

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended September 30, 2017



City of Melissa

3411 Barker Avenue | Melissa, Texas 75454

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***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

City of Melissa, Texas

**For the Year Ended
September 30, 2017**

Prepared by:

Jason Little
City Manager

Gail Dansby
Director of Finance

City of Melissa, Texas

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September 30, 2017

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INTRODUCTORY SECTION

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City of Melissa

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March 22, 2018

To the Honorable Mayor and City Council, and
Citizens of the City of Melissa, Texas

The City's Management Team is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Melissa (the "City") for the fiscal year ending September 30, 2017. The City's Management Team assumes responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. To enable the reader to gain an understanding of the City's financial activities, all necessary disclosures have been included.

In accordance with the City's Charter, bond covenants and Chapter 103 of the Texas Local Government Code, the City is required to obtain an annual audit of the books of account, financial records, and transactions of all administrative departments of the City. The City's financial statements have been audited by BrooksWatson & Company, PLLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2017, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The Comprehensive Annual Financial Report (CAFR) is prepared in accordance with GAAP in the United States of America established by the Government Accounting Standards Board. The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the management's discussion and analysis (MD&A),

the government-wide and fund financial statements, notes to basic financial statements, required supplemental information, other supplemental information, as well as the independent auditors' report on the basic financial statements. The statistical section includes selected financial and demographic information which is presented on a multi-year basis.

The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A can be found immediately following the independent auditors' report. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

The Reporting Entity

The City of Melissa was founded in 1851 and is a Home Rule City operating under a Council-Manager form of government adopted in the City's Home Rule Charter in November 2011. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a six-member Council. The City Manager is appointed by the City Council and is responsible for carrying out policies and for the daily management of the City. Effective May 2012, Council Members will serve three-year staggered terms and are elected in an "at-large" system. The Mayor is elected to serve a three-year term and is also elected at-large.

The City of Melissa provides a full range of municipal services including police and fire protection, water and wastewater services, the construction and maintenance of streets, infrastructure and other related facilities, code enforcement, building inspection, parks, library, public improvements, planning and zoning, economic development, and general administrative services. Technical services such as engineering, legal, and solid waste/recycling are outsourced to the private sector.

The accompanying CAFR incorporates all funds of the City and includes all government activities, organizations and functions for which the City is financially accountable. The criteria used in determining activities to be reported within the City's basic financial statements are based upon and consistent with those set forth by the Governmental Accounting Standards Board.

Component units are legally separate organizations that a primary government must include as a part of its financial entity. The City has included financial statements for the Melissa Industrial and Economic Development Corporation (4A) and the Melissa Community and Economic Development Corporation (4B). The 4A and 4B Funds account for the local sales tax used to stimulate local economy, development, and redevelopment.

The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by Fund and department (e.g. police). Department heads may transfer resources within a department with the City Manager's approval. Any amendments and adjustments to the annual budget need approval from the governing Council.

The City of Melissa

The City of Melissa is a fast growing North Texas community with a population of approximately 10,500. It is located seven miles northeast of McKinney just off State Highway 75, in north central Collin County. Melissa is in a dynamic growth area with a region encompassing nine counties and spanning one hundred miles with a population of over four million. Melissa's close proximity to Dallas and its suburbs offer easy access to all parts of the Metroplex.

From this community came many individuals and families who have been prominent in the business and professional life of Collin County. Some of the first settlers came from the old Highland community, which was located north of present day Melissa. It was here that C.H. Wysong settled as early as 1846. A Post Office was established and Isaac N. Foster became the first Postmaster on September 9, 1853. The location of the Post Office was located at Foster Crossing about 3 miles north of Melissa. The rich soils of the Blackland Prairie and the waters of the Elm Fork of the Trinity River attracted settlers to the area in the 1840s. In 1872, the Houston and Texas Central Railroads were built through the community, and the town of Melissa was laid out. Sources disagree as to the origin of the name of the town. Some say that Melissa was named for Melissa Quinlan, daughter of George A. Quinlan, an official of the Houston and Texas Central Railroad. Others say that it received its name for Melissa Huntington, daughter of C. P. Huntington, a prominent railroad executive.

In 1886 Melissa had a flourmill, two cotton gins that shipped 3,000 bales of cotton annually and several business houses. It became a stop on the Interurban (The Texas Electric Railway), linking Dallas and Denison in 1908. Due to this transportation network, it made Melissa a commercial and community center for area farmers. By 1914, Melissa's population had reached 400. Unlike many rural communities in Texas, Melissa had electric lights, a telephone exchange, and paved roads before 1920. It also had five churches, a large school, and a number of businesses, including a bank. A tornado struck the town on April 13, 1921, killing thirteen people, injuring fifty-four, and demolishing many homes and businesses. Eight years later, on August 8, 1929, a fire destroyed many of the buildings that had been rebuilt after the tornado.

The Great Depression, the mechanization of farming, and job opportunities in the Dallas metropolitan area after World War II further slowed community growth. The population of Melissa declined from 500 in 1925 to 285 in 1949. In 1966 the population was 375. Melissa was incorporated in the early 1970s. In 1980 it had a population of 604 and nine businesses. Melissa encompasses approximately twenty-one square miles of rolling hills situated between the East fork of the Trinity River and Sister Grove Creek. The City of Melissa is located a short distance from two popular Texas lakes, Lake Lavon and Lake Texoma. Melissa has three intersecting highways, Highway 75, State Highway 121 and Highway 5 (McKinney Street) all of which provide easy access south to Dallas, Austin and San Antonio, and north to Oklahoma. Highway 75 also intersects with Interstate 635, the major business loop around Dallas. State Highway 121 runs northeast and southwest providing access south to DFW International Airport and south to the Dallas North Tollway.

Economic Condition and Outlook

By most measures, Melissa is a city on the rise and continues to attract new residents at a brisk pace. The 2000 Census estimated the population to be 1,350, while the 2018 population estimate is approximately 10,500 residents. Even with the national economic slowdown, people continue to relocate to Melissa because it is a great place to live, attend quality schools, and raise a family, and the City has taken the initiative through comprehensive planning to define what it wants to look like in the face of the future growth.

The City continues to focus on the development of its infrastructure systems through a systematic and planned approach. The City felt that being prepared for the growth in the community will allow the City to grow at the pace and standards it wants. Beginning in 2006, the City adopted its first ever Comprehensive Plan to set the ground work for action planning in the future. In early 2007, staff began planning for the infrastructure that would be needed if the City grows at the pace the Comprehensive Plan anticipates. The City has since adopted Capital Improvement Programs (CIP's) for transportation, water/wastewater and parks/trails system. Both the Comprehensive Plan and CIP's were reviewed, updated and adopted in 2015 and look at the needs and priorities for the community for the next ten years.

The CIP models are built upon the projects that will be needed over the next ten year planning period if the assumed growth is consistent with the Comprehensive Plan projections. Projects are initiated by need or stress placed upon the system by growth. Examples of these triggers include the growth in the tax base or increased water customers. In addition to the tangible triggers, the City Council will also evaluate the subjective factors such as general economic conditions, leveraging of

City funds with outside sources, and economic development opportunities. This data, both objective and subjective, are used by the City Council when initiating a project.

The models are also built with flexibility in the project schedule. If the triggers do not materialize in a given year, the proposed projects are delayed to a future year. If the triggers accelerate past the projections, projects may be moved forward in the plan. Lastly, the plan also allows for the City to be proactive with economic development opportunities by moving a project forward to capture an unforeseen opportunity.

The CIPs again are based upon the assumption of growth. If the growth does not materialize in the manner in which assumed, the projects are not constructed and delayed until appropriate. If the City does not plan aggressively, then the growth that will eventually occur will overwhelm the infrastructure systems. Services, residents, and businesses all suffer when infrastructure systems are at capacity. Appropriate planning is the key to being proactive.

Financial Planning and Fiscal Policies

The City maintains several master plans to guide the City's long-term financial planning process. The following is a list of the plans utilized by the City and how they may impact the FY18 budget.

Comprehensive Plan:

Overview: The City adopted its first Comprehensive Plan in 2006 with the help of an outside consulting firm. The document reviewed many building blocks for community development including utilities, thoroughfares, parks, facilities, housing, and many other issues. The action steps that were to be considered in the future were outlined in a specific chapter within the document. These action steps were designed to help the City address any existing issues identified through the study or to help the City proceed in the desired direction. The Comprehensive Plan was updated and adopted in 2015 and is available on the City's website at www.cityofmelissa.com. Action Plans based on the implementation priorities are being drafted for consideration in the FY18 budget.

Capital Improvement Programs:

Overview: The City adopted Capital Improvement Programs for water, wastewater, and transportation in 2007. The plans are for the ultimate growth of each of these systems and total in excess of \$100 million. Each plan is built upon

the assumption of growth in the Melissa tax base/customers/community and established general timelines on what infrastructure needs to be in place if certain growth occurs. If the growth does not occur, the projects are not constructed until the need exists. There are no plans for additional project implementation in FY18 unless an economic development opportunity presents itself. Transportation planning, design, and construction activities were incorporated into the FY 16 budget as a response to the growth in certain corridors within the City. Continued investment in the CIP's are likely in FY 18 and will be evaluated at that time based on the growth and Council priorities. Roadways are a priority for FY18. The reconstruction of Davis Road, Fannin Road and Throckmorton Road are all expected to be completed in FY18.

Strategic Planning:

Overview: The City Council reconfirmed their Vision, Mission, and Strategic Priorities for the next three years and ten year time period. These items are being compiled into a strategy map that will be used in the budget process to evaluate programs and services for funding.

Annually, the City Council reviews and considers adjustments, if necessary, during the budget process. Staff utilizes these policies to measure the proposed budget against and report any variances to the City Council.

Accounting System and Budgetary Control

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual budget approved by the City Council. The budget is

developed and controlled at the department level, although appropriations are set at the fund level.

Other Information

Certificate of Achievement:

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to cities for its comprehensive annual financial report (CAFR) based on certain criteria. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards of preparation of state and local government financial reports. The City submitted and received this award for the CAFR for the fiscal years ended September 30, 2009, September 30, 2010, September 30, 2011, September 30, 2012, September 30, 2013, September 30, 2014, September 30, 2015, September 30, 2016 and will be submitting the CAFR for the fiscal year ended September 30, 2017.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

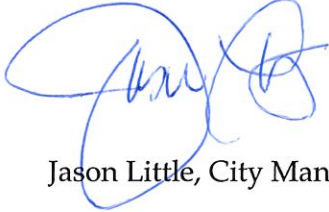
The City is submitting this CAFR for consideration for the Certificate of Achievement for Excellence in Financial Reporting. In addition, the City of Melissa has submitted and received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended September 30, 2018. This is the ninth year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient in several categories including policy documentation, financial planning and organization. The budget for fiscal year 2017 has been submitted for the Distinguished Budget Award.

Acknowledgements:

The preparation of this report could not be accomplished without the efficient and dedicated services of the Administrative Department staff and the Finance Department staff. We would like to express our appreciation to all employees who assisted and contributed to its presentation. Acknowledgement is also given to the representatives of BrooksWatson & Company, PLLC for their assistance in producing the final product.

We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

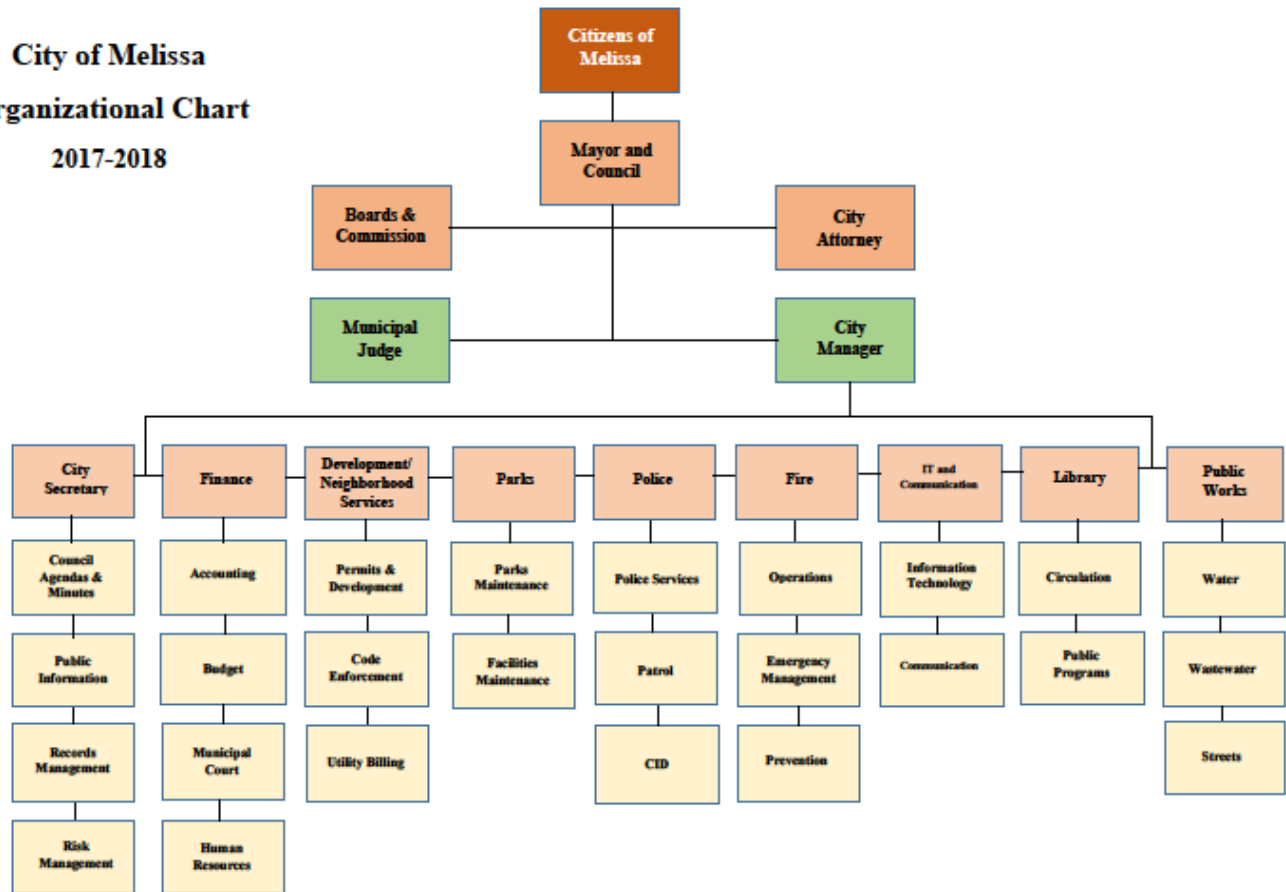
A handwritten signature in blue ink, appearing to read 'Jason Little', with a large, stylized initial 'J'.

