

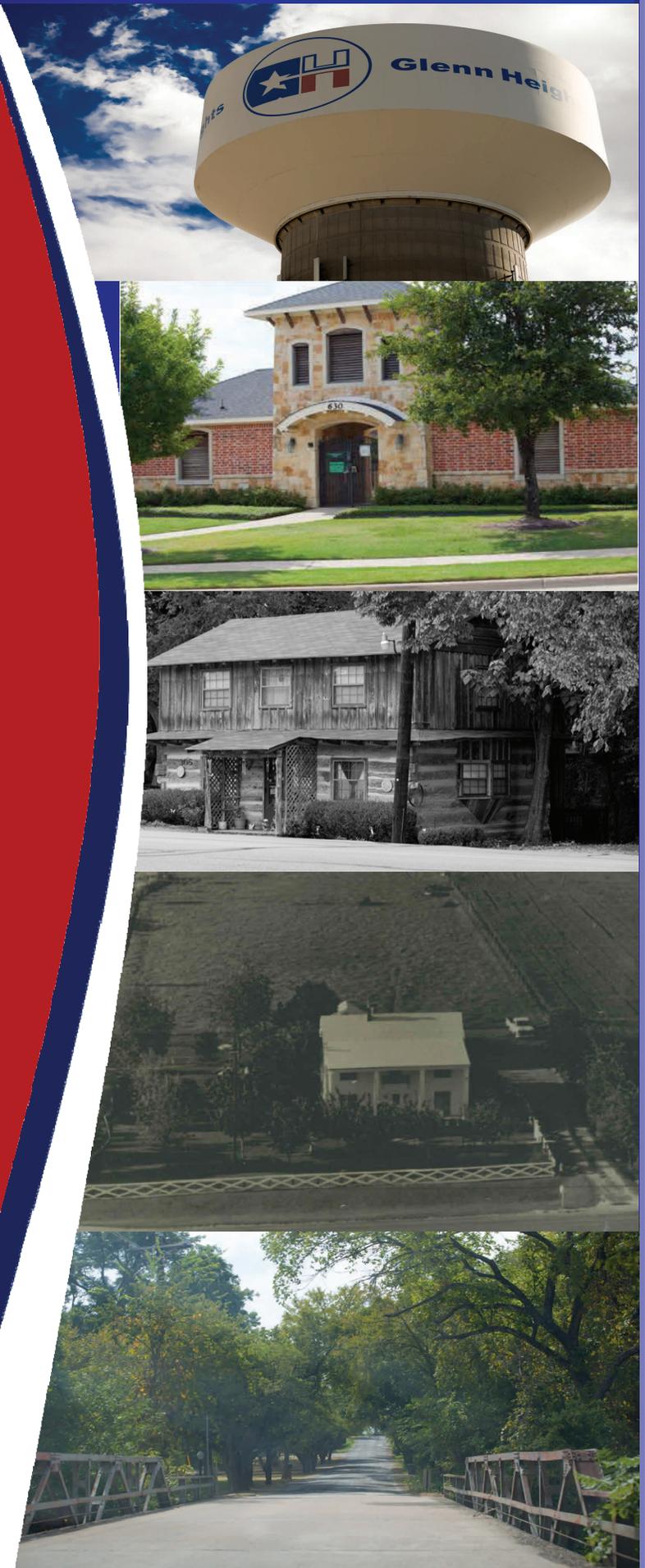
CITY OF
GLENN HEIGHTS
Texas

COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

FOR THE FISCAL
YEAR ENDED
SEPTEMBER 30, 2014



*Celebrating 45
Years
of
Excellence*



**CITY OF
GLENN HEIGHTS, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2014**

Prepared by:

The City's Finance Department

CITY OF GLENN HEIGHTS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2014

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INTRODUCTORY SECTION

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March 27, 2015

Honorable Mayor and Members of the City Council
City of Glenn Heights
Glenn Heights, Texas

The Finance Department is pleased to submit the Comprehensive Annual Financial Report of the City of Glenn Heights, Texas for the fiscal year ended September 30, 2014. This report was prepared through the cooperative efforts of the Finance Department and the City's independent auditor. It is published to provide the City Council, staff, citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with the City. We believe the data, as presented, is accurate in all material respects. It is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and all disclosures necessary have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

Management's discussion and analysis (MD&A) begins on page 4 and provides a narrative introduction, overview, and analysis of the City's basic financial statements. The MD&A also provides readers with management's viewpoint of the City's financial performance and should be read in conjunction with the financial statements.

CITY PROFILE

The City of Glenn Heights, Texas, a predominately residential community situated in Dallas and Ellis Counties, is a Texas municipality that incorporated in 1969 to operate as a general law city. In August 1987, the City adopted its charter and currently operates as a home rule city. The City lies at the hub of Interstate 35E and Texas Farm-To-Market Road 664. Glenn Heights is a short drive from downtown Dallas and has an estimated population of 11,763 residents. The City operates under a council-manager form of government. The Council is comprised of seven officials including a mayor and six council members.

THE REPORTING ENTITY AND ITS SERVICES

Generally accepted accounting principles require that basic financial statements present the City (the primary government) and its component units. The Council has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also

has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Government Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity. The City is regulated by the Code of State Statutes of the State of Texas and is authorized to perform the following services: public safety (police and fire), development services (public works, planning, and inspections), economic development, sanitation, water and sewer utilities, storm drainage and general administrative services.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements should be considered from the broad perspective of the specific environment within which the City operates.

In recent years, the City of Glenn Heights has experienced excellent growth in population. The 1990 census was 4,564, and the 2010 census is 11,278, an increase of 247% over the past 20 years. The City's current ad valorem tax base is 92% residential and 8% commercial. The City recognizes the value of commercial development to its economic base and continues to encourage commercial growth that will be beneficial to the community.

In January 2009, the City Council directed the City Manager to focus on the future of the City by developing a Five-Year Strategic Plan for 2009-2014. The purpose of the Strategic Plan is to formally assess needs and resources, look forward five years, and create a formal plan for the future growth and sustainability of the City. The Strategic Plan establishes broad goals, identifies strategic issues, and states general priorities as defined by the governing body, staff, and citizens. What makes this plan different is that it is endorsed and adopted by City Council, will be reviewed and modified on an annual basis, has strategies for implementation, key indicators of success and is incorporated into the staff work plans and the City's annual budgets. Additionally, the plan will only be effective if it reflects the concerns, values, and priorities of our citizens, therefore, our plan review process and future modifications will include citizen involvement and staff at all levels of the organization.

On February 21 and 28, 2009, City Council and City Staff Department Heads held joint workshops to focus on the Strategic priorities for the City, its strengths, weaknesses, challenges and opportunities. The discussions had four primary themes which reflect the City's vision and mission statements: 1) Great Neighborhoods, 2) A Safe City, 3) A Healthy and Sound Economy, and 4) An Effective Government. The key result of the workshops and subsequent discussions was the development of the eleven (11) strategic goals to be addressed in the City of Glenn Heights Strategic Plan. The strategic issues are:

1. Neighborhood Vitality
2. Public Safety and Emergency Preparedness
3. Economic Development
4. Infrastructure Sustainability
5. City Council and Staff Accountability
6. Customer Service, Communication and Involvement
7. Fiscal Accountability and Integrity

8. Technology
9. Education Advocacy
10. Recreation, Arts and Culture
11. Environmental, Health and Human Services

The Glenn Heights Strategic Plan is a roadmap and provides a framework for the City's services, programs and activities for the future. There are obstacles that hinder the City's abilities to attain these goals. One major obstacle is identifying available funding sources. For example, since one cent of City sales tax goes to funding mass public transportation (Dallas Area Rapid Transit) and is not available to fund other special service funds, long-term financial planning will be crucial in meeting certain goals such as economic development and infrastructure sustainability.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary funds are budgeted and maintained on this same basis of accounting for management purposes and converted to full accrual accounting for external reporting purposes.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and the evaluation of cost and benefits requires estimates and judgments by management. We believe the City's internal control structure is adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The budgetary process begins each year with the preparation of revenue estimates by the City's Department of Finance and expenditure estimates by each City department. Estimates are reviewed by the City Manager and evaluated within the total financial framework. Budget proposals are then recommended by the City Manager and reviewed extensively by the City Council, a process that includes public hearings. After the public hearings, the City Council may make changes as deemed appropriate. The budget is then adopted by ordinance, as well as the City's ad valorem tax rate. All of the City's governmental funds as well as enterprise funds (water and sewer, and drainage) are included in the annual budgetary process.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget adopted by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established at the fund level. Department Directors are authorized to transfer budgeted expenditures between line items within their respective departments while the City Manager is authorized to transfer budgeted expenditures between departments within a City fund. However, any revisions that alter total expenditures of a City fund must be approved by the City Council.

LONG-TERM FINANCIAL PLANNING

The City of Glenn Heights maintains sufficient cash reserves and unassigned fund balances/unrestricted net assets in its general and utility fund to avoid borrowing for general operating purposes and to handle emergency situations, while providing quality service levels to the public.

During fiscal year 2006, the City obtained certificates of obligation for \$2,535,000. These funds were used for major street improvements.

During fiscal year 2008, the City obtained certificate of obligation for \$2,050,000. These funds were used for major water, wastewater, and drainage infrastructure improvements.

During fiscal year 2010, the City refunded the 2003 certificates of obligation by obtaining a general obligation refunding bond.

During fiscal year 2012, the City held its first general obligation bond election. Proposition 1 was for \$8,000,000 to construct a Town Center, and Proposition 2 was for \$7,500,000 for street improvements. Both propositions failed.

AUDIT

The City Charter requires an annual audit of the books of accounts, financial records and transactions of all departments of the City by independent certified public accountants selected and engaged by the City Council.

We are proud to say that the City's auditors, Pattillo, Brown & Hill, LLP, issued an unmodified opinion on the City's financial statements for the year ended September 30, 2014. This report is included in the financial section of this report.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Glenn Heights for its Comprehensive Annual Financial Report (CAFR) for fiscal year ended 2013. This was the sixth consecutive year that the City has received this prestigious award. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA for their consideration.

