

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

CITY OF BUDA, TEXAS

**For the fiscal year ended
September 30, 2017**



Kenneth Williams, City Manager

Prepared by:

Finance Department

CITY OF BUDA, TEXAS
COMPRESHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

	Page
Introductory Section	
Transmittal Letter	i
Principal Officials	viii
Organizational Chart	ix
Financial Section	
Report of Independent Auditors	1
Management’s Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Fund	22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	23
Statement of Cash Flows - Proprietary Fund	24
Discretely Presented Component Units	
Combining Statement of Net Position	25
Combining Statement of Activities	26
Notes to the Basic Financial Statements	27
Required Supplementary Information	
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	55
Notes To Required Supplementary Budget Information	56
Required Pension System Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios	57
Schedule of Contributions	58
Other Supplementary Information	
Non-major Governmental Funds:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	62
Debt Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	65

CITY OF BUDA, TEXAS
COMPRESHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

	Page
Statistical Section (Unaudited)	
Financial Trends:	
Net Position by Component	68
Changes in Net Position	70
Fund balances of Governmental Funds	74
Changes in Fund Balances of Governmental Funds	76
Taxable Sales	78
Assessed Value and Estimated Actual Value of Taxable Property	81
Property Tax Rates - Direct and Overlapping Governments	82
Property Tax Levies and Collections	84
Principle Property Taxpayers	86
Ratios of General Bonded Debt Outstanding	87
Ratios of Outstanding Debt by Type	88
Direct and Estimated Overlapping Governmental Activities Debt	91
Demographic and Economic Statistics	92
Principal Employers	93
Full-Time Equivalent City Government Employees by Function	94
Operating Indicators by Function	96
Capital Assets Statistics by Function	98

INTRODUCTORY SECTION



Founded 1881

Incorporated 1948

P.O. Box 1380 Buda, Texas 78610 Phone (512) 312-0084 Fax (512) 312-1889

March 28, 2018

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

The Comprehensive Annual Financial Report for the City of Buda, Texas for the Fiscal Year ended September 30, 2017 is hereby submitted. This report was prepared through the cooperative efforts of the Finance Department and the City's independent auditor. The purpose of the report is to provide the City Council, Management, Staff, the Public, and other interested parties with detailed information reflecting the City's financial condition.

Both local and state statutes require that the City issue an annual report of its financial position and activity and that an independent firm of certified public accountants audit this report. This annual financial report is presented to fulfill that requirement for the Fiscal Year ended September 30, 2017.

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

Whitley Penn, Certified Public Accountants, have issued an unmodified (or "clean") opinion on the City of Buda's financial statements for the year ended September 30, 2017. The independent auditors' report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Buda, incorporated in 1948, is a home-rule city and is governed by a Council-Manager form of government. The Council is comprised of a mayor and six councilmembers. Currently, the Mayor and all Councilmembers are elected at-large. In November 2017, residents voted to amend the City's charter to transition from the current at-large format to six single-member districts, with an at-large Mayor. The process of transitioning to single-member district seats began in 2018. Upon establishment of the districts, the Mayor and three (3) Councilmembers will each be elected at-large by the qualified voters of the City, and three Councilmembers will each be elected from within geographic districts of the City. When the City reaches a population of 25,000, the City will transition the remaining three at-large council positions to single-member Councilmember districts. The Mayor will maintain an at-large election by the voters of the City.

The City Manager serves as the chief administrative officer of the City and is appointed by the City Council. The City Manager position is created by the home-rule charter, and the City Manager is responsible for implementation of Council policy, execution of the laws, and all day-to-day operations of the City.

A full range of municipal services is provided by the City of Buda, including public safety (police protection); emergency management; water and wastewater utilities; capital improvements; repair and maintenance of streets and infrastructure; recreational activities; library services; tourism services; planning and zoning; code inspections; garbage services and recycling; and general administrative services. These services are provided to meet the needs of the citizens today, as well as tomorrow. The City is authorized to issue debt, subject to certain limitations, for the purpose of financing its capital projects, and the City is empowered to levy a property tax on real property within its boundaries.

Activities of the general, debt service, water, wastewater, sanitation, capital project funds, and special revenue funds such as hotel/motel tax are included in the City's annual appropriated budget. Capital project funds are budgeted for project length. The legal level of control for each budget is at the fund level, which is to say that total expenditures for each fund should not exceed total budgeted expenditures for that fund. The City Manager is authorized to transfer budgeted amounts within and among departments. The City Council must approve any budget amendment that increases appropriations by fund. The City amends the budget when warranted and when sufficient revenues are available to meet expenditures.

As a political subdivision of the State of Texas, the City is considered a primary government. Pursuant to standards established by the Governmental Accounting Standards Board (GASB), the City also reports for all funds for which the City, as the primary government, is financially accountable. As such, this report includes financial activities of two component units as follows: The Buda Economic Development Corporation was established in 2001 and is a Type B Economic Development Corporation. It was created under section 501, 504, and 505 of the Texas Local Government Code to provide leadership in creating and pursuing balanced economic growth by recruiting and retaining desirable, diverse businesses, and developing infrastructure, while protecting the quality of life and natural resources of the region. The Tax Increment Reinvestment Zone (TIRZ #1) was created in 2004 for the purpose of developing approximately 126 acres of land into a commercial and real estate destination, better known as Cabela's Inc. The City participates in the Zone by making grant payments and tax increment contributions within the TIRZ into a tax increment fund. These two component units are considered blended component units and have been included as major funds in the Governmental Funds.

LOCAL ECONOMY

The City of Buda, Texas is located along Interstate Highway 35, approximately 20 minutes from downtown Austin and 1 hour from downtown San Antonio. It is located in northeastern Hays County. Buda's location is between Austin, the 11th largest city in the nation and the fastest growing large city in the United States, and San Antonio, the seventh largest city in the nation. With quality schools and educational programs, a quaint downtown, sound infrastructure, growing commercial facilities, and close proximity to Austin and the SH 130/SH 45 toll bypass, Buda will continue to experience sustained growth that will continue over time with continued residential and commercial development.

Buda is home to numerous growing businesses and has worked to diversify the local economy with a mix of business and industry types. US Foods, Capital City Steel, Texas Lehigh Cement Company, Comal Tackle, Night Hawk Frozen Foods, Cabela's, and Centex Materials are all proud to call Buda home. Buda is home to a highly-educated workforce, and residents have an average household income of over \$101,500. Buda is a business-friendly city devoted to planned growth to meet the needs of residents and visitors.

In Texas, 98.6 percent of businesses are small businesses, according to the U.S Small Business Administration Office of Advocacy's 2016 Small Business Profile. About 2,400 of those small businesses are in Hays County. And in Buda, small businesses make up the majority of the economy and are essential to economic growth.

Buda's economy continues to grow. In Fiscal Year 2017, building activity increased significantly over the prior year, with site plan review increasing from \$85,713 in Fiscal Year 2016 to \$321,653 in Fiscal Year 2017. Commercial site inspection showed an increase from the prior year of \$146,733, going from \$53,205 in Fiscal Year 2016 to \$199,938 in Fiscal Year 2017. Commercial certificates of occupancy increased by 166%, rising from 21 in Fiscal Year 2016 to 56 in Fiscal Year 2017.

Sales tax revenue is the largest source of revenue to the City. The City's overall sales tax revenue, remitted to the City by the State's Comptroller's Office, increased by 6.8% in Fiscal Year 2017, over the prior fiscal year. The City expects to see an upward trend in sales tax revenue as new businesses open and investments continue to occur in Buda.

The City's Economic Development Corporation has worked on several economic development projects. And because of Buda's low cost of doing business, business incentives, fast track permitting & plan reviews, talented workforce, and below average property taxes, Buda is experiencing an increase of business activity and companies locating and expanding in the City. Some recent activity and announcements include:

- Heaven Hill Industries (Deep Eddy Vodka) - Expansion to Buda - Over \$12.5M in Capital Investment - Vodka Distillery
- Chip Semiconductor - New Facility - Over \$5M in New Capital Investment - Manufacturing/Equipment
- Two Wheel Brewing Company - New Company - Beer Manufacturing
- Fat Quarter Shop - Expansion - \$4.5M in New Capital Investment - Manufacturing/Warehouse/Dist.
- Pinballz Kingdom - New Facility - \$3M in New Capital Investment - Retail/Entertainment
- Buda Mill & Grain - Property Development - \$3+M in Capital Investment - Retail/Mixed-Use
- Ampersand Art Supply - Relocation - Manufacturing
- CSI, Inc. - Relocation - Manufacturing
- US Foods - Relocation - Distribution Facility
- Baylor, Scott & White Hospital – New Facility – \$35M in New Capital Investment (coming in 2018)

Primary Retail Trade Area

Buda's Primary Trade Area (PTA) population is estimated at 80,129 and is projected to grow to 90,270 by 2022. The PTA's average household income is \$85,379 and the median household income is \$73,073. Buda's PTA consists of young white-collar professionals with extra income to spend on retail goods and services. The average age is 33.6, with over 85% of the population having a high school diploma or higher education. The average household size is 3.15, and the median value of owner-occupied housing is \$182,109.

Cabela's is one of the retail drivers of the Buda PTA and has spurred additional retail and commercial development in the area. Cabela's attracts consumers to Buda from across the State of Texas and neighboring states. However, the retail needs of the Buda PTA are not being met, with an estimated \$247 million in retail sales leakage annually. Buda's PTA experiences retail leakage in all sectors except General Merchandise, Recreational Vehicles, and Sporting Goods categories.

Buda is home to four distinct retail trade markets: Downtown Submarket, Regional Freeway Submarket, Emerging 1626/967 Submarket, and the Emerging Sunfield Submarket. Each of these markets has available land for development, and several locations have pad sites or existing retail space available. Interstate 35 frontage property is also available in the Regional Freeway Submarket and Sunfield Submarket. Land and building costs are inexpensive when compared to the surrounding area, and the property taxes in Buda are significantly lower than surrounding communities.

Labor Force

One of Buda's strongest assets is our workforce, representing an educated talent pool. Over 30% of the population of the City of Buda has a bachelor's degree or higher, with over 90% of the population being a high school graduate. Buda is served by numerous universities, community colleges, and technical schools. The size of the labor force in Hays County continues to grow, adding new employees to the talent pool daily. There are currently 8,661 people in the Buda labor force. Of those, 8,431 are employed.

LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES

The City adopts a one-year operating budget, including a Five-Year Capital Improvement Plan (CIP). Even though a one-year budget is adopted, the budget implements strategies, both financial and operational, to meet existing challenges and to plan for the future.

The Five-Year CIP for fiscal year 2018 through fiscal year 2022 totals \$69.1 million and continues to implement Buda's first bond proposition, which totals \$55 million. The bond program was approved by the voters in November 2014. Projects in the 2018-2022 Five-Year CIP include parks (\$9.5M), facilities (\$3.5M), water (\$8.5M), wastewater (\$27.9M), mobility (\$15.5M), and drainage (\$4.2M). Projects in the CIP have identified funding sources or potential funding sources. Funding for these projects comes from the issuance of debt through Certificates of Obligation, General Obligation Bonds, operating funds, impact fees, and other sources.

The inclusion of a project in the Capital Improvements Plan does not guarantee that the City will design or construct the project in the time frame noted in the document. Project funding and construction is always subject to change, and the CIP is evaluated annually by the City Council in order to prioritize projects and identify funding sources based on needs and the availability of funding. Some projects shown in the CIP may be constructed by private contractors, as it is needed to serve future development. Projects such as

these are shown in the CIP to reflect the City's master plans and to help identify how future projects may impact the existing infrastructure network.

Project costs are shown at today's dollars. No inflationary factor is included in the projections. Most project costs are made as estimates as typically no engineering has been completed on the project. The costs of projects in the document will be reviewed and updated during the annual review to adjust for cost changes.

The City provides an update to its Water and Wastewater Rate Study annually. The study is built around the Five-Year CIP, operating budget, and future needs. Due to increased capital costs in future years, the rate increase for Fiscal Year 2018 rose 6% for water and 3% for wastewater. Potential future rate increases are 5% for Water for each year beginning with Fiscal Year 2019 through Fiscal Year 2022. For Wastewater, the potential future rate increases are 5% for Fiscal Year 2019 and 2020, 10% for Fiscal Year 2021, and 2% for Fiscal Year 2022. With these rate increases and the projected future expenditures, the balance of both funds would remain above a 3-month reserve. Wastewater rate increases are largely being driven by a \$26.6 million expansion of the City's wastewater treatment plant, and the addition of a 20" effluent force main.

Financial policies guide the development and implementation of the budget and are a framework for fiscal decision making to ensure financial resources are available to meet the current and future needs of the City. The City of Buda's Comprehensive Financial Management Policy Statements address areas of auditing, financial reporting, budgeting, revenues and expenditures, capital expenditures and improvements, debt, and grants to name a few. Some of the most relevant policies are:

- Recurring revenues fund recurring expenditures/expenses.
- Non-recurring funds fund non-recurring expenditures/expenses.
- Water and Wastewater Operating reserves shall be maintained at 3 months of operations.
- General Fund Operating Reserves should be a minimum of three and a half months of operations.
- Budget revenues using a conservative, objective, reasonable, and analytical approach.
- Seek, whenever possible, outside sources of revenue, such as federal, state, and local grants.
- Expenditures/expenses should not exceed the adopted budget.
- Maintain capital assets and infrastructure at sufficient levels to protect the City's investment.
- Enterprise Funds must be self-supporting.
- Maintain property tax rate to operate efficiently, effectively, and to pay debt.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

The City Council, City Manager, and staff are committed to our journey of investing in our employees and infrastructure, improving the services provided to Buda residents, and maintaining our momentum in public safety, parks, and community development. The City continues to set the bar high towards achieving the City's mission of "Meeting the Needs of the Citizens." Some of the major initiative and accomplishments are as follows:

- Negotiated easement agreement with the Sunfield MUD for the new wastewater effluent discharge main.
- Negotiated a wastewater treatment operations agreement with the Guadalupe-Blanco River Authority that provide the City with ownership of treatment effluent.
- City Manager elected President-Elect of the Texas City Management Association for 2018-2019.
- Coordinated and administered the Human Services Grant Program that dispersed grant funds to six human service organizations.
- Conducted 2 five-week Family Place Libraries modeled workshops for parents and young children, giving them access to experts in early literacy, child development, nutrition, speech, and music.
- Approved for over \$29 thousand in grant funds by the Institute of Museum and Library Studies and Texas State Library and Archives Commission for the expansion of the Pop-up Makerspace Program.
- Created a summer teen volunteer program to allow local teens to have a positive experience serving their community, through the library.
- Received fourth consecutive Certificate of Achievement for Planning Excellence from the American Planning Association Texas Chapter.
- Completed adoption of a new Unified Development Code, furthering goals and objectives of the Buda 2030 Comprehensive Plan.
- Entered the Texas Main Street Program and designated a Texas Main Street City by the Texas Historical Commission.
- Implemented a grant-funded Mental Health Officer position in the Police Department.
- Worked with Hays County law enforcement and local mental health authority to develop a Local Outreach to Suicide Survivor (LOSS) team.
- Three police officers received Master Peace Officer License, four obtained Intermediate Peace Officer License, and one obtained Basic Peace Officer License.
- Buda named the fastest growing city in the State of Texas with a population over 10,000.
- City carries and maintains a AA bond rating with Standard & Poor's.
- Continue implementation of 2014 Bond Program for the opening of the new Public Safety Building, City Hall, and Library during fiscal year 2018.

FINANCIAL MANAGEMENT AWARDS AND ACKNOWLEDGEMENTS

During 2017, the City's Finance Director participated in the North Central Texas Council of Governments (NCTCOG) year-long finance program and received a certificate of completion. This program is designed for current and future leaders in the public finance industry and requires individuals to attend up to ten sessions to learn about various aspects of the industry and take deep dives into critical issues of their jobs and responsibilities as public finance officials. The classes were day-long events, presented by experts in the field and facilitated by experienced professionals.

The City's Finance Department has submitted its Fiscal Year 2018 budget for the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for the period of October 1, 2017-September 30, 2018. This is the first time in ten years that the City has applied for the award, and Fiscal Year 2008 is the last time the City has received the award.

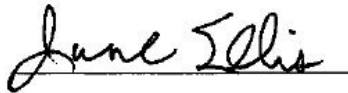
The City's Finance Department will also be submitting its application and Comprehensive Annual Financial Report (CAFR) to GFOA for the Certificate of Achievement for Excellence in Financial Reporting for the year ending September 30, 2017. This will be the first time ever the City has applied for this prestigious award.

The preparation of the Comprehensive Annual Financial Report on a timely basis requires a great deal of cooperation and commitment. This report could not have been accomplished without the efforts and dedication of the entire staff of the Finance Department, and the cooperation of all other City departments. We would like to express our appreciation to all staff who assisted and contributed to the preparation of this report. The Finance staff would like to further gratefully acknowledge the leadership of the Mayor, members of the City Council, and the City Manager. Finally, the effort of the external audit firm was invaluable for the completion of this report.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "K. Williams", written over a horizontal line.

Kenneth Williams
City Manager

A handwritten signature in black ink, appearing to read "June Ellis", written over a horizontal line.