Jason Little, City Manager

A handwritten signature in blue ink, appearing to read 'Gail Dansby', with a stylized 'G' and 'D'.

Gail Dansby, Finance Director

City of Melissa
Organizational Chart
2017-2018



CITY OF MELISSA, TEXAS

List of Elected and Appointed Officials



**FISCAL YEAR 2017
OCTOBER 1, 2016- SEPTEMBER 30, 2017**

THE MAYOR AND THE CITY COUNCIL

**MAYOR
REED GREER**

**MAYOR PRO TEM
JAY NORTHCUT**

**CITY COUNCIL MEMBERS
NICCO WARREN
ANTHONY FIGUEROA
STACY JACKSON
CHAD TAYLOR
CRAIG ACKERMAN**

STAFF:

City Manager – Jason Little
Finance Director – Gail Dansby
City Secretary – Linda Bannister
Police Chief – Duane Smith
Fire Chief – Harold Watkins
Development & Neighborhood Services Director – Tyler Brewer
City Librarian – Lorelei Perkins
Public Works Director – Jeff Cartwright
Human Resources Coordinator –Mitzi McCabe
IT & Communications Director – Erin Mynatt



Government Finance Officers Association

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

Presented to

**City of Melissa
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrell

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Melissa, 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 the City of Melissa, 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

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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 and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note IV.E to the financial statements, the 2016 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, schedule of changes in net pension liability and related ratios, and schedule of employee contributions to pension plan 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.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary information is 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 it.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, flowing script.

Brooks Watson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 22, 2018

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

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City of Melissa, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017

As management of the City of Melissa, Texas (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. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the City exceeded its liabilities (net position) at September 30, 2017 by \$29,580,636.
- The City's total net position increased by \$7,404,205. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$17,491,215 at September 30, 2017, an increase of \$4,401,640 from the prior fiscal year; this includes an increase of \$1,007,351 in the general fund, an increase of \$266,861 in the debt service fund, an increase of \$8,235,761 in the transportation fund, and a decrease of \$5,074,748 in the park construction fund.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$1,802,117 or 31% of total general fund operating expenditures.
- The City's outstanding bonds and certificates of obligation payable increased by \$19,912,317 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$65,543,567, including premiums.
- The City's net pension liability totaled \$541,702 as of year end.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide 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.

City of Melissa, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is 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. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City'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 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 governmental activities of the City include general government, culture and recreation, community development, public safety, and public works. The business-type activities of the City include water and sewer, airport, and cemetery operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Taylor Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 22-25 of this report.

FUND FINANCIAL STATEMENTS

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

City of Melissa, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

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 five 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, debt service fund, transportation construction, and park construction funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, and special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 26-35 of this report.

Proprietary Funds

The City maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its public utilities operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary 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 and sewer fund since it is considered a major fund of the City.

The basic proprietary fund financial statements can be found on pages 36-39 of this report.

City of Melissa, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

Component Units

The City maintains the accounting and financial statements for two component units. The Melissa Community and Economic Development Corporations are discretely presented component units displayed on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire 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 41-76 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's changes in net pension liability and employer contributions to the plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Melissa, Texas, assets exceed liabilities by \$29,580,636 as of September 30, 2017, in the primary government.

The largest portion of the City's net position, \$19,203,671, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

City of Melissa, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2017

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and						
other assets	\$ 19,579,023	\$ 6,679,087	\$ 26,258,110	\$ 14,533,396	5,334,838	\$ 19,868,234
Capital assets, net	47,279,946	25,873,738	73,153,684	29,498,892	22,452,962	51,951,854
Total Assets	<u>66,858,969</u>	<u>32,552,825</u>	<u>99,411,794</u>	<u>44,032,288</u>	<u>27,787,800</u>	<u>71,820,088</u>
 Deferred Outflows of						
Resources	<u>956,526</u>	<u>142,982</u>	<u>1,099,508</u>	<u>284,066</u>	<u>55,114</u>	<u>339,180</u>
 Other liabilities	4,190,934	3,156,970	7,347,904	1,545,894	1,538,247	3,084,141
Long-term liabilities	41,087,759	22,495,003	63,582,762	27,805,596	19,080,756	46,886,352
Total Liabilities	<u>45,278,693</u>	<u>25,651,973</u>	<u>70,930,666</u>	<u>29,351,490</u>	<u>20,619,003</u>	<u>49,970,493</u>
 Deferred Inflows of						
Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,338</u>	<u>2,006</u>	<u>12,344</u>
 Net Position:						
Net investment						
in capital assets	15,186,249	4,017,422	19,203,671	2,147,481	3,460,172	5,607,653
Restricted	4,285,243	1,743,306	6,028,549	503,104	924,980	1,428,084
Unrestricted	3,065,310	1,283,106	4,348,416	12,303,941	2,836,753	15,140,694
Total Net Position	<u>\$ 22,536,802</u>	<u>\$ 7,043,834</u>	<u>\$ 29,580,636</u>	<u>\$ 14,954,526</u>	<u>\$ 7,221,905</u>	<u>\$ 22,176,431</u>

Current assets of business-type activities were \$6,679,087 and \$5,334,838 as of September 30, 2017 and September 30, 2016, respectively. The increase of \$1,344,249 or 25% was primarily attributable to more cash reserves and an increase in accounts receivable due to a growing residential base. Governmental activities current assets also increased by \$5,045,627 due primarily to unspent bond proceeds still on hand at yearend. Business-type activities capital assets increased by \$3,420,776 due to sewer construction in progress. Governmental activities capital assets increased by \$17,781,054 due to several major capital projects as well as the purchase of land for \$7,483,268. Long-term liabilities for governmental activities increased by \$13,282,163 due to several new debt issuances.

City of Melissa, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2017

Statement of Activities:

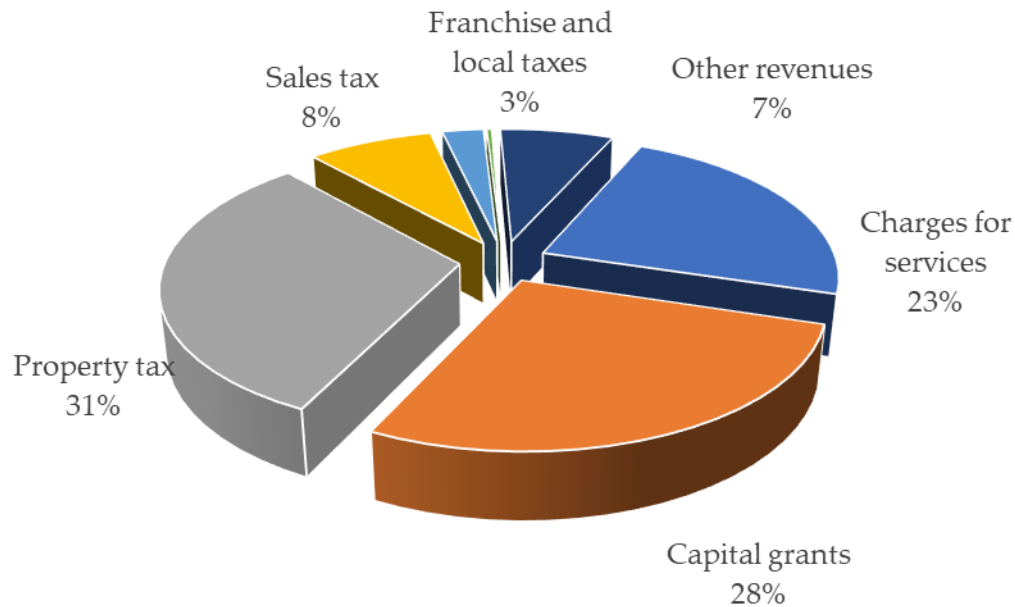
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2017			For the Year Ended September 30, 2016		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities	Primary Government	Activities	Activities	Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 3,324,468	\$ 6,520,093	\$ 9,844,561	\$ 1,895,429	5,446,689	\$ 7,342,118
Operating grants	230,211	-	230,211	202,584	-	202,584
Capital grants	3,910,323	228,532	4,138,855	578,526	840,909	1,419,435
General revenues:						
Property tax	4,489,186	-	4,489,186	3,699,361	-	3,699,361
Sales tax	1,164,060	-	1,164,060	1,128,547	-	1,128,547
Franchise and local taxes	381,507	-	381,507	338,653	-	338,653
Investment income	44,756	24,481	69,237	39,980	16,694	56,674
Other revenues	1,050,656	672,725	1,723,381	270,961	34,594	305,555
Total Revenues	14,595,167	7,445,831	22,040,998	8,154,041	6,338,886	14,492,927
Expenses						
General government	2,795,547	-	2,795,547	2,849,106		2,849,106
Public safety	2,574,120	-	2,574,120	2,134,937		2,134,937
Streets	1,366,345	-	1,366,345	1,009,904		1,009,904
Culture and recreation	755,175	-	755,175	592,874		592,874
Interest and fiscal charges	1,363,825	861,519	2,225,344	1,120,225	1,550,046	2,670,271
Water and sewer	-	4,538,943	4,538,943	-	4,229,428	4,229,428
Sanitation	-	381,319	381,319	-	337,546	337,546
Total Expenses	8,855,012	5,781,781	14,636,793	7,707,046	6,117,020	13,824,066
Change in Net Position						
Before Transfers	5,740,155	1,664,050	7,404,205	446,995	221,866	668,861
Transfers	1,842,121	(1,842,121)	-	423,000	(423,000)	-
Total	1,842,121	(1,842,121)	-	423,000	(423,000)	-
Change in Net Position	7,582,276	(178,071)	7,404,205	869,995	(201,134)	668,861
Beginning Net Position	14,954,526	7,221,905	22,176,431	14,084,531	7,423,039	21,507,570
Ending Net Position	\$ 22,536,802	\$ 7,043,834	\$ 29,580,636	\$ 14,954,526	\$ 7,221,905	\$ 22,176,431

City of Melissa, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2017

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

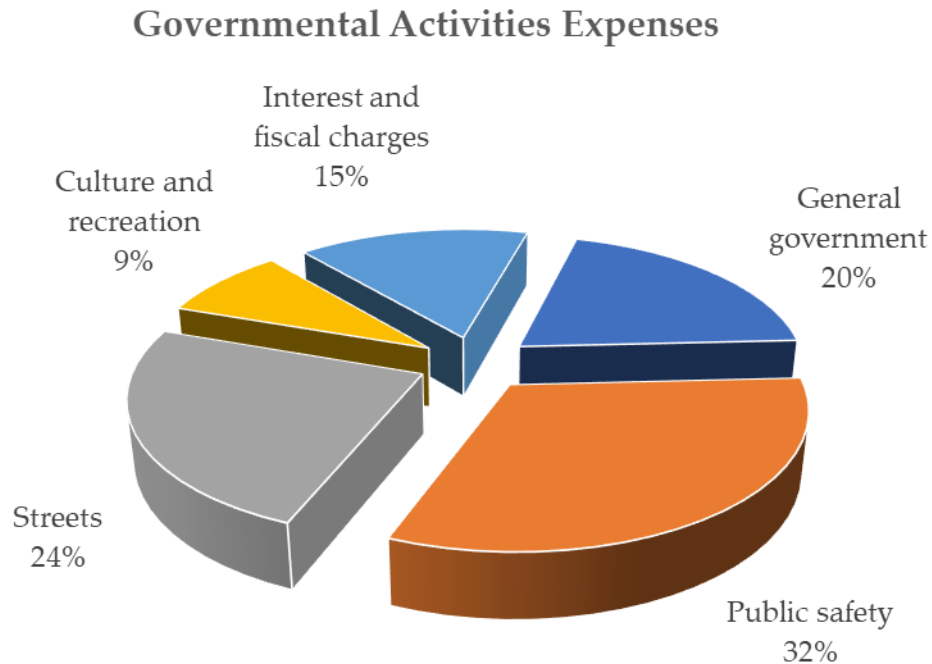
Governmental Activities Revenues



For the year ended September 30, 2017, revenues from governmental activities totaled \$14,595,167. Property tax, charges for services and grants were the City's largest general revenue sources. Overall revenue increased \$6,441,126 or 79% from the prior year. This increase is due to an increase in property tax of \$789,825, an increase in charges for services of \$1,429,039 and an increase in grants of \$3,331,797. Property tax revenue increased due to an increase in the overall taxable property values. Charges for services and other revenues increased due to permitting related revenue resulting from new residential neighborhoods. Grants increased primarily due to a \$3,000,000 grant from Collin County for the purpose of road construction. All other revenues remained relatively stable when compared to the previous year.

City of Melissa, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2017

This graph shows the governmental function expenses of the City:

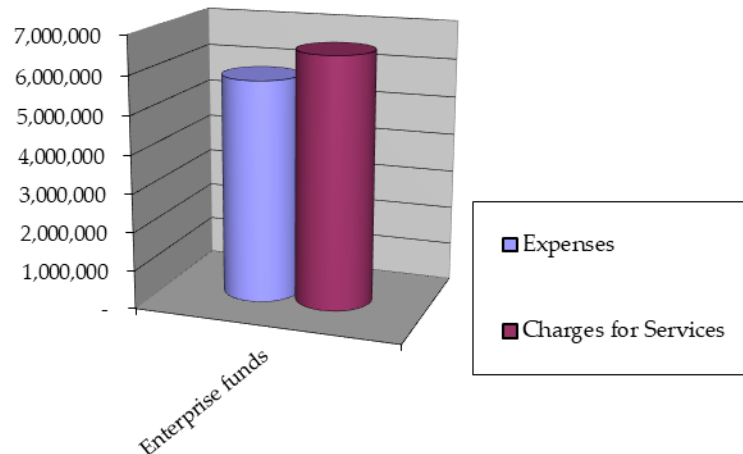


For the year ended September 30, 2017, expenses for governmental activities totaled \$8,855,012. This represents an increase of \$1,147,966 or 15% from the prior year. The City's largest functional expense is public safety totaling \$2,795,547. General government had a slight decrease of \$53,559 when compared to the prior year. Public safety increased \$439,183 due primarily from increased personnel costs. Streets increased to \$356,441 or 35% due when compared to the prior year due to ongoing street maintenance projects. Interest and fiscal charges increased \$243,600 due to new debt issued and related issuance costs. All remaining expenses remained relatively consistent with the previous year.

