,259	22,929,665
2,236,113	2,217,868	2,302,670	2,247,272	2,239,404
4,188,892	4,105,695	3,774,757	3,433,492	3,343,073
-	-	433,588	-	-
<u>33,738,429</u>	<u>31,445,128</u>	<u>33,840,196</u>	<u>28,835,023</u>	<u>28,512,142</u>
<u>94,182,473</u>	<u>90,688,508</u>	<u>85,035,215</u>	<u>78,250,499</u>	<u>78,132,482</u>
8,619,557	4,547,658	9,333,482	6,505,029	6,881,843
2,918,356	4,922,180	2,995,693	1,718,460	1,314,329
909,267	1,446,132	2,517,122	1,124,777	1,212,343
839,309	1,896,764	2,355,161	1,179,302	174,166
964,914	1,142,243	353,816	1,028,853	1,153,543
6,806,586	11,341,668	304,514	410,297	2,910,568
<u>21,057,989</u>	<u>25,296,645</u>	<u>17,859,788</u>	<u>11,966,718</u>	<u>13,646,792</u>
24,324,685	25,060,898	26,349,559	21,630,336	25,858,511
2,264,256	2,509,577	2,571,409	2,298,065	1,775,963
4,090,087	3,858,389	3,943,288	3,916,691	3,894,274
-	-	-	-	66,466
271,624	-	-	599,983	1,288,734
<u>30,950,652</u>	<u>31,428,864</u>	<u>32,864,256</u>	<u>28,445,075</u>	<u>32,883,948</u>
<u>52,008,641</u>	<u>56,725,509</u>	<u>50,724,044</u>	<u>40,411,793</u>	<u>46,530,740</u>
(39,386,055)	(33,946,735)	(33,335,231)	(37,448,758)	(35,973,548)
(2,787,777)	(16,264)	(975,940)	(389,948)	4,371,806
<u>\$ (42,173,832)</u>	<u>\$ (33,962,999)</u>	<u>\$ (34,311,171)</u>	<u>\$ (37,838,706)</u>	<u>\$ (31,601,742)</u>

continued

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 2

Changes in Net Position

(unaudited)

Fiscal Year

	2015	2014	2013	2012	2011
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Taxes					
Property	\$ 26,099,238	\$ 24,903,041	\$ 24,126,068	\$ 22,222,620	\$ 19,339,750
Sales	18,571,502	18,007,872	17,359,807	16,974,086	16,645,412
Mixed beverage	138,100	129,512	117,223	101,724	128,007
Franchise	4,502,303	4,332,756	4,166,579	4,269,229	4,329,500
Occupancy	232,793	206,930	221,003	210,324	238,410
Unrestricted investment earnings	514,062	320,460	258,705	300,928	495,386
Special items	-	-	-	-	-
Miscellaneous	188,123	142,074	205,445	288,093	1,271,555
Transfers	3,973,821	4,162,160	3,674,512	3,384,630	1,590,704
Total governmental activities	<u>54,219,942</u>	<u>52,204,805</u>	<u>50,129,342</u>	<u>47,751,634</u>	<u>44,038,724</u>
Business-type activities:					
Unrestricted investment earnings	119,568	20,007	80,950	50,479	171,125
Miscellaneous	35,052	300,555	5,380	6,909	30,703
Transfers	(3,973,821)	(4,162,160)	(3,674,512)	(3,384,630)	(1,590,704)
Total business-type activities	<u>(3,819,201)</u>	<u>(3,841,598)</u>	<u>(3,588,182)</u>	<u>(3,327,242)</u>	<u>(1,388,876)</u>
Total primary government	<u>50,400,741</u>	<u>48,363,207</u>	<u>46,541,160</u>	<u>44,424,392</u>	<u>42,649,848</u>
Changes in Net Position					
Governmental activities	1,972,979	4,051,204	4,279,015	7,007,897	14,875,112
Business-type activities	(4,396,953)	(1,981,450)	(1,472,252)	(1,583,462)	4,371,504
Total primary government	<u>\$ (2,423,974)</u>	<u>\$ 2,069,754</u>	<u>\$ 2,806,763</u>	<u>\$ 5,424,435</u>	<u>\$ 19,246,616</u>

Table 2

2010	2009	2008	2007	2006
\$ 19,909,976	\$ 20,605,670	\$ 19,248,707	\$ 18,663,482	\$ 18,134,230
16,428,281	16,058,728	17,445,806	16,865,282	15,934,374
118,253	117,757	161,783	129,860	123,355
3,956,663	3,802,559	4,604,523	4,450,441	3,855,169
240,387	152,220	260,319	284,099	199,850
588,866	1,611,632	2,245,479	2,757,208	2,047,583
-	-	196,320	1,499,140	-
553,412	188,512	477,026	651,376	2,341,327
2,690,024	2,586,937	569,227	712,782	873,867
<u>44,485,862</u>	<u>45,124,015</u>	<u>45,209,190</u>	<u>46,013,670</u>	<u>43,509,755</u>
236,674	740,393	878,795	1,330,781	945,873
53,524	(10,986)	8,962	-	-
<u>(2,690,024)</u>	<u>(2,586,937)</u>	<u>(557,044)</u>	<u>(712,782)</u>	<u>(873,867)</u>
<u>(2,399,826)</u>	<u>(1,857,530)</u>	<u>330,713</u>	<u>617,999</u>	<u>72,006</u>
<u>42,086,036</u>	<u>43,266,485</u>	<u>45,539,903</u>	<u>46,631,669</u>	<u>43,581,761</u>
5,099,807	11,177,280	11,873,959	8,564,912	7,536,207
<u>(5,187,603)</u>	<u>(1,873,794)</u>	<u>(645,227)</u>	<u>228,051</u>	<u>4,443,812</u>
<u>\$ (87,796)</u>	<u>\$ 9,303,486</u>	<u>\$ 11,228,732</u>	<u>\$ 8,792,963</u>	<u>\$ 11,980,019</u>