June Ellis, CGFO
Finance Director

CITY OF BUDA, TEXAS
Principal Officials
As of September 30, 2017

Elected Officials

Todd Ruge.....	Mayor
Lee Urbanovsky.....	Councilmember – Place 1
Wiley Hopkins.....	Councilmember – Place 2
David Nuckels.....	Councilmember – Place 3
George Haehn.....	Councilmember – Place 4
Eileen Altmiller.....	Councilmember – Place 5
Bobby Lane-Mayor Pro Tem.....	Councilmember – Place 6

Appointed Official

Beth Smith.....	Municipal Judge
Kenneth Williams.....	City Manager

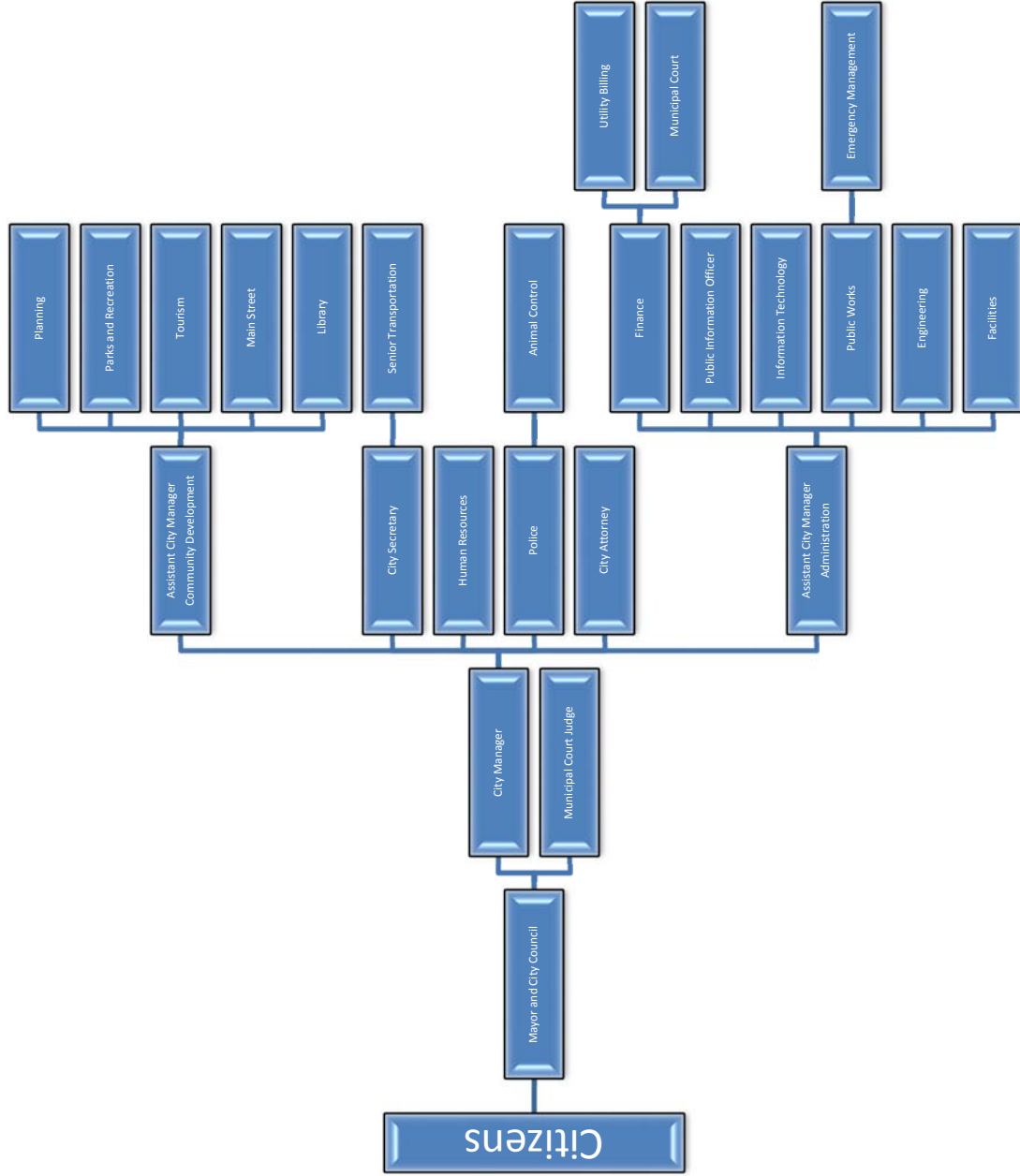
City Management

Chance Sparks.....	Assistant City Manager
Micah Grau.....	Assistant City Manager
June Ellis.....	Finance Director
Bo Kidd.....	Police Chief
Mike Beggs.....	Director of Public Works
Drew Wells.....	Parks Director
Kristin Williams.....	Human Resources Director
Melinda Hodges.....	Library Director
Alicia Ramirez.....	City Secretary
Lysa Gonzales.....	Tourism Director
John Nett.....	City Engineer
Maggie Gillespie.....	Downtown Main Street Manager



CITY OF BUDA

Effective March 2017



FINANCIAL SECTION

Report of Independent Auditors

To the Honorable Mayor and
Members of the City Council
City of Buda, Texas

Report on the Financial Statements

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

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate 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.

To the Honorable Mayor and
Members of the City Council

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and budgetary comparison information and pension information on pages 55 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Whitley Penn LLP

Austin, Texas
March 30, 2018

CITY OF BUDA, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Buda (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$86.1 million (*net position*). Of this amount, \$17.7 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2.2 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43.5 million, a decrease of \$15.3 million from the prior year. Approximately 12% of this total amount, \$5.4 million, is *available for spending* at the government's discretion (*unassigned fund balance*).

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The government-wide financial statements include the City itself (known as the *primary government*), but also the legally separate Buda 4B Development Corporation and the Dupre Local Government Corporation. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 through 17 of this report.

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

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Projects Fund, and Debt Service Fund which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

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

Proprietary Funds

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three enterprise funds to account for its water, wastewater, and sanitation activities.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater, and sanitation funds that are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

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

Combining Component Unit Financial Statements

The City's two discretely presented component units shown in aggregate on the face of the government-wide financial statements have individual information presented in the form of combining statements immediately following the fund financial statements of the primary government.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 52 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budgetary comparison and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 55 through 58 of the City's Annual Financial Report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found beginning on page 60 of the City's Comprehensive Annual Financial Report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$86.1 million (net position). At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

By far, the largest portion of the City's net position, 77%, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, 2.2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17.7 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$2.2 million during the current fiscal year, demonstrating the ability of the City's revenues to keep pace with annual expenses.

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

Government-wide Financial Analysis (continued)

The following table provides a summary of the City's net position at September 30, 2017 and 2016:

CONDENSED SCHEDULE OF NET POSITION

September 30, 2017

Amounts in (000's)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 46,368	\$ 59,910	\$ 13,642	\$ 12,715	\$ 60,010	\$ 72,625
Capital assets	76,279	61,332	36,094	35,979	112,373	97,311
Total Assets	<u>122,647</u>	<u>121,242</u>	<u>49,736</u>	<u>48,694</u>	<u>172,383</u>	<u>169,936</u>
Deferred outflows of resources	<u>866</u>	<u>1,907</u>	<u>434</u>	<u>672</u>	<u>1,300</u>	<u>2,579</u>
Current liabilities	3,129	1,350	900	1,274	4,029	2,624
Long-term liabilities	69,173	70,797	14,369	15,155	83,542	85,952
Total Liabilities	<u>72,302</u>	<u>72,147</u>	<u>15,269</u>	<u>16,429</u>	<u>87,571</u>	<u>88,576</u>
Deferred inflows of resources	<u>1</u>	<u>61</u>	<u>0</u>	<u>14</u>	<u>1</u>	<u>75</u>
Net position:						
Net investment in capital assets	44,274	44,681	22,280	21,623	66,554	66,304
Restricted	1,890	1,829			1,890	1,829
Unrestricted	5,046	4,431	12,621	11,300	17,667	15,731
Total Net Position	<u>\$ 51,210</u>	<u>\$ 50,941</u>	<u>\$ 34,901</u>	<u>\$ 32,923</u>	<u>\$ 86,111</u>	<u>\$ 83,864</u>

The City's current and other assets of \$60.0 million at September 30, 2017, is a decrease of \$12.6 million from the previous fiscal year. This is primarily due to a decrease in cash and cash equivalents paid for capital projects. The City's long-term liabilities of \$83.6 million at September 30, 2017, is a decrease of \$2.3 million due primarily to the payment of principal on bonds. The net pension liability of \$2.0 million increased \$155 thousand from the prior year.

Net position consists of three components, net investment in capital assets, restricted net position, and unrestricted net position. The first and largest portion of net position, \$66.6 million reflects the City's investment in capital assets, less any related debt used to acquire or construct those assets that are still outstanding. Compared to last year, the City's net investment in capital assets remained relatively consistent. The City uses the capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second portion consists of restricted net position totaling \$1.9 million at September 30, 2017, or 2.2% of overall total net position. Restricted net position represents resources that are subject to external restrictions on how they may be used. Restricted net position increased by \$61 thousand compared to September 30, 2016.

The third portion consists of unrestricted net position totaling \$17.7 million of total net position. Unrestricted net position may be used to meet the City's ongoing obligation to its citizens and creditors. Unrestricted net position increased by \$1.9 million compared to September 30, 2016. The City's combined net position was \$86.1 million as of September 30, 2017. Of the City's \$86.1 million combined net position, approximately \$51.2 million was in the governmental activities, and approximately \$34.9 million was in the business-type activities. The City's total net position increased by \$2.2 million when compared to the prior year.

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

Government-wide Financial Analysis (continued)

The following table summarizes the changes in net position for the City for the year ended September 30, 2017 and 2016.

CONDENSED SCHEDULE OF CHANGES IN NET POSITION

For the Year Ended September 30, 2017

Amounts in (000's)

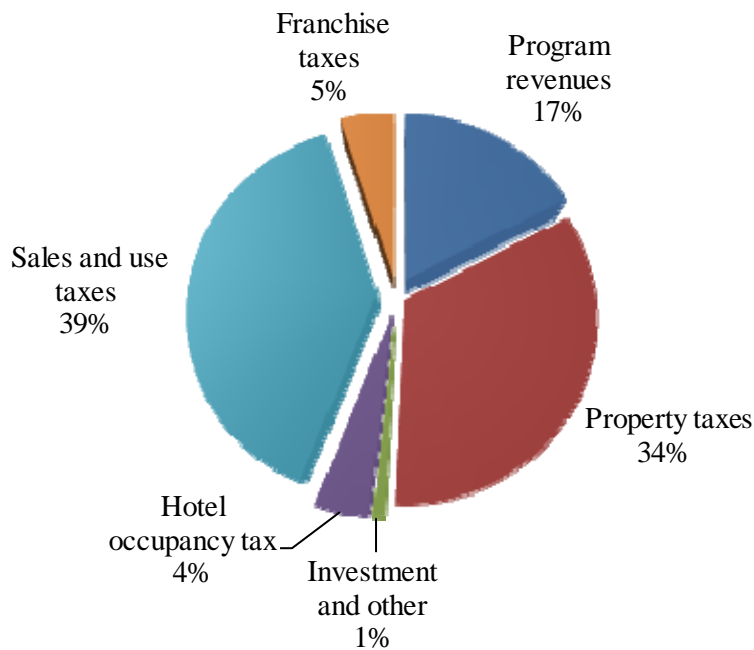
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenue:						
Charges for services	\$ 1,946	\$ 1,421	\$ 8,894	\$ 8,057	\$ 10,840	\$ 9,478
Operating grants and contributions	710	191	350	7	1,060	198
General revenues:						
Property taxes	5,136	4,240			5,136	4,240
Sales and use taxes	5,998	5,761			5,998	5,761
Hotel occupancy tax	645	647			645	647
Franchise taxes	768	535			768	535
Impact fees			742	1,146	742	1,146
Unrestricted investment earnings	58	90		10	58	100
Miscellaneous	83	172	12	10	95	182
Total Revenues	15,344	13,057	9,998	9,230	25,342	22,287
Expenses:						
Administration	1,868	1,535			1,868	1,535
Finance	692	543			692	543
Streets & Drainage	1,158	866			1,158	866
Engineering and Planning	1,015	2,080			1,015	2,080
Fleet Maintenance	196	135			196	135
Parks and Recreation	1,241	1,322			1,241	1,322
Library	554	405			554	405
Economic Development	268	155			268	155
Public Safety	2,125	1,336			2,125	1,336
Municipal Court	142	110			142	110
Animal Control	97	72			97	72
Information Technology	277	343			277	343
Depreciation	2,234	2,151			2,234	2,151
Interest on long-term debt	1,904	1,176			1,904	1,176
Water			2,706	2,659	2,706	2,659
Wastewater			3,004	2,490	3,004	2,490
Sanitation			1,578	1,253	1,578	1,253
Total Expenses	13,771	12,229	7,288	6,402	21,059	18,631
Increase in net position before transfers	1,573	828	2,710	2,828	4,283	3,656
Transfers	732	546	(732)	(546)		
Sales tax payment to EDC	(2,036)	(1,951)			(2,036)	(1,951)
Change in net position	269	(577)	1,978	2,282	2,247	1,705
Net Position - Beginning	50,941	51,518	32,923	30,641	83,864	82,159
Net Position - Ending	\$ 51,210	\$ 50,941	\$ 34,901	\$ 32,923	\$ 86,111	\$ 83,864

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

Governmental Activities

A significant portion of the City's revenue comes from taxes totaling \$12.5 million. Of this total, \$6.0 million was from sales taxes, which includes the component units Tax Increment Reinvestment Zone Funds ("TIRZ-1") sales tax payment of \$2.0 million and is not available for use by governmental activities operations. Charges for services include items such as building inspections, subdivision plat reviews, site development reviews, subdivision construction fees, as well as sanitation collections.

Revenue sources for governmental activities were distributed as follows:



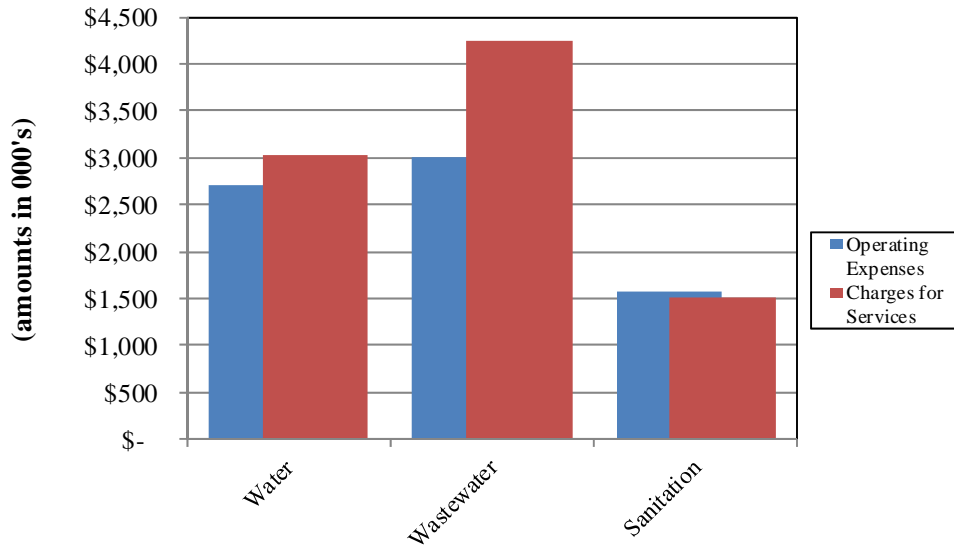
Expenses in governmental activities include depreciation expense, which does not involve a current cash outlay. However, certain cash outlay for capital improvements and the principal portion of debt service are not reported here.

The City's total governmental revenues for the year ended September 30, 2017 increased by \$2.3 million. The increase in revenues is mainly the result of an increase in charges for services, operating grants, ad valorem, sales tax revenue and franchise fees over fiscal year 2016, offset by an increase in current period expenses. The City's total expenses had an increase of \$1.5 million. The increase in expenses is the result of a budgeted increase of new positions, up to 4% pay increase, and the interest payments associated with five bond propositions.

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

Business-type Activities

Business-type activities increased the City's net position by approximately \$2.0 million. Operating revenues of the business-type activities increased by approximately \$0.8 million as a result of higher user fees and increased customers for water, wastewater, and sanitation services. A comparison between expenses relating to water and sewer operations and program revenues (charges for services) for fiscal years 2017 follows:



Revenue sources for business-type activities were almost entirely comprised of charges for water, wastewater, and sanitation services.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$43.5 million, a decrease of approximately \$15.3 million from the prior year. Key elements of this decrease are as follows:

- Capital outlay of \$16.8 million in the capital projects fund. Projects included both infrastructure and buildings.

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

Governmental Funds (continued)

The General Fund is the chief operating fund of the City. At the end of the fiscal year, total fund balance was \$5.4 million. Total fund balance increased by \$1.2 million from fiscal year 2016. The key reasons for this increase are as follows:

- Sales and use tax revenue of \$6.0 million, which increased by \$237 thousand as a result of increased commercial growth and consumer spending in the City.
- Property tax of \$1.7 million which is an increase of \$297 thousand due to an increase in property values.
- Overall expenditures by departments decreased by \$843 thousand.

At the close of the current fiscal year, the City's debt service fund reported a fund balance of \$1.0 million, a decrease of \$112 thousand from the prior year. The decrease is due to the slight increase in revenue being offset by the increase in interest and other charges.

At the close of the current fiscal year, the City's capital projects fund reported a fund balance of \$35.2 million, a decrease of \$17.2 million from the prior year. The decrease is due to the capital outlay projects.

Proprietary Funds

Proprietary funds are used to report the same type of information found in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, and sanitation services.

The operating income from the Water, Wastewater, and Sanitation Funds at the end of the 2017 fiscal year was \$288 thousand, \$1.6 million, and \$55 thousand, respectively.

General Fund Budgetary Highlights

The difference between the original revenue budget and the final amended budget primarily relates to increases projected in sales tax revenue and permit-related revenue.

Actual revenues were less than budgeted revenues by \$14 thousand primarily as a result of higher than expected franchise fee revenue offset by lower fines and investment earnings.

The General Fund ended the year with a positive budget variance of revenues to expenditures of \$829 thousand.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2017, the City's governmental activities and business-type activities had invested \$76.3 million and \$36.1 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of \$14.9 million, or 24%, over the end of last fiscal year for the governmental activities' capital assets and a change of \$0.1 million, or 0.3%, for the business-type activities.