City of Melissa, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2017

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2017, charges for services by business-type activities totaled \$6,520,093. This is an increase of \$1,073,404, or 20%, from the previous year. This increase directly relates to an increase in the utility rates charged to customers and a growing population.

Total expenses decreased \$335,239 or 5% to a total of \$5,781,781. Water and sewer expenses totaled \$5,400,462 and sanitation totaled \$381,319. Interest and fiscal charges decreased by \$688,527 due to the refunding of debt during the year and a one-time interest accrual for GTUA bonds in the prior year. The largest decrease in expenses was seen in interest and fiscal charges. This decrease was due to the timing of interest payments and the refunding of debt obligations during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At September 30, 2017, the City's governmental funds reported combined fund balances of \$17,491,215, an increase of \$4,401,640 in comparison with the prior year. Approximately 10% of this amount, \$1,767,178, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted* or *committed* to indicate that it is 1) not in spendable form \$51,871, 2) assigned \$1,664,962 or 3) restricted for particular purposes \$14,007,204.

City of Melissa, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2017

As of the end of the year the general fund reflected a total fund balance of \$7,209,645. Of this, \$3,690,695 is considered restricted and \$1,802,117 is unassigned. General fund balance increased by \$1,007,351. This increase can be attributed to positive budget variances in overall revenue combined proceeds from debt issued.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$1,802,117 is 29% of total general fund operating expenditures.

The debt service fund had an ending fund balance of \$645,708 as of year end. Total fund balance increased by \$266,861 from the prior year due to lower than anticipated debt service expenditures.

The transportation construction fund had an ending fund balance of \$9,656,546 at September 30, 2017, an increase of \$8,235,761 when compared to the previous year. This increase was the result of bond proceeds transferred in for capital projects. During the year, the fund recorded total capital outlay of \$4,849,953 spent on various capital projects.

The park construction fund had a decrease in fund balance of \$5,074,748 due to the expenditure of funds on park related projects.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's only proprietary fund, the enterprise fund, totaled \$7,043,834. Unrestricted net position at the close of the fiscal year amounted to \$1,283,106, a total increase of \$178,071 from the previous year. Total investment in capital assets, net of related debt of was \$4,017,422, and capital assets, net of depreciation totaled \$25,873,738.

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year increasing total budgeted expenditures by \$8,462,539 and increasing total revenues by \$2,879,481. The final budgeted net increase in fund balance totaled \$149,224 when compared to an original budgeted increase of \$148,000. The primary reasons for the budget revision were due to higher than expected revenue from sales taxes and permit revenue. Expenditures were increased to account for a significant capital acquisition of land. Total budgeted revenues of \$8,586,116 were less than actual revenues of \$9,260,781, resulting in a total positive revenue variance of \$674,665. Total budgeted expenditures of \$14,201,174 were more than actual expenditures of \$14,024,685, resulting in a total positive expenditure variance of \$176,489.

City of Melissa, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2017

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$47,279,946 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$25,873,738 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

Major capital asset events during the current year include the following:

- Construction in progress additions of the following:

Sports Park Phase 1	\$ 6,765,801
City Hall Park	\$ 123,947
Throckmorton road	\$ 1,375,309
Telephone road	\$ 27,775
Green Ribbon Project on US 75	\$ 624,972
Davis road	\$ 585,309
Fannin road	\$ 554,359
- Land purchases totaling \$7,483,268.
- Stiff Creek sewer construction totaling \$2,772,014.
- Davis road sewer construction totaling \$1,170,315.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

The City's outstanding bonds and certificates of obligation payable increased by \$19,912,317 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$65,543,567.

All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

City of Melissa, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget document for Fiscal Year (FY) 2017 was submitted to the Government Finance Officers Association of America (GFOA) Distinguished Budget Award committee and was awarded its ninth Distinguished Budget Award. Comments submitted by the reviewers on items for improvement were addressed and the document has been resubmitted for the FY 2018 award. The goal of the Distinguished Budget Award program is to evaluate the budget document in the context of it serving as a policy guide, operations guide, financial plan and communication document. These focus areas are intended to ensure the budget provides expanded information to anyone who reads the document, and at the same time, provides for a meaningful feedback tool to the departments and organization on how they are doing in the budget process as well.

The property tax revenue within the FY18 budget is based on an ad valorem tax rate of \$.61. The City has maintained the same tax rate for ten consecutive years. In addition, a conservative collection rate of 99% of the tax rate is assumed, although the City historically collects in excess of 100% which includes delinquent taxes from previous years.

The 2017 assessed property value of the City of Melissa is over \$854 million, an overall increase of \$146 million from the preceding year. Assessed property values have risen \$546 million since 2007. The top ten taxpayers for 2017 make up only 4.07% of the \$854 million taxable appraised value compared to 15.15% in 2005.

Sales Tax is the second largest source of revenue to the City's General Fund, making up \$900,000 or 14% of total revenues.

The City Council remains committed to conduct an annual water rate study to ensure the rate structure pays for the debt and maintenance and operation of the water and wastewater systems. This planning effort is imperative in a community where investments in water and wastewater systems are critical to sustain the growth it is experiencing. The City manages its water purchase contracts with the North Texas Municipal Water District (NTMWD) through limited well water and the contracted surface water. The NTMWD delivers water to the City and treats its wastewater as well. Current wholesale rates were increased by NTMWD, and these increases are typically passed on to the customer to cover these delivery charges. The minimum bill was reduced from \$31.52 to \$24.00 for a ¾" meter. Volumetric rates were adjusted with data from the annual water rate study. The rates will be reviewed again next year.

Capital Improvement Planning projects and expenditures are now captured in the Transportation Construction Fund and the Utility Construction Fund respectfully. The ten-year planning program for the City's Water and Wastewater Capital Improvement Program will anticipate, plan, and construct the necessary improvements for the water and wastewater system.

All these factors were considered in preparing the City of Melissa's budget for the 2018 fiscal year.

City of Melissa, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

Continuing its conservative budget practice of keeping revenue forecast at least as low as the prior year and then spending any increases the next fiscal year, the City of Melissa is committed to increasing the contingency or unreserved general fund balance. The designated unreserved fund balance ended at 103 days at 9/30/17. This exceeds the Council adopted financial policy of at least 90 days of operating expenses for the City's General Fund. The 2018 fiscal year budget provides for an approximate increase of \$34,000 in the contingency or unreserved General Fund balance.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 3411 Barker Avenue Melissa, Texas 75454.

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FINANCIAL STATEMENTS

City of Melissa, Texas

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 19,182,169	\$ 4,603,444	\$ 23,785,613
Receivables, net	378,184	1,160,678	1,538,862
Internal balances	(33,201)	33,201	-
Prepaid and other assets	51,871	881,764	933,635
	<u>19,579,023</u>	<u>6,679,087</u>	<u>26,258,110</u>
Capital assets:			
Non-depreciable	23,090,323	4,922,437	28,012,760
Net depreciable capital assets	24,189,623	20,951,301	45,140,924
	<u>47,279,946</u>	<u>25,873,738</u>	<u>73,153,684</u>
Total Assets	<u>66,858,969</u>	<u>32,552,825</u>	<u>99,411,794</u>
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	669,644	96,255	765,899
Pension contributions	117,800	19,187	136,987
Pension investment earnings	83,981	13,679	97,660
Pension (gains) losses	33,133	5,397	38,530
Pension assumption changes	51,968	8,464	60,432
Total Deferred Outflows of Resources	<u>956,526</u>	<u>142,982</u>	<u>1,099,508</u>
<u>Liabilities</u>			
Accounts payable and			
accrued liabilities	2,008,088	633,725	2,641,813
Customer deposits	-	496,459	496,459
Accrued interest payable	221,178	843,712	1,064,890
Long-term debt due within one year	1,961,668	1,183,074	3,144,742
	<u>4,190,934</u>	<u>3,156,970</u>	<u>7,347,904</u>
Noncurrent liabilities:			
Net pension liability	465,829	75,873	541,702
Long-term debt due in more than one year	40,621,930	22,419,130	63,041,060
	<u>41,087,759</u>	<u>22,495,003</u>	<u>63,582,762</u>
Total Liabilities	<u>45,278,693</u>	<u>25,651,973</u>	<u>70,930,666</u>
<u>Net Position</u>			
Net investment in capital assets	15,186,249	4,017,422	19,203,671
Restricted for:			
Municipal court	89,991	-	89,991
Debt service	659,963	-	659,963
Capital projects	3,524,772	1,743,306	5,268,078
PEG Fees	10,517	-	10,517
Economic development	-	-	-
Unrestricted	3,065,310	1,283,106	4,348,416
Total Net Position	<u>\$ 22,536,802</u>	<u>\$ 7,043,834</u>	<u>\$ 29,580,636</u>

See Notes to Financial Statements.

City of Melissa, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,795,547	\$ 1,861,111	\$ 58,142	\$ 805,698
Public safety	2,574,120	465,788	86,472	-
Streets	1,366,345	997,569	-	3,104,625
Culture and recreation	755,175	-	85,597	-
Interest and fiscal charges	1,363,825	-	-	-
Total Governmental Activities	<u>8,855,012</u>	<u>3,324,468</u>	<u>230,211</u>	<u>3,910,323</u>
Business-Type Activities				
Water and sewer	5,400,462	6,056,656	228,532	-
Sanitation	381,319	463,437	-	-
Total Business-Type Activities	<u>5,781,781</u>	<u>6,520,093</u>	<u>228,532</u>	<u>-</u>
Total Primary Government	<u>\$ 14,636,793</u>	<u>\$ 9,844,561</u>	<u>\$ 458,743</u>	<u>\$ 3,910,323</u>
Component Units				
Community development	\$ 633,110	\$ -	\$ -	\$ -
Economic development	490,434	-	-	-
Total Component Units	<u>\$ 1,123,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes

Property tax

Sales tax

Franchise and local taxes

Investment income

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Community Development	Economic Development
\$ (70,596)	\$ -	\$ (70,596)	\$ -	\$ -
(2,021,860)	-	(2,021,860)	-	-
2,735,849	-	2,735,849	-	-
(669,578)	-	(669,578)	-	-
(1,363,825)	-	(1,363,825)	-	-
<u>(1,390,010)</u>	<u>-</u>	<u>(1,390,010)</u>	<u>-</u>	<u>-</u>
-	884,726	884,726	-	-
-	82,118	82,118	-	-
<u>-</u>	<u>966,844</u>	<u>966,844</u>	<u>-</u>	<u>-</u>
<u>(1,390,010)</u>	<u>966,844</u>	<u>(423,166)</u>	<u>-</u>	<u>-</u>
			(633,110)	-
			-	(490,434)
			<u>(633,110)</u>	<u>(490,434)</u>
4,489,186	-	4,489,186	-	-
1,164,060	-	1,164,060	581,489	581,489
381,507	-	381,507	-	-
44,756	24,481	69,237	1,792	2,293
1,050,656	672,725	1,723,381	-	4,800
1,842,121	(1,842,121)	-	-	-
<u>8,972,286</u>	<u>(1,144,915)</u>	<u>7,827,371</u>	<u>583,281</u>	<u>588,582</u>
7,582,276	(178,071)	7,404,205	(49,829)	98,148
14,954,526	7,221,905	22,176,431	622,673	1,031,295
<u>\$ 22,536,802</u>	<u>\$ 7,043,834</u>	<u>\$ 29,580,636</u>	<u>\$ 572,844</u>	<u>\$ 1,129,443</u>

City of Melissa, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2017

	General	Debt Service	Transportation Construction
<u>Assets</u>			
Cash and cash equivalents	\$ 7,438,193	\$ 607,815	\$ 10,456,468
Receivables, net	377,408	-	776
Prepaid expenses	51,871	-	-
Due from other funds	43,361	38,293	4,445
Total Assets	\$ 7,910,833	\$ 646,108	\$ 10,461,689
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 572,905	\$ 400	\$ 782,820
Due to other funds	48,563	-	22,323
Total Liabilities	621,468	400	805,143
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	79,720	-	-
<u>Fund Balances</u>			
Nonspendable:			
Prepaid items	51,871	-	-
Restricted for:			
Municipal court	89,991	-	-
Debt service	-	645,708	-
Capital projects	3,590,187	-	9,656,546
PEG Fees	10,517	-	-
Assigned for:			
Information technology	114,962	-	-
City Hall maintenance	70,000	-	-
Capital projects	380,000	-	-
Special projects	1,060,000	-	-
Economic development	40,000	-	-
Unassigned reported in:			
General fund	1,802,117	-	-
Total Fund Balances	7,209,645	645,708	9,656,546
Total Liabilities and Fund Balances	\$ 7,910,833	\$ 646,108	\$ 10,461,689

See Notes to Financial Statements.

Park Construction	Nonmajor TIF Fund	Total Governmental Funds
\$ 665,438	\$ 14,255	\$ 19,182,169
-	-	378,184
-	-	51,871
-	-	86,099
<u>\$ 665,438</u>	<u>\$ 14,255</u>	<u>\$ 19,698,323</u>

\$ 651,963	\$ -	\$ 2,008,088
48,414	-	119,300
<u>700,377</u>	<u>-</u>	<u>2,127,388</u>

<u>-</u>	<u>-</u>	<u>79,720</u>
----------	----------	---------------

-	-	51,871
-	-	89,991
-	14,255	659,963
-	-	13,246,733
-	-	10,517
-	-	114,962
-	-	70,000
-	-	380,000
-	-	1,060,000
-	-	40,000
(34,939)	-	1,767,178
<u>(34,939)</u>	<u>14,255</u>	<u>17,491,215</u>
<u>\$ 665,438</u>	<u>\$ 14,255</u>	<u>\$ 19,698,323</u>

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City of Melissa, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2017

Fund Balances - Total Governmental Funds	\$	17,491,215
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Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	23,090,323
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Capital assets - net depreciable	24,189,623
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	79,720
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Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.

Deferred charge on refunding	669,644
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Pension contributions	117,800
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Pension investment earnings	83,981
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Pension (gains) losses	33,133
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Pension assumption changes	51,968
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Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.

Net pension liability	(465,829)
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Accrued interest	(221,178)
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Bond premium	(1,732,346)
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Non-current liabilities due in one year	(1,961,668)
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Non-current liabilities due in more than one year	(38,889,584)
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Net Position of Governmental Activities	\$	22,536,802
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See Notes to Financial Statements.