CONCLUSION

The preparation of this report could not be accomplished without the dedicated services of the City's auditors, City Management, and staff of the City's Finance Department. The Finance staff has worked extremely hard to ensure the accuracy and timeliness of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Aguilera". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Michael Aguilera
Director of Finance



Government Finance Officers Association

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

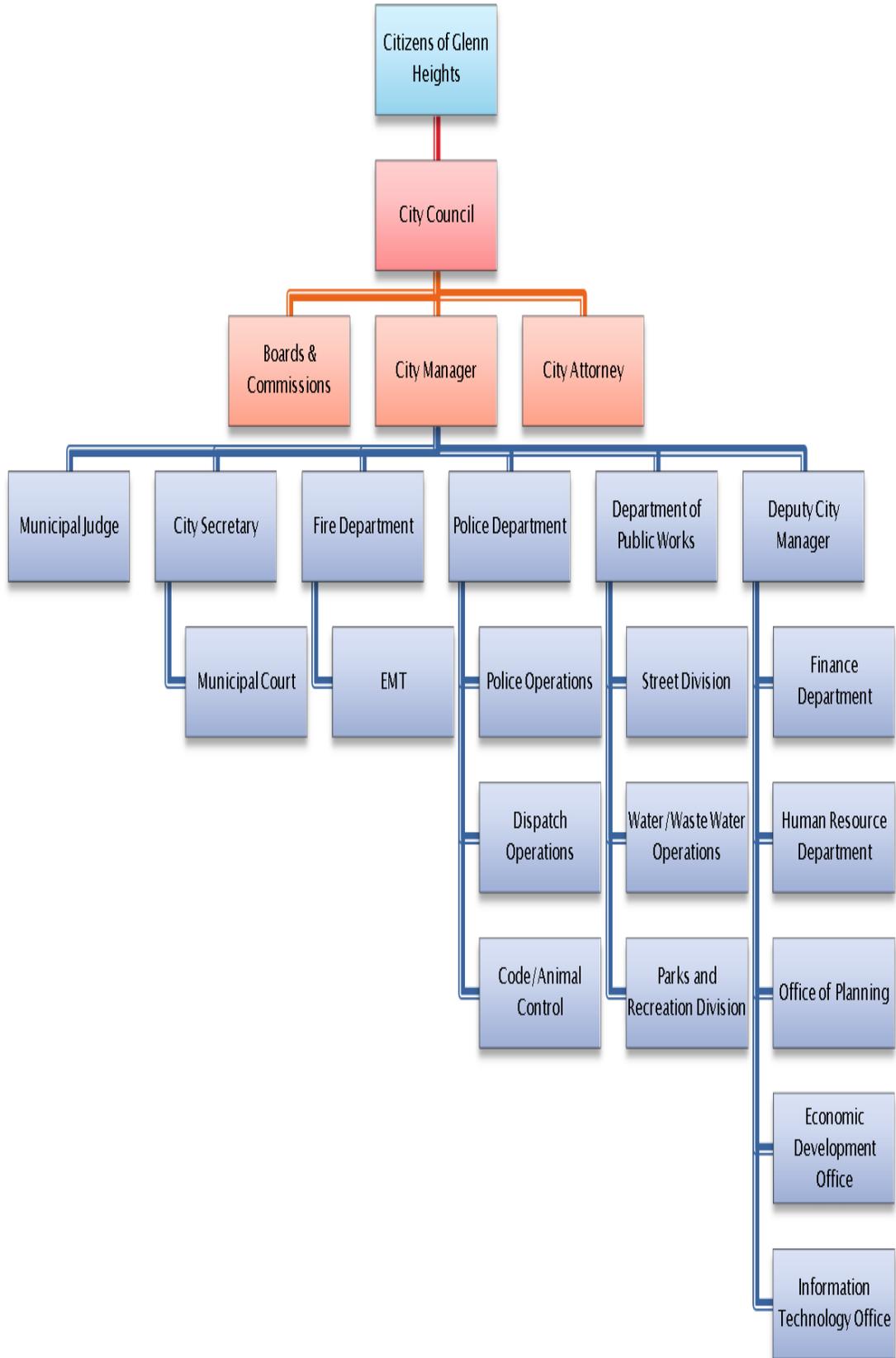
Presented to

**City of Glenn Heights
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



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FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City of Council
City of Glenn Heights, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Glenn Heights, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I to the financial statements, in 2014 the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 and analysis, budgetary comparison information and TMRS funding schedule on pages 4–13 and 43–45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, on our consideration of the City of Glenn Heights, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Glenn Heights, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 27, 2015

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Glenn Heights, Texas' we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City. We encourage the readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2014, the City's assets and deferred outflows exceeded its liabilities by \$18,402,751 (net position). Of this amount, \$6,364,271 (or 34.6%) was unrestricted.
- For the fiscal year ended September 30, 2014, net position increased by \$1,081,613. In fiscal year 2013 the increase was \$1,662,531. The increase in fiscal year 2014 is primarily due to a reduction in expenses. Expenses were reduced as a result of vacancies in multiply management positions being filled later in the fiscal year than originally anticipated, and actual election expenses were less than the budgeted amount.
- At fiscal year-end, the City's governmental funds reported combined ending fund balances of \$3,853,051, of which \$1,944,377 (or 50.5%) was available for spending at the City's discretion (unassigned and assigned).
- For fiscal year 2014, the City's total capital assets net of accumulated depreciation decreased by \$451,695. The decrease is primarily due depreciation of capital assets.
- The City's long-term liabilities decreased by \$676,029. This decrease primarily relates to annual debt service payments. No new debt was issued for any fiscal year 2014 capital purchases.

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OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in *more detail* than the government-wide statements.
- *Governmental fund* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- The financial statements also include *notes to the financial statements* explaining some of the information in the financial statements and provide more detailed data.
- The report also contains other supplementary information in addition to the basic financial statements themselves.

FIGURE A-1
REQUIRED COMPONENTS OF THE CITY’S ANNUAL FINANCIAL REPORT

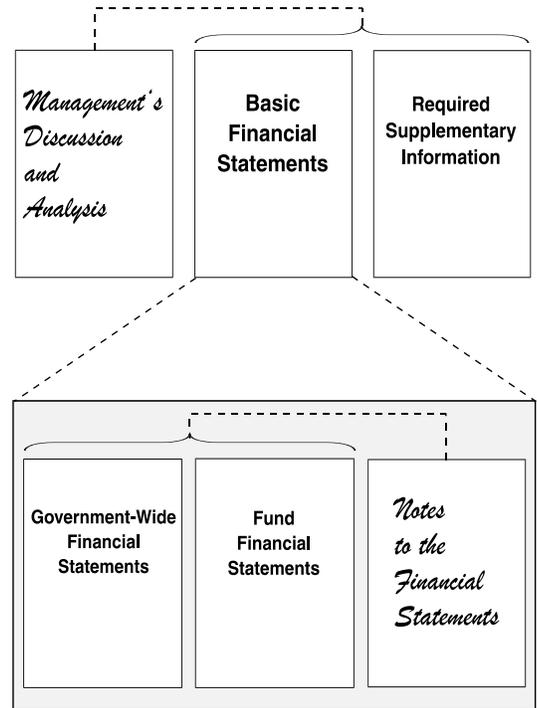


Figure A-1 shows how the parts of this annual report are arranged and related to one another.

The remainder of this overview explains the structure and contents of each of the statements.

Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector businesses. The statement of net position includes *all* of the government’s assets and liabilities. In the statement of activities, all of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid, and all of the City’s *governmental activities* and City services are combined and show how they are financed.

Both government-wide statements report the City’s *net position* and how they have changed. Net position, the difference between the City’s assets, deferred outflows of resources, and liabilities, are one way to measure the City’s financial health or position. Over time, increases or decreases in the City’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant (major) *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific revenue sources and spending for particular purposes.

- *Governmental fund*—The City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because these funds do not encompass the additional long-term focus of the government-wide statements, additional information is provided following each fund statement that explains the relationship (or differences) between them.
- Some funds are required by State law, such as the debt service fund.
- Management may establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenue resources, such as capital project funds.

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover, and the types of information they contain.

Figure A-2 - Major Features of the City's Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Government-Wide	Fund Level	
		Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government, except fiduciary funds	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private business: utilities
<i>Required financial statements</i>	<ul style="list-style-type: none"> ◆ Statement of Net Position ◆ Statement of Activities 	<ul style="list-style-type: none"> ◆ Balance Sheet ◆ Statement of Revenues, Expenditures & Changes in Fund Balances 	<ul style="list-style-type: none"> ◆ Statement of Net Position ◆ Statement of Revenues, Expenses & Changes in Fund Balances ◆ Statement of Cash Flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after year end; expenditures when goods or services have been received and payment is made during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

THE CITY AS A WHOLE (GOVERNMENT-WIDE)

FINANCIAL ANALYSIS

Over time net position serves as a useful indicator of a government's financial condition. As noted earlier, the City's assets and deferred outflows of resources exceeded its liabilities by \$18,402,751.

The largest portion of the City's net position, \$10,854,080 or 58.98%, represents the City's investment in capital (e.g., land, buildings, vehicles, equipment, and infrastructure) less any debt used to acquire assets still outstanding at year end. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the City's net position, \$1,184,400 or 6.44%, represents resources that are subject to external restrictions on how they may be used (i.e., debt service, public safety, and capital improvements). The remaining portion, \$6,364,271 or 34.58% may be used at the City's discretion to meet ongoing obligations to its citizens and creditors (unrestricted).

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 4,471,828	\$ 4,382,086	\$ 4,600,108	\$ 4,030,147	\$ 9,071,936	\$ 8,412,233
Capital assets, net	<u>5,727,742</u>	<u>5,812,367</u>	<u>9,159,115</u>	<u>9,526,185</u>	<u>14,886,857</u>	<u>15,338,552</u>
Total assets	<u>10,199,570</u>	<u>10,194,453</u>	<u>13,759,223</u>	<u>13,556,332</u>	<u>23,958,793</u>	<u>23,750,785</u>
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>13,575</u>	<u>15,838</u>	<u>13,575</u>	<u>15,838</u>
Current and other liabilities	279,285	371,637	775,372	803,126	1,054,657	1,174,763
Long-term liabilities	<u>3,404,531</u>	<u>3,812,292</u>	<u>1,110,429</u>	<u>1,404,995</u>	<u>4,514,960</u>	<u>5,217,287</u>
Total liabilities	<u>3,683,816</u>	<u>4,183,929</u>	<u>1,885,801</u>	<u>2,208,121</u>	<u>5,569,617</u>	<u>6,392,050</u>
Net position:						
Net investment in capital assets	3,057,623	2,985,184	7,796,457	7,914,978	10,854,080	10,900,162
Restricted	822,641	711,864	361,759	471,623	1,184,400	1,183,487
Unrestricted	<u>2,635,490</u>	<u>2,313,476</u>	<u>3,728,781</u>	<u>2,977,448</u>	<u>6,364,271</u>	<u>5,290,924</u>
Total net position	<u>\$ 6,515,754</u>	<u>\$ 6,010,524</u>	<u>\$ 11,886,997</u>	<u>\$ 11,364,049</u>	<u>\$ 18,402,751</u>	<u>\$ 17,374,573</u>

The following table provides a summary of the City's operations for the year ended September 30, 2014. Overall, the City had an increase in net position of \$1,081,613. This increase is attributable to the governmental activities for \$523,262 and business-type activities for \$558,351. Revenues for business-type activities increased by \$17,292. Revenue associated with governmental activities increased by \$168,842. Significant variances in governmental activities revenues include the following.

- \$203 thousand increase in new revenue from Water/Wastewater franchise fees;
- \$41 thousand increase in sales tax revenue;
- \$75 thousand decrease in ambulance fees;
- A decrease in municipal court cases resulted in a \$65,450 decrease in municipal court fines.