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

Capital Asset and Debt Administration (continued)

Capital Assets (continued)

The following table shows the balances at September 30, 2017 and 2016 (in \$000's):

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 9,213	\$ 9,213	\$ 193	\$ 193	\$ 9,406	\$ 9,406
Construction in progress	18,747	3,843	3,131	6,607	21,878	10,450
Buildings and improvements	22,531	21,332	122	154	22,653	21,486
Infrastructure	48,513	47,645	39,361	34,614	87,874	82,259
Machinery and equipment	7,236	7,196	6,714	6,573	13,950	13,769
Less accumulated depreciation	(29,961)	(27,896)	(13,427)	(12,163)	(43,388)	(40,060)
Total	\$ 76,279	\$ 61,332	\$ 36,094	\$ 35,979	\$ 112,373	\$ 97,311

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-term Liabilities

At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$81.6 million. This is a decrease from the prior year due to the payment of principal during the year. The entire amount of bonded debt is backed by the full faith and credit of the City. A schedule of long-term debt at September 30, 2017 and 2016, follows (in \$000's):

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Bonds payable						
General obligation bonds	\$ 50,240	\$ 50,925	\$ 3,565	\$ 3,940	\$ 53,805	\$ 54,865
Certificates of obligation	11,710	12,385	10,285	10,850	21,995	23,235
Bond issuance premiums	5,131	5,399			5,131	5,399
Capital leases	76	296	137		213	296
Compensated absences	384	298	36	36	419	334
Total	\$ 67,541	\$ 69,303	\$ 14,022	\$ 14,826	\$ 81,563	\$ 84,129

Additional information on the City's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of Buda, Texas and were considered in developing the Fiscal Year 2018 budget.

The unemployment rate for the City of Buda as of September 2017 was 2.6%, while the Austin-Round Rock-San Marcos rate was 2.9%. The rate for Texas was 4.0%, and the U.S unemployment rate was 4.2% as of September 2017.

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

Economic Factors and Next Year's Budgets and Rates (continued)

The Fiscal Year 2018 budget for all expenditures total \$92,286,396. This budget is the City of Buda's largest annual budget ever and includes \$12,149,928 for the General Fund, \$10,390,797 for the Utility Funds, \$61,056,866 for Capital Improvement Funds, \$6,363,095 for Debt Service Funds, \$535,664 for Hotel/Motel Fund, and \$1,790,046 for other funds. Total expenditures include \$34,259,760 for the five 2014 bond propositions.

The City of Buda has continued to see an increase in sales tax revenue due to the growth of the local economy. Actual sales tax revenue collections received from the State's Comptroller's Office were 6.8% higher in Fiscal Year 2017 than the previous year. Fiscal Year 2018 budgeted revenues for the City's portion of sales tax were based on a 5% increase over last year's projected sales tax, generating \$203,500 more in revenue. This increase was based on the growth of sales tax revenue received. The total budgeted sales taxes, including the City's portion and the EDC portion, are 57% of total General Fund revenues. Total property tax values increased by 4.8%, or \$67.7 million, going from \$1,397,589,163 in tax year 2016 to \$1,465,308,416 in tax year 2017. The increase in values included \$64 million in new construction and improvements. The City was able to lower its tax rate for Fiscal Year 2018 to \$0.3673 per \$100 of value, from \$0.3704 per \$100 the prior year. With this decrease, the City of Buda continues to maintain one of the lowest property tax rates in the region. Property tax revenues account for 15% of total General Fund revenues. The debt/I&S portion of the tax rate is \$0.2614, a \$.0103 increase from \$0.2511 the prior year. The maintenance and operation/M&O portion of the tax rate is \$0.1059, a \$0.0134 decrease from \$0.1193 the prior year.

Fiscal Year 2018 revenues for the enterprise funds include a slight increase of 1.3%, or approximately \$19 thousand, in Sanitation over the prior year's projected budget. The budgeted expenses in Sanitation increased by 2.5% in Fiscal Year 2018, over the prior fiscal year's projection. An increase in the water rate structure of 6% is included in the budget, and the wastewater increase of 3% is included.

The total capital improvement projects planned for the 2018 fiscal year is approximately \$61 million. The majority of the funding for capital projects is for the 2014 bond proposition projects. This includes \$10 million for Prop 1 – Municipal Facility, \$2.5 million for Prop 2 – Public Safety Facility, \$10.2 million for Prop 3 – Streets, \$6.3 for Prop 4 – Drainage, and \$5.3 million for Prop 5 – Parks and Trails. Also included in the Water Capital Improvement Fund is a total of \$26.6 million for the wastewater treatment facility expansion and the addition of a 20" effluent force main.

The General Fund budget for Fiscal Year 2018 is structurally balanced and exceeds the required fund balance reserve policy of three and one-half months of operating costs by \$258 thousand. The City will continue to operate conservatively and will maintain a positive outlook on the growth of the economy.

Requests for Information

This report is designed to provide the City Council, citizens, customers, bond rating agencies, investors, and creditors with a general overview of the City's finances. If you have any questions about this report or need additional financial statement information, contact:

Finance Director
City of Buda
P.O. Box 1380
Buda, Texas 78610
(512) 312-0084

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

CITY OF BUDA, TEXAS
STATEMENT OF NET POSITION
September 30, 2017

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 45,289,026	\$ 12,757,516	\$ 58,046,542	\$ 3,053,262
Receivables, net of allowance for uncollectibles:				
Property taxes	15,993		15,993	
Sales and use taxes	1,061,714		1,061,714	377,576
Customers	1,644	884,220	885,864	
Other				51,500
Due from other governments				26,442
Restricted cash and cash equivalents				705,851
Capital assets, not subject to depreciation	27,959,351	3,324,383	31,283,734	
Capital assets, net of depreciation	48,319,714	32,769,645	81,089,359	3,703
Total Capital Assets	<u>76,279,065</u>	<u>36,094,028</u>	<u>112,373,093</u>	<u>3,703</u>
Total Assets	<u>122,647,442</u>	<u>49,735,764</u>	<u>172,383,206</u>	<u>4,218,334</u>
Deferred Outflows of Resources				
Deferred charge on refunding		250,027	250,027	
Deferred outflows relating to pension activities	866,373	183,854	1,050,227	
Total Deferred Outflows of Resources	<u>866,373</u>	<u>433,881</u>	<u>1,300,254</u>	
Liabilities				
Accounts payable	2,227,686	561,281	2,788,967	80,448
Accrued expenses	608,008	40,862	648,870	
Accrued interest	293,215	77,214	370,429	8,764,151
Due to Dupre Local Government Corporation				36,596
Customer deposits		220,799	220,799	
Long-term liabilities:				
Due within one year	1,795,207	1,038,982	2,834,189	175,000
Due in more than one year	65,745,870	12,983,319	78,729,189	31,812,567
Net pension liability	1,632,799	346,497	1,979,296	
Total Liabilities	<u>72,302,785</u>	<u>15,268,954</u>	<u>87,571,739</u>	<u>40,868,762</u>
Deferred Inflows of Resources				
Deferred inflows relating to pension activities	621	132	753	
Total Deferred Inflows of Resources	<u>621</u>	<u>132</u>	<u>753</u>	
Net Position				
Net investment in capital assets	44,274,292	22,280,225	66,554,517	3,703
Restricted for:				
Debt service	714,281		714,281	280,734
Public safety	58,768		58,768	
Tourism	1,117,283		1,117,283	
Unrestricted	5,045,785	12,620,334	17,666,119	(36,934,865)
Total Net Position	<u>\$ 51,210,409</u>	<u>\$ 34,900,559</u>	<u>\$ 86,110,968</u>	<u>\$ (36,650,428)</u>

See Notes To Basic Financial Statements.

CITY OF BUDA, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities:			
Administration	\$ 1,867,764	\$ 298,948	\$
Finance	692,426		
Streets & Drainage	1,158,116		166,331
Engineering and Planning	1,015,477	1,365,282	30,000
Fleet Maintenance	196,382		
Parks and Recreation	1,241,010	112,186	444,081
Library	553,934	5,793	24,336
Economic Development	267,716		
Public Safety	2,124,776	3,732	45,210
Municipal Court	142,475	158,632	
Animal Control	96,994	1,410	
Information Technology	277,450		
Depreciation	2,233,600		
Interest on long-term debt	1,903,102		
Total governmental activities	<u>13,771,222</u>	<u>1,945,983</u>	<u>709,958</u>
Business-type activities:			
Water	2,705,907	3,015,743	195,135
Wastewater	3,003,703	4,244,756	132,410
Sanitation	<u>1,578,203</u>	<u>1,633,049</u>	<u>22,564</u>
Total business-type activities	<u>7,287,813</u>	<u>8,893,548</u>	<u>350,109</u>
Total primary government	<u>\$ 21,059,035</u>	<u>\$ 10,839,531</u>	<u>\$ 1,060,067</u>
Component Units			
Buda 4B Development Corporation	\$ 1,124,568	\$	\$
Dupre Local Government Corporation	<u>727,254</u>		
Total component units	<u>\$ 1,851,822</u>	<u>\$</u>	<u>\$</u>

General revenues:

Taxes:
Property taxes
Sales and use taxes
Hotel occupancy taxes
Franchise taxes
Impact fees
Unrestricted investment earnings
Miscellaneous
Sales tax payments out

Net transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning

Net Position - Ending

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Discretely Presented Component Units
Governmental Activities	Business-type Activities	Total	Governmental Activities
\$ (1,568,816)	\$	\$ (1,568,816)	
(692,426)		(692,426)	
(991,785)		(991,785)	
379,805		379,805	
(196,382)		(196,382)	
(684,743)		(684,743)	
(523,805)		(523,805)	
(267,716)		(267,716)	
(2,075,834)		(2,075,834)	
16,157		16,157	
(95,584)		(95,584)	
(277,450)		(277,450)	
(2,233,600)		(2,233,600)	
(1,903,102)		(1,903,102)	
<u>(11,115,281)</u>		<u>(11,115,281)</u>	
	504,971	504,971	
	1,373,463	1,373,463	
	<u>77,410</u>	<u>77,410</u>	
	<u>1,955,844</u>	<u>1,955,844</u>	
<u>(11,115,281)</u>	<u>1,955,844</u>	<u>(9,159,437)</u>	
			\$ (1,124,568)
			<u>(727,254)</u>
			<u>(1,851,822)</u>
5,136,164		5,136,164	785,899
5,997,781		5,997,781	2,669,351
645,118		645,118	126,396
768,038		768,038	
	741,902	741,902	
58,472	203	58,675	18,301
82,589	12,398	94,987	15,000
(2,036,166)		(2,036,166)	
<u>732,252</u>	<u>(732,252)</u>		
<u>11,384,248</u>	<u>22,251</u>	<u>11,406,499</u>	<u>3,614,947</u>
268,967	1,978,095	2,247,062	1,763,125
<u>50,941,442</u>	<u>32,922,464</u>	<u>83,863,906</u>	<u>(38,413,553)</u>
<u>\$ 51,210,409</u>	<u>\$ 34,900,559</u>	<u>\$ 86,110,968</u>	<u>\$ (36,650,428)</u>

CITY OF BUDA, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2017

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 5,059,640	\$ 997,562	\$ 37,207,369	\$ 2,024,455	\$ 45,289,026
Receivables, net of allowance for uncollectibles:					
Property taxes	6,059	9,934			15,993
Sales and use taxes	1,061,714				1,061,714
Customers	1,644				1,644
Total Assets	<u>\$ 6,129,057</u>	<u>\$ 1,007,496</u>	<u>\$ 37,207,369</u>	<u>\$ 2,024,455</u>	<u>\$ 46,368,377</u>
Liabilities					
Accounts payable	\$ 157,808	\$	\$ 2,052,902	\$ 17,648	\$ 2,228,358
Accrued expenditures	598,205		1,839	7,292	607,336
Total Liabilities	<u>756,013</u>		<u>2,054,741</u>	<u>24,940</u>	<u>2,835,694</u>
Deferred Inflows of Resources					
Unavailable revenues - property taxes	6,059	9,934			15,993
Total Deferred Inflows of Resources	<u>6,059</u>	<u>9,934</u>			<u>15,993</u>
Fund Balances					
Restricted:					
Debt service		997,562			997,562
Capital projects			35,152,628		35,152,628
Public safety				58,768	58,768
Tourism				1,117,283	1,117,283
Assigned:					
Parks				796,018	796,018
Library				27,446	27,446
Unassigned	5,366,985				5,366,985
Total Fund Balances	<u>5,366,985</u>	<u>997,562</u>	<u>35,152,628</u>	<u>1,999,515</u>	<u>43,516,690</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,129,057</u>	<u>\$ 1,007,496</u>	<u>\$ 37,207,369</u>	<u>\$ 2,024,455</u>	<u>\$ 46,368,377</u>

See Notes to Basic Financial Statements.

CITY OF BUDA, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET

TO THE STATEMENT OF NET POSITION

September 30, 2017

Total fund balance, governmental funds \$ 43,516,690

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 76,279,065

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Unavailable revenue 15,993

Long-term liabilities are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements, but are included in the governmental activities of the Statement of Net Position

Bonds payable, at maturity (61,950,000)
Bond premiums (5,130,958)
Capital leases (76,443)
Accrued interest payable (293,215)
Compensated absences (383,676)

Net Pension Liability and related deferred outflows and inflows of resources due not represent current liabilities and are not reported in the fund financial statements, but are included in the governmental activities of the Statement of net position.

Deferred outflows - pension related items 866,373
Net Pension Liability (1,632,799)
Deferred inflows - pension related items (621)

Net Position of Governmental Activities in the Statement of Net Position \$ 51,210,409

See Notes to Basic Financial Statements.

CITY OF BUDA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes:					
Property taxes	\$ 1,725,447	\$ 3,401,629	\$	\$	\$ 5,127,076
Sales and use taxes	5,997,781				5,997,781
Hotel occupancy taxes				645,118	645,118
Franchise taxes	768,038				768,038
Fines and forfeitures	119,938				119,938
Licenses and permits	1,343,544				1,343,544
Fees and charges for services	473,910				473,910
Grant and contributions	241,541			8,591	250,132
Investment earnings	31,167		27,305	468,417	526,889
Miscellaneous	80,993			168	81,161
Other				1,428	1,428
Total Revenues	<u>10,782,359</u>	<u>3,401,629</u>	<u>27,305</u>	<u>1,123,722</u>	<u>15,335,015</u>
Expenditures					
Current:					
Administration	1,616,478				1,616,478
Finance	597,430				597,430
Streets and Drainage	787,629		277,984		1,065,613
Engineering and Planning	1,119,518				1,119,518
Fleet Maintenance	181,626				181,626
Parks and Recreation	691,258			478,053	1,169,311
Library	457,275			22,499	479,774
Economic Development	221,388				221,388
Public Safety	1,867,249		21,044	1,871	1,890,164
Municipal Court	125,725			15	125,740
Animal Control	87,235				87,235
Information Technology	277,450				277,450
Capital outlay			16,752,286		16,752,286
Debt service:					
Principal	29,720	1,360,000			1,389,720
Interest and other charges	1,221	2,148,720	(4,742)		2,145,199
Total Expenditures	<u>8,061,202</u>	<u>3,508,720</u>	<u>17,046,572</u>	<u>502,438</u>	<u>29,118,932</u>
Revenues over (under) expenditures	<u>2,721,157</u>	<u>(107,091)</u>	<u>(17,019,267)</u>	<u>621,284</u>	<u>(13,783,917)</u>
Other Financing Sources (Uses)					
Transfers in	732,074			121,893	853,967
Transfers out	(134,084)	(5,332)	(181,548)	(2,671)	(323,635)
Sales tax payment to EDC	(2,036,166)				(2,036,166)
Total Other Financing Sources (Uses)	<u>(1,438,176)</u>	<u>(5,332)</u>	<u>(181,548)</u>	<u>119,222</u>	<u>(1,505,834)</u>
Net changes in fund balances	1,282,981	(112,423)	(17,200,815)	740,506	(15,289,751)
Fund Balances - Beginning of Year	<u>4,084,004</u>	<u>1,109,985</u>	<u>52,353,443</u>	<u>1,259,009</u>	<u>58,806,441</u>
Fund Balances - End of Year	<u>\$ 5,366,985</u>	<u>\$ 997,562</u>	<u>\$ 35,152,628</u>	<u>\$ 1,999,515</u>	<u>\$ 43,516,690</u>

See Notes to Basic Financial Statements.

CITY OF BUDA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

Net change in fund balances - total governmental funds: \$ (15,289,751)

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

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

This is the amount by which capital outlay of \$17,154,373 exceeded depreciation of \$2,233,600 in the current period. 14,920,773

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 9,088

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,579,449

Governmental funds report the proceeds received from the issuance of long-term debt as an other financial source or an increase to fund balance. In contrast, the Statement of Activities treats such proceeds as an increase in long-term liabilities.
 Amortization of bond premiums 267,613

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

Changes in accrued interest (26,737)
 Changes in accrued compensated absences (85,594)

Pension contributions made during the year are treated as expenditures in the governmental funds but are treated as reduction in pension liability in government-wide financial statements. 345,825

Pension income does not represent a source of current resources and is not recognized in the fund financial statements. (1,463,890)

Changes in the internal service fund are included in the governmental activities 12,191

Change in net position of governmental activities \$ 268,967

See Notes to Basic Financial Statements.