City of Melissa, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2017

	General	Debt Service	Transportation Construction
Revenues			
Property tax	\$ 2,825,226	\$ 1,057,208	\$ -
Sales tax	1,164,060	-	-
Franchise and local taxes	381,507	-	-
Road impact fees	997,569	-	-
License and permits	888,496	-	-
Charges for services	4,509	-	-
Fines and forfeitures	465,788	-	-
Platting and development	968,106	-	-
Intergovernmental	471,765	564,144	3,104,625
Lease revenue	98,651	-	-
Investment income	43,099	950	-
Other revenues	952,005	-	-
Total Revenues	9,260,781	1,622,302	3,104,625
Expenditures			
Administration	1,354,960	2,400	-
Planning and development	725,141	-	-
Code enforcement	70,285	-	-
Public library	212,858	-	-
Public safety	2,233,281	-	-
Streets	275,018	-	-
Municipal court	306,257	-	-
Building maintenance	85,948	-	-
Parks and recreation	312,840	-	-
Capital outlay	7,879,909	-	4,849,953
Debt service			
Principal	135,312	1,420,000	-
Interest	24,147	926,093	-
Bond issuance expense	408,729	-	-
Total Expenditures	14,024,685	2,348,493	4,849,953
Excess of Revenues Over (Under) Expenditures	(4,763,904)	(726,191)	(1,745,328)
Other Financing Sources (Uses)			
Transfers in	6,112,228	993,052	9,983,996
Transfers (out)	(16,462,423)	-	(2,907)
Bond issuance	27,120,000	-	-
Bond premium	1,885,499	-	-
Payment to refunding escrow agent	(12,884,049)	-	-
Total Other Financing Sources (Uses)	5,771,255	993,052	9,981,089
Net Change in Fund Balances	1,007,351	266,861	8,235,761
Beginning fund balances	6,202,294	378,847	1,420,785
Ending Fund Balances	\$ 7,209,645	\$ 645,708	\$ 9,656,546

See Notes to Financial Statements.

Park Construction	Nonmajor TIF Fund	Total Governmental Funds
\$ -	\$ 562,533	\$ 4,444,967
-	-	1,164,060
-	-	381,507
-	-	997,569
-	-	888,496
-	-	4,509
-	-	465,788
-	-	968,106
-	-	4,140,534
-	-	98,651
-	707	44,756
-	-	952,005
-	563,240	14,550,948
-	-	1,357,360
-	-	725,141
-	-	70,285
-	-	212,858
-	-	2,233,281
-	-	275,018
-	-	306,257
-	-	85,948
-	-	312,840
6,889,748	-	19,619,610
-	-	1,555,312
-	-	950,240
-	-	408,729
6,889,748	-	28,112,879
(6,889,748)	563,240	(13,561,931)
1,815,000	360,000	19,264,276
-	(956,825)	(17,422,155)
-	-	27,120,000
-	-	1,885,499
-	-	(12,884,049)
1,815,000	(596,825)	17,963,571
(5,074,748)	(33,585)	4,401,640
5,039,809	47,840	13,089,575
\$ (34,939)	\$ 14,255	\$ 17,491,215

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City of Melissa, 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

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

Net changes in fund balances - total governmental funds	\$ 4,401,640
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	19,268,622
Depreciation expense	(1,487,568)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	44,219
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(72,981)
Compensated absences	(662)
Accrued interest	(83,604)
Amortization of deferred charges on refunding	(74,405)
Amortization of bond premium	153,153
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments	1,555,312
Bonds issued	(27,120,000)
Premiums on debt issued	(1,885,499)
Bonds refunded	12,140,000
Deferred charge due to refunding	744,049
Change in Net Position of Governmental Activities	\$ 7,582,276

See Notes to Financial Statements.

City of Melissa, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property tax	\$ 2,854,350	\$ 2,822,350	\$ 2,825,226	\$ 2,876
Sales tax	850,000	1,133,000	1,164,060	31,060
Franchise and local taxes	350,000	372,000	381,507	9,507
Road impact fees	-	973,119	997,569	24,450
License and permits	580,100	844,100	888,496	44,396
Charges for services	135,700	133,800	4,509	(129,291)
Fines and forfeitures	526,000	466,000	465,788	(212)
Platting and development	288,725	747,725	968,106	220,381
Intergovernmental	1,200	47,741	471,765	424,024
Lease revenue	97,560	97,560	98,651	1,091
Investment income	8,000	30,000	43,099	13,099
Other revenues	15,000	918,721	952,005	33,285
Total Revenues	5,706,635	8,586,116	9,260,781	674,665
<u>Expenditures</u>				
Current:				
Administration	1,430,318	1,846,014	1,354,960	491,054
Planning and development	757,794	926,794	725,141	201,653
Code enforcement	67,374	87,374	70,285	17,089
Public library	237,169	234,169	212,858	21,311
Public safety	1,855,337	1,972,867	2,233,281	(260,414)
Streets	276,812	301,812	275,018	26,794
Municipal court	332,334	322,334	306,257	16,077
Building maintenance	75,005	88,005	85,948	2,057
Parks and recreation	366,042	390,412	312,840	77,572
Capital outlay	180,991	7,463,205	7,879,909	(416,704)
Debt service				
Principal	135,312	135,312	135,312	-
Interest	24,147	24,147	24,147	-
Bond issuance expense	-	408,729	408,729	-
Total Expenditures	5,738,635	14,201,174	14,024,685	176,489
Expenditures	(32,000)	(5,615,058)	(4,763,904)	851,154

City of Melissa, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	\$ 280,000	\$ 1,120,611	\$ 6,112,228	\$ 4,991,617
Transfers (out)	(100,000)	(16,932,965)	(16,462,423)	470,542
Bond issuance	-	27,120,000	27,120,000	-
Bond premium	-	1,885,499	1,885,499	-
Payment to refunding escrow agent	-	(7,428,863)	(12,884,049)	(5,455,186)
Total Other Financing Sources (Uses)	<u>180,000</u>	<u>5,764,282</u>	<u>5,771,255</u>	<u>6,973</u>
 Net Change in Fund Balance	 <u>\$ 148,000</u>	 <u>\$ 149,224</u>	 1,007,351	 <u>\$ 858,127</u>
Beginning fund balance			6,202,294	
Ending Fund Balance			<u>\$ 7,209,645</u>	

Notes to Financial Statement

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Melissa, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2017

	Enterprise Fund
<u>Assets</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 4,603,444
Receivables, net	1,154,338
Other receivables	6,340
Prepays and other assets	881,764
Due from other funds	58,179
Total Current Assets	6,704,065
<u>Noncurrent Assets</u>	
Capital assets:	
Non-depreciable	4,922,437
Net depreciable capital assets	20,951,301
Total Noncurrent Assets	25,873,738
Total Assets	32,577,803
<u>Deferred Outflows of Resources</u>	
Deferred charge on refunding	96,255
Pension contributions	19,187
Pension investment earnings	13,679
Pension (gains) losses	5,397
Pension assumption changes	8,464
Total Deferred Outflows of Resources	142,982
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable	477,216
Accrued expenses	156,509
Customer deposits	496,459
Current maturities of long-term liabilities	1,183,074
Accrued interest	843,712
Due to other funds	24,978
Total Current Liabilities	3,181,948
<u>Noncurrent Liabilities</u>	
Long-term liabilities	22,419,130
Net pension liability	75,873
Total Liabilities	25,676,951
<u>Net Position</u>	
Net investment in capital assets	4,017,422
Restricted for capital projects	1,743,306
Unrestricted	1,283,106
Total Net Position	\$ 7,043,834

See Notes to Financial Statements.

City of Melissa, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2017

	Enterprise Fund
<u>Operating Revenues</u>	
Water revenue	\$ 3,661,817
Sanitation revenue	463,437
Sewer revenue	1,804,596
Tap fees	384,114
Meter installations	92,815
Reconnect fees	113,314
Intergovernmental	228,532
Other revenue	672,725
Total Operating Revenues	7,421,350
<u>Operating Expenses</u>	
Personnel services - water	275,081
Personnel services - billing	226,696
Material and supplies - water	481,999
Material and supplies - sewer	1,800
Material and supplies - billing	4,060
Other services - water	1,645,271
Other services - sewer	990,077
Other services - sanitation	381,319
Other services - billing	235,856
Depreciation	678,103
Total Operating Expenses	4,920,262
Operating Income (Loss)	2,501,088
<u>Nonoperating Revenues (Expenses)</u>	
Investment income	24,481
Interest expense	(739,185)
Bond issuance costs	(122,334)
Total Nonoperating Revenues (Expenses)	(837,038)
Income Before and Transfers	1,664,050
<u>Transfers</u>	
Transfers in	390,407
Transfers (out)	(2,232,528)
Change in Net Position	(178,071)
Beginning net position	7,221,905
Ending Net Position	\$ 7,043,834

See Notes to Financial Statements.

City of Melissa, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2017

	Enterprise Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from customers	\$ 8,012,893
Payments to suppliers and contractors	(5,055,824)
Payments to employees for salaries and benefits	(486,282)
Net Cash Provided (Used) by Operating Activities	2,470,787
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfer in	358,328
Transfer (out)	(2,232,528)
Net Cash Provided (Used) by Noncapital Financing Activities	(1,874,200)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchases of capital assets	(4,098,879)
Proceeds from capital debt	5,491,618
Principal paid on capital debt	(1,059,264)
Interest paid on capital debt	(832,656)
Net Cash (Used) by Capital and Related Financing Activities	(499,181)
<u>Cash Flows from Investing Activities</u>	
Interest on investments	24,481
Net Cash Provided by Investing Activities	24,481
Net Increase (Decrease) in Cash and Cash Equivalents	121,887
Beginning cash and cash equivalents	4,481,557
Ending Cash and Cash Equivalents	\$ 4,603,444

See Notes to Financial Statements.

City of Melissa, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2017

	<u>Enterprise Fund</u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided (Used) by Operating Activities</u>	
Operating Income (Loss)	\$ 2,501,088
Adjustments to reconcile operating income to net cash provided (used):	
Depreciation	678,103
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	449,214
Due from other funds	(39,406)
Deferred Outflows of Resources:	
Pension contributions	(19,187)
Investment experience	41,435
Pension (gains) losses	(5,397)
Pension assumption changes	(10,470)
Increase (Decrease) in:	
Prepaid expenses	(853,967)
Accounts payable	(446,647)
Customer deposits	142,329
Compensated absences	6,909
Due to other funds	24,578
Net pension liability	2,205
Net Cash Provided (Used) by Operating Activities	\$ 2,470,787

Schedule of Non-Cash Capital and Related Financing Activities

Bond issuance costs	\$ 122,334
Debt refunding	\$ 1,745,000

See Notes to Financial Statements.

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City of Melissa, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide 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 and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of Melissa, Texas is a municipal corporation governed by an elected five-member council and mayor. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. Each discretely presented component unit has a September 30 year end.

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 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.

Discretely Presented Component Units

Melissa Economic Development Corporation

The Melissa Economic Development Corporation (the "MEDC") serves all citizens of the City and is governed by a board appointed by the City's elected council. The City can

City of Melissa, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

impose its will on the MEDC and affect the day-to-day operations of the MEDC by removing appointed board members at will. The scope of public service of the MEDC benefits the City and its citizens by developing economic resources and is operated primarily within the geographic boundaries of the City.

Melissa Community Development Corporation

The Melissa Community Development Corporation (the "MCDC") serves all citizens of the City and is governed by a board appointed by the City's elected council. The City can impose its will on the MEDC and affect the day-to-day operations of the MEDC by removing appointed board members at will. The scope of public service of the MEDC benefits the City and its citizens by developing recreational resources and is operated primarily within the geographic boundaries of the City.

The MEDC and MCDC do not prepare separate financial statements; however, the presentations in the basic financial statements are a complete presentation.

C. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

The government reports the following major governmental funds:

General Fund

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The principal sources of revenues include local property taxes, sales and franchise taxes, road impact fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and culture and recreation.

Debt Service Fund

The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Funds

The capital projects funds ("Transportation Construction" and "Park Construction") account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The government reports the following major proprietary fund:

Enterprise Fund

The enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the council had decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The government's enterprise fund is for water, sewer, and sanitation operations.

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the tax increment fund.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e.,

City of Melissa, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

E. Assets, Liabilities, Deferred Outflows / Inflows, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

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

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	5 years
Machinery and equipment	5 to 10 years
Infrastructure	40 years
Buildings and improvements	40 years

6. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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7. Net Position Flow Assumption

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

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of unassigned fund balance in the general fund at an amount equal to or greater than 25% of operating expenditures of that fund.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Estimates

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. 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. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

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Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislature creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for a State Property Tax Board which commenced operation in January 1980. The appraisal of property within the City is the responsibility of the Williamson County Tax Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of real property within the Appraisal District must be reviewed at least every four years. The City, at its own expense, may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the rate of the previous year by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the rate of the previous year.

3. Compensated Absences

The City's policies permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City.

All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the public utility fund, airport fund, cemetery

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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operating, and sanitation funds are charges to customers for sales and services. The public utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general and enterprise fund. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the City Council. Appropriations lapse at the end of the year. One supplemental budget appropriation was made during the year.

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

A. Expenditures Over Appropriations

For the year ended September 30, 2017, expenditures exceeded appropriations at the legal level of control as follows:

TIF Fund	\$ 88,079
Debt service fund	\$ 41,371

B. Deficit Fund Equity

At September 30, 2017, the park construction fund, has a deficit fund balance of \$34,939. The deficit will be eliminated in the future with revenue or through reimbursements from other funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The primary government and its component units may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposits, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987.

Interest rate risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the City’s investment in external investment pools is less than 60 days.

Credit risk: The City’s investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than “A” or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2017, the City did not maintain funds in any investment pools.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the

City of Melissa, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

deposits. As of September 30, 2017, the market values of pledged securities and FDIC exceeded bank balances.