Total expenses for governmental activities increased by \$141,117, and total expenses for the City's business-type activities increased by \$234,791 when compared to 2013. Expenses for governmental activities and business-type activities in fiscal year 2014 compared to fiscal year 2013 due to numerous factors. The primary factor is the filling of staff vacancies for the Deputy City Manager, Director of Finance, Director of Human Resources, and City Planner. Expenses for business-type activities increased by 6% in comparison to fiscal year 2013. This increase was primarily related to the payment of franchise fees to the General Fund for the first time, which amounted to \$203 thousand.

CHANGE IN THE CITY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 785,237	\$ 851,303	\$ 4,912,267	\$ 4,927,693	\$ 5,697,504	\$ 5,778,996
Operating grants and contributions	128,248	285,933	-	-	128,248	285,933
Capital grants and contributions	-	4,526	51,428	58,772	51,428	63,298
General revenues:						
Property taxes	3,206,127	3,100,573	-	-	3,206,127	3,100,573
Sales taxes	457,443	416,161	-	-	457,443	416,161
Franchise fees	574,502	334,731	-	-	574,502	334,731
Interest	18,396	14,102	2,705	2,864	21,101	16,966
Other	20,035	13,817	5,637	356,560	25,672	370,377
Total revenues	<u>5,189,988</u>	<u>5,021,146</u>	<u>4,972,037</u>	<u>5,345,889</u>	<u>10,162,025</u>	<u>10,367,035</u>
Expenses:						
General government	872,399	866,969	-	-	872,399	866,969
Public safety	3,166,101	2,908,130	-	-	3,166,101	2,908,130
Development services	530,798	531,646	-	-	530,798	531,646
Parks and recreation	256,306	260,362	-	-	256,306	260,362
Economic development	-	97,097	-	-	-	97,097
Interest and fiscal charges	150,154	170,437	-	-	150,154	170,437
Water, sewer, drainage	-	-	4,104,654	3,869,863	4,104,654	3,869,863
Total expenses	<u>4,975,758</u>	<u>4,834,641</u>	<u>4,104,654</u>	<u>3,869,863</u>	<u>9,080,412</u>	<u>8,704,504</u>
Change in net position before transfers	214,230	186,505	867,383	1,476,026	1,081,613	1,662,531
Transfers	<u>309,032</u>	<u>298,093</u>	<u>(309,032)</u>	<u>(298,093)</u>	<u>-</u>	<u>-</u>
Change in net position	523,262	484,598	558,351	1,177,933	1,081,613	1,662,531
Net position, beginning	<u>6,010,524</u>	<u>5,525,926</u>	<u>11,364,049</u>	<u>10,186,116</u>	<u>17,374,573</u>	<u>15,712,042</u>
Prior period adjustment	<u>(18,032)</u>	<u>-</u>	<u>(35,403)</u>	<u>-</u>	<u>(53,435)</u>	<u>-</u>
Net position, ending	<u>\$ 6,515,754</u>	<u>\$ 6,010,524</u>	<u>\$ 11,886,997</u>	<u>\$ 11,364,049</u>	<u>\$ 18,402,751</u>	<u>\$ 17,374,573</u>

FINANCIAL ANALYSIS AND BUDGETARY HIGHLIGHTS OF CITY FUNDS

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

GOVERNMENTAL FUNDS

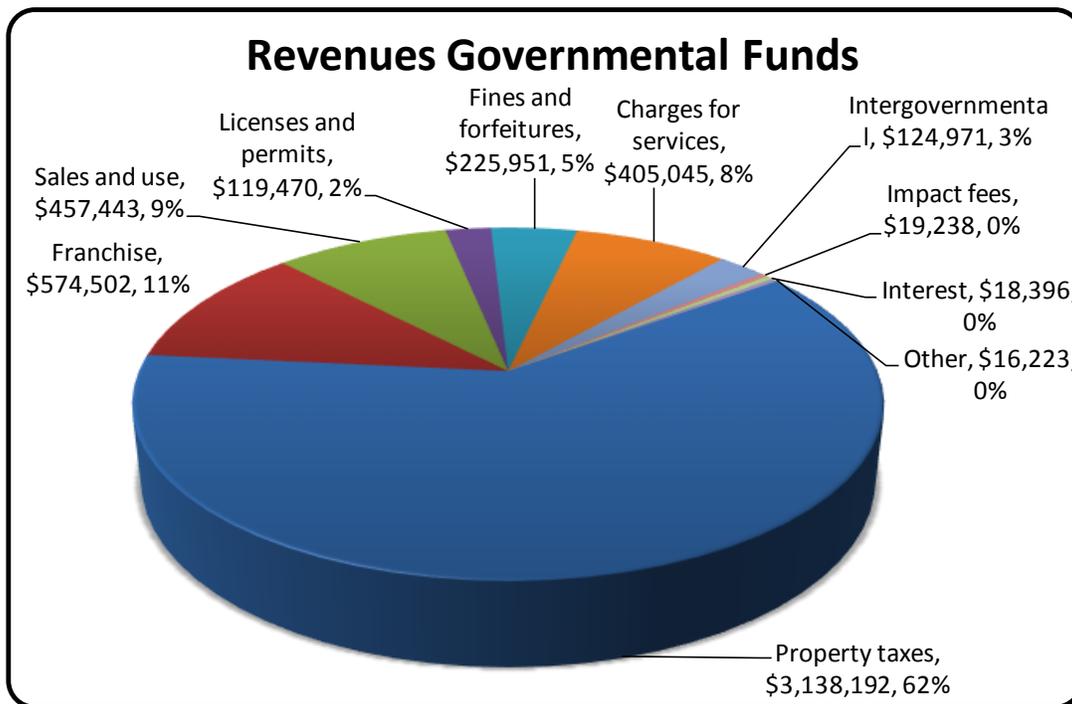
The focus of the City's governmental funds provides information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,853,051. Approximately 50.46% of the total amount constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,944,377, while total fund balance was \$2,307,376. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43.37% of total General Fund expenditures, while total fund balance represents 51.46% of that same amount. The net increase in fund balance during the current year in the General Fund was \$164,929. An analysis of the General Fund operations in the current year is as follows:

- The City's property tax rate for maintenance and operations decreased from \$0.679065 to \$0.678914 in the current fiscal year and coupled with an increase in assessed property values M&O taxes increased by \$11 thousand over the previous fiscal year.
- Fines and forfeitures decreased by \$69 thousand over the previous fiscal year. This decrease was due to a reduction in overtime pay used for patrol staff (whose primary responsibility is writing citations).
- Charges for Services decreased by \$25 thousand from the previous fiscal year. Ambulance revenues finished \$75 thousand less than fiscal year 2013, however, came in over the fiscal year 2014 budget amount.
- Sales and use tax increased by 9.92% or \$41 thousand.
- General Fund expenditures reflected increase of \$477 thousand which is primarily due to an increase in personnel related expenditures after filling several vacancies, associated increases in operating costs, and increased capital outlay expenditures over the prior fiscal year.

The majority of revenues for the City's governmental funds are generated from taxes (70.51%), fines and forfeitures (4.43%), and franchise fees (11.27%). The remaining 13.79% is obtained from charges for services, grants and contributions, licenses and permits, and other miscellaneous sources.



UTILITY FUNDS

The City’s utility funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer and Drainage funds at the end of the year amounted to \$3,468,517 and \$260,264, respectively. The total growth in net position for both funds was \$492,492 and \$65,859, respectively. Other factors concerning the finance of these two funds have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

General Fund revenues were \$34,753 more than expected. Revenue sources were more than anticipated in property taxes, sales and use, licenses and permits, charges for services, intergovernmental and interest. See details of budget and actual revenues and expenditures on page 43.

City policy requires the General unassigned fund balance to reflect no less than 60 days of General Fund expenditures. At September 30, 2014, unassigned General fund balance reflected 158 days total General Fund expenditures.

CAPITAL ASSETS

As of September 30, 2014, the City had invested \$23,571,723 in a broad range of capital assets, including infrastructure, equipment, buildings, and equipment. More detailed information about the City's capital assets can be found in the notes to the financial statements on pages 34 and 35.

CITY'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 850,176	\$ 850,176	35,161	\$ 35,161	\$ 885,337	\$ 885,337
Construction in progress	-	-	-	-	-	-
Buildings	131,805	131,805	224,274	224,274	356,079	356,079
Improvements	766,000	766,000	-	-	766,000	766,000
Infrastructure	4,656,858	4,425,429	14,103,426	14,085,316	18,760,284	18,510,745
Vehicles and equipment	<u>1,751,488</u>	<u>1,700,360</u>	<u>1,052,535</u>	<u>1,052,535</u>	<u>2,804,023</u>	<u>2,752,895</u>
Total cost	8,156,327	7,873,770	15,415,396	15,397,286	23,571,723	23,271,056
Accumulated depreciation	(2,428,585)	(2,061,403)	(6,256,281)	(5,871,101)	(8,684,866)	(7,932,504)
Total capital assets, net	<u>\$ 5,727,742</u>	<u>\$ 5,812,367</u>	<u>\$ 9,159,115</u>	<u>\$ 9,526,185</u>	<u>\$ 14,886,857</u>	<u>\$ 15,338,552</u>

During the current year, significant additions to capital assets include the following:

- Street project – \$231,429
- 2 Chevy Tahoe's with added video systems – \$81,668
- Water pump - \$18,110

DEBT ADMINISTRATION

At year-end, the City had \$4,683,420 in outstanding debt, as shown below. More detailed information about the City's debt is presented in the notes to the financial statements on pages 36 through 38.

CITY'S LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Certificates of obligation	\$ 3,270,000	\$ 3,580,000	\$ -	\$ -	\$ 3,270,000	\$ 3,580,000
General obligation refunding bonds	-	-	1,258,929	1,480,000	1,258,929	1,480,000
Notes payable	-	-	47,336	63,186	47,336	63,186
Capital leases	<u>34,711</u>	<u>130,363</u>	<u>72,444</u>	<u>105,900</u>	<u>107,155</u>	<u>236,263</u>
	<u>\$ 3,304,711</u>	<u>\$ 3,710,363</u>	<u>\$ 1,378,709</u>	<u>\$ 1,649,086</u>	<u>\$ 4,683,420</u>	<u>\$ 5,359,449</u>

Capital leases, notes and bonds decreased in the current year primarily due to annual payments made.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In fiscal year 2015, the City's net taxable property values increased approximately 4.39%, from \$390,879,178 in FY 2014 to \$408,046,433 in FY 2015. Although the City's total property tax rate remained the same at \$0.7950, the City's I&S tax rate decreased from \$0.1161 to \$0.1113, and the City's M&O tax rate increased from \$0.6789 to \$0.6837.

While total General Fund revenues adopted in FY 2015 are expected to increase by approximately 3.8% when compared to FY 2014 actual revenues, total General Fund expenditures budgeted in FY 2015 are expected to increase by approximately 18% when compared to FY 2014 actual expenditures. Additionally, the City Council approved a land purchase in FY 2015 after the adoption of the FY 2015 budget for approximately \$200 thousand. City management anticipates ending FY 2015 with approximately 134 days of fund balance unassigned after taking into account the land purchase.