CITY OF BUDA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental
	Water Fund	Waste water Fund	Sanitation Fund	Total	Internal Service Fund
Assets					
Current assets:					
Cash and cash equivalents	\$ 4,708,230	\$ 8,030,518	\$ 18,768	\$ 12,757,516	\$
Receivables, net of allowance for uncollectibles	267,514	407,502	209,204	884,220	
Total Current Assets	4,975,744	8,438,020	227,972	13,641,736	
Non-current assets:					
Capital assets not being depreciated:					
Land	159,542	33,505		193,047	
Construction in progress	1,142,408	1,988,928		3,131,336	
Capital assets being depreciated:					
Infrastructure	11,218,760	28,142,274		39,361,034	
Equipment and furniture	2,878,184	3,835,452		6,713,636	
Buildings and improvements	32,268	89,727		121,995	
Less accumulated depreciation	(5,335,677)	(8,091,343)		(13,427,020)	
Total Non-Current Assets	10,095,485	25,998,543		36,094,028	
Total Assets	15,071,229	34,436,563	227,972	49,735,764	
Deferred Outflows of Resources					
Deferred charge on refunding		250,027		250,027	
Deferred outflows relating to pension activities	94,886	88,968		183,854	
Total Deferred Outflows of Resources	94,886	338,995		433,881	
Liabilities					
Current liabilities:					
Accounts payable	170,598	269,319	121,364	561,281	
Accrued expenses	25,960	14,902		40,862	
Accrued interest	4,837	72,377		77,214	
Customer deposits	215,347	5,452		220,799	
Total Current Liabilities	416,742	362,050	121,364	900,156	
Non-current liabilities:					
Due within one year	90,741	948,241		1,038,982	
Capital lease payable	26,991	26,991		53,982	
Bonds, notes and loans payable	63,750	921,250		985,000	
Due in more than one year	1,205,303	11,778,016		12,983,319	
Net pension liability	178,827	167,670		346,497	
Total Non-Current Liabilities	1,474,871	12,893,927		14,368,798	
Total Liabilities	1,891,613	13,255,977	121,364	15,268,954	
Deferred Inflows of Resources					
Deferred inflows relating to pension activities	68	64		132	
Total Deferred Inflows of Resources	68	64		132	
Net Position					
Net investment in capital assets	8,810,980	13,469,245		22,280,225	
Unrestricted	4,463,454	8,050,272	106,608	12,620,334	
Total Net Position	\$ 13,274,434	\$ 21,519,517	\$ 106,608	\$ 34,900,559	\$ -

See Notes to Basic Financial Statements.

CITY OF BUDA, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Governmental
	Water Fund	Waste water Fund	Sanitation Fund	Internal Service Fund
Operating Revenues				
Charges for services	\$ 3,015,743	\$ 4,244,756	\$ 1,517,513	\$
Total Operating Revenues	<u>3,015,743</u>	<u>4,244,756</u>	<u>1,517,513</u>	<u>8,778,012</u>
Operating Expenses				
Personnel services	738,259	672,741		1,411,000
Supplies and materials	75,715	37,503	16,903	130,121
Water and wastewater contracts	1,184,279	899,069		2,083,348
Other contracted services	201,881	113,499	1,445,764	1,761,144
Other operating costs	46,417	136,435		182,852
Depreciation	481,253	828,269		1,309,522
Total Operating Expenses	<u>2,727,804</u>	<u>2,687,516</u>	<u>1,462,667</u>	<u>6,877,987</u>
Operating Income (Loss)	<u>287,939</u>	<u>1,557,240</u>	<u>54,846</u>	<u>1,900,025</u>
Non-operating Revenues (Expenses)				
Impact fees	269,488	472,414		741,902
Interest and investment revenue	175	28		203
Grant and contributions		327,545	22,564	350,109
Miscellaneous revenue	4,525	7,873		12,398
Interest expense	(39,929)	(444,090)		(484,019)
Total Non-operating Revenues (Expenses)	<u>234,259</u>	<u>363,770</u>	<u>22,564</u>	<u>620,593</u>
Income (Loss) Before Transfers	<u>522,198</u>	<u>1,921,010</u>	<u>77,410</u>	<u>2,520,618</u>
Transfers in	5,342,779	2,159,260		7,502,039
Transfers out	(2,544,922)	(5,469,640)	(30,000)	(8,044,562)
Change in net position	3,320,055	(1,389,370)	47,410	1,978,095
Total Net Position - Beginning of Year	<u>9,954,379</u>	<u>22,908,887</u>	<u>59,198</u>	<u>32,922,464</u>
Total Net Position - End of Year	<u>\$ 13,274,434</u>	<u>\$ 21,519,517</u>	<u>\$ 106,608</u>	<u>\$ 34,900,559</u>

See Notes to Basic Financial Statements.

CITY OF BUDA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Governmental	
	Water Fund	Wastewater Fund	Sanitation Fund	Internal Service Fund	
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 2,944,787	\$ 4,150,657	\$ 1,368,802	\$ 8,464,246	\$ (12,191)
Disbursed for personnel services	(589,109)	(567,099)		(1,156,208)	
Disbursed for goods and services	(1,758,840)	(1,183,017)	(1,342,598)	(4,284,455)	
Net cash provided by (used in) operating activities	<u>596,838</u>	<u>2,400,541</u>	<u>26,204</u>	<u>3,023,583</u>	<u>(12,191)</u>
Cash Flows From Noncapital Financing Activities					
Transfers from other funds	5,342,779	2,159,260		7,502,039	12,191
Transfers to other funds	(2,544,922)	(5,469,640)	(30,000)	(8,044,562)	
Other income	4,525	7,873		12,398	
Net cash used by (used in) noncapital financing activities	<u>2,802,382</u>	<u>(3,302,507)</u>	<u>(30,000)</u>	<u>(530,125)</u>	<u>12,191</u>
Cash Flows From Capital and Related Financing Activities					
Proceeds from certificates of obligation					
Proceeds from grants		327,545	22,564	350,109	
Principal payments on debt	10,308	(813,692)		(803,384)	
Interest paid on capital debt	(39,929)	(444,090)		(484,019)	
Impact fees	269,488	472,414		741,902	
Acquisition and construction of capital assets	(816,502)	(872,584)		(1,689,086)	
Net cash used by (used in) capital and related financing activities	<u>(576,635)</u>	<u>(1,330,407)</u>	<u>22,564</u>	<u>(1,884,478)</u>	
Cash Flows From Investing Activities					
Interest received	175	28		203	
Net cash provided by investing activities	<u>175</u>	<u>28</u>		<u>203</u>	
Net increase (decrease) in cash and cash equivalents	2,822,760	(2,232,345)	18,768	609,183	
Cash and cash equivalents - beginning of year	1,885,470	10,262,863		12,148,333	
Cash and cash equivalents - end of year	<u>4,708,230</u>	<u>\$ 8,030,518</u>	<u>\$ 18,768</u>	<u>\$ 12,757,516</u>	<u>\$</u>
Unrestricted cash and cash equivalents	\$ 4,708,230	\$ 8,030,518	\$	\$ 12,738,748	\$
Restricted cash and cash equivalents				-	
	<u>\$ 4,708,230</u>	<u>\$ 8,030,518</u>	<u>\$</u>	<u>\$ 12,738,748</u>	<u>\$</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ 287,939	\$ 1,557,240	\$ 54,846	\$ 1,900,025	\$
Adjustments to reconcile operating income to net cash provided					
by operating activities:					
Depreciation	481,253	828,269		1,309,522	
(Increase) decrease in accounts receivable	(74,396)	(94,099)	(32,882)	(201,377)	
(Increase) decrease in deferred outflows relating to pension activity	124,913	113,644		238,557	
Increase (decrease) in accounts payable	(250,548)	3,489	120,069	(126,990)	
Increase (decrease) in accrued expenses	7,597	5,095		12,692	
Increase (decrease) in interfund payables			(115,829)	(115,829)	(12,191)
Increase (decrease) in customer deposits	3,440			3,440	
Increase (decrease) in accrued compensated absences	(2,075)	1,738		(337)	
Increase (decrease) in net pension liability	25,799	(8,463)		17,336	
Increase (decrease) in deferred inflows relating to pension activity	(7,084)	(6,372)		(13,456)	
Net cash provided by operating activities	<u>\$ 596,838</u>	<u>\$ 2,400,541</u>	<u>\$ 26,204</u>	<u>\$ 3,023,583</u>	<u>\$ (12,191)</u>

See Notes to Basic Financial Statements.

CITY OF BUDA, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2017

	Buda 4B Development Corporation	Dupre Local Government Corporation	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,053,262	\$	\$ 3,053,262
Receivables:			
Sales and use taxes	356,270	21,306	377,576
Other		51,500	51,500
Due from other governments		26,442	26,442
Restricted cash and cash equivalents	425,117	280,734	705,851
Total Current Assets	3,834,649	379,982	4,214,631
Non-current assets:			
Capital assets being depreciated:			
Equipment and furniture	18,257		18,257
Buildings and improvements	8,400		8,400
Less accumulated depreciation	(22,954)		(22,954)
Total Non-current Assets	3,703		3,703
Total Assets	3,838,352	379,982	4,218,334
Liabilities			
Current liabilities:			
Accounts payable	80,448		80,448
Accrued interest	21,775	8,742,376	8,764,151
Due to Dupre Local Government Corporation	36,596		36,596
Total Current Liabilities	138,819	8,742,376	8,881,195
Non-current Liabilities:			
Due within one year	175,000		175,000
Due in more than one year	1,537,567	30,275,000	31,812,567
Total Non-current Liabilities	1,712,567	30,275,000	31,987,567
Total Liabilities	1,851,386	39,017,376	40,868,762
Net Position			
Investment in capital assets	3,703		3,703
Restricted net position		280,734	280,734
Unrestricted (deficit)	1,983,263	(38,918,128)	(36,934,865)
Total Net Position (deficit)	\$ 1,986,966	\$ (38,637,394)	\$ (36,650,428)

See Notes to Basic Financial Statements.

CITY OF BUDA, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

	Buda 4B Development Corporation	Dupre Local Government Corporation	Total
General Revenues			
Taxes:			
Property taxes	\$	\$ 785,899	\$ 785,899
Sales taxes	2,047,173	622,178	2,669,351
Hotel occupancy taxes		126,396	126,396
Unrestricted investment earnings	18,301		18,301
Miscellaneous		15,000	15,000
Total general revenues and transfers	<u>2,065,474</u>	<u>1,549,473</u>	<u>3,614,947</u>
Expenses			
Economic development	1,124,568		1,124,568
Interest on long-term debt		437,132	437,132
Cabela's, Inc. payments		275,122	275,122
Other expenses		15,000	15,000
Total expenses	<u>1,124,568</u>	<u>727,254</u>	<u>1,851,822</u>
Change in net position	940,906	822,219	1,763,125
Net Position - Beginning	<u>1,046,060</u>	<u>(39,459,613)</u>	<u>(38,413,553)</u>
Net Position - Ending	<u>\$ 1,986,966</u>	<u>\$ (38,637,394)</u>	<u>\$ (36,650,428)</u>

See Notes to Basic Financial Statements.

CITY OF BUDA, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1 - Organization

The City of Buda, Texas (the “City”), is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City first adopted its Home Rule Charter in 2007. The City operates under the Council-Manager form of government where the Mayor and six Councilmembers are elected for staggered three-year terms. The City Manager is the chief administrative officer for the City.

The City provides the following services: public safety (police), highways and streets, water and sanitary sewer utilities, sanitation services, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

Note 2 - Summary of Significant Accounting Policies

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

A. Reporting Entity

In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as discretely presented component units.

Buda 4B Development Corporation

Buda 4B Development Corporation (“EDC”) is a nonprofit corporation organized under the laws of the state of Texas to provide economic development in and for the benefit of the City. The City appoints the board of directors and approves the annual budget. EDC’s financial statements are presented discretely alongside the financial statements of the City.

Dupre Local Government Corporation

Dupre Local Government Corporation (“LGC”) was formed in May 2004. It is a nonprofit corporation organized under the laws of the state of Texas for the benefit of the City. LGC receives sales taxes and property taxes according to the agreement for the Tax Increment Reinvestment Zone-1 (“TIRZ-1”) among the City, Hays County, and Cabela’s, Inc. (“Cabela’s”). The City appoints the board of directors and approves the annual budget. LGC’s financial statements are presented discretely alongside the financial statements of the City.

Separately-issued audited financial statements are not issued for the discretely presented component units.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The City is an independent political subdivision of the State of Texas governed by an elected city council and a mayor and is considered a primary government. As required by U.S. generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of component units, which are other entities or organizations that are financially accountable to the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and as a result, data from these units are combined with data of the primary government. The City had no such blended component units. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize that they are legally separate from the primary government. Based on these considerations, the City's financial statements include the following discretely presented component units: the Buda 4B Development Corporation and the Dupre Local Government Corporation. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major governmental funds are combined and reported in a separate column in the fund financial statements. The City has three proprietary funds.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus, as are the proprietary fund financial statements. The government-wide statements, proprietary fund statements, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General property taxes are recorded as receivables when levied and as revenue in the period for which they were levied and become available. Property taxes receivable have been recorded as deferred inflows of resources at year-end.

Property taxes collected within 60 days subsequent to September 30, 2017, have not been recorded as revenue as the amount is not considered material. Franchise taxes and sales taxes relating to underlying transactions that occurred prior to September 30, 2017, have been recorded as receivables and revenue. Licenses and permits and fines are not susceptible to accrual since they are not measurable until received. Revenue on federal and state cost-reimbursement grants is accrued when the related expenditures are incurred. Interest is recorded when earned.

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, franchise taxes, licenses and permits, and fines and forfeitures. Expenditures are for general government, public safety, public works and parks and recreation.

The *Capital Projects Fund* is used to account for the accumulation of resources for the construction of capital projects through debt proceeds and other governmental activity resources.

The *Debt Service Fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The principal source of revenue for debt service is local property taxes.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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

The City has three proprietary funds:

The *Water Fund* is used to account for operations of the water and the construction of related facilities. The *Wastewater Fund* accounts for the activities of the City's wastewater operations. The *Sanitation Fund* accounts for the activities of the City's sanitation service operations.

These funds are financed and operated in a manner similar to private business enterprises -- where the intent of the City is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), impact fees and other City funds.

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 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 the proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater enterprise fund are charges to customers for sales and services. Operational expenses for the fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

Net position is categorized into three components – net investment in capital assets; restricted; and unrestricted. These classifications are as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings.
- Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

D. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in privately managed public funds investment pools ("TexPool") and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows – proprietary funds, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

E. Investments

Investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

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

F. Receivable and Payable Balances

The City believes sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. The City records an allowance for accounts older than 90 days.

G. Interfund Activity

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

H. Inventories and Prepaid Items

Inventories of the General and Enterprise Funds are valued at the lesser of cost (weighted moving average) or fair value. Inventories for all funds consist of expendable supplies held for consumption, and the cost thereof is recorded as an expense/expenditure at the time the inventory items are issued (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records exist. Donated capital assets are valued at their acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements, including public domain, and equipment are capitalized and depreciated over the remaining useful lives of the related capital assets using the straight line method, as applicable.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

I. Capital Assets (continued)

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	20-40 years
Infrastructure	10-40 years
Vehicles	2-15 years
Equipment	3-15 years

J. Compensated Absences

On the retirement or death of certain employees, the City pays accrued compensatory time. Vacation leave up to 200 hours in a lump-sum payment to such employee or his/her estate.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category.

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this 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.
- Deferred outflows of resources for pension activities - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

K. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category.

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

L. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The City did not record an allowance for uncollectible taxes as of September 30, 2017.

In 2004, a Development Agreement was entered into among LGC, the City, Hays County, EDC, and Cabela's, related to the construction of a Cabela's retail facility in Buda, Texas. The agreement resulted in the creation of a TIRZ-1, which committed the City and Hays County to remit 100% of property taxes collected within the TIRZ-1 area, as defined by the agreement, to LGC.

M. Sales Taxes

Revenue from a 1.5% sales tax within the City is considered available when received by the Comptroller of Public Accounts and is accrued on a monthly basis based on information provided by the Comptroller of Public Accounts. The City receives allocations on a monthly basis. The Comptroller for the State of Texas collects and distributes these amounts to the appropriate governmental organization with funding normally occurring within 60 days from the date of the underlying sale. The amount reported is net of a 2% collection and distribution service fee withheld by the state of Texas.

The sales tax collection is allocated to the General Fund and to EDC and LGC, the City's component units. Under a Definitive Agreement executed by Hays County, the City, EDC, and LGC, the sales tax must be allocated by the City and Hays County to EDC and LGC.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

M. Sales Taxes (continued)

From the total imposed rate of 1.5% sales tax within the City, the City allocates 0.5% of the revenue to EDC after consideration (removal) for the TIRZ-1 portion and the Buda Annexation portion. The TIRZ-1 portion of the sales tax is also allocated as 0.5% to EDC and 1.0% to the City. Of the 0.5% given to EDC, the agreement states that 85.0% is to be transferred to LGC and 15.0% remains in EDC.

Of the 1% earned by the City, 56% is allocated to LGC and 44% remains in the City. Due to overlapping rates within the City's annexed portion (Park 35 Annex), the sales tax rate is 1% of the allowable sales tax available to the City when it entered the Annex. Therefore, the City and EDC split the earned sales tax within the annexed area.

Under the Definitive Agreement, Hays County is required to remit 1/3 of the earned sales tax within TIRZ-1.

N. Use of Estimates

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

O. Bond Discounts/Premiums

In governmental fund types, bond discounts and premiums are recognized in the current period and are deferred and amortized in the Government-wide Statement of Activities. Bond discounts and premiums for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method.

P. Fund Equity

In the fund financial statements, the City restricts or commits all or portions of fund equity in the various governmental fund financial statements. The unassigned fund balances for governmental funds represent the amount available for budgeting future operations. The restricted fund balances for governmental funds represent the amount that has been legally identified for specific purposes.

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted fund balance – amounts that are subject to external restrictions from creditors, grantors, contributors, or laws of other governments.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

P. Fund Equity (continued)

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

Assigned fund balance – amounts the City intends to use for a specific purpose that is neither restricted or committed and includes the remaining positive fund balance of all governmental funds except for the General Fund. Balances for encumbrances, other than those committed by City Council, fall into this category. Intent can be established by City Council or delegated to the City Manager.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

Fund balances in the Municipal Court Technology Fund and Municipal Court Building Security Fund are restricted for public safety.

The City does not have a formal fund balance policy at this time.

Unrestricted net position for proprietary funds represents the net position available for future operations or distribution. Restricted net position for proprietary funds represents the net position that has been legally identified for specific purposes.