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CITY OF NORTH RICHLAND HILLS, TEXAS

Fund Balance - Governmental Funds
(unaudited)

Table 3

	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
General Fund					
Nonspendables	\$ 341,273	\$ 450,459	\$ 669,275	\$ 707,569	\$ 926,707
Restricted	567,522	476,163	1,123,587	868,715	653,526
Committed	-	-	-	-	-
Assigned	929,092	3,811,011	3,963,333	3,759,566	1,848,329
Unassigned	9,457,571	9,070,595	9,186,072	8,992,908	9,838,310
Total General Fund	<u>\$ 11,295,458</u>	<u>\$ 13,808,228</u>	<u>\$ 14,942,267</u>	<u>\$ 14,328,758</u>	<u>\$ 13,266,872</u>
All Other Governmental Funds					
Nonspendables	\$ 33,195	\$ 50,288	\$ 27,002	\$ 47,202	\$ 30,308
Restricted	44,653,934	74,611,779	63,631,314	60,696,117	30,997,610
Committed	1,565,680	1,070,103	4,161,319	3,622,301	6,221,018
Assigned	19,075,193	10,674,838	17,280,746	16,333,423	6,480,459
Unassigned	(406,809)	-	-	-	-
Total all other governmental funds	<u>\$ 64,921,193</u>	<u>\$ 86,407,008</u>	<u>\$ 85,100,381</u>	<u>\$ 80,699,043</u>	<u>\$ 43,729,395</u>
Total all governmental funds	<u>\$ 76,216,651</u>	<u>\$ 100,215,236</u>	<u>\$ 100,042,648</u>	<u>\$ 95,027,801</u>	<u>\$ 56,996,267</u>

Notes: GASB 54 Fund Balance reporting was implemented in 2011.

CITY OF NORTH RICHLAND HILLS, TEXAS
Changes in Fund Balance - Governmental Funds
Last Ten Fiscal Years

	2015	2014	2013	2012	Fiscal 2011
Revenues					
Taxes	\$ 49,541,169	\$ 47,625,477	\$ 45,990,682	\$ 43,777,983	\$ 40,681,079
Licenses and permits	1,520,086	1,632,278	1,764,004	1,543,875	1,375,742
Charges for services	5,904,848	6,681,429	6,800,050	6,715,031	6,076,625
Gas utility leases and royalties	664,788	1,187,340			
Fines	2,222,995	1,990,953	2,424,064	2,421,696	2,665,135
Civil citations	1,226,567	990,714	923,282	778,393	674,745
Contributions	277,972	199,825	140,385	176,740	187,813
Special assessments	12,095	-	10,116	200	8,748
Investment income	437,668	319,622	177,178	415,326	383,453
Intergovernmental	4,305,248	5,072,166	4,467,635	5,732,323	9,070,672
Forfeitures	67,598	107,275	323,285	138,604	183,295
Developer contributions	-	600,000			
Miscellaneous	263,251	388,858	1,318,985	1,363,579	445,214
Total revenues	<u>66,444,285</u>	<u>66,795,937</u>	<u>64,339,666</u>	<u>63,063,750</u>	<u>61,752,521</u>
Expenditures					
General government	9,299,236	10,155,142	10,673,511	10,829,793	10,311,297
Public safety	30,050,383	29,022,814	28,317,163	26,959,990	25,934,692
Culture and recreation	9,534,702	9,231,503	9,290,204	9,163,107	7,453,931
Public works	3,024,822	2,924,516	3,563,149	3,601,659	2,416,186
Capital outlay	55,831,018	30,729,875	10,208,747	15,945,071	15,475,441
Debt service					
Principal retirement	9,999,376	8,578,960	8,523,434	8,846,947	8,187,696
Interest and fiscal charges	4,506,910	3,924,385	3,659,348	3,092,172	2,194,444
Total expenditures	<u>122,246,447</u>	<u>94,567,195</u>	<u>74,235,556</u>	<u>78,438,739</u>	<u>71,973,687</u>
Excess (deficiency) of revenues over expenditures	<u>(55,802,162)</u>	<u>(27,771,258)</u>	<u>(9,895,890)</u>	<u>(15,374,989)</u>	<u>(10,221,166)</u>
Other Financing Sources (Uses)					
Issuance of debt	22,215,000	24,360,000	9,845,000	26,224,251	7,315,000
Premium on issuance of debt	3,265,946	310,000	300,486	546,164	358,270
Proceeds from refunding of debt	10,416,576	3,936,985	-	3,699,388	-
Payment to refunded bond escrow agent	(10,416,576)	(3,936,985)	-	(3,809,076)	-
Insurance recovery proceeds	-	-	-	-	-
Proceeds from sale of assets	136,558	19,500	799,045	3,145,280	806,479
Payment in lieu of taxes	-	-	-	-	-
Transfers in	12,337,451	16,597,422	7,782,662	8,705,604	5,659,688
Transfers out	(6,151,378)	(13,343,076)	(3,816,456)	(4,842,779)	(4,304,576)
Total other financing sources (uses)	<u>31,803,577</u>	<u>27,943,846</u>	<u>14,910,737</u>	<u>33,668,832</u>	<u>9,834,861</u>
Net change in fund balances	<u>\$ (23,998,585)</u>	<u>\$ 172,588</u>	<u>\$ 5,014,847</u>	<u>\$ 18,293,843</u>	<u>\$ (386,305)</u>
Debt service as a percentage of noncapital expenditures	21.8%	19.6%	19.0%	19.1%	18.4%