Enterprise Funds for Water and Sewer and Drainage adopted fiscal year 2015 total revenues is expected to decrease 1.1% in comparison to fiscal year 2014 actual revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Any questions about this report or need for additional financial information should be addressed to City of Glenn Heights, Attn: City Secretary, 1938 South Hampton Road, Glenn Heights, TX, 75154.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,839,418	\$ 3,047,529	\$ 6,886,947
Restricted cash and cash equivalents	-	794,206	794,206
Receivables, net	593,100	739,915	1,333,015
Internal balances	(7,682)	7,682	-
Due from other governments	2,019	-	2,019
Prepaid expenses	44,973	10,776	55,749
Capital assets:			
Non-depreciable	850,176	35,161	885,337
Depreciable, net	4,877,566	9,123,954	14,001,520
Total assets	<u>10,199,570</u>	<u>13,759,223</u>	<u>23,958,793</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	13,575	13,575
Total deferred outflows of resources	<u>-</u>	<u>13,575</u>	<u>13,575</u>
LIABILITIES			
Accounts payable	145,158	16,556	161,714
Accrued liabilities	64,069	15,223	79,292
Accrued interest	17,496	4,001	21,497
Unearned revenue	52,562	-	52,562
Customer deposits	-	442,842	442,842
Long-term liabilities:			
Due within one year	379,675	296,750	676,425
Due in more than one year	3,024,856	1,110,429	4,135,285
Total liabilities	<u>3,683,816</u>	<u>1,885,801</u>	<u>5,569,617</u>
NET POSITION			
Net investment in capital assets	3,057,623	7,796,457	10,854,080
Restricted for:			
Debt service	34,000	-	34,000
Street improvements	257,282	-	257,282
Public safety	335,463	-	335,463
Parks	195,896	-	195,896
Water and sewer improvements	-	361,759	361,759
Unrestricted	2,635,490	3,728,781	6,364,271
Total net position	<u>\$ 6,515,754</u>	<u>\$ 11,886,997</u>	<u>\$ 18,402,751</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 872,399	\$ 161,555	\$ 13,634	\$ -
Public safety	3,166,101	494,104	111,637	-
Development services	530,798	110,784	-	-
Parks and recreation	256,306	18,794	2,977	-
Interest on long-term debt	<u>150,154</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>4,975,758</u>	<u>785,237</u>	<u>128,248</u>	<u>-</u>
Business-type activities:				
Water and sewer	3,927,273	4,656,527	-	51,428
Drainage	<u>177,381</u>	<u>255,740</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>4,104,654</u>	<u>4,912,267</u>	<u>-</u>	<u>51,428</u>
 Total primary government	 <u>\$ 9,080,412</u>	 <u>\$ 5,697,504</u>	 <u>\$ 128,248</u>	 <u>\$ 51,428</u>

General revenues:
 Property taxes
 Sales taxes
 Franchise fees
 Interest
 Miscellaneous
 Transfers
 Total general revenues and transfers

Change in net position

Net position, beginning

Prior period adjustment

Net position, ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenues and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$(697,210)	\$ -	\$(697,210)
(2,560,360)	-	(2,560,360)
(420,014)	-	(420,014)
(234,535)	-	(234,535)
<u>(150,154)</u>	<u>-</u>	<u>(150,154)</u>
<u>(4,062,273)</u>	<u>-</u>	<u>(4,062,273)</u>
-	780,682	780,682
<u>-</u>	<u>78,359</u>	<u>78,359</u>
<u>-</u>	<u>859,041</u>	<u>859,041</u>
\$(<u>4,062,273</u>)	\$ <u>859,041</u>	\$(<u>3,203,232</u>)
\$ 3,206,127	\$ -	\$ 3,206,127
457,443	-	457,443
574,502	-	574,502
18,396	2,705	21,101
20,035	5,637	25,672
<u>309,032</u>	<u>(309,032)</u>	<u>-</u>
<u>4,585,535</u>	<u>(300,690)</u>	<u>4,284,845</u>
523,262	558,351	1,081,613
<u>6,010,524</u>	<u>11,364,049</u>	<u>17,374,573</u>
<u>(18,032)</u>	<u>(35,403)</u>	<u>(53,435)</u>
\$ <u>6,515,754</u>	\$ <u>11,886,997</u>	\$ <u>18,402,751</u>

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CITY OF GLENN HEIGHTS, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,246,080	\$ 1,593,338	\$ 3,839,418
Receivables:			
Taxes	227,894	29,058	256,952
Accounts	253,686	-	253,686
Court fines	82,462	-	82,462
Due from other governments	2,019	-	2,019
Due from other funds	-	1,901	1,901
Prepaid items	44,973	-	44,973
Total assets	<u>\$ 2,857,114</u>	<u>\$ 1,624,297</u>	<u>\$ 4,481,411</u>
LIABILITIES			
Accounts payable	\$ 143,651	\$ 1,507	\$ 145,158
Accrued liabilities	64,069	-	64,069
Due to other funds	9,583	-	9,583
Unearned revenue	3,805	48,757	52,562
Total liabilities	<u>221,108</u>	<u>50,264</u>	<u>271,372</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable:			
Property taxes	141,249	28,358	169,607
Court fines	84,227	-	84,227
Ambulance	103,154	-	103,154
Total deferred inflows of resources	<u>328,630</u>	<u>28,358</u>	<u>356,988</u>
FUND BALANCES			
Nonspendable - prepaid items	44,973	-	44,973
Restricted for:			
Public safety	-	335,463	335,463
Debt service	-	22,442	22,442
Capital projects	-	634,592	634,592
Street improvements	-	257,282	257,282
Park improvements	-	195,896	195,896
Assigned for:			
Subsequent year's budget	318,026	-	318,026
Vehicle replacement	-	100,000	100,000
Unassigned	1,944,377	-	1,944,377
Total fund balances	<u>2,307,376</u>	<u>1,545,675</u>	<u>3,853,051</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,857,114</u>	<u>\$ 1,624,297</u>	<u>\$ 4,481,411</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF GLENN HEIGHTS, TEXAS

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

SEPTEMBER 30, 2014

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

Total fund balances - governmental funds balance sheet	\$ 3,853,051
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,727,742
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.	
Property taxes	169,607
Court fines	84,227
Ambulance	103,154
Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.	
Certificates of obligation	(3,270,000)
Capital leases	(34,711)
Compensated absences	(99,820)
Interest payable on long-term debt	(17,496)
Net position of governmental activities - statement of net position	\$ <u>6,515,754</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF GLENN HEIGHTS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 2,678,196	\$ 459,996	\$ 3,138,192
Franchise	574,502	-	574,502
Sales and use	457,443	-	457,443
Licenses and permits	119,470	-	119,470
Fines and forfeitures	216,938	9,013	225,951
Charges for services	309,179	95,866	405,045
Intergovernmental	24,436	100,535	124,971
Impact fees	-	19,238	19,238
Interest	16,825	1,571	18,396
Other	16,223	-	16,223
Total revenues	<u>4,413,212</u>	<u>686,219</u>	<u>5,099,431</u>
EXPENDITURES			
Current:			
General government	858,745	1,698	860,443
Public safety	2,909,133	128,529	3,037,662
Development services	363,567	-	363,567
Parks and recreation	168,320	-	168,320
Capital outlay	81,668	231,428	313,096
Debt service:			
Principal	94,424	311,228	405,652
Interest and other charges	7,829	147,417	155,246
Total expenditures	<u>4,483,686</u>	<u>820,300</u>	<u>5,303,986</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(70,474)</u>	<u>(134,081)</u>	<u>(204,555)</u>
OTHER FINANCING SOURCES (USES)			
Insurance proceeds	8,635	500	9,135
Transfers in	340,710	113,942	454,652
Transfers out	<u>(113,942)</u>	<u>(31,678)</u>	<u>(145,620)</u>
Total other financing sources (uses)	<u>235,403</u>	<u>82,764</u>	<u>318,167</u>
NET CHANGE IN FUND BALANCES	164,929	(51,317)	113,612
FUND BALANCES, BEGINNING	<u>2,142,447</u>	<u>1,596,992</u>	<u>3,739,439</u>
FUND BALANCES, ENDING	<u>\$ 2,307,376</u>	<u>\$ 1,545,675</u>	<u>\$ 3,853,051</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF GLENN HEIGHTS, 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, 2014

Amounts reported for governmental activities in the Statement of Activities are different

Net change in fund balances - total governmental funds:	\$ 113,612
<p>Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>	
Capital outlay	313,096
Depreciation	(397,721)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Property taxes	67,935
Court fines	(24,881)
Ambulance	38,368
<p>The issuance of long-term debt (e.g., bonds, capital leases) 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 issuance costs, premiums, and similar items when debt is 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 related items.</p>	
Principal payments on long-term debt	405,652
<p>Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	2,109
Interest on long-term debt	<u>5,092</u>
Change in net position of governmental activities	<u>\$ 523,262</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2014

	Enterprise Funds		
	Water and Sewer	Drainage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,810,166	\$ 237,363	\$ 3,047,529
Cash and cash equivalents - restricted	794,206	-	794,206
Accounts receivable, net	703,867	36,048	739,915
Due from other funds	7,682	-	7,682
Prepaid items	10,776	-	10,776
Total current assets	4,326,697	273,411	4,600,108
Noncurrent assets:			
Capital assets:			
Non-depreciable	35,161	-	35,161
Depreciable, net	8,880,835	243,119	9,123,954
Total noncurrent assets	8,915,996	243,119	9,159,115
Total assets	13,242,693	516,530	13,759,223
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	13,575	-	13,575
Total deferred outflows of resources	13,575	-	13,575
LIABILITIES			
Current liabilities:			
Accounts payable	6,678	9,878	16,556
Accrued liabilities	14,393	830	15,223
Accrued interest	3,919	82	4,001
Compensated absences	5,718	471	6,189
Capital leases	27,440	4,709	32,149
Notes payable	-	18,412	18,412
Bonds payable	240,000	-	240,000
Payable from restricted assets:			
Customer deposits	442,842	-	442,842
Total current liabilities	740,990	34,382	775,372
Noncurrent liabilities:			
Compensated absences	22,871	1,886	24,757
Capital leases	40,295	-	40,295
Notes payable	-	28,924	28,924
Bonds payable	1,016,453	-	1,016,453
Total noncurrent liabilities	1,079,619	30,810	1,110,429
Total liabilities	1,820,609	65,192	1,885,801
NET POSITION			
Net investment in capital assets	7,605,383	191,074	7,796,457
Restricted for water and sewer improvements	361,759	-	361,759
Unrestricted	3,468,517	260,264	3,728,781
Total net position	\$ 11,435,659	\$ 451,338	\$ 11,886,997

The accompanying notes are an integral part of these financial statements.