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

B. Receivables

The following comprise receivable balances of the primary government at year end:

	Primary Government			Total
	General	Transportation Construction	Enterprise Fund	
Property taxes	\$ 79,720	\$ -	-	\$ 79,720
Sales tax	228,656	-	-	228,656
Franchise tax	60,074	-	-	60,074
Accounts, net	-	-	1,297,699	1,297,699
Other	8,958	776	6,340	16,074
Allowance	-	-	(143,361)	(143,361)
Total	\$ 377,408	\$ 776	\$ 1,160,678	\$ 1,538,862

The following comprise receivable balances of the component units at year end:

	Component Units		Total
	Community Development	Economic Development	
Sales tax	\$ 114,328	\$ 114,328	\$ 228,656
	\$ 114,328	\$ 114,328	\$ 228,656

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 719,236	\$ 7,241,714	\$ -	\$ 7,960,950
Construction in progress	4,799,967	11,836,570	(1,507,164)	15,129,373
Total capital assets not being depreciated	<u>5,519,203</u>	<u>19,078,284</u>	<u>(1,507,164)</u>	<u>23,090,323</u>
Capital assets, being depreciated:				
Buildings and improvements	13,876,865	-	-	13,876,865
Operating equipment	2,604,317	45,653	-	2,649,970
Infrastructure	15,249,665	144,685	1,507,164	16,901,514
Total capital assets being depreciated	<u>31,730,847</u>	<u>190,338</u>	<u>1,507,164</u>	<u>33,428,349</u>
Less accumulated depreciation				
Buildings and improvements	2,966,907	433,931	-	3,400,838
Operating equipment	1,156,314	267,574	-	1,423,888
Infrastructure	3,627,937	786,063	-	4,414,000
Total accumulated depreciation	<u>7,751,158</u>	<u>1,487,568</u>	<u>-</u>	<u>9,238,726</u>
Net capital assets being depreciated	<u>23,979,689</u>	<u>(1,297,230)</u>	<u>1,507,164</u>	<u>24,189,623</u>
Total Capital Assets	<u><u>\$ 29,498,892</u></u>	<u><u>\$ 17,781,054</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,279,946</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 294,607
Public safety	228,738
Street	737,522
Parks and recreation	226,701
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,487,568</u></u>

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 442,095	\$ -	\$ -	\$ 442,095
Construction in progress	381,463	4,098,879	-	4,480,342
Total capital assets not being depreciated	<u>823,558</u>	<u>4,098,879</u>	<u>-</u>	<u>4,922,437</u>
Capital assets, being depreciated:				
Building and system	25,845,096	-	-	25,845,096
Equipment	404,435	-	-	404,435
Total capital assets being depreciated	<u>26,249,531</u>	<u>-</u>	<u>-</u>	<u>26,249,531</u>
Less accumulated depreciation				
Building and system	4,292,191	644,118	-	4,936,309
Equipment	327,936	33,985	-	361,921
Total accumulated depreciation	<u>4,620,127</u>	<u>678,103</u>	<u>-</u>	<u>5,298,230</u>
Net capital assets being depreciated	<u>21,629,404</u>	<u>(678,103)</u>	<u>-</u>	<u>20,951,301</u>
Total Capital Assets	<u><u>\$ 22,452,962</u></u>	<u><u>\$ 3,420,776</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,873,738</u></u>

Depreciation was charged to business-type activities as follows:

Water and sewer	\$ 678,103
Total Business-type Activities Depreciation Expense	<u><u>\$ 678,103</u></u>

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

D. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2017. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Refunded</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:						
Bonds, notes and other payables:						
Certificates of Obligation	\$ 18,505,000	\$ 10,630,000	\$ (720,000)	\$ (8,930,000)	\$ 19,485,000	\$ 990,000
General Obligation Bonds	8,190,000	16,490,000	(700,000)	(3,210,000)	20,770,000	785,000
Less deferred amounts:						
For premiums	-	1,885,498	(153,152)	-	1,732,346	-
Total Bonds Payable	<u>26,695,000</u>	<u>29,005,498</u>	<u>(1,573,152)</u>	<u>(12,140,000)</u>	<u>41,987,346</u>	<u>1,775,000</u>
Capital Leases	633,357	-	(135,312)	-	498,045	98,282
Compensated Absences	97,545	88,452	(87,791)	-	98,207	88,386
Total	<u>\$ 27,425,902</u>	<u>\$ 29,093,950</u>	<u>\$ (1,796,255)</u>	<u>\$ (12,140,000)</u>	<u>\$ 42,583,598</u>	<u>\$ 1,961,668</u>
Long-term liabilities due in more than one year					<u>\$ 40,621,930</u>	
 Business-Type Activities:						
Certificates of Obligation	\$ 10,955,000	\$ 5,095,000	\$ (530,000)	\$ (1,745,000)	\$ 13,775,000	\$ 695,000
General Obligation Bonds	630,000	1,680,000	(165,000)	-	2,145,000	150,000
Contract Revenue Bonds	7,351,250	-	(332,500)	-	7,018,750	306,250
Less deferred amounts:						
For premiums	-	658,822	(41,351)	-	617,471	-
Total Bonds Payable	<u>18,936,250</u>	<u>7,433,822</u>	<u>(1,068,851)</u>	<u>(1,745,000)</u>	<u>23,556,221</u>	<u>1,151,250</u>
Capital Leases	54,952	-	(31,764)	-	23,188	11,309
Compensated Absences	15,886	21,206	(14,297)	-	22,795	20,515
Total	<u>\$ 19,007,088</u>	<u>\$ 7,455,028</u>	<u>\$ (1,114,912)</u>	<u>\$ (1,745,000)</u>	<u>\$ 23,602,204</u>	<u>\$ 1,183,074</u>
Long-term liabilities due in more than one year					<u>\$ 22,419,130</u>	

City of Melissa, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. Long-term debt at year end was comprised of the following debt issues:

	<u>Governmental Activities</u>
Certificates of Obligation:	
2005A Certificates of Obligation issued December 30, 2005 due in annual installments through February 15, 2026, bearing interest rates at 4.05%, payable February 15 & August 15.	\$ 455,000
2009 Certificates of Obligation issued February 1, 2009 due in annual installments through September 30, 2034, bearing interest rates ranging from 3.0% to 4.625%, payable February 15 & August 15.	350,000
2015 Certificates of Obligation issued January 1, 2015 due in annual installments through February 15, 2040, bearing interest at rates ranging from 2.375% to 4%, payable February 15 & August 15.	8,170,000
2016 Certificates of Obligation issued October 13, 2016 due in annual installments through September 30 2036, bearing interest rates ranging from 2.0% to 4.0%, payable February 15 & August 15	4,805,000
2017 Certificates of Obligation issued July 13, 2017 due in annual installments through September 30 2037, bearing interest rates ranging from 3.0 to 4.0%, payable February 15 & August 15	5,705,000
Total Certificates of Obligation	<u>\$ 19,485,000</u>

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

	<u>Governmental Activities</u>
General Obligations:	
2008 General Obligation Bonds issued August 1, 2008 due in annual installments through February 15, 2028 bearing an interest rate ranging from 4.2% to 4.8%, payable February 15 & August 15.	\$ 250,000
2012 General Obligation Bonds issued December 15, 2011 due in annual installments through February 15, 2032, bearing interest rates ranging from 2.0% to 4.0%, payable February 15 & August 15.	400,000
2013 General Obligation Refunding & Improvement Bonds issued January 1, 2013 due in annual installments through February 15, 2032, bearing interest at rates ranging from 1.0% to 3.0%, payable February 15 & August 15.	1,810,000
2015 General Obligation Bonds issued January 15, 2015 due in annual installments through February 15, 2035, bearing interest at rates ranging from 2.3% to 4%, payable February 15 & August 15.	2,015,000
2016 General Obligation Bonds issued November 15, 2016 due in annual installments through February 15, 2036, bearing interest at rates ranging from 2% to 4%, payable February 15 & August 15.	12,345,000
2017 General Obligation Bonds issued July 13, 2017 due in annual installments through September 30, 2017, bearing interest at rates ranging from 3% to 4%, payable February 15 & August 15.	3,950,000
Total General Obligation bonds	<u>\$ 20,770,000</u>
Less deferred amounts:	
Premiums	\$ 1,732,346
Capital Leases Payable:	498,045
Compensated Absences	98,207
Total Long-term Debt	<u><u>\$ 42,583,598</u></u>

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

	<u>Business - Type Activities</u>
Certificates of Obligation:	
2008 Certificates of Obligations issued September 17, 2008 due in annual installments through February 15, 2028, bearing interest rates at 4.56%, payable February 15 & August 15.	\$ 105,000
2012 Certificates of Obligation issued January 19, 2012 due in annual installments through February 15, 2032, bearing interest rates ranging from 2.0% to 4.0%, payable February 15 & August 15.	1,120,000
2013 Certificates of Obligation issued February 12, 2013 due in annual installments through February 15, 2032, bearing interest rates from 2.0% to 3.0%, payable February 15 & August 15.	3,910,000
2014 Certificates of Obligation issued June 15, 2014 due in annual installments through February 15, 2034 bearing interest rates ranging from 2.0% to 3.75%, payable February 15 & August 15.	1,935,000
2015 Certificates of Obligation issued January 15, 2015 due in annual installments through February 15, 2040 bearing interest rates ranging from 2.375% to 4%, payable February 15 & August 15.	\$ 1,650,000
2016 Certificates of Obligation issued January 15, 2015 due in annual installments through February 15, 2040 bearing interest rates ranging from 2.375% to 4%, payable February 15 & August 15.	5,055,000
Total Certificates of Obligation	\$ 13,775,000
General Obligations:	
2010 General Obligation Refunding Bonds issued May 25, 2010 due in annual installments through August 15, 2021, bearing interest rates ranging from 2.00% to 3.50%, payable February 15 & August 15.	510,000
2016 General Obligation Bonds issued January 15, 2015 due in annual installments through February 15, 2040 bearing interest rates ranging from 2.375% to 4%, payable February 15 & August 15.	1,635,000
Total General Obligation bonds	\$ 2,145,000

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

Contract Revenue Bonds

2005 Contract Revenue Bonds issued September 20, 2005 due in annual installments through October 1, 2028, bearing interest rates ranging from 2.29% to 5.74%, payable April 1 & October 1.	\$ 435,000
2006 Contract Revenue Bonds issued July 15, 2006 due in annual installments through February 1, 2040, bearing interest rates of 5.68% to 5.83%, payable February 1.	2,168,750
2006 Contract Revenue Bonds issued November 1, 2006 due in annual installments through June 1, 2026, bearing interest rates ranging from 2.95% to 3.75%, payable June 1 & December 1.	945,000
2007 Contract Revenue Bonds issued February 20, 2007 due in annual installments through October 1, 2036, bearing interest rates from 2.67% to 5.62%, payable October 1 & April 1.	900,000
2007A Contract Revenue Bonds issued February 7, 2008 due in annual installments through June 1, 2028, bearing interest rates ranging from 2.95% to 4.10%, payable December 1 & June 1.	715,000
2009A Contract Revenue Bonds issued December 18, 2009 due in annual installments through June 1, 2029, bearing interest rates ranging from 1.55% to 5.4%, payable June 1 & December 1.	820,000
2009B Contract Revenue Bonds issued December 18, 2009 due in annual installments through June 1, 2029, bearing interest rates ranging from 0.66% to 4.45%, payable June 1 & December 1.	\$ 1,035,000
Total Contract Revenue Bonds	<u>\$ 7,018,750</u>
Less deferred amounts:	
Premiums	\$ 617,471
Capital Leases Payable:	23,188
Compensated Absences	22,795
Total Long-term Debt	<u><u>\$ 23,602,204</u></u>

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

The annual requirements to amortize the City's long-term activities debt issues outstanding at year ending were as follows:

Certificates of Obligation

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 990,000	\$ 682,705	\$ 695,000	\$ 440,086
2019	675,000	630,813	605,000	424,609
2020	700,000	605,090	620,000	408,371
2021	725,000	576,566	640,000	389,109
2022	750,000	547,041	665,000	369,134
2023	785,000	516,316	690,000	348,221
2024	805,000	484,490	715,000	326,353
2025	835,000	452,963	745,000	303,321
2026	870,000	423,937	760,000	279,519
2027	840,000	397,300	795,000	254,885
2028	875,000	369,875	820,000	228,666
2029	905,000	340,550	850,000	201,071
2030	930,000	310,300	875,000	172,097
2031	980,000	278,800	915,000	140,988
2032	1,010,000	245,975	945,000	108,006
2033	1,055,000	211,672	555,000	80,688
2034	1,090,000	175,566	580,000	59,078
2035	1,135,000	137,869	445,000	39,509
2036	1,175,000	98,219	460,000	22,119
2037	850,000	64,000	95,000	11,713
2038	485,000	42,306	100,000	8,544
2039	500,000	25,988	100,000	5,231
2040	520,000	8,775	105,000	1,772
Total	\$ 19,485,000	\$ 7,627,115	\$ 13,775,000	\$ 4,623,089

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

General Obligation Bonds

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 785,000	\$ 722,730	\$ 150,000	\$ 75,850
2019	1,175,000	684,959	270,000	70,200
2020	1,210,000	649,778	280,000	61,375
2021	1,255,000	604,671	285,000	50,825
2022	1,305,000	557,521	160,000	39,900
2023	1,350,000	517,071	165,000	35,050
2024	1,390,000	474,215	175,000	29,900
2025	1,315,000	423,384	180,000	22,800
2026	1,300,000	374,709	180,000	15,600
2027	1,230,000	327,509	145,000	9,100
2028	1,290,000	280,584	155,000	3,100
2029	955,000	239,309	-	-
2030	990,000	204,184	-	-
2031	1,035,000	167,584	-	-
2032	1,080,000	129,246	-	-
2033	1,025,000	90,918	-	-
2034	1,065,000	52,579	-	-
2035	450,000	25,863	-	-
2036	300,000	13,824	-	-
2037	265,000	4,439	-	-
Total	\$ 20,770,000	\$ 6,228,206	\$ 2,145,000	\$ 413,700

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

Contract Revenue Bonds

	Business-type Activities	
	Principal	Interest
2018	\$ 306,250	\$ 340,622
2019	318,750	431,608
2020	326,250	420,148
2021	343,750	408,096
2022	356,250	394,602
2023	380,000	380,402
2024	392,500	381,697
2025	420,000	368,443
2026	533,750	250,648
2027	432,500	229,873
2028	458,750	178,589
2029	377,500	190,465
2030	193,750	134,141
2031	203,750	123,017
2032	216,250	111,323
2033	227,500	98,882
2034	241,250	85,732
2035	253,750	71,795
2036	270,000	57,109
2037	176,250	44,584
2038	185,000	34,397
2039	197,500	23,612
2040	207,500	12,097
Total	\$ 7,018,750	\$ 4,771,881

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

The annual requirements to amortize capital leases outstanding at year ending were as follows:

Capital Leases Payable

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2018	\$ 98,282	\$ 19,392	\$ 117,673
2019	85,362	15,755	101,117
2020	80,126	12,302	92,428
2021	83,429	8,999	92,428
2022	65,665	5,554	71,219
2023	67,265	3,100	70,365
2024	17,916	587	18,503
Total	\$ 498,045	\$ 65,688	\$ 563,733

Year ending September 30,	Business-type Activities		Total
	Principal	Interest	
2018	\$ 11,309	\$ 1,167	\$ 12,476
2019	11,879	598	12,477
Total	\$ 23,188	\$ 1,765	\$ 24,953

E. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2016 general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. Current year balances for governmental and business-type activities totaled \$669,644 and \$96,255, respectively. Current year amortization expense for governmental and business-type activities totaled \$74,405 and \$10,695, respectively.