Table 4

Year					
2010	2009	2008	2007	2006	
\$ 40,842,538	\$ 40,736,934	\$ 41,721,138	\$ 40,393,165	\$ 39,296,101	
1,148,594	988,020	1,705,703	1,526,636	2,251,292	
7,588,891	6,562,241	6,461,012	6,335,104	6,354,199	
2,631,813	2,677,901	2,394,920	2,064,187	2,130,968	
726,274	999,584	825,191	-	-	
192,501	160,194	196,320	170,326	177,273	
-	276,475	154,125	28,225	8,348	
538,193	1,250,127	1,678,921	2,258,877	1,719,493	
3,188,918	2,477,191	1,200,491	1,267,839	1,730,684	
232,054	146,830	142,874	74,448	86,752	
<u>1,876,282</u>	<u>517,492</u>	<u>6,634,802</u>	<u>939,241</u>	<u>1,431,192</u>	
<u>58,966,058</u>	<u>56,792,989</u>	<u>63,115,497</u>	<u>55,058,048</u>	<u>55,186,302</u>	
10,435,250	9,459,393	9,054,489	8,607,293	9,329,442	
24,697,961	25,262,159	26,051,508	23,414,877	22,049,690	
7,344,261	8,545,815	7,241,596	6,684,263	6,431,291	
2,518,081	2,478,800	2,663,001	2,522,751	2,468,819	
14,301,095	10,506,569	5,137,596	3,742,378	4,909,101	
7,115,319	5,699,394	6,188,393	6,697,217	6,462,905	
2,161,325	2,048,696	2,225,585	2,281,930	2,349,160	
<u>68,573,292</u>	<u>64,000,826</u>	<u>58,562,168</u>	<u>53,950,709</u>	<u>54,000,408</u>	
<u>(9,607,234)</u>	<u>(7,207,837)</u>	<u>4,553,329</u>	<u>1,107,339</u>	<u>1,185,894</u>	
9,186,475	8,503,525	4,465,000	2,185,000	3,625,000	
42,075	242	-	-	-	
-	-	-	5,085,000	8,245,000	
-	-	-	(5,075,787)	(8,100,166)	
-	-	-	282,000	-	
34,678	188,512	16,353	9,864	-	
-	-	355,004	-	-	
8,158,092	9,274,945	5,918,639	5,812,148	4,436,800	
<u>(7,540,830)</u>	<u>(7,759,444)</u>	<u>(5,899,649)</u>	<u>(5,990,349)</u>	<u>(5,710,150)</u>	
<u>9,880,490</u>	<u>10,207,780</u>	<u>4,855,347</u>	<u>2,307,876</u>	<u>2,496,484</u>	
<u>\$ 273,256</u>	<u>\$ 2,999,943</u>	<u>\$ 9,408,676</u>	<u>\$ 3,415,215</u>	<u>\$ 3,682,378</u>	
17.1%	14.5%	15.7%	17.9%	18.0%	

CITY OF NORTH RICHLAND HILLS, TEXAS

Appraised and Taxable Value of Property

Last Ten Fiscal Years

(unaudited)

Fiscal Year	Appraised Residential Property	Appraised Commercial Property	Appraised Industrial Property	Appraised Other Property (1)
2006	2,208,222,079	693,344,286	23,766,206	396,694,369
2007	2,322,672,063	706,800,208	24,219,035	432,473,733
2008	2,454,968,837	732,299,884	25,008,737	482,924,193
2009	2,527,941,808	723,655,894	24,685,405	603,634,230
2010	2,536,677,612	755,382,876	24,238,120	588,109,765
2011	2,599,141,890	719,345,087	23,749,165	837,360,868
2012	2,611,659,424	686,273,536	24,818,749	940,103,263
2013	2,655,417,917	720,473,286	24,346,385	923,522,505
2014	2,723,398,788	734,575,403	25,428,750	982,712,831
2015	2,909,249,656	711,989,346	27,110,792	1,039,493,570

Source: Tarrant Appraisal District Certified Tax Roll, July 25, City budget (2007-2015)

Tarrant Appraisal District September Report, City budget (2006)

(1) This category includes properties under protest with the appraisal review board and properties classified as incomplete by Tarrant Appraisal District at the time NRH City Council approves the Tax Rolls for the budget year. The net taxable values are those approved by City Council by resolution.