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CITY OF GLENN HEIGHTS, TEXAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION**

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds		
	Water and Sewer	Drainage	Total
OPERATING REVENUES			
Water	\$ 1,885,389	\$ -	\$ 1,885,389
Sewer	2,379,144	-	2,379,144
Drainage	-	255,740	255,740
Service charges	266,921	-	266,921
Water and sewer connections	59,578	-	59,578
Other	65,495	-	65,495
Total operating revenues	4,656,527	255,740	4,912,267
OPERATING EXPENSES			
Personnel services	771,239	47,659	818,898
Supplies	100,707	5,709	106,416
Contractual services	1,538,034	82,616	1,620,650
Wastewater treatment	524,732	-	524,732
Water purchases	597,035	-	597,035
Depreciation	350,575	34,604	385,179
Total operating expenses	3,882,322	170,588	4,052,910
OPERATING INCOME	774,205	85,152	859,357
NONOPERATING REVENUES (EXPENSES)			
Interest income	2,705	-	2,705
Interest and other	(44,951)	(6,793)	(51,744)
Other	5,637	-	5,637
Total nonoperating revenues (expenses)	(36,609)	(6,793)	(43,402)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	737,596	78,359	815,955
Capital contributions	51,428	-	51,428
Transfers out	(296,532)	(12,500)	(309,032)
CHANGE IN NET POSITION	492,492	65,859	558,351
NET POSITION, BEGINNING	10,978,570	385,479	11,364,049
PRIOR PERIOD ADJUSTMENT	(35,403)	-	(35,403)
NET POSITION, ENDING	\$ 11,435,659	\$ 451,338	\$ 11,886,997

The accompanying notes are an integral part of these financial statements.

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CITY OF GLENN HEIGHTS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds		
	Water and Sewer	Drainage	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,645,083	\$ 261,783	\$ 4,906,866
Payments to suppliers	(2,977,322)	(88,325)	(3,065,647)
Payments to employees	(773,428)	(47,698)	(821,126)
Net cash provided by operating activities	<u>894,333</u>	<u>125,760</u>	<u>1,020,093</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash paid to other funds	(7,682)	-	(7,682)
Transfers out to other funds	(296,532)	(12,500)	(309,032)
Net cash used for noncapital financing activities	<u>(304,214)</u>	<u>(12,500)</u>	<u>(316,714)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	51,428	-	51,428
Acquisition and construction of capital assets	(26,047)	-	(26,047)
Principal paid on long-term debt	(268,455)	(15,831)	(284,286)
Interest and other charges paid	(22,671)	(11,163)	(33,834)
Net cash provided (used) by capital and related financing activities	<u>(265,745)</u>	<u>(26,994)</u>	<u>(292,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received	<u>2,705</u>	<u>-</u>	<u>2,705</u>
Net cash provided by investing activities	<u>2,705</u>	<u>-</u>	<u>2,705</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	327,079	86,266	413,345
CASH AND CASH EQUIVALENTS, BEGINNING	<u>3,277,293</u>	<u>151,097</u>	<u>3,428,390</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3,604,372</u>	<u>\$ 237,363</u>	<u>\$ 3,841,735</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 774,205	\$ 85,152	\$ 859,357
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	350,575	34,604	385,179
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(35,429)	(2,096)	(37,525)
(Increase) decrease in prepaid items	83,001	-	83,001
Increase (decrease) in accounts payable	(70,002)	8,139	(61,863)
Increase (decrease) in accrued liabilities	315	77	392
Increase (decrease) in due to other funds	(229,813)	-	(229,813)
Increase (decrease) in customer deposits	23,985	-	23,985
Increase (decrease) in compensated absences	(2,504)	(116)	(2,620)
Total adjustments	<u>120,128</u>	<u>40,608</u>	<u>160,736</u>
Net cash provided by operating activities	<u>\$ 894,333</u>	<u>\$ 125,760</u>	<u>\$ 1,020,093</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF GLENN HEIGHTS, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Glenn Heights, Texas (the City) was incorporated on September 16, 1969, to operate as a general law city. In August 1987, the City amended its charter and currently operates as a home rule city. The City is regulated by the Code of State Statutes of the State of Texas and is authorized to perform the following services: public safety (police and fire), public works, planning, inspection, sanitation, water and sewer utilities, storm drainage and general administrative services. The City operates under a council-manager form of government. The Council is comprised of seven officials including a mayor and six council members.

The City prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The Council has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the GASB. There are no component units included within the reporting entity.

B. Government-wide and Fund Financial Statements

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

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

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

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as nonmajor funds.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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.

Property 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 have been met, including any time requirements, and the amount is received during the period or within the 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 day of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** is used to account for water and sewer improvements and operations.

The **Drainage Fund** is used to account for drainage improvements and operations.

During the course of the operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to 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 funds included in governmental activities are eliminated so that only the net amount is included in internal balances 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 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.

Proprietary funds distinguish between 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 enterprise fund are charges to customers for sales and services. The Enterprise Fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

1. Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. Other short-term investments are included in investments. Investments are stated at cost.

2. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.”

3. Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column 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 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings	40
Infrastructure	20 - 50
Improvements	5 - 20
Equipment	5 - 10
Vehicles	3 - 5

4. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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 City only has one item that qualifies for reporting in this category. It is 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 statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has 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, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, municipal court fines, and ambulance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purposes unless the City removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

The City's General Fund policy requires no less than 60 days of General Fund expenditures in unassigned fund balance.

8. Net Position

Net positions represent the difference between assets, deferred outflows/inflows and liabilities. Net position – investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

9. 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.

10. Prior Period Adjustment

As the result of implementing GASB Statement 65, the City has decreased beginning net position as of October 1, 2013 by \$18,032 and \$35,403 for the governmental activities and business-type activities, respectively. This decrease results from no longer deferring and amortizing bond issuance costs.

Further, the City has reclassified its deferred loss on bond refunding, previously reported as a component of long-term debt, to deferred outflows of resources in the government-wide statements in accordance with GASB Statement 65. The effect of this change increases the long-term liabilities of the business-type activities by \$15,838, and corresponds to an increase in deferred outflows of resources as of October 1, 2013.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Investments

The City may invest in obligations of the U. S. agencies, certificates of deposit, 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 (Article 842a-2 Vernon's Civil Statutes).

At September 30, 2014, the City had the following investments:

<u>Investment</u>	<u>S&P Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexStar	AAAm	\$ 1,196,504	51

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy addresses the following risks:

1. Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy regarding types of deposits allowed and collateral requirements is: The Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC). The City is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.

2. 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 investments are in TexStar investment pool ("TexStar"). The pool is a public funds investment pool created to provide a safe environment for the placement of local government's funds in authorized short-term investments. Local government pools operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. The Pool uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in the Pool is the same as the value of Pool shares. Administration of TexStar is performed by a Board of Directors, which is an administrative agency created under the Interlocal Act. The City is not exposed to custodial credit risk for its investments.

3. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy requires management to minimize risk of loss due to interest rate fluctuations by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase.

B. Receivables

Receivables at September 30, 2014, consisted of the following:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Drainage</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 203,186	\$ 38,349	\$ -	\$ -	\$ 241,535
Sales taxes	82,621	-	-	-	82,621
Franchise fees	33,899	-	-	-	33,899
Ambulance	386,594	-	-	-	386,594
Garbage	119,069	-	808,321	37,398	964,788
Court fines	421,136	-	-	-	421,136
Other	<u>18,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,723</u>
Gross receivables	1,265,228	38,349	808,321	37,398	2,149,296
Less: allowance for uncollectibles	<u>(701,186)</u>	<u>(9,291)</u>	<u>(104,454)</u>	<u>(1,350)</u>	<u>(816,281)</u>
Net total receivables	<u>\$ 564,042</u>	<u>\$ 29,058</u>	<u>\$ 703,867</u>	<u>\$ 36,048</u>	<u>\$ 1,333,015</u>

Property taxes are based on the appraised values provided by the Dallas County and Ellis County Appraisal Districts. Taxes are levied by October 1 of each year, and are due in full with no discounts granted. Unpaid property taxes become delinquent on February 1 of the following year. Penalty is calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. 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 20 years. Taxes levied on personal property can be deemed uncollectible by the City. The City's current policy is to write off uncollectible personal property taxes after four years.

C. Interfund Transfers

Interfund activity for the year ended September 30, 2014, was as follows:

	<u>Transfers in</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>
Transfers out:			
General	\$ -	\$ 113,942	\$ 113,942
Nonmajor governmental	31,678	-	31,678
Water and sewer	296,532	-	296,532
Drainage	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Totals	<u>\$ 340,710</u>	<u>\$ 113,942</u>	<u>\$ 454,652</u>

Interfund transfers are used to 1) move unrestricted water, sewer and drainage revenues to the General Fund in accordance with budgetary authorizations; and 2) move resources expended in a Capital Projects Fund on a drainage capital asset.

D. Interfund Balances

The compositions of interfund balances for the year ended September 30, 2014, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
Nonmajor governmental	General	\$ 1,901
Water and Sewer	General	<u>7,682</u>
		<u>\$ 9,583</u>

The outstanding balances between funds result mainly from the time lag between the dates that reimbursable cash transfers between funds are made.

E. Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 850,176	\$ -	\$ -	\$ 850,176
Total assets not being depreciated	<u>850,176</u>	<u>-</u>	<u>-</u>	<u>850,176</u>
Capital assets, being depreciated:				
Buildings	131,805	-	-	131,805
Parks and improvements	766,000	-	-	766,000
Infrastructure-streets	4,425,429	231,429	-	4,656,858
Vehicles	1,092,174	81,667	(30,539)	1,143,302
Equipment	608,186	-	-	608,186
Total capital assets being depreciated	<u>7,023,594</u>	<u>313,096</u>	<u>(30,539)</u>	<u>7,306,151</u>
Less accumulated depreciation:				
Buildings	78,580	5,184	-	83,764
Parks and improvements	361,896	78,449	-	440,345
Infrastructure-streets	293,615	154,141	-	447,756
Vehicles	863,987	111,496	(30,539)	944,944
Equipment	463,325	48,451	-	511,776
Total accumulated depreciation	<u>2,061,403</u>	<u>397,721</u>	<u>(30,539)</u>	<u>2,428,585</u>
Total capital assets being depreciated, net	<u>4,962,191</u>	<u>(84,625)</u>	<u>-</u>	<u>4,877,566</u>
Governmental activities capital assets, net	<u>\$ 5,812,367</u>	<u>\$ (84,625)</u>	<u>\$ -</u>	<u>\$ 5,727,742</u>

Depreciation expense was charged to the governmental activities functions/programs of the City as follows:

General government	\$ 14,065
Public safety	128,438
Development services	167,232
Parks and recreation	<u>87,986</u>
	<u>\$ 397,721</u>