G. Advance Refunding

On October 1, 2016, the City issued \$14,220,000 in general obligation refunding bonds with interest rates of 2-4%. The proceeds were used to advance refund \$1,420,000 of outstanding 2006 certificates of obligation, \$1,365,000 of 2008 certificates of obligation, \$3,210,000 of 2008 general obligation bonds, and \$7,890,000 of 2009 certificates of obligation. The refunded debt had interest rates ranging from 3.5% to 4.8%. The net proceeds of \$14,735,999 (after payment of \$239,728 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the obligations are considered defeased and the liability for those bonds has been removed from the statement of net position.

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

The reacquisition price exceeded the net carrying amount of the old debt by \$850,999. This amount is being amortized over the remaining life of the refunding debt. This advance refunding reduced its total debt service payments over 17 years by \$1,547,430 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,191,806.

H. Interfund Transactions

Transfers between the primary government funds during the 2017 year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General		\$ (16,462,423)
Transportation		(2,907)
Nonmajor governmental		(956,825)
Enterprise fund		(2,232,528)
	General	6,112,228
	Debt Service	993,052
	Transportation	9,983,996
	Park construction	1,815,000
	Nonmajor governmental	360,000
	Enterprise fund	390,407
		<u>\$ -</u>

Transfers between funds were primarily to support construction projects, debt payments and operation of funds.

The compositions of interfund balances as of the year ended September 30, 2017 were as follows:

<u>Due from (receivable fund):</u>	<u>Due to (payable fund):</u>				<u>Total</u>
	<u>General</u>	<u>Transportation Construction</u>	<u>Park Construction</u>	<u>Enterprise</u>	
General	\$ -	\$ 12,615	\$ 9,264	\$ 21,482	\$ 43,361
Transportation construction	949	-	-	3,496	4,445
Debt service	38,293	-	-	-	38,293
Enterprise	9,321	9,708	39,150	-	58,179
Total	<u>\$ 48,563</u>	<u>\$ 22,323</u>	<u>\$ 48,414</u>	<u>\$ 24,978</u>	<u>\$ 144,278</u>

Interfund receivables and payables are used to cover operational and capital expenditures. All balances are expected to be resolved in the subsequent year.

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

I. CONTRACTUAL OBLIGATIONS

Greater Texoma Utility Authority

Under the terms of the long-term water supply and sewer service contracts between the City and Greater Texoma Utility Authority (GTUA), the City recognizes that GTUA has an undivided ownership interest in the City's water system and sewer collection and treatment facility equivalent to the percentage of the total cost of the facility provided by GTUA through the issuance of GTUA bonds.

The City has a contractual obligation to make payments specified by the contract to GTUA to pay the principal and interest on the bonds, maintain a reserve fund for the security and payment of bonds similarly secured, pay the administrative and overhead expenses of GTUA directly attributable to the bonds, and pay any extraordinary expenses incurred by GTUA in connection with the bonds. Under terms of the contracts the City's obligation to make payments to GTUA, as well as GTUA's ownership interest in the facilities terminates, when all of GTUA's bonds issued in connection with construction of the facilities have been paid in full, are retired, and are no longer outstanding.

Collin Grayson Municipal Alliance Transmission Water Pipeline

In 2004, the City, along with the City of Van Alstyne, Howe, and Anna, formed a group called the Collin Grayson Municipal Alliance ("COMA"). COMA entered into a long-term contractual obligation with GTUA for the purpose of providing funds for the construction of a transmission water pipeline that will provide water to COMA cities. The cost of the pipeline is being funded in four phases.

Each CMGA city was required to make payments to GTUA in an amount equivalent to 25% of the total obligation to cover their portion of the cost of the obligation until the pipeline project was completed. As water continues to flow to each COMA city, the City shall be charged it's percentage or fraction share of debt service on the obligation based upon the amount of water to be paid by the City under its water contract (i.e. the greater of its minimum take-or-pay amount or the actual amount of water taken) divided by the total amount of water to be paid by all COMA cities. The sum of the four (4) fractional amounts shall always equal 100% of the debt service on the contractual obligation with GTUA. The billing rates for each City will be calculated to provide funds necessary to cover the contractual obligation, interest, repairs, maintenance, and production costs.

At the end of the contractual obligation with GTUA, the City will own an undivided interest in the transmission water pipeline based on the percentage of water it utilized and paid for during the contract term. The contract will expire and the transfer of ownership will occur during the fiscal year ended September 30, 2040, as long as no new debt is issued.

City of Melissa, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Construction Commitments

Project	Contract Amount	Spent-to-Date	Remaining Commitment
Governmental Activities:			
Parks	\$ 10,714,652	\$ 10,639,645	\$ 75,007
Waterline and Park Utilities	1,400,000	1,327,794	72,206
Throckmorton Road	7,662,447	768,033	6,894,414
Melissa Road East	500,000	5,800	494,200
Melissa Road West	500,000	-	500,000
Fannin Road	1,634,778	637,255	997,523
Davis Road West	100,000	11,010	88,990
Davis Road East	8,535,331	703,822	7,831,509
Telephone Road	250,000	27,775	222,225
Business-Type Activities:			
Stiff Creek Sewer	4,445,432	3,874,384	571,048
Davis Road Sewer	1,465,328	1,396,197	69,131
Total	\$ 37,207,968	\$ 19,391,715	\$ 17,816,253

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

D. Defined Benefit Pension Plans

1. Plan Description

The City of Melissa, Texas 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.

2. Benefits Provided

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

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

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

	<u>Plan Year 2016</u>	<u>Plan Year 2015</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%, Transfers	0%, Transfers

City of Melissa, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

Annuity increase (to retirees)	0% of CPI	0% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

Employees covered by benefit terms

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	12
Inactive employees entitled to but not yet receiving benefits	28
Active employees	<u>48</u>
Total	<u>88</u>

3. Contributions

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

Employees for the City of Melissa, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Melissa, Texas were 6.19% and 7.19% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$180,435, and were equal to the required contributions.

4. Net Pension Liability

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

Actuarial assumptions

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

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

Inflation	2.5% per year
Overall payroll growth	3.0%
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0%</u>	7.75%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension Liability

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balance at 12/31/15	\$ 2,815,957	\$ 2,362,595	\$ 453,362
Changes for the year:			
Service cost	325,842	-	325,842
Interest	198,997	-	198,997
Difference between expected and actual experience	33,857	-	33,857
Changes of assumptions	-	-	-
Contributions – employer	-	146,688	(146,688)
Contributions – employee	-	165,883	(165,883)
Net investment income	-	159,684	(159,684)
Benefit payments, including refunds of emp. contributions	(61,534)	(61,534)	-
Administrative expense	-	(1,803)	1,803
Other changes	-	(96)	96
Net changes	497,162	408,822	88,340
Balance at 12/31/16	\$ 3,313,119	\$ 2,771,417	\$ 541,702

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 1,060,619	\$ 541,702	\$ 116,332

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2017, the City recognized pension expense of \$258,916.

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

	Deferred Outflows (Inflows) of Resources
Difference between projected and investment earnings	\$ 97,660
Changes in actuarial assumptions	60,432
Differences between expected and actual economic experience	38,530
Contributions subsequent to the measurement date	136,987
Total	\$ 333,609

The City reported \$136,987 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

City of Melissa, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

Year ended December 31:

2017	\$ 57,951
2018	57,950
2019	53,169
2020	18,686
2021	7,051
Thereafter	1,815
	\$ 196,622

Supplemental Death Benefits Fund

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

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

The City offers supplemental death to:	Plan Year 2015	Plan Year 2016
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	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 \$592, \$848 and \$388, respectively, which equaled the required contributions each year.

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2015	0.02%	0.02%	100.0%
2016	0.03%	0.03%	100.0%
2017	0.02%	0.02%	100.0%

E. Restatement

The City restated its beginning net position within government activities, business-type activities, general fund, enterprise fund, and the discretely presented component units to properly reflect a corrections of an errors. The below tables summarize the changes to net position/fund balance as a result of these changes.

	Governmental Activities	General Fund
Prior year ending net position/ fund balance as reported	\$ 11,302,612	\$ 2,573,434
Correction of sales tax accrual	104,319	104,319
Correction of franchise tax accrual	55,040	55,040
Recognition of deferred revenue	3,516,249	3,516,249
Correction of prepaid asset	(46,748)	(46,748)
Correction of capital lease	23,054	-
Restated beginning net position/fund balance	<u>\$ 14,954,526</u>	<u>\$ 6,202,294</u>

	Business-type Activities	Enterprise
Prior year ending net position as reported	\$ 6,058,375	\$ 6,058,375
Recognition of deferred revenue	924,980	924,980
Correction of unbilled accounts receivable	236,961	236,961
Correction of capital lease	1,589	1,589
Restated beginning net position	<u>\$ 7,221,905</u>	<u>\$ 7,221,905</u>

	Community Development	Economic Development
Prior year ending net position as reported	\$ 570,514	\$ 979,136
Correction of sales tax accrual	52,159	52,159
Restated beginning net position	<u>\$ 622,673</u>	<u>\$ 1,031,295</u>

City of Melissa, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

F. Subsequent Events

There were no other material subsequent events through March 22, 2018, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Melissa, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2016	12/31/2015	12/31/2014	¹
Total pension liability				
Service cost	\$ 325,842	\$ 273,760	\$ 214,284	
Interest	198,997	171,825	144,926	
Changes in benefit terms	-	-	-	
Differences between expected and actual experience	33,857	(14,746)	38,722	
Changes of assumptions	-	89,627	-	
Benefit payments, including refunds of participant contributions	(61,534)	(44,530)	(42,295)	
Net change in total pension liability	497,162	475,936	355,637	
Total pension liability - beginning	2,815,957	2,340,021	1,984,384	
Total pension liability - ending (a)	3,313,119	2,815,957	2,340,021	
Plan fiduciary net position				
Contributions - employer	\$ 146,688	\$ 114,584	81,796	
Contributions - members	165,883	144,519	130,197	
Net investment income	159,684	3,169	107,092	
Benefit payments, including refunds of participant contributions	(61,534)	(44,530)	(42,295)	
Administrative expenses	(1,803)	(1,930)	(1,118)	
Other	(96)	(95)	(92)	
Net change in plan fiduciary net position	408,822	215,717	275,580	
Plan fiduciary net position - beginning	2,362,595	2,146,878	1,871,298	
Plan fiduciary net position - ending (b)	\$ 2,771,417	\$ 2,362,595	\$ 2,146,878	
Fund's net pension liability - ending (a) - (b)	\$ 541,702	\$ 453,362	\$ 193,143	
 Plan fiduciary net position as a percentage of the total pension liability	 83.65%	 83.90%	 91.75%	
Covered employee payroll	\$ 2,369,763	\$ 2,064,559	\$ 1,859,951	
Fund's net position as a percentage of covered employee payroll	22.86%	21.96%	10.38%	

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

City of Melissa, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Last Ten Fiscal Years ¹

	9/30/2017	9/30/2016	9/30/2015
Actuarially determined employer contributions	\$ 180,435	\$ 141,014	\$ 105,230
Contributions in relation to the actuarially determined contribution	\$ 180,435	\$ 141,014	105,230
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered employee payroll	\$ 2,607,147	\$ 2,826,657	1,942,041
Employer contributions as a percentage of covered employee payroll	6.92%	4.99%	5.42%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
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:

Notes

There were no benefit changes during the year.

City of Melissa, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 942,811	\$ 942,811	\$ 1,057,208	\$ 114,397
Intergovernmental	-	-	564,144	564,144
Investment income	-	-	950	950
Total Revenues	942,811	942,811	1,622,302	679,491
<u>Expenditures</u>				
Administration	2,400	2,400	2,400	-
Debt service:				
Principal retirement	1,485,000	1,485,000	1,420,000	65,000
Interest and fiscal charges	819,722	819,722	926,093	(106,371)
Total Expenditures	2,307,122	2,307,122	2,348,493	(41,371) *
Excess of Revenues Over (Under) Expenditures	(1,364,311)	(1,364,311)	(726,191)	638,120
<u>Other Financing Sources (Uses)</u>				
Transfers in	130,025	130,025	993,052	863,027
Total Other Financing Sources (Uses)	130,025	130,025	993,052	863,027
Net Change in Fund Balance	\$ (1,234,286)	\$ (1,234,286)	266,861	\$ 1,501,147
Beginning fund balance			378,847	
Ending Fund Balance			\$ 645,708	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of Melissa, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TIF FUND

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 565,445	\$ 565,445	\$ 562,533	\$ (2,912)
Investment income	-	-	707	707
Total Revenues	565,445	565,445	563,240	(2,205)
<u>Expenditures</u>				
Debt service:				
Principal retirement	470,000	470,000	470,000	-
Interest and fiscal charges	238,036	238,036	238,036	-
Total Expenditures	708,036	708,036	708,036	-
Excess of Revenues Over (Under) Expenditures	(142,591)	(142,591)	(144,796)	(2,205)
<u>Other Financing Sources (Uses)</u>				
Transfers in	200,000	200,000	360,000	160,000
Transfer (out)	-	-	(248,789)	(248,789)
Total Other Financing Sources (Uses)	200,000	200,000	111,211	(88,789) *
Net Change in Fund Balance	\$ 57,409	\$ 57,409	(33,585)	\$ (90,994)
Beginning fund balance			47,840	
Ending Fund Balance			\$ 14,255	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	84
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	94
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	100
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	107
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	109
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

City of Melissa, Texas
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 15,186	\$ 2,148	\$ 8,834	\$ 8,381
Restricted	4,285	503	440	1,126
Unrestricted	<u>3,065</u>	<u>12,304</u>	<u>1,484</u>	<u>1,381</u>
Total governmental activities net position	<u><u>\$ 22,536</u></u>	<u><u>\$ 14,955</u></u>	<u><u>\$ 10,758</u></u>	<u><u>\$ 10,888</u></u>
Business-type activities				
Net investment in capital assets	\$ 4,017	\$ 3,460	\$ 1,350	\$ 2,032
Restricted	1,743	925	-	-
Unrestricted (Deficit)	<u>1,284</u>	<u>2,837</u>	<u>4,625</u>	<u>3,195</u>
Total business-type activities net position	<u><u>\$ 7,044</u></u>	<u><u>\$ 7,222</u></u>	<u><u>\$ 5,975</u></u>	<u><u>\$ 5,227</u></u>
Primary government				
Net investment in capital assets	\$ 19,203	\$ 5,608	\$ 10,184	\$ 10,413
Restricted	6,028	503	440	1,126
Unrestricted	<u>4,349</u>	<u>15,141</u>	<u>6,109</u>	<u>4,576</u>
Total primary government net position	<u><u>\$ 29,580</u></u>	<u><u>\$ 21,252</u></u>	<u><u>\$ 16,733</u></u>	<u><u>\$ 16,115</u></u>