Table 5

Personal Property	Less: Tax-Exempt Property	Net Taxable Value	Total Direct Tax Rate
361,559,520	388,297,207	3,295,289,253	0.57000
342,337,515	421,361,355	3,407,141,199	0.57000
318,594,946	438,489,302	3,575,307,295	0.57000
331,545,812	451,978,018	3,759,485,131	0.57000
311,291,262	465,272,083	3,750,427,552	0.57000
302,449,010	879,728,308	3,602,317,712	0.57000
302,955,622	947,626,573	3,618,184,021	0.57000
312,039,668	903,068,001	3,732,731,760	0.61000
311,311,919	936,363,242	3,841,064,449	0.61000
324,807,300	956,622,434	4,056,028,230	0.61000

CITY OF NORTH RICHLAND HILLS, TEXAS
Property Tax Rates - Direct and Overlapping Governments
(per \$100 assessed value)
(unaudited)

Fiscal Year	City of North Richland Hills		
	General fund (2)	Debt service fund (2)	Total (2)
2006	0.34432	0.22568	0.57000
2007	0.34695	0.22305	0.57000
2008	0.34241	0.22759	0.57000
2009	0.33875	0.23125	0.57000
2010	0.35412	0.21588	0.57000
2011	0.37022	0.19978	0.57000
2012	0.35642	0.21358	0.57000
2013	0.35108	0.25892	0.61000
2014	0.34904	0.26096	0.61000
2015	0.35058	0.25942	0.61000

Sources: (1) Tarrant County.
(2) City records.

Table 6

<u>Junior college (1)</u>	<u>Birdville school district (1)</u>	<u>Hospital (1)</u>	<u>County (1)</u>	<u>Total</u>
0.13938	1.61700	0.23540	0.27250	2.83428
0.13938	1.56500	0.23540	0.27150	2.78128
0.13938	1.40500	0.23040	0.26650	2.61128
0.13796	1.41000	0.22790	0.26400	2.60986
0.13767	1.40500	0.22790	0.26400	2.60457
0.13764	1.42500	0.22790	0.26400	2.62454
0.14897	1.43500	0.22790	0.26400	2.64587
0.14897	1.43500	0.22790	0.26400	2.68587
0.14950	1.43500	0.22790	0.26400	2.68640
0.14950	1.43500	0.22790	0.26400	2.68640



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CITY OF NORTH RICHLAND HILLS, TEXAS
Principal Taxpayers
(unaudited)

Table 7

Year Ended September 30, 2015

<u>Taxpayer</u>	<u>Type of business</u>	<u>2014 assessed valuation*</u>	<u>Percentage of total assessed valuation</u>
Wal-Mart	Retail	\$ 73,341,839	1.81%
Columbia N Hills Hosp Sub	Healthcare Provider	44,597,029	1.10%
BGPC Equestrian	Real Estate	37,200,000	0.92%
Ap Wp N Richland Hills Reit	Multi Family	33,700,000	0.83%
AP Wp Green Reit LLC	Multi Family	30,200,000	0.74%
Oncor Electric Delivery Co.	Utility Service Provider	29,194,168	0.72%
Company One, LLC	Real Estate	27,241,320	0.67%
Chesapeake Operating (Wi)	Gas Utility	24,186,140	0.60%
AR-Hightower LP Etal	Multi Family	22,900,000	0.56%
Five Star Ford	Automotive Dealership	20,237,945	0.50%
		<u>\$ 342,798,441</u>	<u>8.45%</u>

Year Ended September 30, 2006

<u>Taxpayer</u>	<u>Type of business</u>	<u>2005 assessed valuation*</u>	<u>Percentage of total assessed valuation</u>
Wal-Mart	Retail	\$ 61,707,951	1.87%
Hospital Corporation of America	Healthcare Provider	42,993,046	1.30%
Home Depot, Inc.	Retail	39,445,434	1.20%
Western RIM Investors LP	Real Estate	38,603,766	1.17%
Food Brands America, Inc.	Manufacturer	32,703,951	0.99%
Kimberly-Clark/Tecnol, Inc.	Manufacturer	29,105,365	0.88%
Alliance Park Portfolio, LLC	Real Estate	26,678,670	0.81%
TXU Electric Delivery	Utility Service Provider	25,278,815	0.77%
Meadows NRH Associates LP	Real Estate	23,074,357	0.70%
Five Star Ford/Pack Properties	Automotive Dealership	23,020,761	0.69%
		<u>\$ 342,612,116</u>	<u>10.39%</u>

* Source: Tarrant Appraisal District.

CITY OF NORTH RICHLAND HILLS, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Total tax levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percent of levy	
2006	18,783,149	18,461,867	98.29%	\$ 299,027
2007	19,420,705	19,133,840	98.52%	\$ 262,947
2008	20,379,252	19,980,714	98.04%	\$ 371,277
2009	21,429,065	21,268,426	99.25%	\$ 123,798
2010	21,377,437	21,115,928	98.78%	\$ 214,032
2011	20,533,211	20,281,233	98.77%	\$ 201,579
2012	20,623,649	20,370,425	98.77%	\$ 195,763
2013	22,769,664	22,175,814	97.39%	\$ 498,732
2014	23,430,493	22,797,806	97.30%	\$ 460,351
2015	24,373,536	23,954,022	98.28%	\$ 244,411

Table 8

Total Collections to Date	
Amount	Percent of Levy
18,760,894	99.88%
19,396,787	99.88%
20,351,992	99.87%
21,392,224	99.83%
21,329,960	99.78%
20,482,813	99.75%
20,566,188	99.72%
22,674,545	99.58%
23,258,157	99.26%
24,198,433	99.28%

CITY OF NORTH RICHLAND HILLS, TEXAS

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(unaudited)

(dollars in thousands, except per capita)