	Beginning Balance	Increases	Decreases/ Reclassifications	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 35,161	\$ -	\$ -	\$ 35,161
Total assets not being depreciated	<u>35,161</u>	<u>-</u>	<u>-</u>	<u>35,161</u>
Capital assets, being depreciated:				
Buildings	224,274	-	-	224,274
Infrastructure-water	8,046,941	18,109	-	8,065,050
Infrastructure-sewer	5,842,307	-	-	5,842,307
Infrastructure-drainage	196,068	-	-	196,068
Vehicles	380,236	-	-	380,236
Equipment	672,299	-	-	672,299
Total capital assets being depreciated	<u>15,362,125</u>	<u>18,109</u>	<u>-</u>	<u>15,380,234</u>
Less accumulated depreciation:				
Buildings	102,813	12,354	-	115,167
Infrastructure-water	3,530,152	170,222	-	3,700,374
Infrastructure-sewer	1,481,641	116,952	-	1,598,593
Infrastructure-drainage	19,569	14,780	-	34,349
Vehicles	343,894	22,383	-	366,277
Equipment	393,032	48,488	-	441,520
Total accumulated depreciation	<u>5,871,101</u>	<u>385,179</u>	<u>-</u>	<u>6,256,280</u>
Total capital assets being depreciated, net	<u>9,491,024</u>	<u>(367,070)</u>	<u>-</u>	<u>9,123,954</u>
Business-type activities capital assets, net	<u>\$ 9,526,185</u>	<u>\$ (367,070)</u>	<u>\$ -</u>	<u>\$ 9,159,115</u>

Depreciation expense was charged to the business-type activities functions/programs of the City as follows:

Water and sewer	\$ 350,575
Drainage	<u>34,604</u>
	<u>\$ 385,179</u>

F. Long-term Obligations

Long-term liability activity for the year ended September 30, 2014, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Certificates of obligation	\$ 3,580,000	\$ -	\$(310,000)	\$ 3,270,000	\$ 325,000
Capital lease obligations	130,363	-	(95,652)	34,711	34,711
Compensated absences	<u>101,929</u>	<u>99,148</u>	<u>(101,257)</u>	<u>99,820</u>	<u>19,964</u>
Total governmental activities	<u>\$ 3,812,292</u>	<u>\$ 99,148</u>	<u>\$(506,909)</u>	<u>\$ 3,404,531</u>	<u>\$ 379,675</u>
Business-type activities:					
General obligation refunding bonds	\$ 1,480,000		\$(235,000)	\$ 1,245,000	\$ 240,000
Bond issuance discount	13,362	-	(1,909)	11,453	-
Notes payable	63,186	-	(15,850)	47,336	18,412
Capital lease obligations	105,900	-	(33,456)	72,444	32,149
Compensated absences	<u>33,566</u>	<u>22,214</u>	<u>(24,834)</u>	<u>30,946</u>	<u>6,189</u>
Total business-type activities	<u>\$ 1,696,014</u>	<u>\$ 22,214</u>	<u>\$(311,049)</u>	<u>\$ 1,407,179</u>	<u>\$ 296,750</u>

The General Fund is used to liquidate the liability for governmental activities compensated absences and capital leases.

Capital Leases

The City has entered into certain capital lease agreements for equipment and vehicles. As of September 30, 2014, the equipment and vehicles leased under governmental activities and business-type activities had a carrying value of \$102,293 and \$97,302, respectively, which are included in the capital assets depreciable section on the statement of net position. Effective interest rates range from 1.88% to 9.99%. Pursuant to the terms of the capital lease agreements, the City will be required to make future minimum payments as follows:

<u>Years Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2015	36,402	34,054
2016	-	20,718
2017	-	<u>20,718</u>
Total minimum lease payments	36,402	75,490
Less: amount representing interest	<u>1,691</u>	<u>3,046</u>
Present value of minimum lease payments	<u>\$ 34,711</u>	<u>\$ 72,444</u>

Bonds Payable

Governmental activities bonds payable at September 30, 2014, are comprised of the following issues:

2003 Certificates of Obligation, original issue \$750,000, dated September 1, 2003, due in annual installments through September 1, 2018, at 4.65% interest.	\$ 255,000
2006 Certificates of Obligation, original issue \$2,535,000, dated September 1, 2003, due in annual installments through September 1, 2018, at 4.65% interest.	1,405,000
2008 Certificates of Obligation, original issue \$2,050,000, dated September 1, 2003, due in annual installments through September 1, 2018, at 4.65% interest.	<u>1,610,000</u>
Total governmental activities tax supported debt	<u>\$ 3,270,000</u>

The annual debt payment requirements of governmental activities bonded debt outstanding as of September 30, 2014, are as follows:

Years Ending September 30,	Principal	Interest	Total Requirements
2015	\$ 325,000	\$ 130,418	\$ 455,418
2016	335,000	116,433	451,433
2017	350,000	102,031	452,031
2018	370,000	86,879	456,879
2019	315,000	70,873	385,873
2020-2024	1,020,000	166,053	1,186,053
2025-2028	<u>555,000</u>	<u>71,104</u>	<u>626,104</u>
Total	<u>\$ 3,270,000</u>	<u>\$ 743,791</u>	<u>\$ 4,013,791</u>

Business-type activities bonds payable at September 30, 2014, are comprised of the following individual issues for the Water and Sewer Fund.

2010 General Obligation Refunding Bonds, original issue \$2,025,000, dated July 1, 2010, due in annual installments through February 15, 2020.	<u>\$ 1,005,000</u>
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The annual debt payment requirements of the bonded debt outstanding for the business-type activities as of September 30, 2014, are as follows:

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 240,000	\$ 32,050	\$ 272,050
2016	250,000	25,925	275,925
2017	255,000	18,975	273,975
2018	265,000	11,175	276,175
2019	115,000	5,475	120,475
2020	<u>120,000</u>	<u>1,875</u>	<u>121,875</u>
Total	<u>\$ 1,245,000</u>	<u>\$ 95,475</u>	<u>\$ 1,340,475</u>

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. At September 30, 2014, the City does not have bonds considered defeased.

Notes Payable

Notes payable in the business-type activities at September 30, 2014, consisted of the following:

The City received a loan from Prosperity Bank in the amount of \$120,000 for the purchase of equipment. Payable in monthly installments of \$1,692, including interest of 4.85%.

\$ 47,336

The annual debt payment requirements for notes payable as of September 30, 2014, are as follows:

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 18,412	\$ 1,890	\$ 20,302
2016	19,325	977	20,302
2017	<u>9,599</u>	<u>131</u>	<u>9,730</u>
Total	<u>\$ 47,336</u>	<u>\$ 2,998</u>	<u>\$ 50,334</u>

III. OTHER INFORMATION

A. Retirement System

Plan Description

The City provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing from TMRS' website at www.TMRS.com.

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

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	6.00%	6.00%
Matching ratio (city to employee)	1 to 1	1 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% repeating transfers	100% repeating transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015). The annual pension cost and net pension obligation/(asset) are as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	105,325	\$ 105,325	100%	-
2013	87,356	87,356	100%	-
2014	89,012	89,012	100%	-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	24.9 years; closed period	25.4 years; closed period	25.0 years; closed period
Amortization period for new gains/losses	25 years	25 years	25 years
Asset valuation method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment rate of return*	7.0%	7.0%	7.0%
Projected salary increases*	varies by age and service	varies by age and service	varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	12/31/2013
Actuarial Value of Assets	\$ 6,505,299
Actuarial Accrued Liability	6,497,045
Annual Pension Cost	100.1%
Unfunded Actuarial Accrued Liability (Asset) (UAAL)	(8,254)
Annual Covered Payroll	2,783,798
UAAL as a Percentage of Covered Payroll	(0.3%)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

B. Other Postemployment Benefits

Supplemental Death Benefits Plan

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

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

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

The City's contributions to the TMRS SDBF for the years ended 2012, 2013, and 2014 were \$4,730, \$3,888 and, \$4,121 respectively, which equaled the required contributions.

C. 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; injuries to employees and natural disasters. The City is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-insurance Fund (Property–Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The City pays an annual premium to the funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property – Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

D. Water and Sewer Contracts

The City has separate contracts with the City of Dallas and Services (“DUS”) and the Trinity River Authority of Texas (“TRA”) for the purchase of treated water and for the transportation, treatment and disposal of wastewater. The DUS agreement expires in 2039. The contracts require the City to pay varying amounts based on the costs associated with water purchased and wastewater transported and/or treated and disposed. The costs include the City's proportionate share of TRA's operating and maintenance expenses, related debt service costs, plus certain other miscellaneous charges.

Payments during 2014 for the purchase of treated water from DUS were \$597,035 and payments made for the transportation, treatment, and disposal of wastewater by TRA were \$1,508,624. If the City were unable to fulfill its obligations under the contracts, the only liability for future payment would be its proportionate share of debt service requirements. In addition, the City does not retain an ongoing financial interest in TRA and has no representation on the TRA Board; therefore, the TRA contracts are not considered to be joint venture agreements.

E. Contingencies

The City is a defendant in several pending lawsuits. City management estimates, based on the advice of legal counsel, that the potential claims against the City, in excess of insurance coverage, would not materially affect the basic financial statements of the City. The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any programs are subject to program compliance audits by the grantors of their representatives. Any liability that may arise as the result of these audits is not believed to be estimable or probable.

F. Subsequent Events

In December 2014, the City entered into a contract to purchase approximately 10 acres of land in an amount of \$200,197.

In December 2014, the Glenn Heights Improvement Corporation (GHIC) was created for the purposes of marketing and promoting the City. The Board of Directors of this Corporation was appointed by the City Council of the City of Glenn Heights. Additionally, the GHIC entered into a purchase sale agreement with the City of Glenn Heights and a developer on December 30, 2014. The GHIC will purchase the land from the City for \$903,400 and simultaneously sell the land to the developer for the same price.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF GLENN HEIGHTS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,604,047	\$ 2,670,000	\$ 2,678,196	\$ 8,196
Franchise	606,950	605,293	574,502	(30,791)
Sales and use	432,000	448,304	457,443	9,139
Licenses and permits	98,750	110,000	119,470	9,470
Fines and forfeitures	309,000	218,775	216,938	(1,837)
Charge for services	251,172	294,653	309,179	14,526
Intergovernmental	13,000	800	24,436	23,636
Interest	5,000	12,634	16,825	4,191
Other	13,800	18,000	16,223	(1,777)
Total revenues	<u>4,333,719</u>	<u>4,378,459</u>	<u>4,413,212</u>	<u>34,753</u>
EXPENDITURES				
Current:				
General government	1,047,390	860,965	858,745	2,220
Public safety	3,107,128	2,911,767	2,909,133	2,634
Development services	402,224	387,624	363,567	24,057
Parks and recreation	206,671	164,437	168,320	(3,883)
Capital outlay	82,000	82,000	81,668	332
Debt service:				
Principal	89,441	89,441	94,424	(4,983)
Interest and other charges	12,812	12,812	7,829	4,983
Total expenditures	<u>4,947,666</u>	<u>4,509,046</u>	<u>4,483,686</u>	<u>25,360</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(613,947)</u>	<u>(130,587)</u>	<u>(70,474)</u>	<u>60,113</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	8,635	8,635
Transfers in	389,219	335,780	340,710	4,930
Transfers out	(8,604)	(125,000)	(113,942)	11,058
Total other financing sources (uses)	<u>380,615</u>	<u>210,780</u>	<u>235,403</u>	<u>24,623</u>
NET CHANGE IN FUND BALANCE	(233,332)	80,193	164,929	84,736
FUND BALANCE, BEGINNING	<u>2,142,447</u>	<u>2,142,447</u>	<u>2,142,447</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,909,115</u>	<u>\$ 2,222,640</u>	<u>\$ 2,307,376</u>	<u>\$ 84,736</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GLENN HEIGHTS, TEXAS

NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2014

Budgetary Information

Annual operating budgets are adopted on a modified accrual basis (GAAP basis) for the General Fund, Municipal Court Technology Fund, Municipal Court Security Fund, 911 Wireless Fund, Grants Fund, and Debt Service Fund. The legal level of budgetary control is the fund. All annual appropriations lapse at fiscal year-end. Budgetary appropriations for the Capital Projects Funds are adopted on an individual project basis and extend through project completion.