Source: City of Melissa, Texas

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 8,397	\$ 7,054	\$ 6,510	\$ 6,076	\$ 3,250	\$ 1,304
1,118	1,328	1,510	109	68	4,362
713	1,338	1,218	3,553	4,528	1,738
<u>\$ 10,228</u>	<u>\$ 9,720</u>	<u>\$ 9,238</u>	<u>\$ 9,738</u>	<u>\$ 7,846</u>	<u>\$ 7,404</u>
\$ 3,042	\$ 1,562	\$ 1,702	\$ 1,391	\$ 1,884	\$ 2,374
-	-	-	-	-	-
1,385	2,513	1,719	1,268	697	1,261
<u>\$ 4,427</u>	<u>\$ 4,075</u>	<u>\$ 3,421</u>	<u>\$ 2,659</u>	<u>\$ 2,581</u>	<u>\$ 3,635</u>
\$ 11,439	\$ 8,616	\$ 8,212	\$ 7,467	\$ 5,134	\$ 3,678
1,118	1,328	1,510	109	68	4,362
2,098	3,864	2,937	4,821	5,225	2,999
<u>\$ 14,655</u>	<u>\$ 13,808</u>	<u>\$ 12,659</u>	<u>\$ 12,397</u>	<u>\$ 10,427</u>	<u>\$ 11,039</u>

City of Melissa, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

(amounts expressed in thousands)

	2017	2016	2015	2014
Expenses				
Governmental activities:				
General government	\$ 2,796	\$ 2,849	\$ 2,917	\$ 2,253
Public safety	2,574	2,135	1,726	1,483
Streets	1,366	1,010	909	843
Culture and Recreation	755	593	689	487
Interest on long-term debt	1,364	1,120	867	771
Total governmental activities expenses	8,855	7,707	7,108	5,837
Business-type activities:				
Water & Sewer	5,401	5,779	4,178	3,047
Sanitation	381	338	233	211
Total business-type activities expenses	5,782	6,117	4,411	3,258
Total primary government expenses	\$ 14,637	\$ 13,824	\$ 11,519	\$ 9,095
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,861	\$ 1,192	\$ 958	\$ 735
Public safety	466	546	560	552
Streets	998	157	22	-
Culture and Recreation	-	-	-	5
Operating grants and contributions	230	203	158	309
Capital grants and contributions	3,910	-	400	830
Total governmental activities program revenues	7,465	2,098	2,098	2,431
Business-type activities:				
Charges for services:				
Water & Sewer	6,057	5,133	4,478	3,908
Sanitation	463	314	314	281
Grants and contributions	229	612	228	-
Total business-type activities program revenues	6,749	6,059	5,020	4,189
Total primary government program revenues	\$ 14,214	\$ 8,157	\$ 7,118	\$ 6,620

2013	2012	2011	2010	2009	2008
\$ 2,300	\$ 2,054	\$ 1,893	\$ 1,661	\$ 1,696	\$ 1,736
1,377	1,238	1,067	1,055	990	919
772	789	487	242	384	520
469	441	445	397	371	381
815	762	828	1,100	495	335
5,733	5,284	4,720	4,455	3,936	3,891
3,154	3,011	2,438	2,447	2,747	1,619
194	169	175	166	194	133
3,348	3,180	2,613	2,613	2,941	1,752
\$ 9,081	\$ 8,464	\$ 7,333	\$ 7,068	\$ 6,877	\$ 5,643
\$ 549	\$ 417	\$ 247	\$ 255	\$ 248	\$ 294
467	573	525	388	447	463
-	-	-	-	-	-
9	5	2	2	-	1
282	100	91	112	67	420
1,223	1,008	29	2,067	-	304
2,530	2,103	894	2,824	762	1,482
3,932	3,196	2,846	2,264	1,789	2,102
260	234	220	210	199	176
-	-	-	-	-	-
4,192	3,430	3,066	2,474	1,988	2,278
\$ 6,722	\$ 5,533	\$ 3,960	\$ 5,298	\$ 2,750	\$ 3,760

City of Melissa, Texas
CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	2017	2016	2015	2014
Net (Expenses) Revenue				
Governmental activities	\$ (1,390)	\$ (5,609)	\$ (5,010)	\$ (3,406)
Business-type activities	967	(58)	609	931
Total primary government net expense	\$ (423)	\$ (5,667)	\$ (4,401)	\$ (2,475)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 4,489	\$ 3,699	\$ 3,059	\$ 2,561
Sales taxes	1,164	1,129	822	830
Franchise and other taxes	382	339	306	282
Investment earnings	45	40	139	11
Miscellaneous	1,050	271	161	112
Gain on Sale of Capital Asset	-	-	-	2
Transfers	1,842	1,001	441	268
Total governmental activities	8,972	6,479	4,928	4,066
Business-type activities:				
Investment earnings	24	17	27	22
Miscellaneous	673	34	167	6
Transfers	(1,842)	(194)	(441)	(268)
Total business-type activities	(1,145)	(143)	(247)	(240)
Total primary government	\$ 7,827	\$ 6,336	\$ 4,681	\$ 3,826
Change in Net Position				
Governmental activities	\$ 7,582	\$ 870	\$ (82)	\$ 660
Business-type activities	(178)	(201)	362	691
Total primary government	\$ 7,404	\$ 669	\$ 280	\$ 1,351

Source: City of Melissa, Texas

2013	2012	2011	2010	2009	2008
\$ (3,203)	\$ (3,181)	\$ (3,826)	\$ (1,631)	\$ (3,174)	\$ (2,409)
844	250	453	(139)	(953)	526
<u>\$ (2,359)</u>	<u>\$ (2,931)</u>	<u>\$ (3,373)</u>	<u>\$ (1,770)</u>	<u>\$ (4,127)</u>	<u>\$ (1,883)</u>

\$ 2,275	\$ 2,217	\$ 2,117	\$ 2,143	\$ 2,133	\$ 1,617
704	641	472	406	507	672
255	247	216	193	148	133
20	33	36	258	301	134
177	82	100	57	51	141
44	(12)	-	-	11	1
236	219	120	203	194	195
<u>3,711</u>	<u>3,427</u>	<u>3,061</u>	<u>3,260</u>	<u>3,345</u>	<u>2,893</u>

22	35	17	55	73	126
145	353	207	135	21	2
(236)	(219)	(120)	(203)	(194)	(195)
(69)	169	104	(13)	(100)	(67)
<u>\$ 3,642</u>	<u>\$ 3,596</u>	<u>\$ 3,165</u>	<u>\$ 3,247</u>	<u>\$ 3,245</u>	<u>\$ 2,826</u>

\$ 508	\$ 246	\$ (765)	\$ 1,629	\$ 171	\$ 484
775	419	557	(152)	(1,053)	459
<u>\$ 1,283</u>	<u>\$ 665</u>	<u>\$ (208)</u>	<u>\$ 1,477</u>	<u>\$ (882)</u>	<u>\$ 943</u>

City of Melissa, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2017	2016	2015	2014
General Fund				
Nonspendable	\$ 52	\$ 55	\$ 38	\$ 9
Restricted	3,691	76	100	85
Assigned	1,665	420	414	129
Unassigned	1,802	2,022	1,404	1,370
Total general fund	<u>\$ 7,210</u>	<u>\$ 2,573</u>	<u>\$ 1,956</u>	<u>\$ 1,593</u>
All Other Governmental Funds				
Restricted	10,317	6,887	14,148	1,041
Unassigned	(35)	-	-	-
Total all other governmental funds	<u>\$ 10,282</u>	<u>\$ 6,887</u>	<u>\$ 14,148</u>	<u>\$ 1,041</u>

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 2	\$ 17	\$ 15	\$ -	\$ -	\$ -
73	64	48	39	31	16
64	57	-	-	-	-
1,355	1,319	1,333	1,353	1,281	1,797
<u>\$ 1,494</u>	<u>\$ 1,457</u>	<u>\$ 1,396</u>	<u>\$ 1,392</u>	<u>\$ 1,312</u>	<u>\$ 1,813</u>
1,045	1,264	1,462	2,404	10,254	4,362
-	-	-	-	-	-
<u>\$ 1,045</u>	<u>\$ 1,264</u>	<u>\$ 1,462</u>	<u>\$ 2,404</u>	<u>\$ 10,254</u>	<u>\$ 4,362</u>

City of Melissa, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2017	2016	2015	2014
Revenues				
Taxes	\$ 5,991	\$ 5,159	\$ 4,182	\$ 3,646
Licenses & Permits	2,854	1,342	976	1,201
Intergovernmental	4,140	-	400	511
Charges for Services	5	8	4	6
Fines	466	546	560	551
Investment earnings	45	40	140	11
Contributions	-	203	157	163
Miscellaneous	1,050	247	161	112
Total Revenues	14,551	7,545	6,580	6,201
Expenditures				
General government	2,475	2,515	2,489	1,864
Public safety	2,303	1,901	1,572	1,342
Streets	275	281	257	248
Culture & Recreation	526	511	600	405
Capital Outlay	19,620	4,901	909	982
Debt Service:				
Principal	1,555	994	971	900
Interest and fiscal charges	1,359	1,242	681	743
Total Expenditures	28,113	12,345	7,479	6,484
Excess of Revenues Over (Under)				
Expenditures	(13,562)	(4,800)	(899)	(283)
Other financing sources (uses)				
Transfers in	19,264	2,264	1,368	1,710
Transfers (out)	(17,422)	(1,262)	(927)	(1,443)
Note Issued	-	-	-	-
Bonds Issued	29,006	-	10,490	-
Insurance Recoveries	-	24	-	-
Capital Leases	-	341	229	108
Sale of Capital Assets	-	-	-	2
Payment to refunded escrow agent	(12,884)	-	-	-
Bond Issuance Cost	-	-	-	-
Total Other Financing Sources (Uses)	17,964	1,367	11,160	377
Net Change in Fund Balances	\$ 4,402	\$ (3,433)	\$ 10,261	\$ 94
Debt service as percentage of noncapital expenditures	32.9%	30.0%	25.1%	29.9%

2013	2012	2011	2010	2009	2008
\$ 3,275	\$ 3,068	\$ 2,802	\$ 2,766	\$ 2,781	\$ 2,440
549	417	235	245	206	294
546	236	307	2,303	313	505
10	6	2	2	2	1
466	573	524	387	445	463
20	33	36	258	301	134
959	1,107	91	149	67	218
177	82	100	58	51	124
6,002	5,522	4,097	6,168	4,166	4,179
1,974	1,740	1,585	1,564	1,662	1,631
1,256	1,121	924	903	859	804
230	279	232	213	355	258
376	353	355	306	280	290
1,874	1,640	677	9,592	4,713	2,511
803	568	549	537	497	310
735	813	833	1,073	487	311
7,248	6,514	5,155	14,188	8,853	6,115
(1,246)	(992)	(1,058)	(8,020)	(4,687)	(1,936)
1,898	844	803	-	-	195
(1,662)	(625)	(684)	-	-	-
-	-	-	-	-	-
2,430	500	-	-	-	5,230
-	-	-	-	-	17
38	109	-	-	-	331
48	27	-	-	-	3
(1,595)	-	-	-	-	-
(93)	-	-	-	-	-
1,064	855	119	-	-	5,776
\$ (182)	\$ (137)	\$ (939)	\$ (8,020)	\$ (4,687)	\$ 3,840
28.6%	28.3%	30.9%	35.0%	23.8%	17.2%

City of Melissa, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

(amounts expressed in thousands)

Fiscal Year Ended Sept 30	Real Property		Less		Total Assessed Value	Tax Rate
	Residential Assessed Value	Commercial Assessed Value	Exemptions Real Property			
2006	\$ 394,317	\$ 236,063	\$ 50,375	\$	580,005	\$ 0.78650
2007	189,676	61,481	14,650		236,507	0.52000
2008	253,408	71,814	17,033		308,189	0.52000
2009	277,679	75,976	17,097		336,558	0.61000
2010	283,842	87,460	29,637		341,665	0.61000
2011	289,495	84,077	31,807		341,765	0.61000
2012	299,967	84,719	32,018		352,668	0.61000
2013	310,017	88,489	35,219		363,287	0.61000
2014	420,978	101,533	41,884		480,627	0.61000
2015	428,704	128,724	125,900		431,528	0.61000
2016	663,465	105,965	74,304		695,126	0.61000
2017	799,189	88,643	178,488		709,344	0.61000

Notes: The appraisal of property within the City is the responsibility of the Collin County Central Appraisal District. The Appraisal District is required under the Texas Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal, and the market data comparison basis of appraisal, and the method considered most appropriate by the chief appraiser is to be used. The value placed upon property within the Appraisal District is subject to review by a three member Appraisal Review Board.

Source: Collin County Central Appraisal District

Estimated Tax Value		Ratio of Total Assessed Value to Total Estimated Actual Value
<hr/>		
\$	580,005	100.0%
	236,507	100.0%
	308,189	100.0%
	336,558	100.0%
	341,665	100.0%
	341,765	100.0%
	352,668	100.0%
	363,287	100.0%
	480,627	100.0%
	431,528	100.0%
	695,126	100.0%
	709,344	100.0%

City of Melissa, Texas
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years (Unaudited)

Fiscal Year	CITY OF MELISSA			Melissa Independent School District	Collin County	Collin County College District	Total Rate
	General	Debt Service	Total Rate				
2008	\$ 0.459435	0.06057	\$ 0.52000	1.53500	\$ 0.24500	0.08698	\$ 2.386984
2009	0.436756	0.17324	0.610000	1.54000	0.24250	0.08649	2.478993
2010	0.435000	0.17500	0.610000	1.54000	0.24250	0.08630	2.478800
2011	0.431322	0.17868	0.610000	1.54000	0.24000	0.08630	2.476300
2012	0.437740	0.17226	0.610000	1.54000	0.24000	0.08630	2.476300
2013	0.441731	0.16827	0.610000	1.54000	0.23750	0.08364	2.471143
2014	0.463642	0.14636	0.610000	1.54000	0.23500	0.08196	2.466960
2015	0.478910	0.13109	0.610000	1.67000	0.22500	0.08196	2.586960
2016	0.462173	0.14783	0.610000	1.67000	0.20840	0.08122	2.569617
2017	0.457305	0.15270	0.610000	1.67000	0.19225	0.07981	2.552056

Source: Collin County Central Appraisal District

City of Melissa, Texas
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago (Unaudited)

Taxpayer	2017			2008		
	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation
Hillwood RLD LP	\$ 5,953,908	1	0.84%	4,592,958	1	1.35%
Bloomfield Homes LP	4,507,585	2	0.64%	-	-	-
L107 McKinney Investments	4,287,405	3	0.60%	-	-	-
D.R. Horton- Texas LTD	3,242,493	4	0.46%	-	-	-
Hovnanian Homes - DFW LLC	2,993,613	5	0.42%	3,404,000	2	1.00%
Steel Fab Texas Inc.	2,915,852	6	0.41%	-	-	-
First National Bank of Trenton	2,864,604	7	0.40%	1,941,524	9	0.57%
Alice Marie LLC	2,794,666	8	0.39%	-	-	-
Calhar Construction Inc.	2,724,367	9	0.38%	-	-	-
Mesquite Creek Development	2,533,053	10	0.36%	-	-	-
Phillips Properties LTD	-			2,615,776	3	0.77%
Engibous, Thomas J Etux	-			2,111,899	4	0.62%
Oncor Electric Delivery Company	-			2,071,530	5	0.61%
McKinney Lumber Company LLC	-			2,068,305	6	0.61%
Zenith Finance and Construction Co.	-			2,041,344	7	0.60%
Wall Homes Texas LLC	-			1,943,314	8	0.57%
Melissa Crossing LLC	-			1,887,650	10	0.55%
Total	\$ 34,817,546			\$ 24,678,300		

Source: Collin County Central Appraisal District

Note: Information concerning principal tax payers is not available
for the period nine years prior to the current period.