Fiscal Year	Estimated population (1)	Net Taxable value (2)	General Bonded Debt		
			General obligation bonds	Certificates of obligation	Loans payable
2006	63,521	3,295,289	38,024	11,048	-
2007	64,050	3,407,141	37,821	7,842	-
2008	65,750	3,575,307	37,823	7,041	-
2009	66,100	3,759,485	39,810	7,229	1,550
2010	66,400	3,750,428	41,725	8,255	1,625
2011	63,420	3,602,318	41,000	9,575	1,242
2012	63,420	3,618,184	64,269	33,330	840
2013	63,420	3,732,732	68,945	30,910	311
2014	65,690	3,841,064	79,927	36,050	-
2015	66,300	4,056,028	77,893	50,105	-

Fiscal Year	Business-Type Activities				
	Water & sewer revenue bonds	General obligation bonds	Certificates of obligation	Contractual obligations	Capital leases
2006	-	4,255	4,589	-	-
2007	-	3,537	4,866	-	-
2008	-	2,790	6,865	-	-
2009	-	2,350	11,254	-	-
2010	-	1,890	11,285	-	-
2011	-	1,405	12,610	-	-
2012	-	2,210	16,415	-	388
2013	-	1,760	15,300	-	317
2014	-	1,693	15,280	-	245
2015	-	1,812	13,670	-	163

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

(1) See Table 13 for additional population statistics.

(2) See Table 5 for additional information on net taxable value.

(3) Includes general bonded debt, other governmental activities debt, and business-type activities debt.

Table 9

<u>Total general bonded debt</u>	<u>Percentage of Net Taxable value</u>	<u>General Bonded Debt per capita (1)</u>	<u>Other gov't Activities Debt Sales tax revenue bonds</u>
49,072	1.49%	773	6,270
45,663	1.34%	713	5,410
44,864	1.25%	682	4,520
48,589	1.29%	735	3,600
51,605	1.38%	777	2,640
51,817	1.44%	817	1,645
98,439	2.72%	1,552	615
100,166	2.68%	1,579	210
115,977	3.02%	1,766	105
127,998	3.16%	1,931	—

<u>Total business-type activities</u>	<u>Total (3) primary government</u>	<u>Total bonded debt per capita (1)</u>	<u>Percentage of per capita income (1)</u>
8,844	64,186	1,010	3.30%
8,403	59,476	929	2.94%
9,655	59,038	898	2.87%
13,604	65,793	995	3.31%
13,175	67,420	1,015	3.40%
14,015	67,477	1,064	3.37%
19,013	118,067	1,862	5.97%
17,377	117,753	1,857	5.79%
17,218	133,300	2,029	6.39%
15,645	143,643	2,167	6.82%

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 10

Computation of Direct and Overlapping Debt

September 30, 2015

(unaudited)

<u>Jurisdiction</u>	<u>Net bonded debt outstanding</u>		<u>Percentage applicable to City of North Richland Hills (2)</u>	<u>Amount applicable to City of North Richland Hills</u>
City of North Richland Hills	\$ 99,919,027	(1)	100.00%	\$ 99,919,027
Birdville Independent School District	256,386,620		46.88%	120,194,047
Hurst-Eules-Bedford				
Independent School District	274,883,170		0.06%	164,930
Keller Independent School District	771,227,959		3.86%	29,769,399
Tarrant County	361,420,000		3.00%	10,842,600
Tarrant County Hospital District	23,440,000		2.99%	700,856
Total overlapping debt				<u>161,671,832</u>
Total direct and overlapping debt				\$ <u><u>261,590,859</u></u>

Source: First Southwest and respective entities' records.

(1) Less - self-supporting debt

(2) First Southwest - "Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined."

CITY OF NORTH RICHLAND HILLS, TEXAS
 Computation of Legal Debt Margin
 Last Ten Fiscal Years
 (unaudited)

Table 11

Fiscal Year	Net Taxable Value	Debt Limit	Total Debt Service	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit
2006	3,295,289,253	49,429,339	7,674,512	41,754,827	15.53%
2007	3,407,141,199	51,107,118	7,841,064	43,266,054	15.34%
2008	3,575,307,295	53,629,609	7,232,025	46,397,584	13.49%
2009	3,759,485,131	56,392,277	6,716,239	49,676,038	11.91%
2010	3,750,427,552	56,256,413	8,149,644	48,106,769	14.49%
2011	3,602,317,712	54,034,766	9,263,791	44,770,975	17.14%
2012	3,618,184,021	54,272,760	7,567,382	46,705,378	13.94%
2013	3,732,731,760	55,990,976	8,768,411	47,222,565	15.66%
2014	3,841,064,449	57,615,967	9,565,203	48,050,764	16.60%
2015	4,056,028,230	60,840,423	11,196,142	49,644,281	18.40%



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CITY OF NORTH RICHLAND HILLS, TEXAS

Table 12

Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Park and Recreation Facilities Development Sales Tax Revenue Bonds						
	Sales Tax Revenues	Less: Current Expenditures	Net Revenue Available	Debt Service			Coverage
				Principal	Interest	Total (1)	
2006	4,047,737	2,411,932	1,635,805	825,000	312,553	1,137,553	1.44
2007	4,284,040	2,426,805	1,857,235	860,000	278,083	1,138,083	1.63
2008	4,410,260	2,824,368	1,585,892	890,000	291,953	1,181,953	1.34
2009	4,077,162	2,990,209 (2)	1,086,953	920,000	187,763	1,107,763	0.98
2010	4,211,692	3,027,159	1,184,533	960,000	167,000	1,127,000	1.05
2011	4,179,388	3,284,467	894,921	995,000	123,349	1,118,349	0.80
2012	4,241,341	5,580,061	(1,338,720) (4)	1,030,000	80,075	1,110,075	-1
2013	4,343,358	5,729,298 (5)	(1,385,940) (4)	405,000	31,315	436,315	-3 (3)
2014	4,506,169	5,559,713 (5)	(1,053,544) (4)	355,000	117,243	472,243	-2
2015	4,648,841	5,703,671 (5)	(1,054,830) (4)	455,000	109,153	564,153	-2

(1) Includes interest and fiscal agent charges.