The City follows these procedures in establishing the annually operating budgets reflected in the financial statements.

1. Prior to August 1, the City Manager prepares a proposed annual operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The annual operating budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year to which it applies, which can be amended by the Council.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. At year-end, encumbrances are canceled or re-appropriated as part of the following year budget.

CITY OF GLENN HEIGHTS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR TMRS

SEPTEMBER 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/13	\$ 6,505,299	\$ 6,497,045	\$ (8,254)	100.13%	\$ 2,783,798	(0.30%)
12/31/12	5,972,986	5,677,576	(295,410)	105.20%	3,072,540	(9.61%)
12/31/11	5,460,760	5,243,886	(216,874)	104.14%	2,979,137	(7.28%)

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The *Special Revenue Funds* are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Municipal Court Technology Fund – to account for municipal court fees collected through the court to enhance existing operations through technology.

Municipal Court Security Fund – to account for municipal court fees collected through the court to provide for various municipal court security features.

911 Wireless Fund – to account for 911 wireless revenue collected to enhance the 911 network within the City.

Police-Seizure Fund – accounts for the revenue and expenditures related to the award of monies or property by the courts or federal government to the police department. The funds are expended for specified police department purposes.

Grants Fund – accounts for the revenue and expenditures related to various state and federal grants.

DEBT SERVICE FUND

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities.

Bonds Fund – to account for the acquisition of capital assets or construction of major capital projects being financed by 2006 and 2008 bond proceeds.

Park Development Fund – to account for the acquisition of capital assets or construction of major capital projects being financed by park development fees.

Street Impact Fee Fund – to account for the acquisition of capital assets or construction of major capital projects being financed by street impact fees.

Vehicle Replacement Fund – to accumulate resources for the acquisition of vehicles funded by the general fund.

CITY OF GLENN HEIGHTS, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Special Revenue Funds			
	Municipal Court Technology	Municipal Court Security	911 Wireless	Police Seizure
ASSETS				
Cash and cash equivalents	\$ 69	\$ 22,016	\$ 301,408	\$ 11,970
Receivables - taxes	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
	-	-	-	-
Total assets	\$ 69	\$ 22,016	\$ 301,408	\$ 11,970
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
	-	-	-	-
Total liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable - property taxes	-	-	-	-
	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Restricted for:				
Public safety - court and police	69	22,016	301,408	11,970
Debt service	-	-	-	-
Capital projects	-	-	-	-
Street improvements	-	-	-	-
Park improvements	-	-	-	-
Assigned for:				
Vehicle replacement	-	-	-	-
	-	-	-	-
Total fund balances	69	22,016	301,408	11,970
Total liabilities, deferred inflows of resources and fund balances	\$ 69	\$ 22,016	\$ 301,408	\$ 11,970

Special Revenue Funds		Capital Projects Funds				Total Nonmajor Governmental
Grants	Debt Service	Bonds	Park Development	Street Impact Fee	Vehicle Replacement	
\$ 1,752	\$ 21,742	\$ 634,592	\$ 243,790	\$ 255,999	\$ 100,000	\$ 1,593,338
-	29,058	-	-	-	-	29,058
-	-	-	-	-	-	-
-	-	-	618	1,283	-	1,901
<u>\$ 1,752</u>	<u>\$ 50,800</u>	<u>\$ 634,592</u>	<u>\$ 244,408</u>	<u>\$ 257,282</u>	<u>\$ 100,000</u>	<u>\$ 1,624,297</u>
\$ 1,507	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,507
245	-	-	48,512	-	-	48,757
<u>1,752</u>	<u>-</u>	<u>-</u>	<u>48,512</u>	<u>-</u>	<u>-</u>	<u>50,264</u>
-	28,358	-	-	-	-	28,358
-	28,358	-	-	-	-	28,358
-	-	-	-	-	-	335,463
-	22,442	-	-	-	-	22,442
-	-	634,592	-	-	-	634,592
-	-	-	-	257,282	-	257,282
-	-	-	195,896	-	-	195,896
-	-	-	-	-	100,000	100,000
-	22,442	634,592	195,896	257,282	100,000	1,545,675
<u>\$ 1,752</u>	<u>\$ 50,800</u>	<u>\$ 634,592</u>	<u>\$ 244,408</u>	<u>\$ 257,282</u>	<u>\$ 100,000</u>	<u>\$ 1,624,297</u>

CITY OF GLENN HEIGHTS, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds			
	Municipal Court Technology	Municipal Court Security	911 Wireless	Police Seizure
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	5,653	3,360	-	-
Charges for services	-	-	86,596	-
Intergovernmental	-	-	-	-
Impact fees	-	-	-	-
Interest	<u>2</u>	<u>7</u>	<u>80</u>	<u>2</u>
Total revenues	<u>5,655</u>	<u>3,367</u>	<u>86,676</u>	<u>2</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	4,496	9,240	-	3,534
Capital outlay	-	-	-	-
Debt service:				
Principal	1,228	-	-	-
Interest and other charges	<u>435</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,159</u>	<u>9,240</u>	<u>-</u>	<u>3,534</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>(504)</u>	<u>(5,873)</u>	<u>86,676</u>	<u>(3,532)</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	-	500
Transfers in	-	-	-	1,520
Transfers out	<u>-</u>	<u>-</u>	<u>(31,678)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(31,678)</u>	<u>2,020</u>
NET CHANGE IN FUND BALANCES	<u>(504)</u>	<u>(5,873)</u>	<u>54,998</u>	<u>(1,512)</u>
FUND BALANCES, BEGINNING	<u>573</u>	<u>27,889</u>	<u>246,410</u>	<u>13,482</u>
FUND BALANCES, ENDING	<u>\$ 69</u>	<u>\$ 22,016</u>	<u>\$ 301,408</u>	<u>\$ 11,970</u>

Special Revenue Funds		Capital Projects Funds				Total Nonmajor Governmental
Grants	Debt Service	Bonds	Park Development	Street Impact Fee	Vehicle Replacement	
\$ -	\$ 459,996	\$ -	\$ -	\$ -	\$ -	\$ 459,996
-	-	-	-	-	-	9,013
-	-	-	9,270	-	-	95,866
100,535	-	-	-	-	-	100,535
-	-	-	-	19,238	-	19,238
-	2	872	474	132	-	1,571
<u>100,535</u>	<u>459,998</u>	<u>872</u>	<u>9,744</u>	<u>19,370</u>	<u>-</u>	<u>686,219</u>
1,698	-	-	-	-	-	1,698
111,259	-	-	-	-	-	128,529
-	-	231,428	-	-	-	231,428
-	310,000	-	-	-	-	311,228
-	146,982	-	-	-	-	147,417
<u>112,957</u>	<u>456,982</u>	<u>231,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>820,300</u>
(12,422)	3,016	(230,556)	9,744	19,370	-	(134,081)
-	-	-	-	-	-	500
12,422	-	-	-	-	100,000	113,942
-	-	-	-	-	-	(31,678)
<u>12,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>82,764</u>
-	3,016	(230,556)	9,744	19,370	100,000	(51,317)
-	19,426	865,148	186,152	237,912	-	1,596,992
<u>\$ -</u>	<u>\$ 22,442</u>	<u>\$ 634,592</u>	<u>\$ 195,896</u>	<u>\$ 257,282</u>	<u>\$ 100,000</u>	<u>\$ 1,545,675</u>

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INDIVIDUAL FUND SCHEDULES

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CITY OF GLENN HEIGHTS, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

MUNICIPAL COURT TECHNOLOGY

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget - Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 7,000	\$ 7,000	\$ 5,653	\$(1,347)
Interest	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>5,655</u>	<u>(1,345)</u>
EXPENDITURES				
Current:				
Public safety	5,339	5,339	4,496	843
Debt service:				
Principal	1,661	1,661	1,228	433
Interest and other charges	<u>-</u>	<u>-</u>	<u>435</u>	<u>(435)</u>
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>6,159</u>	<u>841</u>
NET CHANGE IN FUND BALANCE	-	-	(504)	(504)
FUND BALANCE, BEGINNING	<u>573</u>	<u>573</u>	<u>573</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 573</u>	<u>\$ 573</u>	<u>\$ 69</u>	<u>\$(504)</u>

CITY OF GLENN HEIGHTS, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

MUNICIPAL COURT SECURITY

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
REVENUES				
Fines and forfeitures	\$ 4,500	\$ 4,500	\$ 3,360	\$(1,140)
Interest	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>3,367</u>	<u>(1,133)</u>
EXPENDITURES				
Current:				
Public safety	<u>6,149</u>	<u>6,149</u>	<u>9,240</u>	<u>(3,091)</u>
Total expenditures	<u>6,149</u>	<u>6,149</u>	<u>9,240</u>	<u>(3,091)</u>
NET CHANGE IN FUND BALANCE	(1,649)	(1,649)	(5,873)	(4,224)
FUND BALANCE, BEGINNING	<u>27,889</u>	<u>27,889</u>	<u>27,889</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 26,240</u>	<u>\$ 26,240</u>	<u>\$ 22,016</u>	<u>\$(4,224)</u>

CITY OF GLENN HEIGHTS, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

911 WIRELESS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
REVENUES				
Charges for services	\$ 75,000	\$ 75,000	\$ 86,596	\$ 11,596
Interest	<u>200</u>	<u>200</u>	<u>84</u>	<u>(116)</u>
Total revenues	<u>75,200</u>	<u>75,200</u>	<u>86,680</u>	<u>11,480</u>
EXPENDITURES				
Current:				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>75,200</u>	<u>75,200</u>	<u>86,680</u>	<u>11,480</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	<u>(33,000)</u>	<u>(33,000)</u>	<u>(31,682)</u>	<u>1,318</u>
Total other financing sources (uses)	<u>(33,000)</u>	<u>(33,000)</u>	<u>(31,682)</u>	<u>1,318</u>
NET CHANGE IN FUND BALANCE	42,200	42,200	54,998	12,798
FUND BALANCE, BEGINNING	<u>246,410</u>	<u>246,410</u>	<u>246,410</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 288,610</u>	<u>\$ 288,610</u>	<u>\$ 301,408</u>	<u>\$ 12,798</u>