Q. Revenues and Expenditures/Expenses

In the fund financial statements revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses in the Government-wide Statement of Activities are recognized in essentially the same manner as used in commercial accounting.

R. Post-employment Healthcare Benefits

The City provides post-employment healthcare benefits mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and the City incurs no direct costs.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

S. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

T. Deficit Equity

The Dupre Local Government Corporation had deficit net position of \$38.6 million as of September 30, 2017. The deficit results from the component unit issuing debt and constructing or purchasing capital assets which are then conveyed to the primary government.

Note 3 - Deposits (Cash) and Investments

The funds of the City, EDC, and LGC are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the agent bank approved pledged securities in an amount sufficient to protect funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Primary Government

At September 30, 2017, the carrying amount of the City's deposits (cash and interest-bearing savings accounts included in temporary investments) totaled \$58.0 million, and the bank balance totaled \$60.1 million. The City's cash deposits as of and for the year ended September 30, 2017 were entirely covered by FDIC insurance or by pledged collateral held by the agent bank in the City's name.

Buda 4B Development Corporation

At September 30, 2017, the carrying amount of EDC's deposits (cash and interest-bearing savings accounts included in temporary investments) totaled \$736 thousand and the bank balance totaled \$742 thousand. EDC's cash deposits as of and for the year ended September 30, 2017 were not entirely covered by FDIC insurance or by pledged collateral held by the agent bank in EDC's name.

At September 30, 2017, the EDC had deposits of \$2.7 million with TexPool.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

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

Dupre Local Government Corporation

At September 30, 2017, the carrying amount of LGC's deposits (cash and interest-bearing savings accounts included in temporary investments) totaled \$280 thousand and the bank balance totaled \$304 thousand. LGC's cash deposits as of and for the year ended September 30, 2017 were not entirely covered by FDIC insurance or by pledged collateral held by the agent bank in LGC's name.

Restricted Cash and Cash Equivalents

Primary Government

EDC

The EDC had cash and cash equivalents restricted for the following purposes at September 30, 2017:

Debt service	\$	124,527
Mortgage reserves		<u>300,590</u>
Total	\$	<u><u>425,117</u></u>

LGC

The LGC had cash and cash equivalents restricted for the following purposes at September 30, 2017:

Grant revenue fund	\$	96,566
Debt service - pledged revenue		182,209
Contract funds		<u>1,959</u>
Total	\$	<u><u>280,734</u></u>

Local Government Investment Pools

At September 30, 2017, the EDC had deposits of \$2.7 million with TexPool. The investment pool's investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

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

Local Government Investment Pools (continued)

TexPool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act (PFIA) of 1987, as amended. The Texas State Comptroller of Public Accounts has oversight responsibility for TexPool. TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the City's investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

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

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the United States Treasury, certain United States agencies, and the state of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; and (10) common trust funds. City cash is required to be deposited in Federal Deposit Insurance Corporation (FDIC) insured banks. A pooled cash strategy is utilized which enables the City to have one central depository.

The City did not hold investments at September 30, 2017.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 4 - Capital Assets

A summary of activity for governmental activities and business-type activities capital assets for the year ended September 30, 2017, follows:

	Balance 9/30/2016	Additions	Deletions	Balance 9/30/2017
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 9,212,729	\$	\$	9,212,729
Construction in progress	3,843,041	18,477,102	(3,573,521)	18,746,622
Total capital assets, not being depreciated	13,055,770	18,477,102	(3,573,521)	27,959,351
Capital assets being depreciated:				
Buildings and improvements	21,331,979	1,199,342		22,531,321
Infrastructure	47,644,950	2,763,305	(1,895,214)	48,513,041
Machinery and equipment	7,195,776	297,962	(257,761)	7,235,977
Total capital assets being depreciated	76,172,705	4,260,609	(2,152,975)	78,280,339
Less accumulated depreciation for:				
Buildings and improvements	(8,057,304)	(693,207)		(8,750,511)
Infrastructure	(12,790,747)	(1,316,736)		(14,107,483)
Machinery and equipment	(7,048,328)	(223,657)	169,354	(7,102,631)
Total accumulated depreciation	(27,896,379)	(2,233,600)	169,354	(29,960,625)
Total capital assets being depreciated, net	48,276,326	2,027,009	(1,983,621)	48,319,714
Governmental Activities				
Capital Assets, Net	\$ 61,332,096	\$ 20,504,111	\$ (5,557,142)	\$ 76,279,065
	Balance 9/30/2016	Additions	Deletions	Balance 9/30/2017
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 193,047	\$	\$	193,047
Construction in progress	6,607,454	81,949	(3,558,067)	3,131,336
Total capital assets, not being depreciated	6,800,501	81,949	(3,558,067)	3,324,383
Capital assets being depreciated:				
Buildings and improvements	153,995		(32,000)	121,995
Infrastructure	34,614,440	4,815,627	(69,033)	39,361,034
Machinery and equipment	6,573,035	142,483	(1,882)	6,713,636
Total capital assets being depreciated	41,341,470	4,958,110	(102,915)	46,196,665
Less accumulated depreciation for:				
Buildings and improvements	(64,692)	(4,425)	15,467	(53,650)
Infrastructure	(8,138,241)	(1,001,004)	1,882	(9,137,363)
Machinery and equipment	(3,960,483)	(304,093)	28,569	(4,236,007)
Total accumulated depreciation	(12,163,416)	(1,309,522)	45,918	(13,427,020)
Total capital assets being depreciated, net	29,178,054	3,648,588	(56,997)	32,769,645
Business-type Activities				
Capital Assets, Net	\$ 35,978,555	\$ 3,730,537	\$ (3,615,064)	\$ 36,094,028

Depreciation expense in the governmental activities was not allocated to the City's various functions.

CITY OF BUDA, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 4 - Capital Assets (continued)

A summary of activity of EDC capital assets for the year ended September 30, 2017, follows:

	Balance 9/30/2016	Additions	Deletions	Balance 9/30/2017
EDC				
Capital assets being depreciated:				
Buildings and improvements	\$ 8,400	\$	\$	\$ 8,400
Machinery and equipment	18,257			18,257
Total capital assets being depreciated	<u>26,657</u>			<u>26,657</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,400)			(8,400)
Machinery and equipment	(13,267)	(1,287)		(14,554)
Total accumulated depreciation	<u>(21,667)</u>	<u>(1,287)</u>		<u>(22,954)</u>
Total capital assets being depreciated, net	4,990	(1,287)		3,703
EDC Capital Assets, Net	<u>\$ 4,990</u>	<u>\$ (1,287)</u>	<u>\$</u>	<u>\$ 3,703</u>

Note 5 - Long-Term Debt

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for general government and enterprise fund activities. These instruments include general obligation bonds and certificates of obligation. General long-term bonds reported as the governmental activities are paid through the Debt Service Fund from tax revenues. Business-type activities long-term debt is paid from water and sewer system revenues. Business-type compensated absences are liquidated from the General Fund in the governmental activities and the enterprise funds in the business-type activities.

During the year ended September 30, 2017, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 50,925,000	\$	\$ (685,000)	\$ 50,240,000	\$ 1,080,000
Certificates of obligation	12,385,000		(675,000)	11,710,000	685,000
Bond issuance premiums	5,398,571		(267,613)	5,130,958	
Capital leases	295,892		(219,450)	76,442	30,207
Compensated absences	298,082	85,594		383,676	
Governmental Activities Long-term Liabilities	<u>\$ 69,302,545</u>	<u>\$ 85,594</u>	<u>\$ (1,847,063)</u>	<u>\$ 67,541,076</u>	<u>\$ 1,795,207</u>
Business-Type Activities:					
Bonds Payable:					
General obligation bonds	\$ 3,940,000	\$	\$ (375,000)	\$ 3,565,000	\$ 390,000
Certificates of obligation	10,850,000		(565,000)	10,285,000	595,000
Capital leases		189,730	(53,114)	136,616	53,981
Compensated absences	36,022		(337)	35,685	
Business-type Activities Long-term Liabilities	<u>\$ 14,826,022</u>	<u>\$ 189,730</u>	<u>\$ (993,451)</u>	<u>\$ 14,022,301</u>	<u>\$ 1,038,981</u>
EDC:					
Bonds Payable:					
Revenue bonds	\$ 1,950,000	\$	\$ (237,433)	\$ 1,712,567	\$ 87,129
LGC:					
Bonds Payable:					
Contract revenue bonds	\$ 30,570,000	\$	\$ (295,000)	\$ 30,275,000	\$

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 5 - Long-Term Debt (continued)

The following is a summary of the terms of obligations of general obligation bonds and certificates of obligation outstanding as of September 30, 2017:

Governmental Activities:				Maturity	Debt
<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Date</u>	<u>Outstanding</u>	
General Obligation Bonds					
Refunding Bonds, Series 2008	3.39%	\$ 2,930,000	2024	\$ 1,395,000	
General Obligation Bonds, Series 2015	1.5% - 4.0%	9,430,000	2035	8,100,000	
General Obligation Bonds, Series 2016	2.0% - 5.0%	41,150,000	2040	40,745,000	
				<u>50,240,000</u>	
Certificates of Obligation					
Certificates of Obligation, Series 2006	4.45%	2,345,000	2026	1,010,000	
Certificates of Obligation, Series 2008	3.48%	6,120,000	2028	3,605,000	
Certificates of Obligation, Series 2011	1.5% - 4.0%	3,275,000	2030	445,000	
Certificates of Obligation, Series 2014	1.5% - 4.0%	4,445,000	2034	3,145,000	
Certificates of Obligation, Series 2016A	2.0% - 4.0%	3,655,000	2036	3,505,000	
				<u>11,710,000</u>	
Total Governmental Activities				<u>\$ 61,950,000</u>	

Business-Type Activities:				Maturity	Debt
<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Date</u>	<u>Outstanding</u>	
General Obligation Bonds					
Refunding Bonds, Series 2010	2.0 - 4.0%	\$ 4,305,000	2025	\$ 3,565,000	
Certificates of Obligation					
Certificates of Obligation, Series 2006	4.45%	2,345,000	2026	315,000	
Certificates of Obligation, Series 2010	3.0% - 4.0%	3,560,000	2029	2,560,000	
Certificates of Obligation, Series 2011	1.5% - 4.0%	3,275,000	2030	2,070,000	
Certificates of Obligation, Series 2014	1.5% - 4.0%	4,445,000	2034	905,000	
Certificates of Obligation, Series 2014A	2.89%	3,605,000	2034	3,310,000	
Certificates of Obligation, Series 2016	2.29%	1,190,000	2031	1,125,000	
				<u>10,285,000</u>	
Total Business-Type Activities				<u>\$ 13,850,000</u>	

EDC:				Maturity	Debt
<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Date</u>	<u>Outstanding</u>	
Revenue Bonds					
Revenue and Refunding Bonds, Series 2006	3.35%	\$ 3,500,000	2025	\$ 1,712,567	

LGC:				Maturity	Debt
<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Date</u>	<u>Outstanding</u>	
Contract Revenue Bonds					
Revenue Bonds, Series 2004	4.75%	\$ 31,750,100	2028	\$ 30,275,000	

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 5 - Long-Term Debt (continued)

Annual debt service requirements to retire outstanding general obligation bonds and certificates of obligation are as follows:

Year Ending September 30,	Governmental Activities			Governmental Activities		
	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 1,080,000	\$ 1,852,972	\$ 2,932,972	\$ 685,000	\$ 386,340	\$ 1,071,340
2019	1,210,000	1,827,105	3,037,105	705,000	366,055	1,071,055
2020	1,250,000	1,794,080	3,044,080	725,000	344,800	1,069,800
2021	1,275,000	1,761,411	3,036,411	750,000	322,788	1,072,788
2022	1,310,000	1,728,097	3,038,097	770,000	300,105	1,070,105
2023-2027	7,335,000	7,972,467	15,307,467	4,130,000	1,110,960	5,240,960
2028-2032	11,225,000	6,276,331	17,501,331	2,535,000	513,499	3,048,499
2033-2037	14,850,000	3,916,284	18,766,284	1,410,000	123,480	1,533,480
2038-2041	10,705,000	867,600	11,572,600			
	<u>\$ 50,240,000</u>	<u>\$ 27,996,347</u>	<u>\$ 78,236,347</u>	<u>\$ 11,710,000</u>	<u>\$ 3,468,027</u>	<u>\$ 15,178,027</u>

	Business-Type Activities			Business-Type Activities		
	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 390,000	\$ 119,988	\$ 509,988	\$ 595,000	\$ 328,695	\$ 923,695
2019	405,000	108,288	513,288	610,000	312,697	922,697
2020	425,000	96,138	521,138	630,000	294,485	924,485
2021	435,000	82,856	517,856	655,000	275,504	930,504
2022	450,000	68,719	518,719	670,000	255,634	925,634
2023-2027	1,460,000	108,426	1,568,426	3,700,000	921,528	4,621,528
2028-2032				2,815,000	329,511	3,144,511
2033-2036				610,000	34,395	644,395
	<u>\$ 3,565,000</u>	<u>\$ 584,415</u>	<u>\$ 4,149,415</u>	<u>\$ 10,285,000</u>	<u>\$ 2,752,449</u>	<u>\$ 13,037,449</u>

	EDC		
	Revenue Bonds		
	Principal	Interest	Total
2018	\$ 87,129	\$ 63,818	\$ 150,947
2019	205,000	57,620	262,620
2020	205,000	50,753	255,753
2021	215,000	43,801	258,801
2022	230,000	36,431	266,431
2023-2026	770,438	62,897	833,335
	<u>\$ 1,712,567</u>	<u>\$ 315,320</u>	<u>\$ 2,027,887</u>

Legal Compliance

A number of limitations and restrictions are contained in the various bond ordinances. The City has complied with all significant limitations and restrictions.

Capital Leases

During the year ended September 30, 2016 the City entered into a lease purchase agreement for the acquisition of equipment costing \$338,000. The lease is for a period of five years with semiannual payments at a stated interest rate of 1.625%. Interest paid on this lease was \$4,305 for the year ended September 30, 2017.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 5 - Long-Term Debt (continued)

Capital Leases (continued)

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments, as of September 30, 2017:

	<u>Fiscal Year</u>	
	2018	\$ 87,139
	2019	87,139
	2020	<u>43,569</u>
Total		\$ 217,847
Less interest portion		(4,789)
Capital lease obligation		<u><u>\$ 213,058</u></u>

The assets acquired through capital lease are as follows:

Assets:	
Equipment	\$ 251,432
Vehicles	<u>85,376</u>
	<u><u>\$ 336,808</u></u>

Note 6 - Interfund Transactions

Interfund transfers for the year ended September 30, 2017, are as follows:

	<u>Transfer Out</u>						
	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Water and Wastewater Funds	Sanitation Fund	
Transfer In							<u>Total</u>
General Fund	\$ 134,084	\$ 5,332	\$ 81,809	\$ 2,671	\$ 612,262	\$ 30,000	\$ 732,074
Non-Major Governmental Funds	121,893						121,893
Water and Sewer Fund			99,739		7,402,300		7,502,039
Internal service fund	12,191						12,191
Totals	<u>\$ 134,084</u>	<u>\$ 5,332</u>	<u>\$ 181,548</u>	<u>\$ 2,671</u>	<u>\$ 8,014,562</u>	<u>\$ 30,000</u>	<u>\$ 8,368,197</u>

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 6 - Interfund Transactions (continued)

The following is a detail of the interfund transfers:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Purpose</u>
General Fund	Non-major Governmental	Allocation to Special Revenue Funds
General Fund	Internal service	General operating
Capital Projects Fund	General Fund	Reimbursement allocation
Capital Projects Fund	Water	Reimbursement allocation
Capital Projects Fund	Wastewater	Reimbursement allocation
Non-major Governmental	General Fund	Hotel/Motel
Water	General Fund	Administrative
Water	Wastewater	Debt service and capital assets
Wastewater	General Fund	Administrative
Wastewater	Water	Capital assets
Sanitation	General Fund	Administrative

Note 7 - Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

A summary of plan provisions for the City are as follows:

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

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 7 - Employee Retirement System (continued)

Texas Municipal Retirement System

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 actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

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

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

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	30
Active employees	86
Total	<u>129</u>

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2017, the City made contributions of 13.66% for the months in 2016, and 14.83% for the months in 2017.

Net Pension Liability

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

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 7 - Employee Retirement System

Actuarial Assumptions

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year
Investment rate of return	6.75%

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

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2016 and first used in the December 31, 2016 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Assumptions are reviewed annually. No additional changes were made for the 2016 valuation.

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

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

Asset Class	Target Allocation
Domestic Equity	17.5%
International Equity	17.5%
Core Fixed Income	10.0%
Non-core Fixed Income	20.0%
Real Return	10.0%
Real Estate	10.0%
Absolute Return	10.0%
Private Equity	5.0%
Total	100.0%

CITY OF BUDA, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 7 - Employee Retirement System (continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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

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

1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
\$3,389,978	\$ 1,979,296	\$ 849,309

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2015	\$ 7,075,713	\$ 5,252,282	\$ 1,823,431
Changes for the year:			
Service Cost	804,605		804,605
Interest	497,905		497,905
Difference between expected and actual experience	70,772		70,772
Contributions - employer		573,284	(573,284)
Contributions - employee		292,888	(292,888)
Net Investment income		355,470	(355,470)
Benefit payments, including refunds, of employee contributions	(203,287)	(203,287)	
Administrative expense		(4,009)	4,009
Other changes		(216)	216
Net changes	<u>1,169,995</u>	<u>1,014,130</u>	<u>155,865</u>
Balance at 12/31/2016	<u>\$ 8,245,708</u>	<u>\$ 6,266,412</u>	<u>\$ 1,979,296</u>

Plan fiduciary net position as a percentage of total pension liability 76.00%

CITY OF BUDA, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 7 - Employee Retirement System (continued)****Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2017, the City recognized pension expense of \$808,267.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between actuarial assumptions and actual experience	\$ 252,795	\$
Changes in actuarial assumptions used	41,346	
Differences between projects and actual investment earnings	214,685	753
Contributions subsequent to the measurement date	<u>541,401</u>	
Total	<u><u>\$ 1,050,227</u></u>	<u><u>\$ 753</u></u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$541,401 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2017 (i.e. recognized in the City's financial statements September 30, 2018). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
<u> </u>	<u> </u>
2018	\$ 148,949
2019	148,948
2020	138,564
2021	55,682
2022	14,092
Thereafter	<u>1,838</u>
Total	<u><u>\$ 508,073</u></u>

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 8 - Supplemental Death Benefits Fund

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

	<u>Plan Year 2016</u>	<u>Plan Year 2017</u>
The City offers supplemental death to:		
Active employees	Yes	Yes
Retirees	Yes	Yes

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

The City’s contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were \$8,031, \$6,192 and \$8,417 respectively, which equaled the required contributions each year.