(2) 2009 current expenditures totaling \$4,090,209 found in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Governmental Funds includes a one time TIF transfer of \$1.1M for the Recreation Center project. For purposes of pledged revenue coverage current expenditures have been reduced by this amount.

(3) The Reserve balance is in compliance with the bond covenant as of 9/30/2013.

(4) Bond covenant for sales tax revenue bonds mandates sufficient fund balance to cover average debt service payments unpaid. Negative coverage indicates that fund balance reserves are being used to cover debt service requirements. The City has sufficient fund balance coverage to pay all debt service due.

(5) Excludes capital outlay

CITY OF NORTH RICHLAND HILLS, TEXAS

Demographic Statistics

Last Ten Fiscal Years

(unaudited)

Fiscal Year	Estimated population (2)	Median income (6)	Per capita income (6)
2006	63,521	66,215	30,641
2007	64,050	67,951	31,558
2008	65,750	69,669	31,278
2009	66,100	67,850	30,084
2010	66,400	68,082	29,882
2011	63,420 (8)	63,594	31,615
2012	63,420	78,911	31,175
2013	63,420	82,051	32,079
2014	65,690	81,100	31,766
2015	66,300	66,475	32,176

Sources:

- (1) Birdville Independent School District
- (2) North Central Texas Council of Governments and City estimates
- (3) Texas Employment Commission
- (4) Haltom Richland Chamber of Commerce (2006-2007)
- (5) Includes North Richland Hills students only
- (6) ESRI Business Information Solutions, Inc
- (7) Reported as a percentage of residents with a high school diploma or greater
- (8) Population was adjusted based on census.

Table 13

Median age (6)	Education level (6) (7)	School enrollment (1) (5)	Unemployment rate (3)
35.8	90%	(4) 10,827	4.1
35.9	90%	(4) 10,724	3.8
35.6	91%	10,972	4.7
35.6	91%	11,179	5.5
35.6	91%	11,431	6.9
38	91%	11,615	7.3
38.2	91%	10,843	6.3
38.4	91%	10,883	5.5
38.5	95%	10,795	4.9
38.6	92%	11,452	3.3



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CITY OF NORTH RICHLAND HILLS, TEXAS

Table 14

Principal Employers
(unaudited)

Year Ended September 30, 2015

<u>Employer</u>	<u>Employees³</u>	<u>Rank</u>	<u>Percentage of total City employment*</u>
Santander Consumer USA, Inc.	1,650	1	4.49%
Birdville ISD ¹	858	2	2.33%
Wal-Mart Supercenters	792	3	2.16%
North Hills Hospital	785	4	2.14%
City of North Richland Hills	541	5	1.47%
Tarrant County College - NE Campus ²	474	6	1.29%
HealthMarkets	452	7	1.23%
Tyson Prepared Foods	380	8	1.03%
Con-Way Freight, Inc.	290	9	0.79%
Silverleaf Resorts	278	10	0.76%
	<u>6,500</u>		<u>17.69%</u>

Year Ended September 30, 2006

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of total City employment*</u>
UICI - The Insurance Center	1,290	1	5.15%
Birdville ISD	1,128	2	4.50%
Triad Financial Corporation	800	3	3.20%
North Hills Hospital	753	4	3.01%
City of North Richland Hills	510	5	2.04%
TCC - NE Campus ²	475	6	1.90%
Tyson Prepared Foods	416	7	1.66%
Wal-Mart Supercenter	370	8	1.48%
Wal-Mart Supercenter	330	9	1.32%
CTS Con-Way Transportation	286	10	1.14%
	<u>6,358</u>		<u>25.40%</u>

¹ Number denotes employees working in schools in the City of NRH

² Split with Hurst

³ Actual number of employees employed at time of reporting

* Source: City records

CITY OF NORTH RICHLAND HILLS, TEXAS
 Full-time Equivalent Municipal Employees by Function/Program
 Last Ten Fiscal Years
 (unaudited)