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City of Melissa, Texas
PROPERTY TAX LEVIES AND COLLECTIONS (1)
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2008	\$ 1,603,175	\$ 1,585,293	98.9%	\$ 17,596	\$ 1,602,889	99.98%
2009	2,089,744	2,035,210	97.4%	53,105	2,088,315	99.9%
2010	2,095,958	2,068,894	98.7%	24,943	2,093,837	99.9%
2011	2,084,767	2,058,297	98.7%	26,331	2,084,628	99.99%
2012	2,135,747	2,122,966	99.4%	11,267	2,134,233	99.93%
2013	2,222,902	2,206,941	99.3%	4,214	2,211,155	99.5%
2014	2,473,949	2,463,639	99.6%	88	2,463,727	99.6%
2015	2,953,734	2,932,886	99.3%	8,100	2,940,986	99.6%
2016	3,585,389	3,570,609	99.6%	612	3,571,221	99.6%
2017	4,334,553	4,310,559	99.4%	-	4,310,559	99.4%

Notes: (1) Includes general and debt service funds.

Source: Collin County Tax Assessor Collector.

City of Melissa, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Unaudited)

(Amounts Expressed In Thousands, Except per Capita Amount)

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Certificates of Obligation	Notes	Capital Leases
2008	\$ 10,020	\$ -	\$ 99	\$ 490
2009	19,450	-	94	441
2010	19,005	-	89	392
2011	18,530	-	84	323
2012	18,630	-	-	348
2013	18,740	-	-	308
2014	17,930	-	-	326
2015	27,575	-	-	429
2016	26,695	-	-	656
2017	22,502	19,485	-	498

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

Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Capital Leases				
\$ 10,939	\$ 35	\$ -	\$ 181	\$ 21,764	10.36%	4,946	
10,666	-	-	163	30,814	10.45%	6,163	
11,644	1,255	-	148	32,533	10.29%	6,256	
11,356	1,160	-	132	31,585	11.21%	5,743	
12,374	1,060	-	115	32,527	11.88%	5,421	
16,636	955	-	98	36,737	10.98%	5,652	
18,130	850	-	79	37,315	11.64%	5,330	
19,085	740	-	81	47,910	16.15%	5,323	
18,306	630	-	57	46,344	16.15%	5,323	
7,019	2,762	13,775	23	66,064	116.15%	6,292	

City of Melissa, Texas
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years (Unaudited)
(Amounts Expressed in Thousands, Except per Capita Amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value¹ of Property	Per Capita²
2008	\$ 10,055	\$ -	\$ 10,055	2.80%	2,277
2009	19,450	37	19,413	5.18%	3,883
2010	20,260	71	20,189	5.09%	3,641
2011	19,690	97	19,593	5.05%	3,351
2012	19,690	116	19,574	5.32%	3,124
2013	19,695	197	19,498	4.65%	2,853
2014	18,780	243	18,537	3.68%	2,527
2015	28,315	304	28,011	4.74%	3,030
2016	27,325	379	26,946	4.74%	3,030
2017	25,264	608	24,656	3.48%	2,348

¹See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics.

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

City of Melissa, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2017 (Unaudited)

(Amounts Expressed in Thousands)

	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes:			
Melissa I.S.D.	\$ 88,783	79.55%	\$ 70,627
Collin County	395,590	0.53%	2,097
Collin County College District	16,910	0.53%	90
Total, overlapping debt			72,813
 City of Melissa Direct Debt	 42,485	 100%	 42,485
 Total direct and overlapping debt			 \$ 115,298

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

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

Source: Various entity financial statements.

City of Melissa, Texas
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years (Unaudited)
(amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt limit	\$ 88,783	\$ 54,166	\$ 52,251	\$ 39,851
Total net debt applicable to limit	<u>27,850</u>	<u>27,271</u>	<u>17,687</u>	<u>27,271</u>
Legal debt margin	<u><u>\$ 60,933</u></u>	<u><u>\$ 26,895</u></u>	<u><u>\$ 34,564</u></u>	<u><u>\$ 12,580</u></u>
Total net debt applicable to limit as a percentage of debt limit	31.37%	50.35%	33.85%	68.43%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 709,344
Add back: exempt real property	<u>178,488</u>
Total assessed value	<u><u>887,832</u></u>
Debt limit (10% of total assessed value)	88,783
Debt applicable to limit:	
General obligation	25,264
Less: Amount set aside for repayment of general obligation debt	<u>(608)</u>
Total net debt applicable to limit	<u>24,656</u>
Legal debt margin	<u><u>\$ 64,127</u></u>

Note: There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), that limits the maximum tax rate, for all city purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

Source: City of Melissa, Texas

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 35,267	\$ 37,357	\$ 37,195	\$ 37,466	\$ 35,748	\$ 32,522
<u>18,514</u>	<u>18,433</u>	<u>18,934</u>	<u>19,413</u>	<u>10,020</u>	<u>5,035</u>
<u>\$ 16,753</u>	<u>\$ 18,924</u>	<u>\$ 18,261</u>	<u>\$ 18,053</u>	<u>\$ 25,728</u>	<u>\$ 27,487</u>
52.50%	49.34%	50.90%	51.81%	28.03%	15.48%

City of Melissa, Texas

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years (Unaudited)

(Amounts Expressed in Thousands)

Fiscal Year	Water & Sewer Revenue Bonds						
	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2008	\$ 2,407	\$ 1,346	\$ 1,061	\$ 194	\$ 248	240%	
2009	2,081	2,352	(271)	308	469	-35%	
2010	2,894	1,989	905	308	418	125%	
2011	3,495	1,896	1,599	288	430	223%	
2012	4,066	2,225	1,841	473	530	184%	
2013	3,950	2,822	1,128	548	525	105%	
2014	4,217	2,564	1,653	761	695	114%	
2015	5,214	3,228	1,986	850	739	125%	
2016	6,110	3,932	2,178	889	1,550	89%	
2017	7,215	4,911	2,304	862	765	142%	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation.

Source: City of Melissa, Texas

City of Melissa, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	(1) Population	Personal Income (Amounts Expressed in Thousands)	(2) Per Capita Personal Income	(1)/(5) Average Age	(4) School Enrollment	(2) Unemployment Rate
2008	4,400	\$ 210,060	\$ 47,741	N/A	1,256	4.6%
2009	4,700	146,541	31,179	36.9	1,370	7.2%
2010	5,200	162,130	31,179	33.7	1,453	7.3%
2011	5,500	171,845	31,179	32.4	1,586	7.0%
2012	6,000	187,074	31,179	32.9	1,707	6.1%
2013	6,500	214,292	32,968	32.9	1,895	5.5%
2014	7,000	230,776	32,968	32.4	1,921	4.4%
2015	9,000	296,712	32,968	31.0	2,159	4.4%
2016	10,000	373,620	37,362	31.1	2,399	4.4%
2017	10,500	357,567	34,054	32.7	2,624	3.6%

Data Sources:

- (1) North Central Texas Council of Governments (NCTCOG) & staff estimates
- (2) Texas Workforce Commission (data for Collin County)
- (3) US Bureau of Labor & Real Estate Center at Texas A&M University (data for Collin County)
- (4) Melissa I.S.D.
- (5) U.S. Census Bureau

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City of Melissa, Texas

PRINCIPAL EMPLOYERS

Current and Eight Years Ago (Unaudited)²

Employer	2017			2009		
	No. Employees ¹	Rank	Percentage of Total City Employment	No. Employees ¹	Rank	Percentage of Total City Employment
Melissa ISD	325	1	10.4%	165	1	8.4%
Kirk Concrete Construction, Inc.	145	2	4.6%	75	3	3.8%
SteelFab Texas Fabricated Structural Steel	100	3	3.2%	-	-	-
Calhar Utility Contractors NTMWD Regional Disposal Activities	75	4	2.4%	-	-	-
	46	5	1.5%	-	-	-
City of Melissa	45	6	1.4%	30	5	1.5%
Sonic Drive-In	36	7	1.2%	25	7	1.3%
CMC Rebar	28	8	0.9%	15	10	0.8%
Mudpies & Lullabies	23	9	0.7%	-	-	-
Corner Store	15	10	0.5%	-	-	-
Calhar Utility Contractors	-	-	-	88	2	4.5%
Alpha Industries Fabricated Stru	-	-	-	55	4	2.8%
McKinney Lumber	-	-	-	30	6	1.5%
Bee Builder Supply	-	-	-	23	8	1.2%
Mudpies & Lullabies	-	-	-	22	9	1.1%
Total	838		26.8%	528		26.8%

¹ Source: City of Melissa

² Only eight years ago available at this time.

City of Melissa, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function / Program	2017	2016	2015	2014	2013	2012
General Government	8.5	7.5	7.5	7.0	6.5	6.5
Public Safety:						
Police	12.0	11.0	11.0	10.0	9.0	9.0
Municipal Court	2.0	1.5	1.5	1.5	2.5	2.5
Fire	10.0	9.0	9.0	3.5	3.0	2.0
Code Enforcement	1.0	-	-	-	-	1.0
Streets	0.5	0.5	0.5	1.0	1.0	1.0
Culture & Recreation:						
Parks and recreation	2.0	2.0	2.0	1.0	1.0	1.0
Libraries	4.5	4.0	4.0	3.0	2.5	2.0
Water, Wastewater	4.5	4.5	4.5	4.0	4.0	4.0
Utility Administration	2.5	3.5	3.5	3.5	3.0	3.0
Total all governmental funds	47.5	43.5	43.5	34.5	32.5	32.0

Source: City of Melissa, Texas

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
6.0	6.0	6.0	6.0	6.0
9.5	9.5	9.5	9.5	9.0
2.5	2.5	2.5	2.5	2.5
2.0	1.5	1.5	0.5	0.5
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	2.0	2.0
2.0	2.0	2.0	2.5	2.0
4.0	4.0	4.0	4.0	4.0
3.0	3.0	3.0	3.0	3.0
<u>32.0</u>	<u>31.5</u>	<u>31.5</u>	<u>32.0</u>	<u>31.0</u>

City of Melissa, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Six Fiscal Years

Function/Program	2017	2016	2015	2014
General government				
Building permits issued				
Commercial:				
Number Issued	20	23	4	6
Total Dollar Value of Permits Issued	33,274,421	3,641,774	3,425,350	12,125,016
Residential:	317	238	334	267
Number Issued	83,028,982	60,904,323	72,037,803	51,138,518
Total Dollar Value of Permits Issued				
Public Safety				
Police:				
Physical arrests	104	162	128	151
Accidents	211	259	234	302
Citations	2,905	2,799	3,461	3,277
Fire:				
Calls for Service- Fire & EMS	1,210	1,120	920	825
Number of Fire Safety Programs	5	30	30	30
Number of Calls Answered	1,210	1,120	950	850
Inspections	200	400	450	375
Fires Extinguished	85	95	150	65
Municipal Court				
Number of Cases Filed	2,639	3,382	3,461	3,609
Number of cases closed	2,603	2,933	3,077	3,205
Culture & Recreation:				
Parks & Recreation				
Athletic Field Reservations Issued	15	22	60	21
Park Facilities Reservations Issued	24	26	15	28
Public Works:				
Water & Sewer:				
New water connections	336	284	295	258
Average daily consumption of water (thousands of gallons)	1,755,863	835,180	915,316	611,156
Average daily treatment of wastewater (thousands of gallons)	734,400	1,395,918	1,557,289	793,123
Streets:				
Potholes Repaired (tons of material)	360	310	195	227
Concrete Streets repaired (yards)	6,857	13,028	0	0

Source: City of Melissa, Texas

Note: Only six years available at this time.

2013	2012
3	1
909,760	1,013,460
158	205
29,256,927	37,994,370
119	154
272	223
2,578	2,623
750	775
25	30
925	900
105	70
130	125
2,534	2,871
4,106	2,980
52	15
32	12
154	193
696,847	764,688
718,830	654,121
49	63
0	0

City of Melissa, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Nine Fiscal Years

Function	2017	2016	2015	2014	2013
Public Safety					
Police stations	1	1	1	1	1
Fire stations	1	1	1	1	1
Streets and Drainage:					
Streets (miles)	71.00	62.94	61.46	58.16	54.42
Storm Sewers (miles)	27.89	22.32	21.30	19.57	18.54
Culture and Recreation					
Parks Acreage	33	31	31	31	31
Melissa Sports Facility- Acreage	100	100	0	0	0
Water					
Water mains (miles)	70.97	61.54	57.50	54.31	50.31
Fire hydrants	618	515	478	439	400
Storage capacity (millions of gallons)	2	1,750	1,750	1,375	1,375
Sewer					
Sanitary sewer (miles)	65.11	52.78	50.60	47.24	44.75

Source: City of Melissa, Texas

Note: Only nine years available at this time.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
1	1	1	1
1	1	1	1
53.00	53.00	52.80	51.10
16.95	16.95	16.92	15.45
31	31	31	31
0	0	0	-
47.25	46.00	45.95	25.67
370	368	366	300
1,375	1,375	1,375	1375
42.94	42.94	42.94	36.49