Schedule of Contribution Rates

(Retiree-only portion of the rate, for OPEB)

<u>Plan/Calendar</u>	<u>Annual</u>	<u>Actual</u>	<u>Percentage of</u>
<u>Year</u>	<u>Required</u>	<u>Contribution</u>	<u>ARC</u>
	<u>(Rate)</u>	<u>Made (Rate)</u>	<u>Contributed</u>
2013	0.02%	0.02%	100%
2014	0.02%	0.02%	100%
2015	0.02%	0.02%	100%
2016	0.15%	0.15%	100%

Note 9 - Commitments and Contingencies

Litigation and Other Contingencies

The City participates in grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 10 - Risk Management

The City is exposed to various risks of loss related to torts, theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the state as a member of the Texas Municipal League Intergovernmental Risk Pool (“TML”). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will re-insure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of re-insurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year, and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Note 11 - Related Party Transactions

Each year the City pays a portion of its sales tax to EDC in accordance with a Definitive Agreement (in accordance with state laws governing 4B development corporations). The City remitted a total of \$2,036,166 in sales taxes during the fiscal year ended September 30, 2017. The remitted amount represents 0.5% of the total tax rate of 1.5%.

In accordance with a Definitive Agreement, the City and EDC remit a portion of sales tax collections to LGC, earned from businesses operating with the TIRZ-1, in accordance with the Development Agreement entered into among the City, EDC, Hays County, and LGC for the construction of the Cabela’s retail facility. The sales tax received by LGC is used to pay principal and interest on LGC’s Contract Revenue Bonds, Series 2004. During the year ended September 30, 2017, the City remitted \$317,973 in sales tax to LGC. EDC remitted \$229,935, and Hays County remitted \$89,270 in sales tax to LGC during the year ended September 30, 2017.

The City also pays to LGC a portion of its hotel/motel taxes earned on hotels/motels operating with TIRZ-1. During the year ended September 30, 2017, the City paid \$126,396 in hotel/motel taxes to LGC.

In accordance with the Development Agreement among the City, EDC, and Hays County, and LGC, the City owes LGC \$51,500, EDC owes LGC \$21,306, and LGC is due \$26,442 from Hays County in property taxes earned from property in TIRZ-1 to LGC. The taxes are used to pay principal and interest on LGC’s Contract Revenue Bonds, Series 2004. In accordance with the Development Agreement, LGC has serviced the Contract Revenue Bonds, Series 2004 and has paid Cabela’s \$3,426,903 since inception for additional liabilities incurred under the Development Agreement.

The City pays for EDC’s employees’ payroll and benefit costs, as well as various operating costs of EDC from time to time. During the year, EDC reimburses the City for operating, payroll, and employee benefit costs paid by the City.

CITY OF BUDA, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 - Cabela's Project

In 2004, a Development Agreement was entered into among LGC, the City, Hays County, EDC, and Cabela's related to the construction of a Cabela's retail facility in Buda, Texas. In addition to the retail facility, the Development Agreement called for the construction and development of public museum facilities and public infrastructure ("public facilities"). LGC issued bonds in 2004 in the total principal amount of \$31,725,000 to pay the projected costs of the public facilities and the cost of the issuance of the bonds. LGC was to finance or reimburse the developer, Cabela's, Inc., for the costs of the public facilities from the proceeds of the bonds. No portion of the costs of the retail facility was financed with the proceeds of the bonds. The bonds constitute valid, legally binding, and enforceable special revenue obligations of LGC. Such bonds shall be payable only from pledged revenue received from tax increments (TIRZ-1 revenues), which are generated in the TIRZ-1 and from certain grant revenues paid by the City, EDC, and Hays County, subject to annual appropriations, pursuant to grant agreements among these entities, and LGC. The holders of the bonds shall never have the right to demand payment out of money raised or to be raised by taxation, other than from the pledged revenues.

Upon completion of the construction, the City accepted ownership of the public facilities. The City maintains the public infrastructure and has a management agreement with Cabela's for the management of the public museum facilities and related common areas. The management fees are deferred until such time Cabela's exercises its option to purchase the public museum facilities from the City, which may occur upon the earlier of the (1) 25th anniversary of the completion date or (2) the repayment of all outstanding public facilities bonds.

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

CITY OF BUDA, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended September 30, 2017

With comparative actual amounts for the year ended September 30, 2016

	2017			Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Revenues					
Taxes:					
Property taxes	\$ 1,687,324	\$ 1,735,460	\$ 1,725,447	\$ (10,013)	\$ 1,428,607
Sales and use taxes	5,815,827	6,073,500	5,997,781	(75,719)	5,761,207
Franchise taxes	500,000	684,422	768,038	83,616	535,319
Fees and charges for services	447,434	461,134	473,910	12,776	392,938
Fines and forfeitures	176,448	135,758	119,938	(15,820)	153,299
Licenses and permits	875,105	977,620	1,343,544	365,924	864,682
Grant and contributions	230,978	608,887	241,541	(367,346)	30,000
Investment earnings	40,000	45,000	31,167	(13,833)	49,395
Miscellaneous	20,700	75,103	80,993	5,890	171,891
Total Revenues	<u>9,793,816</u>	<u>10,796,884</u>	<u>10,782,359</u>	<u>(14,525)</u>	<u>9,387,338</u>
Expenditures					
Current:					
Administration	1,981,985	2,359,464	1,616,478	742,986	1,621,675
Finance	607,881	616,961	597,430	19,531	624,354
Streets and Drainage	935,032	883,667	787,629	96,038	928,308
Engineering and Planning	957,813	1,059,811	1,119,518	(59,707)	1,289,108
Fleet Maintenance	157,994	168,946	181,626	(12,680)	146,154
Parks and Recreation	744,896	732,485	691,258	41,227	677,381
Library	465,186	454,408	457,275	(2,867)	451,649
Economic Development	224,654	227,037	221,388	5,649	193,556
Public Safety	1,896,825	1,834,649	1,867,249	(32,600)	1,603,769
Municipal Court	125,500	121,912	125,725	(3,813)	125,467
Animal Control	86,864	91,769	87,235	4,534	81,304
Information Technology	326,224	328,494	277,450	51,044	342,973
Debt Service:					
Principal	23,490	23,490	29,720	(6,230)	57,495
Interest and other charges	1,221	1,221	1,221		1,085
Total Expenditures	<u>8,535,565</u>	<u>8,904,314</u>	<u>8,061,202</u>	<u>843,112</u>	<u>8,144,278</u>
Revenues over (under) expenditures	<u>1,258,251</u>	<u>1,892,570</u>	<u>2,721,157</u>	<u>828,587</u>	<u>1,243,060</u>
Other Financing Sources (Uses)					
Transfers in	670,008	726,742	732,074	5,332	634,370
Transfers out			(134,084)	(134,084)	
Capital lease					338,000
Sales tax payment to EDC	(1,928,259)	(2,004,255)	(2,036,166)	(31,911)	(1,951,121)
Total other financing sources (uses)	<u>(1,258,251)</u>	<u>(1,277,513)</u>	<u>(1,438,176)</u>	<u>(160,663)</u>	<u>(978,751)</u>
Changes in fund balance		615,057	1,282,981	667,924	264,309
Fund Balances - Beginning of Year	<u>4,084,004</u>	<u>4,084,004</u>	<u>4,084,004</u>		<u>3,819,695</u>
Fund Balances - End of Year	<u>\$ 4,084,004</u>	<u>\$ 4,699,061</u>	<u>\$ 5,366,985</u>	<u>\$ 667,924</u>	<u>\$ 4,084,004</u>

CITY OF BUDA, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

Year ended September 30, 2017

General Budget Policies

An annual appropriated budget is adopted for the general fund. The original budget is adopted by the City Council prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in the total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time on the fiscal year, the City Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The City Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

Budgetary Compliance

The City had expenditures exceeding appropriations in following General Fund functions:

Engineering and Planning	\$(59,707)
Fleet Maintenance	(12,680)
Library	(2,867)
Public Safety	(32,600)
Municipal Court	(3,813)
Debt Service	(6,230)

CITY OF BUDA, TEXAS
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
September 30, 2017

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)
Schedule of Changes in Net Pension Liability and Related Ratios

	<u>Measureme nt Year 2016</u>	<u>Measureme nt Year 2015</u>	<u>Measureme nt Year 2014</u>
Total pension liability:			
Service cost	\$ 804,605	\$ 693,940	\$ 546,167
Interest	497,905	426,750	358,890
Difference between expected and actual experience	70,772	201,662	115,892
Change in assumptions		61,713	
Benefit payments, including refunds of employee contributions	<u>(203,287)</u>	<u>(115,633)</u>	<u>(135,156)</u>
Net change in total pension liability	1,169,995	1,268,432	885,793
Total pension liability - beginning	<u>7,075,713</u>	<u>5,807,281</u>	<u>4,921,488</u>
Total pension liability - ending (a)	<u>\$ 8,245,708</u>	<u>\$ 7,075,713</u>	<u>\$ 5,807,281</u>
Plan fiduciary net position:			
Contributions - employer	\$ 573,284	\$ 385,256	\$ 325,571
Contributions - employee	292,888	263,617	228,814
Net investment income	355,470	6,962	232,778
Benefit payments, including refunds of employee contributions	(203,287)	(115,633)	(135,156)
Administrative expense	(4,009)	(4,239)	(2,429)
Other	<u>(216)</u>	<u>(210)</u>	<u>(200)</u>
Net change in plan fiduciary net position	1,014,130	535,753	649,378
Plan fiduciary net position - beginning	<u>5,252,282</u>	<u>4,716,529</u>	<u>4,067,151</u>
Plan fiduciary net position - ending (b)	<u>6,266,412</u>	<u>5,252,282</u>	<u>4,716,529</u>
Net pension liability - ending (a) - (b)	<u>\$ 1,979,296</u>	<u>\$ 1,823,431</u>	<u>\$ 1,090,752</u>
Plan fiduciary net position as a percentage of total pension liability	76.00%	74.23%	81.22%
Covered employee payroll (measurement year)	\$ 4,184,115	\$ 3,759,157	\$ 3,268,778
Net pension liability as a percentage of covered employee payroll	47.31%	48.51%	33.37%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68. Ten years of data should be presented in this schedule but data was unavailable prior to 2015.

CITY OF BUDA, TEXAS
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
September 30, 2017

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)
Schedule of Contributions
Last Three Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 693,274	\$ 422,556	\$ 368,785
Contribution in relation of the actuarially determined contribution	<u>693,274</u>	<u>422,556</u>	<u>368,785</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered employee payroll (fiscal year)	4,724,298	4,239,326	\$ 3,584,210
Contributions as a percentage of covered employee payroll	14.67%	9.97%	10.29%

Notes to Required Supplementary Information:

Valuation Date: Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	29 years
Asset Valuation Method:	10 Year smoothed market; 15% soft corridor
Inflation:	2.75%
Salary Increases:	3.50% to 10.5% including inflation
Investment Rate of Return:	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	There were no benefit changes during the year.

COMBINING FUND STATEMENTS

CITY OF BUDA, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2017

	<u>Hotel/Motel Tax</u>	<u>Parks Fees</u>	<u>Library Grants</u>
Assets			
Cash and cash equivalents	\$ 1,141,394	\$ 796,018	\$ 28,260
Total Assets	<u>\$ 1,141,394</u>	<u>\$ 796,018</u>	<u>\$ 28,260</u>
Liabilities			
Accounts payable	16,819		814
Accrued expenses	7,292		
Total Liabilities	<u>24,111</u>		<u>814</u>
Fund Balances			
Restricted:			
Public safety			
Tourism	1,117,283		
Assigned:			
Parks		796,018	
Library			27,446
Total Fund Balances	<u>1,117,283</u>	<u>796,018</u>	<u>27,446</u>
Total Liabilities and Fund Balances	<u>\$ 1,141,394</u>	<u>\$ 796,018</u>	<u>\$ 28,260</u>

Police Department Special Fund	Municipal Court Technology	Municipal Court Building Security	Total Non- Major Governmental Funds
\$	\$ 32,020	\$ 26,763	\$ 2,024,455
\$	\$ 32,020	\$ 26,763	\$ 2,024,455
	15		17,648
			7,292
	15		24,940
	32,005	26,763	58,768
			1,117,283
			796,018
			27,446
	32,005	26,763	1,999,515
\$	\$ 32,020	\$ 26,763	\$ 2,024,455

CITY OF BUDA, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017

	<u>Hotel/Motel Tax</u>	<u>Parks Fees</u>	<u>Library Grants</u>
Revenues			
Taxes:			
Hotel occupancy taxes	\$ 645,118	\$	\$
Fees and charges for services			
Grant and contributions		444,081	24,336
Investment earnings	168		
Miscellaneous			
Total Revenues	<u>645,286</u>	<u>444,081</u>	<u>24,336</u>
Expenditures			
Current:			
Parks and Recreation	438,026	40,027	
Library			22,499
Public Safety			
Municipal Court			
Total Expenditures	<u>438,026</u>	<u>40,027</u>	<u>22,499</u>
Revenues over (under) expenditures	<u>207,260</u>	<u>404,054</u>	<u>1,837</u>
Other Financing Sources (Uses)			
Transfers in			
Transfers out	(2,671)		
Total Other Financing Sources (Uses)	<u>(2,671)</u>		
Net changes in fund balances	204,589	404,054	1,837
Fund Balances - Beginning of Year	<u>912,694</u>	<u>391,964</u>	<u>25,609</u>
Fund Balances - End of Year	<u>\$ 1,117,283</u>	<u>\$ 796,018</u>	<u>\$ 27,446</u>

Police Department Special Fund	Municipal Court Technology	Municipal Court Building Security	Total Non- Major Governmental Funds
\$	\$	\$	\$
	4,909	3,682	645,118
			8,591
			468,417
			168
1,428			1,428
<u>1,428</u>	<u>4,909</u>	<u>3,682</u>	<u>1,123,722</u>
			478,053
			22,499
1,871			1,871
	15		15
<u>1,871</u>	<u>15</u>	<u></u>	<u>502,438</u>
<u>(443)</u>	<u>4,894</u>	<u>3,682</u>	<u>621,284</u>
121,893			121,893
			(2,671)
<u>121,893</u>	<u></u>	<u></u>	<u>119,222</u>
121,450	4,894	3,682	740,506
(121,450)	27,111	23,081	1,259,009
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	32,005	26,763	1,999,515

(This page intentionally left blank.)

CITY OF BUDA, TEXAS

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended September 30, 2017

With comparative actual amounts for the year ended September 30, 2016

	2017		Variance Positive (Negative)	2016
	Final Budget	Actual		Actual
Revenues				
Taxes:				
Property taxes	\$ 4,134,396	\$ 3,401,629	\$ (732,767)	\$ 2,803,039
Total Revenues	<u>4,134,396</u>	<u>3,401,629</u>	<u>(732,767)</u>	<u>2,803,039</u>
Expenditures				
Debt Service:				
Principal	1,335,000	1,360,000	(25,000)	2,020,000
Interest and other charges	2,175,030	2,148,720	26,310	691,440
Total Expenditures	<u>3,510,030</u>	<u>3,508,720</u>	<u>1,310</u>	<u>2,711,440</u>
Revenues over (under) expenditures	624,366	(107,091)	(734,077)	91,599
Other Financing Sources (Uses)				
Transfers in				226,641
Transfers out		(5,332)	(5,332)	
Total other financing sources (uses)		<u>(5,332)</u>	<u>5,332</u>	<u>226,641</u>
Net changes in fund balances	624,366	(112,423)	(728,745)	318,240
Fund Balances - Beginning of Year	<u>1,109,985</u>	<u>1,109,985</u>		<u>791,745</u>
Fund Balances - End of Year	<u>\$ 1,734,351</u>	<u>\$ 997,562</u>	<u>\$ (736,789)</u>	<u>\$ 1,109,985</u>

(This page intentionally left blank.)