	Fiscal Year					
	2015	2014	2013	2012	2011	2010
General government						
Administration	5.00	4.70	4.70	4.70	4.70	3.70
Public information	4.00	4.00	4.00	4.00	4.00	5.00
Judicial	15.00	15.00	15.00	15.00	15.00	15.50
Finance	23.00	23.00	22.00	23.00	23.00	23.00
Nondepartmental	1.00	1.00	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00	1.00
Planning and inspections	10.30	10.30	10.30	8.30	8.30	9.30
Neighborhood services	19.73	18.75	18.75	18.75	18.75	18.75
Budget and research	3.00	3.00	3.00	3.00	3.00	3.00
Public relations	3.50	3.75	3.75	3.75	3.75	6.75
Total general government	<u>85.53</u>	<u>84.50</u>	<u>83.50</u>	<u>82.50</u>	<u>82.50</u>	<u>87.00</u>
Public safety						
Police	191.88	189.88	187.88	186.88 (1)	165.20	164.22
Fire	91.00	91.00	91.00	90.00	88.00	91.00
Total public safety	<u>282.88</u>	<u>280.88</u>	<u>278.88</u>	<u>276.88</u>	<u>253.20</u>	<u>255.22</u>
Culture and recreation						
Parks and recreation	162.10	162.70	160.25 (2)	145.55	121.53	118.76
Library	27.11	27.11	27.11	27.11	28.58	28.16
Economic development	3.00	3.00	4.00	3.00	3.00	3.00
Total culture and recreation	<u>192.21</u>	<u>192.81</u>	<u>191.36</u>	<u>175.66</u>	<u>153.11</u>	<u>149.92</u>
Public works	<u>78.18</u>	<u>78.18</u>	<u>79.68</u>	<u>77.68</u>	<u>77.68</u>	<u>78.68</u>
Internal services						
Building services	15.63	15.73	15.23	16.23	16.23	16.36
Equipment services	13.00	13.00	13.00	13.00	13.00	13.50
Self-insurance	5.00	5.10	5.10	5.10	5.10	5.10
Information services	12.00	12.00	12.00	11.00	11.00	11.00
Total internal services	<u>45.63</u>	<u>45.83</u>	<u>45.33</u>	<u>45.33</u>	<u>45.33</u>	<u>45.96</u>
Total full-time equivalents	<u><u>684.43</u></u>	<u><u>682.20</u></u>	<u><u>678.75</u></u>	<u><u>658.05</u></u>	<u><u>611.82</u></u>	<u><u>616.77</u></u>

Source: City operating budget

(1) Consolidated services with Haltom City, City of Richland Hills and City of Watauga for Communication & Detention Centers

(2) Increase due to new staff members for the Recreation Center

Table 15

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
4.75	5.25	5.25	5.25
5.00	5.00	5.00	5.00
15.50	16.50	14.00	14.00
23.50	23.50	23.50	24.50
1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00
11.30	11.30	12.30	11.30
19.75	18.75	18.75	18.66
3.00	3.00	3.00	3.00
6.75	6.75	7.19	7.19
<u>91.55</u>	<u>92.05</u>	<u>90.99</u>	<u>90.90</u>
165.22	164.65	159.65	159.65
91.00	91.00	92.00	92.00
<u>256.22</u>	<u>255.65</u>	<u>251.65</u>	<u>251.65</u>
118.90	120.22	120.30	114.94
28.16	28.16	23.33	23.33
3.00	3.00	3.00	3.00
<u>150.06</u>	<u>151.38</u>	<u>146.63</u>	<u>141.27</u>
<u>79.68</u>	<u>80.18</u>	<u>79.18</u>	<u>76.18</u>
16.36	15.86	14.23	14.23
11.65	11.65	11.65	11.65
6.00	6.00	6.00	6.00
12.00	12.00	12.00	12.00
<u>46.01</u>	<u>45.51</u>	<u>43.88</u>	<u>43.88</u>
<u>623.52</u>	<u>624.77</u>	<u>612.33</u>	<u>603.88</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
 Operating Indicators by Function/Program
 Last Ten Fiscal Years
 (unaudited)

	Fiscal Year			
	2015	2014	2013	2012
General government				
Planning and Inspections				
Construction				
Commercial units	65	35	25	91 (13)
Commercial value	\$ 11,481,833	\$ 14,309,733	\$ 15,498,935	\$ 7,533,480 (13)
Residential units	122	321	189	168
Residential value	\$ 36,838,614	\$ 27,754,692	\$ 46,472,244	\$ 42,138,527
Public safety				
Police				
Law violations (1)	3,144	3,014	3,215	3,463
Part one offenses	1,868	1,644	1,960	1,791
Traffic violations	21,305	17,052	22,215	22,155
Calls for service	112,313	107,393	114,269	115,644
Case clearance %	28%	23%	58%	26%
Fire				
Total responses	7,475	7,276	7,189	7,064
Fire responses	2,221	2,412	2,275	2,235
EMS responses	5,254	4,864	4,914	4,829
% responses < 5 minutes	74%	70%	58%	70%
Total inspections	1,232	1,201	768 (14)	- (12)
Culture and recreation				
Parks and recreation				
Water park admissions	227,525	219,077	242,490	272,336
Golf rounds played	43,250	45,339	48,229	50,524
Library				
Number of volumes	214,867	202,103	204,302	206,840
Annual circulation	939,022	854,452	771,994	947,883
Annual loans per capita	14.16	13.01	12.17	14.95
Public works				
Water				
Avg daily consumption (3)	1,165,254	1,219,696	1,278,326	1,306,524
Peak daily consumption (3)	2,582,620	2,441,043	2,624,198	2,938,102
Streets				
Street overlay - miles	4	4	1	4
Concrete pavement repair - sq. ft.	3,113	6,258	6,488	5,322
Pothole repair - sq. ft.	4,467	2,677	2,152	4,577
Street cut - sq. ft.	153,559	163,910	86,160 (15)	176,844
Sign fabrication	1,179	850	973	852