STATISTICAL SECTION
(Unaudited)

CITY OF BUDA, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
Amounts in (000's)
(Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	\$ 28,656	\$ 49,753	\$ 48,387	\$ 48,664
Restricted	28	1,725	1,580	897
Unrestricted	3,693	2,083	1,632	1,359
Total governmental activities net position	\$ 32,377	\$ 53,561	\$ 51,599	\$ 50,921
Business-type Activities				
Net investment in capital assets	\$ 15,894	\$ 19,628	\$ 20,292	\$ 16,967
Restricted	898	750	750	5,044
Unrestricted	2,685	2,211	2,136	2,394
Total business-type net position	\$ 19,476	\$ 22,588	\$ 23,178	\$ 24,405
Primary government				
Net investment in capital assets	\$ 44,550	\$ 69,381	\$ 68,679	\$ 65,632
Restricted	926	2,475	2,330	5,942
Unrestricted	6,378	4,294	3,768	3,752
Total primary government net position	\$ 51,853	\$ 76,149	\$ 74,777	\$ 75,326

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 48,293	\$ 47,424	\$ 44,357	\$ 48,708	\$ 44,681	\$ 44,274
636	409	4,809	1,436	1,829	1,890
<u>2,126</u>	<u>2,044</u>	<u>2,838</u>	<u>1,374</u>	<u>4,431</u>	<u>5,046</u>
<u>\$ 51,055</u>	<u>\$ 49,877</u>	<u>\$ 52,004</u>	<u>\$ 51,518</u>	<u>\$ 50,941</u>	<u>\$ 51,210</u>
\$ 18,976	\$ 19,321	\$ 18,620	\$ 19,817	\$ 21,623	\$ 22,280
1,741	1,607	2,835	4,009		
4,827	6,786	7,828	6,815	11,300	12,620
<u>\$ 25,544</u>	<u>\$ 27,713</u>	<u>\$ 29,283</u>	<u>\$ 30,641</u>	<u>\$ 32,923</u>	<u>\$ 34,900</u>
\$ 67,269	\$ 66,745	\$ 62,977	\$ 68,525	\$ 66,304	\$ 66,555
2,377	2,016	7,644	5,445	1,829	1,890
6,953	8,830	10,666	8,189	15,731	17,666
<u>\$ 76,599</u>	<u>\$ 77,591</u>	<u>\$ 81,287</u>	<u>\$ 82,159</u>	<u>\$ 83,864</u>	<u>\$ 86,110</u>

CITY OF BUDA, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental Activities:				
Administration	\$ 636,545	\$ 1,171,199	\$ 890,273	\$ 1,116,626
Finance			264,411	219,351
Streets and Drainage	820,702			
Engineering and Planning	817,215			
Fleet Maintenance				
Public works		2,264,178	2,478,653	576,618
Parks and Recreation	1,059,104	1,423,090	1,531,242	631,679
Library	357,651	363,934	409,000	303,251
Sanitation		464,943		
Community / Economic Development	40,421	47,797	315,007	941,818
Public Safety	446,180	566,911	615,889	722,090
Municipal Court			64,122	62,157
Animal Control				
Information Technology				
Interest and amortization	634,525	372,157	416,974	371,605
Depreciation	2,699,407			2,242,456
Total governmental activities expenses	7,511,750	6,674,209	6,985,571	7,187,651
Business-Type Activities:				
Water	1,381,587	1,555,687	1,616,799	1,637,829
Wastewater	1,605,180	1,682,842	1,788,756	2,136,154
Sanitation			601,863	595,302
Total business-type activities expenses	2,986,767	3,238,529	4,007,418	4,369,285
Total primary government expenses	\$ 10,498,517	\$ 9,912,738	\$ 10,992,989	\$ 11,556,936
Program Revenues				
Governmental Activities:				
Charges for services:				
Administration	\$ 27,279	\$ 89,550	\$ 247,575	\$ 690,043
Street and infrastructure	63,634			
Engineering and Planning	718,670			
Public works		605,641	523,890	86,788
Parks and Recreation	428,546	35,283	57,233	76,193
Library	23,712	12,290	6,406	12,449
Community development				18,160
Sanitation		530,456		
Non-departmental	454,153			
Public Safety	357,746	49,345	1,560	7,769
Municipal Court			35,017	87,580
Animal Control				
Operating grants and contributions				
Total governmental activities program revenues	2,073,740	1,322,565	871,681	978,982
Business-Type Activities				
Charges for services:				
Water	1,427,707	1,465,306	1,379,032	1,800,151
Wastewater	1,657,685	1,925,486	2,188,158	2,451,266
Sanitation			556,394	565,262
Operating grants and contributions				
Capital grants and contributions				
Total business-type activities program revenues	3,085,392	3,390,792	4,123,584	4,816,679
Total primary government program revenues	\$ 5,159,132	\$ 4,713,357	\$ 4,995,265	\$ 5,795,661
Net (Expense) Revenue				
Governmental activities	\$ (5,438,010)	\$ (5,351,644)	\$ (6,113,890)	\$ (6,208,669)
Business-type activities	98,625	152,263	116,166	447,394
Total primary government net expense	\$ (5,339,385)	\$ (5,199,381)	\$ (5,997,724)	\$ (5,761,275)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,254,285	\$ 1,311,092	\$ 1,528,142	\$ 1,494,921	\$ 1,535,492	\$ 1,867,764
295,879	480,871	449,803	468,891	542,782	692,426
514,507	545,109	522,335	509,309	865,982	1,158,116
926,644	1,000,513	1,293,695	1,161,642	2,079,918	1,015,477
86,248	86,769	91,695	108,262	135,312	196,382
756,898	853,282	851,952	645,823	1,321,618	1,241,010
317,004	328,547	374,149	406,742	405,296	553,934
187,798	112,995	176,008	195,323	155,213	267,716
778,375	1,168,184	1,132,843	1,558,722	1,335,725	2,124,776
65,842	67,224	96,462	125,949	110,247	142,475
66,706	70,761	70,560	77,050	72,166	96,994
100,797	146,857	165,008	161,684	342,973	277,450
359,865	340,982	375,276	691,106	1,175,564	1,903,102
1,734,185	2,016,605	2,032,815	2,159,170	2,150,899	2,233,600
7,445,033	8,529,791	9,160,743	9,764,594	12,229,187	13,771,222
2,228,127	1,919,342	2,337,768	2,545,244	2,659,009	2,705,907
2,082,467	2,300,741	2,315,932	3,578,449	2,489,496	3,003,703
853,488	900,387	995,926	1,173,499	1,253,493	1,578,203
5,164,082	5,120,470	5,649,626	7,297,192	6,401,998	7,287,813
\$ 12,609,115	\$ 13,650,261	\$ 14,810,369	\$ 17,061,786	\$ 18,631,185	\$ 21,059,035
\$ 234,987	\$ 140,023	\$ 201,063	\$ 240,121	\$ 236,849	\$ 298,948
520,101	694,344	1,110,767	798,976	874,262	1,365,282
132,939	83,015	86,736	96,151	100,108	112,186
6,853	6,510	5,694	6,177	5,870	5,793
1,980					
3,332	3,194	3,979	4,862	4,312	3,732
145,268	187,936	165,582	203,472	197,661	158,632
2,220	1,458	1,250	735	1,985	1,410
				190,974	709,958
1,047,680	1,116,480	1,575,071	1,350,494	1,612,021	2,655,941
1,671,054	2,149,346	2,103,711	2,210,870	2,535,692	3,015,743
2,808,085	3,347,597	3,591,894	3,691,048	4,020,716	4,244,756
786,467	874,919	1,000,278	1,208,271	1,501,565	1,633,049
				6,758	350,109
				-	-
5,265,606	6,371,862	6,695,883	7,110,189	8,064,731	9,243,657
\$ 6,313,286	\$ 7,488,342	\$ 8,270,954	\$ 8,460,683	\$ 9,676,752	\$ 11,899,598
\$ (6,397,353)	\$ (7,413,311)	\$ (7,585,672)	\$ (8,414,100)	\$ (10,617,166)	\$ (11,115,281)
101,524	1,251,392	1,046,257	(187,003)	1,662,733	1,955,844
\$ (6,295,829)	\$ (6,161,919)	\$ (6,539,415)	\$ (8,601,103)	\$ (8,954,433)	\$ (9,159,437)

CITY OF BUDA, TEXAS
CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property taxes / ad valorem taxes	\$ 755,986	\$ 1,144,774	\$ 1,300,485	\$ 1,726,742
Sales tax	1,928,369	1,913,627	1,711,038	2,038,795
Hotel occupancy taxes	57,177	116,424	191,281	255,853
Franchise and other taxes	242,860	299,296	380,391	403,019
Unrestricted grants and contributions				
Impact Fees				
Investment earnings	178,312	48,115	12,528	20,081
Miscellaneous	172,846	84,553	156,456	146,229
Transfers in (out)	695,549			
TIF sales taxes transfer				
Total governmental activities	<u>4,031,099</u>	<u>3,606,789</u>	<u>3,752,179</u>	<u>4,590,719</u>
Business-Type Activities:				
Impact fees	418,298	288,142	526,218	796,742
Investment earnings	140,850	31,622	41,630	103,819
Miscellaneous			69,048	
Transfers in (out)	(122,491)			
Total business-type activities	<u>436,657</u>	<u>319,764</u>	<u>636,896</u>	<u>900,561</u>
Total primary government	<u>\$ 4,467,756</u>	<u>\$ 3,926,553</u>	<u>\$ 4,389,075</u>	<u>\$ 5,491,280</u>
Changes in Net Position:				
Governmental activities	\$ (1,406,911)	\$ (1,744,855)	\$ (2,361,711)	\$ (1,617,950)
Business-type activities	<u>535,282</u>	<u>472,027</u>	<u>753,062</u>	<u>1,347,955</u>
Total primary government	<u>\$ (871,629)</u>	<u>\$ (1,272,828)</u>	<u>\$ (1,608,649)</u>	<u>\$ (269,995)</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,816,058	\$ 2,018,135	\$ 2,638,261	\$ 3,208,178	\$ 4,239,563	\$ 5,136,164
2,278,466	4,033,916	4,838,684	5,272,941	5,761,207	5,997,781
380,431	503,733	536,271	635,867	647,022	645,118
447,891	511,483	544,308	506,924	535,319	768,038
24,231	6,787	18,576	51,335	90,344	58,472
91,984	84,431	610,310	218,900	172,108	82,589
260,000	280,000	1,290,000	(110,128)	546,024	732,252
	(1,414,381)	(1,682,824)	(1,811,608)	(1,951,121)	#REF!
<u>5,299,061</u>	<u>6,024,104</u>	<u>8,793,586</u>	<u>7,972,409</u>	<u>10,040,466</u>	<u>#REF!</u>
965,017	1,144,993	1,710,552	1,485,288	1,146,178	741,902
45,936	4,756	3,814	9,805	9,801	203
5,519	17,904	3,443	7,843	9,564	12,398
(260,000)	(280,000)	(1,290,000)	110,128	(546,024)	(732,252)
<u>756,472</u>	<u>887,653</u>	<u>427,809</u>	<u>1,613,064</u>	<u>619,519</u>	<u>22,251</u>
<u>\$ 6,055,533</u>	<u>\$ 6,911,757</u>	<u>\$ 9,221,395</u>	<u>\$ 9,585,473</u>	<u>\$ 10,659,985</u>	<u>#REF!</u>
\$ (1,098,292)	\$ (1,389,207)	\$ 1,207,914	\$ (441,691)	\$ (576,700)	#REF!
<u>857,996</u>	<u>2,139,045</u>	<u>1,474,066</u>	<u>1,426,061</u>	<u>2,282,252</u>	<u>1,978,095</u>
<u>\$ (240,296)</u>	<u>\$ 749,838</u>	<u>\$ 2,681,980</u>	<u>\$ 984,370</u>	<u>\$ 1,705,552</u>	<u>#REF!</u>

CITY OF BUDA, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
General fund				
Unassigned				402,686
Total General fund	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 402,686</u>
All other governmental funds				
Nonspendable:				
Prepaid items				
Restricted:				
Debt service	26,424	107,083	188,779	317,385
Capital projects	3,418,600	609,063	509,714	
Public safety				
Tourism				
Assigned:				
Parks				
Library				
Unassigned				
Total all other governmental funds	<u>\$ 3,445,024</u>	<u>\$ 716,146</u>	<u>\$ 698,493</u>	<u>\$ 317,385</u>

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
1,321,950	723,596	2,076,334	2,406,512	4,084,004	5,366,985
<u>\$ 1,321,950</u>	<u>\$ 723,596</u>	<u>\$ 2,076,334</u>	<u>\$ 2,406,512</u>	<u>\$ 4,084,004</u>	<u>\$ 5,366,985</u>
337,998	408,813	880,907	791,745	1,109,985	997,562
		494,526	7,526,118	52,353,443	35,152,628
				50,192	58,768
				912,694	1,117,283
				391,964	796,018
				25,609	27,446
				(121,450)	
<u>\$ 337,998</u>	<u>\$ 408,813</u>	<u>\$ 1,375,433</u>	<u>\$ 8,317,863</u>	<u>\$ 54,722,437</u>	<u>\$ 38,149,705</u>

CITY OF BUDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes:				
Property taxes	\$ 754,101	\$ 1,140,033	\$ 1,310,813	\$ 1,726,742
Sales and use taxes	1,985,546	1,913,627	1,711,038	2,038,795
Hotel occupancy taxes		116,424	191,281	255,853
Franchise taxes	242,860	299,296	380,391	403,019
Fees and charges for services	2,051,263	1,322,565	871,680	978,982
Contributions	27,912	258,597	177,783	247,860
Grants and contributions	2,641,407	476,803	302,204	456,993
Investment earnings	178,312	48,115	12,528	20,081
Miscellaneous	195,053	84,553	156,456	146,229
Total Revenues	8,076,454	5,660,013	5,114,174	6,274,554
Expenditures				
Administration	556,990	1,126,601	955,271	803,327
Finance			264,411	219,351
Streets and Drainage	6,952,836	3,194,836	888,827	3,031,657
Engineering and Planning	746,028	658,737	835,547	898,799
Fleet Maintenance		80,453	60,639	75,693
Parks and Recreation	1,386,553	672,097	717,061	1,010,993
Library	345,324	336,041	307,736	303,251
Sanitation		459,574		
Community / Economic development	36,900	47,245	315,007	185,857
Non-departmental	1,129,846			
Public Safety	407,314	559,871	750,595	722,090
Municipal Court			64,122	62,157
Animal Control				
Information Technology				
Debt Service:				
Principal	357,715	425,353	453,950	1,002,583
Interest and other charges	519,233	479,477	414,033	371,605
Bond issue costs	114,380			
Fiscal agent fees	11,350	300	300	
Capital outlay				
Total Expenditures	12,564,469	8,040,585	6,027,499	8,687,363
Excess of revenues over (under) expenditures	(4,488,015)	(2,380,572)	(913,325)	(2,412,809)
Other Financing Sources (Uses)				
Certificates of obligation issued				
General obligation bonds issued				
Proceeds from bond issues	9,050,000			580,000
Proceeds from note	384,619			
Refunding bonds issued	(2,564,000)			
Premium (discount) on debt issued				
Payments to refunded bond escrow agent				
Capital leases				
Transfers in	720,584	209,547	373,255	
Transfers (out)	(762,593)		(210,000)	
Sales tax payment to EDC				
Total other financing sources (uses)	6,828,610	209,547	163,255	580,000
Net change in fund balances	\$ 2,340,595	\$ (2,171,025)	\$ (750,070)	\$ (1,832,809)
Debt service as a percentage of noncapital expenditures	7.9%	11.3%	14.4%	15.8%

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,795,120	\$ 1,997,198	\$ 2,638,261	\$ 3,182,993	\$ 4,231,646	\$ 5,127,076
2,278,466	4,033,916	4,838,684	5,272,941	5,761,207	5,997,781
380,431	503,733	536,271	635,867		645,118
447,891	511,483	544,308	506,924	1,182,341	768,038
1,033,771	1,116,480	1,575,071	1,350,494	1,410,919	1,937,392
463,473	204,432				
57,384		918,514	467,130	40,060	250,132
24,231	6,787	18,576	51,335	251,387	526,889
509,763	84,431	610,310	218,900	172,108	82,589
<u>6,990,530</u>	<u>8,458,460</u>	<u>11,679,995</u>	<u>11,686,584</u>	<u>13,049,668</u>	<u>15,335,015</u>
1,238,577	1,248,994	1,455,938	1,384,556	1,621,675	1,616,478
295,879	480,871	450,853	468,891	624,354	597,430
942,550	1,021,650	1,361,675	3,323,876	928,308	1,065,613
926,644	1,000,513	1,293,695	1,191,654	1,289,108	1,119,518
86,248	86,769	91,695	108,262	146,154	181,626
929,543	1,028,018	1,420,132	1,647,827	1,432,252	1,169,311
317,004	328,547	374,149	406,882	471,690	479,774
187,798	112,995	176,008	195,323	193,556	221,388
778,375	1,168,184	1,222,013	1,456,785	1,605,344	1,890,164
65,842	67,224	96,462	125,949	125,667	125,740
66,706	70,761	70,560	77,050	81,304	87,235
100,797	146,859	209,183	167,692	342,973	277,450
635,000	665,000	690,000	710,000	2,077,495	1,389,720
368,986	340,982	318,976	657,119	1,039,470	2,145,199
			<u>2,078,349</u>	<u>4,483,718</u>	<u>16,752,286</u>
<u>6,939,949</u>	<u>7,767,367</u>	<u>9,231,339</u>	<u>14,000,215</u>	<u>16,463,068</u>	<u>29,118,932</u>
50,581	691,093	2,448,656	(2,313,631)	(3,413,400)	(13,783,917)
				3,655,000	
				41,150,000	
		3,433,902	9,430,000		
				5,038,680	
			376,289		
260,000	280,000	1,430,710	509,574	901,343	853,967
		(140,710)	(619,702)	(346,516)	(323,635)
	(1,414,381)	(1,682,824)	(1,811,608)	(1,951,121)	(2,036,166)
<u>260,000</u>	<u>(1,134,381)</u>	<u>3,041,078</u>	<u>7,884,553</u>	<u>48,785,386</u>	<u>(1,505,834)</u>
<u>\$ 310,581</u>	<u>\$ (443,288)</u>	<u>\$ 5,489,734</u>	<u>\$ 5,570,922</u>	<u>\$ 45,371,986</u>	<u>\$ (15,289,751)</u>
15.7%	14.0%	13.1%	16.8%	24.2%	29.5%

CITY OF BUDA, TEXAS
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Retail trade	\$ 105,567,710	\$ 110,852,464	\$ 116,342,049	\$ 114,112,784
Accommodation/Food Services	21,710,263	22,247,807	23,544,086	24,613,462
Wholesale trade	7,443,204	6,521,550	4,680,938	3,988,302
Construction	18,778,232	12,857,392	6,896,768	9,149,031
Information	631,139	751,221	744,450	910,652
Professional/Scientific/Technical Services	458,739	587,727	667,759	541,594
Arts/Entertainment/Recreation		133,783	109,211	113,131
Manufacturing	13,692,997	11,099,027	10,003,210	13,349,552
Other services (except public administration)	1,682,419	2,604,796	2,862,095	2,874,478
Admin/Support/Waste Mgmt/Remediation Services	11,857,106	9,919,123	7,562,464	7,425,917
Real Estate/Rental/Leasing	282,432	1,325,236	2,301,878	2,175,350
Utilities	-	-	-	-
Management of Companies/Enterprises	-	-	-	-
Transportation/Warehousing	-	-	103,318	111,893
Health Care/Social Assistance	-	-	-	-
Finance/Insurance	400	203	682	1,697
Educational services	-	-	-	-
Mining/Quarrying/Oil and Gas Extraction	-	-	-	-
Public administration	-	-	-	-
Agriculture/Forestry/Fishing/Hunting	-	-	-	-
Other	-	-	-	-
	<u>\$ 182,104,641</u>	<u>\$ 178,900,329</u>	<u>\$ 175,818,908</u>	<u>\$ 179,367,843</u>

Source of information: Texas State Comptrollers Office.
<https://mycpa.cpa.state.tx.us/allocation/HistSales.jsp>

Note: Taxable sales for calendar year 2017 were not available at the date of this report.

Sales tax rates for the past ten fiscal years were as follows:

City of Buda	1.50%
Buda 4B Development Corporation	0.25%
Dupre LGC	<u>0.25%</u>
Totals	<u>2.00%</u>

	2011	2012	2013	2014	2015	2016
\$	138,642,219	\$ 180,154,966	\$ 208,086,412	\$ 212,808,683	\$ 197,092,682	\$ 203,879,034
	27,829,630	29,746,181	32,736,395	36,788,899	38,649,428	42,789,703
	17,119,043	29,407,621	29,326,258	33,157,789	32,429,162	40,300,025
	12,249,623	25,440,622	28,814,783	34,743,961	24,882,185	22,519,096
	1,054,188	1,650,123	1,587,705	1,445,364	1,334,990	1,233,615
	939,443	1,122,451	1,385,982	1,741,185	2,442,752	2,431,742
	229,773	425,233	449,106	629,770	617,183	511,291
	16,690,592	16,958,092	19,161,545	21,949,436	23,844,405	31,694,502
	4,312,500	4,777,877	5,875,178	5,945,242	7,649,862	8,174,858
	8,840,534	10,581,561	12,485,484	12,740,002	12,026,794	18,258,427
	5,908,282	11,078,162	9,489,733	8,129,479	8,319,878	12,534,527
	-	-	-	-	-	-
	-	-	-	-	-	-
	203,327	234,219	145,440	193,016	220,650	224,954
	-	-	-	-	-	382
	2,128	4,656	361	126,388	322,606	335,478
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	234,021,282	\$ 311,581,764	\$ 349,544,382	\$ 370,399,214	\$ 349,832,577	\$ 384,887,634

(This page intentionally left blank.)

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

Fiscal Year	Tax Year	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2008	2007	\$ 408,571,948	\$ 0.18700	\$ 408,571,948	100.00%
2009	2008	503,957,170	0.22500	503,957,170	100.00%
2010	2009	577,068,961	0.32500	577,068,961	100.00%
2011	2010	652,324,030	0.25670	652,324,030	100.00%
2012	2011	686,556,021	0.26660	686,556,021	100.00%
2013	2012	728,795,052	0.27130	728,795,052	100.00%
2014	2013	859,220,109	0.29790	859,220,109	100.00%
2015	2014	1,037,772,358	0.29780	1,037,772,358	100.00%
2016	2015	1,239,828,897	0.34750	1,239,828,897	100.00%
2017	2016	1,435,526,271	0.37040	1,435,526,271	100.00%

Source: Official statement for tax years 2007-2010

Source: Hays Central Appraisal District for tax years 2011-2016

Note: All properties are assessed at 100% of actual taxable value. Tax rates are per \$100 of assessed value.

CITY OF BUDA, TEXAS
PROPERTY TAX RATES (A)
DIRECT AND OVERLAPPING GOVERNMENTS (B)
Last Ten Fiscal Years

Fiscal Year	2008	2009	2010	2011
Tax Year	2007	2008	2009	2010
Tax Rates				
City of BUDA				
Operating tax rate	\$ 0.07940	\$ 0.04480	\$ 0.18120	\$ 0.08770
Debt service tax rate	0.10760	0.18020	0.14380	0.16900
Total tax rate	<u>\$ 0.18700</u>	<u>\$ 0.22500</u>	<u>\$ 0.32500</u>	<u>\$ 0.25670</u>

Source: Central Appraisal District Website

- (A) Tax rate per \$100 assessed valuation
- (B) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.

<u>2012</u> <u>2011</u>	<u>2013</u> <u>2012</u>	<u>2014</u> <u>2013</u>	<u>2015</u> <u>2014</u>	<u>2016</u> <u>2015</u>	<u>2017</u> <u>2016</u>
\$ 0.15490	\$ 0.12530	\$ 0.11480	\$ 0.11730	\$ 0.11770	\$ 0.11930
<u>0.11170</u>	<u>0.14600</u>	<u>0.18310</u>	<u>0.18050</u>	<u>0.22980</u>	<u>0.25110</u>
<u>\$ 0.26660</u>	<u>\$ 0.27130</u>	<u>\$ 0.29790</u>	<u>\$ 0.29780</u>	<u>\$ 0.34750</u>	<u>\$ 0.37040</u>

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

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy	
				Amount	Percent of Levy
2008	2007	\$ 0.18700	\$ 818,902	\$ 809,679	99.5%
2009	2008	0.22500	1,148,228	1,132,505	99.6%
2010	2009	0.32500	1,283,930	1,276,288	99.5%
2011	2010	0.25670	1,681,127	1,673,650	99.4%
2012	2011	0.26660	1,834,963	1,824,750	97.9%
2013	2012	0.27130	1,983,974	1,973,804	98.4%
2014	2013	0.29790	2,572,060	2,599,979	98.9%
2015	2014	0.29780	3,107,209	3,144,466	99.0%
2016	2015	0.34750	4,331,052	4,315,905	99.4%
2017	2016	0.37040	5,329,251	5,333,908	100.1%

**Collections
(Refunds) in
Subsequent
Years**

Total Collections to Date

Amount	Amount	Percent of Levy
\$ 8,314	\$ 817,993	99.9%
15,562	1,148,068	100.0%
7,406	1,283,695	100.0%
5,365	1,680,876	100.0%
5,546	1,834,012	99.9%
3,377	1,982,906	99.9%
(35,468)	2,570,415	99.9%
(42,287)	3,104,468	99.9%
6,896	4,326,362	99.9%
	5,325,908	99.9%

CITY OF BUDA, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Seven Years Ago

Taxpayer	Fiscal Year 2017			Fiscal Year 2010		
	Tax Year 2016			Tax Year 2009		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
Texas LeHigh Cement Co.	\$ 86,505,563	1	6.0%			
MFT - Silverado II LLC	28,500,000	2	2.0%			
Cabela's Retail TX LP	16,768,047	3	1.2%	\$ 20,041,679	1	3.5%
BES Carrington Oaks Fund XI LLC	15,428,911	4	1.1%			
Sam's East Inc.	14,060,010	5	1.0%	13,198,360	3	2.3%
Capital Excavation Inc.	11,081,404	6	0.8%	8,288,945	4	1.4%
Cabela's Retail TX LP	11,021,397	7	0.8%	14,512,104	2	2.5%
BES Carrington Oaks Fund X LLC	10,279,583	8	0.7%			
H E Butt Grocery Co LP	8,353,090	9	0.6%	7,598,458	6	1.3%
DS Buda Shop LP	6,626,070	10	0.5%			
Wal-Mart Supercenter #4219				8,199,106	5	1.4%
Silverado Buda Development				4,329,690	8	0.8%
Centex Homes				4,392,461	7	0.8%
Universal Lodging Inc.				4,292,420	9	0.7%
Capital City Container				3,555,636	10	0.6%
	<u>208,624,075</u>		14.7%	<u>88,408,859</u>		15.3%
Other taxpayers	<u>1,226,923,319</u>		85.3%	<u>488,660,102</u>		84.7%
Total Assessed Valuation	<u>\$ 1,435,547,394</u>		<u>100.0%</u>	<u>\$ 577,068,961</u>		<u>100.0%</u>

Source - Hays Central Appraisal District

Note - Assessed valuation is net of exemptions

Note - Information is not available for nine years ago. This will be updated as the years progress

CITY OF BUDA, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	Tax Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value* of Property	Per Capita**
2008	2007	\$ 53,805,000	\$ 26,424	\$ 53,778,576		\$ 7,974
2009	2008	17,914,104	113,976	17,800,128		2,287
2010	2009	20,334,104	189,288	20,144,816		2,665
2011	2010	15,959,402	317,894	15,641,508		1,808
2012	2011	7,790,000	349,722	7,440,278	1.1%	793
2013	2012	7,310,000	420,537	6,889,463	0.9%	678
2014	2013	6,740,000	892,631	5,847,369	0.7%	510
2015	2014	15,590,000	806,368	14,783,632	1.4%	1,079
2016	2015	54,865,000	1,132,554	53,732,446	4.3%	3,577
2017	2016	53,805,000	997,562	52,807,438	3.7%	3,214

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

* See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

** Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF BUDA, TEXAS**RATIOS OF OUTSTANDING DEBT BY TYPE***Last Ten Fiscal Years*

Governmental Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Capital Leases	Tax Note	Issuance Premiums/ (Discounts)
2008	\$11,099,104	\$	\$213,584	\$ 378,510	\$
2009	10,749,104		149,300	367,441	
2010	10,374,104		82,220	355,571	
2011	10,359,403		140,892		
2012	2,525,000	7,200,000	91,317		
2013	2,305,000	6,755,000	45,624		
2014	2,080,000	9,725,000	45,624		
2015	11,285,000	9,240,000			376,289
2016	50,925,000	12,385,000	295,892		5,398,571
2017	50,240,000	11,710,000	76,442		5,130,958

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

Business-Type Activities

General Obligation Bonds	Certificates of Obligation	Capital Leases	Total Primary Government	Percentage of Personal Income*	Percentage of Actual Taxable value of Property	Per Capita*
\$ 7,640,000	\$	\$	\$ 19,331,198	10.4%		\$2,866
7,165,000		527,667	18,958,512	12.4%		2,436
9,960,000		453,809	21,225,704	12.5%		2,808
5,599,999	6,609,702	557,229	23,267,225	13.4%		2,689
5,265,000	6,380,000	433,408	21,894,725	10.2%	3.2%	2,334
5,005,000	6,110,000	304,588	20,525,212	8.5%	2.8%	2,019
4,660,000	6,845,000	163,233	23,518,857	8.6%	2.7%	2,052
4,305,000	10,140,000	31,652	35,377,941	11.1%	3.4%	2,581
3,940,000	10,850,000		83,794,463	22.6%	6.8%	5,578
3,565,000	10,285,000	136,616	81,144,016	15.4%	5.7%	4,939

*See the Schedule of Demographic and Economic Statistics for personal income and population data.

(This page intentionally left blank)

CITY OF BUDA, TEXAS
DIRECT AND ESTIMATED OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
September 30, 2017

Taxing Jurisdiction	Gross Debt	Overlapping	
		Estimated Percentage *	Amount
Hays CISD	\$ 435,245,000	23.00%	\$ 100,106,350
Hays County	436,200,000	8.44%	36,815,280
Austin Community College District	297,583,965	0.75%	2,231,880
Total Overlapping Debt			\$ 139,153,510
City of Buda	62,026,442	100.00%	<u>61,950,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 201,103,510</u></u>
Ratio of Direct and Overlapping Funded Debt to 2016 Taxable Assessed Valuation			14.01%
Per Capita Debt - Direct and Overlapping			\$ 12,242

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

Fiscal Year	Population	Personal Income¹ (\$000's)	Per Capita Income¹	Median Age²	Educational¹ Attainment*	Unemployment Rate²
2008	6,744	186,060	27,589	-	0%	4.3%
2009	7,784	153,040	26,409	33.3	96%	6.6%
2010	7,558	169,175	26,059	29.3	93%	7.0%
2011	8,652	173,362	26,708	30.3	89%	6.7%
2012	9,382	214,044	27,319	30.2	88%	5.8%
2013	10,166	241,170	28,184	31.0	88%	5.3%
2014	11,461	272,799	28,889	32.6	88%	4.3%
2015	13,705	319,426	29,979	33.3	90%	3.4%
2016	15,023	371,544	31,128	33.9	90%	3.3%
2017	16,428	526,057	32,022	33.9	90%	3.3%

Data Sources:

1 - U.S. Census; ESRI

2 - Texas Workforce Commission

Note: Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.

CITY OF BUDA, TEXAS

PRINCIPAL EMPLOYERS

Current Year

Employer	2017		
	Employee s	Rank	Percentage of Total City Employment
Wal-Mart	325	1	0.50%
US Foods	300	2	0.46%
Capital Excavation	300	3	0.46%
Dynamic Systems	200	4	0.31%
Fat Quarter Shop	160	5	0.25%
Texas Lehigh	160	6	0.25%
ProBuild	130	7	0.20%
Cabela's	120	8	0.19%
Cap City Steel	100	9	0.15%
Jardines	75	10	0.12%
	<u>1,870</u>		<u>2.89%</u>

Source: Total employment estimates were obtained from the City's Economic Development Website

Note - information not available for nine years ago

CITY OF BUDA, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30,			
	2008	2009	2010	2011
Governmental Activities:				
General government	8.5	8.0	6.8	7.5
Public safety - Police	1.0	1.0	11.0	11.0
Public works	11.1	11.6	11.2	7.5
Build & Dev	4.0	3.0	4.0	5.0
Community services	15.5	14.0	13.0	13.0
Environmental & Neighborhood Services				
Other			1.0	1.0
Business-type activities:				
Enterprise	10.9	10.4	10.8	14.5
Total	51.0	48.0	57.8	59.6

Source: Budget Office

Note: Enterprise includes Water and Wastewater; Other includes Hotel/Motel and Propositions.

Full-time Equivalent Employees as of September 30,

2012	2013	2014	2015	2016	2017
7.5	12.0	12.0	14.0	13.5	15.5
12.0	15.0	18.0	20.0	22.0	23.8
7.9	8.5	9.7	9.7	7.7	9.1
5.0	6.0	6.0	7.0	7.0	4.7
12.5	13.3	14.3	15.3	15.3	16.8
1.8	1.3	1.3	1.3	1.3	2.3
13.2	13.0	14.8	14.8	18.8	22.4
59.8	69.0	76.0	82.0	85.6	94.6

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

Function	Fiscal Year			
	2008	2009	2010	2011
City of BUDA				
Population	6,744	7,784	7,558	8,652
Square miles	4.8	5.1	5.2	5.3
Acres	3,061	3,254	3,347	3,376
Budgeted full time equivalent employees	51.0	48.0	57.8	59.6
Police				
Physical arrests	N/A	N/A	N/A	153
Traffic violations	N/A	N/A	N/A	
Parking violations	N/A	N/A	N/A	
Calls for service	N/A	N/A	N/A	7,783
Parks and recreation				
Special events	5	5	5	5
Water				
New connections	170	143	166	193
Water main breaks	2	2	1	2
Annual Rainfall (inches)	17.5	34.4	36.8	18.1
Average daily production (MG)	0.61	0.50	0.70	0.60
Sewer				
Average daily WW treatment (MG)	0.83	0.83	0.94	0.86
Community Development				
Building Permits issued (residential only)	379	382	380	296

Source: Various City Departments.

Fiscal Year					
2012	2013	2014	2015	2016	2017
9,382	10,166	11,461	13,705	15,023	16,428
6.7	7.7	7.7	8.0	9.2	9.2
4,301	4,958	4,958	5,115	5,875	5,904
59.8	65.8	72.8	77.8	85.5	94.5
82	142	131	209	169	297
7,696	9,748	9,032	10,148	11,932	14,453
5	5	5	5	7	7
298	319	233	156	42	45
1	1	2	1	1	1
42.3	52.3	44.4	69.3	59.8	47.9
0.60	0.52	0.55	0.45	0.56	0.60
0.91	1.31	1.30	1.16	1.17	1.06
282	306	456	437	354	124

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

Function	Fiscal Year			
	2007	2008	2009	2010
General government				
Municipal buildings	4	4	4	4
Conference center	-	-	-	-
Public safety				
Police Protection				
Stations	-	-	-	-
Highways and streets	52	52	52	53
Linear miles of sidewalks	100	100	100	102
Storm sewers (miles)	N/A	N/A	N/A	N/A
Traffic signals	1	1	2	2
Parks and recreation				
Parks	13	13	14	14
Community centers				
Parks acreage				
Developed	64	64	133	133
Undeveloped	194	194	125	125
Water				
Water wells	4	4	4	4
Water mains (miles)	28	30	30	35
Fire hydrants	493	495	495	500
Maximum daily demand (MG)	N/A	N/A	1,507	1,649,700
Groundwater				
Waste water				
Waste water treatment plants	1	1	1	1
Sanitary sewers (miles)	76	76	76	77
Max daily efficiency flow (MG)	0.6	0.6	0.5	0.7

Source: Various City Departments.

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
4	5	5	5	6	7	7
-	-	-	-	-		-
1	1	1	1	1	1	1
53	54	54	55	56	58	61
102	104	104	106	108	112	118
N/A	N/A	N/A	N/A	N/A	N/A	
2	2	2	2	2	2	2
14	15	15	15	16	18	18
133	148	148	148	152	369	369
125	125	125	125	125	40	40
4	4	4	4	5		5
35	36	37	38	50	51	53
500	505	510	520	620	630	680
1,988,800	1,739,300	2,097,200	2,165,600	2,098,300	1,630,130	2,099,300
1	1	1	1	1	1	1
77	78	78	79	81	85	90
0.6	0.6	0.5	0.6	0.5	0.6	0.6