Source: City records

- (1) Excludes traffic violations.
- (2) Course closed from July 1st to September 15th, 2006 for renovations.
- (3) Cubic feet.
- (4) Method of calculation was changed by Police Department.
- (5) Overlay was moved into the 2008-2009 Budget Year because Public Works was assessing program options.
- (6) Library closed from March 20th to April 19th, 2008 in order to move to new location.
- (7) Loan period changed from 2 weeks to 3 weeks.
- (8) FY 2009-2010 calculated on a Fiscal Year basis and additional call types now being tracked.
- (9) Reported from the National Incident-Based Reporting System annual report.
- (10) Decline in response time is due to in-town traffic increasing because of the Hwy 820 expansion causing a longer drive time.
- (11) Reinspections are down due to corrected violations.
- (12) Inspection numbers unavailable for the year due to changes in the computer record management system and procedures.
- (13) Remodels included in error.
- (14) Conversion to new computer record management system incomplete therefore Company Inspections are unavailable.
- (15) Decrease due to the installation of the Fibre Crete this year.

Table 16

	2011	2010	2009	2008	2007	2006
	24	47	41	51	56	40
\$	3,489,824	\$ 4,578,000	\$ 3,790,657	\$ 7,907,730	\$ 15,083,593	\$ 53,708,815
	122	66	55	116	235	382
\$	27,218,868	\$ 14,289,559	\$ 13,295,377	\$ 31,498,499	\$ 54,190,911	\$ 79,332,989
	3,574 (9)	4,071	4,270	4,289	3,403	4,694
	2,075 (9)	3,452	3,190	3,458	3,216	3,318
	20,733	24,747	25,111	28,899	20,010	22,124
	137,243	137,645 (8)	123,877	124,212	103,137	107,096 (4)
	42%	40%	41%	41%	36%	37%
	6,850	6,555	6,551	6,929	6,749	5,770
	1,762	1,371	1,617	1,843	1,651	1,633
	5,088	5,184	4,934	5,086	5,098	4,137
	51% (10)	73%	73%	72%	72%	73%
	2,005 (11)	2,169	2,308	2,412	2,007	2,033
	270,845	242,554	231,379	233,654	248,205	260,869
	51,264	47,594	54,373	56,192	48,838	39,603 (2)
	200,982	196,042	192,044	180,737	177,270	179,366
	840,667	828,889	764,195	606,639 (6) (7)	660,627	697,013
	13.26	12.48	11.56	9.23 (6)	10.31	10.97
	1,521,220	1,205,104	1,213,697	1,317,622	1,178,439	1,397,254
	3,091,043	2,627,674	2,751,337	2,963,770	2,449,372	2,701,738
	6	4	5	2 (5)	8	9
	9,372	16,163	12,655	4,404 (5)	14,694	9,485
	3,974	6,786	4,303	5,499 (5)	10,480	8,738
	162,577	193,400	162,446	121,809 (5)	156,141	179,703
	935	953	1,119	1,455	2,040	1,795

CITY OF NORTH RICHLAND HILLS, TEXAS
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years
 (unaudited)

	Fiscal Year			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Public safety				
Police				
Stations	1	1	1	1
Fire				
Stations	4	4	4	4
Fire hydrants	2,219	2,202	2,162	2,127
Culture and recreation				
Parks and recreation				
Parks	33	33	33	33
Park acreage	734	734	709	709
Playgrounds	22	22	20	20
Trails - miles	30	30	21	21
Golf courses	1	1	1	1
Recreations centers	1	1	1	1
Athletic fields	53	53	53	53
Senior centers	1	1	1	1 (8)
Library				
Libraries	1	1	1	1
Public works				
Water mains - miles	367	356	355	351
Water connections	21,329	21,141	20,936	20,792
Wastewater lines - miles	252 (9)	293	292	290
Wastewater connections	19,919	19,761	19,603	19,469
Storm drain - miles	139	139	139	139
Streets - miles	238	238	238	238
Street lights	2,545	2,545	2,545	2,545

Source: City records

- (1) Subtracted Thomas Acres (BISD property no longer maintaining)
- (2) Oncor performed a city-wide audit of streetlights in 2006. Subsequent years' counts are based on Oncor billings.
- (3) Acquisition of easements for Little Bear Creek trail.
- (4) Department implemented a complete inventory system in 2009 that will provide more accurate counts.
- (5) Indicates active accounts. Source: NRH Utility Customer Service Department.
- (6) Adjusted to include Stormy Plaza completed in 2010.
- (7) Added Randy Moresi Trail in 2011.
- (8) New Senior Center in NRH Centre combined/closed Dan Echols and Bursey Road Senior Citizen Centers
- (9) Department's system inventory report was calculated by outside source.

Table 17

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
1	1	1	1	1	1
4	4	4	4	4	4
2,125	2,139	2,100 (4)	2,119	2,077	1,900
33 (6)	32	32	32	32	31
709 (6)	708	708 (3)	706	706 (1)	741
20	20	20	20	20	21
21 (7)	20	20	20	20	15
1	1	1	1	1	1
1	1	1	1	1	1
53	53	53	53	53 (1)	59
2	2	2	2	2	2
1	1	1	1	1	1
346	356	341 (4)	356	354	342
20,522	20,420	20,302	20,282	20,516	19,784
288	288	285 (4)	245	244	234
19,240	19,141	19,068 (5)	19,053	19,350	18,618
139	139	139	138	137	135
238	237	235	234	232	227
2,540	2,531	2,525	2,518	2,513	2,431 (2)