CITY OF GLENN HEIGHTS, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

GRANTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 107,575	\$ 107,575	\$ 100,535	\$(7,040)
Total revenues	<u>107,575</u>	<u>107,575</u>	<u>100,535</u>	<u>(7,040)</u>
EXPENDITURES				
Current:				
General government	-	-	1,698	(1,698)
Public safety	<u>117,392</u>	<u>117,392</u>	<u>111,259</u>	<u>6,133</u>
Total expenditures	<u>117,392</u>	<u>117,392</u>	<u>112,957</u>	<u>4,435</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,817)</u>	<u>(9,817)</u>	<u>(12,422)</u>	<u>(2,605)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>9,817</u>	<u>9,817</u>	<u>12,422</u>	<u>2,605</u>
Total other financing sources (uses)	<u>9,817</u>	<u>9,817</u>	<u>12,422</u>	<u>2,605</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF GLENN HEIGHTS, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget - Positive <u>(Negative)</u>
REVENUES				
Property taxes	\$ 474,756	\$ 474,756	\$ 459,996	\$(14,760)
Interest	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Total revenues	<u>474,756</u>	<u>474,756</u>	<u>459,998</u>	<u>(14,758)</u>
EXPENDITURES				
Debt service:				
Principal	310,000	310,000	310,000	-
Interest and other charges	<u>146,756</u>	<u>146,756</u>	<u>146,982</u>	<u>(226)</u>
Total expenditures	<u>456,756</u>	<u>456,756</u>	<u>456,982</u>	<u>(226)</u>
NET CHANGE IN FUND BALANCE	18,000	18,000	3,016	(14,984)
FUND BALANCE, BEGINNING	<u>19,426</u>	<u>19,426</u>	<u>19,426</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 37,426</u>	<u>\$ 37,426</u>	<u>\$ 22,442</u>	<u>\$(14,984)</u>

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STATISTICAL SECTION

(Unaudited)

This part of City of Glenn Heights, Texas' 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 government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	55 – 65
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its electric utility, sales tax and property tax revenues.	66 – 69
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	70 – 73
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	74 – 75
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	76 – 79

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF GLENN HEIGHTS, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 400,712	\$ 556,500	\$ 390,564	\$ 517,255
Restricted	-	2,830,291	2,398,086	4,771,034
Unrestricted	<u>1,418,240</u>	<u>(1,283,857)</u>	<u>(552,473)</u>	<u>(1,999,219)</u>
Total governmental activities net position	<u>\$ 1,818,952</u>	<u>\$ 2,102,934</u>	<u>\$ 2,236,177</u>	<u>\$ 3,289,070</u>
Business-type activities:				
Net investment in capital assets	\$ 7,095,083	\$ 7,294,045	\$ 7,810,544	\$ 7,864,160
Restricted	1,980,886	2,310,670	1,305,567	-
Unrestricted	<u>1,107,200</u>	<u>777,620</u>	<u>551,394</u>	<u>335,206</u>
Total business-type activities net position	<u>\$ 10,183,169</u>	<u>\$ 10,382,335</u>	<u>\$ 9,667,505</u>	<u>\$ 8,199,366</u>
Primary government:				
Net investment in capital assets	\$ 7,495,795	\$ 7,850,545	\$ 8,201,108	\$ 8,381,415
Restricted	1,980,886	5,140,961	3,703,653	4,771,034
Unrestricted	<u>2,525,440</u>	<u>(506,237)</u>	<u>(1,079)</u>	<u>(1,664,013)</u>
Total primary government net position	<u>\$ 12,002,121</u>	<u>\$ 12,485,269</u>	<u>\$ 11,903,682</u>	<u>\$ 11,488,436</u>

TABLE 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 507,320	\$ 777,007	\$ 3,019,534	\$ 3,101,367	\$ 2,985,184	\$ 3,057,623
4,405,139	4,152,298	841,581	911,058	711,864	822,641
(1,654,521)	(1,383,267)	1,506,647	1,513,501	2,313,476	2,635,490
<u>\$ 3,257,938</u>	<u>\$ 3,546,038</u>	<u>\$ 5,367,762</u>	<u>\$ 5,525,926</u>	<u>\$ 6,010,524</u>	<u>\$ 6,515,754</u>
\$ 7,957,585	\$ 7,812,387	\$ 7,876,598	\$ 8,011,639	\$ 7,914,978	\$ 7,796,457
-	-	684,813	561,058	471,623	361,759
<u>575,731</u>	<u>260,857</u>	<u>1,117,324</u>	<u>1,613,419</u>	<u>2,977,448</u>	<u>3,728,781</u>
<u>\$ 8,533,316</u>	<u>\$ 8,073,244</u>	<u>\$ 9,678,735</u>	<u>\$ 10,186,116</u>	<u>\$ 11,364,049</u>	<u>\$ 11,886,997</u>
\$ 8,464,905	\$ 8,589,394	\$ 10,896,132	\$ 11,113,006	\$ 10,900,162	\$ 10,854,080
4,405,139	4,152,298	1,526,394	1,472,116	1,183,487	1,184,400
(1,078,790)	(1,122,410)	2,623,971	3,126,920	5,290,924	6,364,271
<u>\$ 11,791,254</u>	<u>\$ 11,619,282</u>	<u>\$ 15,046,497</u>	<u>\$ 15,712,042</u>	<u>\$ 17,374,573</u>	<u>\$ 18,402,751</u>

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
EXPENSES				
Governmental activities:				
General government	\$ 1,739,131	\$ 1,345,624	\$ 1,388,074	\$ 1,296,369
Public safety	1,633,635	1,759,196	1,797,862	2,209,801
Development services	229,172	474,440	1,725,213	822,832
Parks and recreation	48,685	72,682	75,209	120,652
Economic development	-	-	-	-
Interest and other	44,491	127,130	136,848	153,125
Total governmental activities expenses	<u>3,695,114</u>	<u>3,779,072</u>	<u>5,123,206</u>	<u>4,602,779</u>
Business-type activities:				
Water and sewer	2,981,717	3,747,199	3,497,511	3,884,636
Drainage	-	-	-	-
Total business-type activities expenses	<u>2,981,717</u>	<u>3,747,199</u>	<u>3,497,511</u>	<u>3,884,636</u>
Total primary government program expenses	<u>\$ 6,676,831</u>	<u>\$ 7,526,271</u>	<u>\$ 8,620,717</u>	<u>\$ 8,487,415</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 667,527	\$ 304,684	\$ 216,456	\$ 497,349
Public safety	414,985	504,991	391,834	97,959
Development services	-	-	-	275,961
Parks and recreation	-	-	-	31,032
Economic development	-	-	-	-
Operating grants and contributions	16,487	55,335	2,650	-
Capital grants and contributions	168,336	123,321	272,691	54,000
Total governmental activities program revenues	<u>1,267,335</u>	<u>988,331</u>	<u>883,631</u>	<u>956,301</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,106,118	4,187,327	3,605,582	3,616,322
Drainage	-	-	-	-
Capital grants and contributions	135,528	-	210,673	-
Total business-type activities program revenues	<u>4,241,646</u>	<u>4,187,327</u>	<u>3,816,255</u>	<u>3,616,322</u>
Total primary government program revenues	<u>\$ 5,508,981</u>	<u>\$ 5,175,658</u>	<u>\$ 4,699,886</u>	<u>\$ 4,572,623</u>

TABLE 2

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	1,502,474	\$	1,258,541	\$	1,136,770	\$	1,014,655	\$	866,969	\$	872,399
	2,538,381		2,704,675		2,910,502		3,059,521		2,908,130		3,166,101
	531,970		863,457		478,843		611,556		531,646		530,798
	22,648		195,540		259,338		268,638		260,362		256,306
	-		-		34,966		100,897		97,097		-
	<u>232,764</u>		<u>205,557</u>		<u>207,118</u>		<u>188,226</u>		<u>170,437</u>		<u>150,154</u>
	<u>4,828,237</u>		<u>5,227,770</u>		<u>5,027,537</u>		<u>5,243,493</u>		<u>4,834,641</u>		<u>4,975,758</u>
	3,542,027		3,864,798		4,048,691		4,077,224		3,703,399		3,927,273
	-		-		152,964		137,246		166,464		177,381
	<u>3,542,027</u>		<u>3,864,798</u>		<u>4,201,655</u>		<u>4,214,470</u>		<u>3,869,863</u>		<u>4,104,654</u>
\$	<u>8,370,264</u>	\$	<u>9,092,568</u>	\$	<u>9,229,192</u>	\$	<u>9,457,963</u>	\$	<u>8,704,504</u>	\$	<u>9,080,412</u>
\$	150,926	\$	271,052	\$	154,948	\$	147,104	\$	157,837	\$	161,555
	465,020		455,701		764,189		496,191		569,758		494,104
	357,155		182,009		152,957		111,229		104,212		110,784
	72,454		34,162		-		-		-		18,794
	-		-		12,743		19,390		19,496		-
	-		98,593		115,774		275,541		285,933		128,248
	-		177,120		1,910,756		104,799		4,526		-
	<u>1,045,555</u>		<u>1,218,637</u>		<u>3,111,367</u>		<u>1,154,254</u>		<u>1,141,762</u>		<u>913,485</u>
	4,030,147		4,022,536		4,868,627		4,650,370		4,675,400		4,656,527
	-		-		248,126		248,790		252,293		255,740
	-		-		137,981		174,407		58,772		51,428
	<u>4,030,147</u>		<u>4,022,536</u>		<u>5,254,734</u>		<u>5,073,567</u>		<u>4,986,465</u>		<u>4,963,695</u>
\$	<u>5,075,702</u>	\$	<u>5,241,173</u>	\$	<u>8,366,101</u>	\$	<u>6,227,821</u>	\$	<u>6,128,227</u>	\$	<u>5,877,180</u>

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
NET (EXPENSE) REVENUES				
Governmental activities	\$(2,427,779)	\$(2,790,741)	\$(4,239,575)	\$(3,646,478)
Business-type activities	<u>1,259,929</u>	<u>440,128</u>	<u>318,744</u>	<u>(268,314)</u>
Total primary government net expense	<u>(1,167,850)</u>	<u>(2,350,613)</u>	<u>(3,920,831)</u>	<u>(3,914,792)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	1,844,789	2,117,724	2,551,558	2,837,191
Franchise	209,035	259,258	271,848	306,367
Sales and use	174,126	240,729	267,720	241,445
Interest	8,386	40,764	93,112	97,880
Miscellaneous	64,638	71,421	76,951	-
Casualty loss on equipment	-	-	(6,848)	-
Transfers	<u>404,833</u>	<u>344,827</u>	<u>1,118,477</u>	<u>(89,079)</u>
Total governmental activities	<u>2,705,807</u>	<u>3,074,723</u>	<u>4,372,818</u>	<u>3,393,804</u>
Business-type activities:				
Interest	30,645	69,746	76,067	16,663
Miscellaneous	187,091	34,119	8,836	-
Transfers	<u>(404,833)</u>	<u>(344,827)</u>	<u>(1,118,477)</u>	<u>89,079</u>
Total business-type activities	<u>(187,097)</u>	<u>(240,962)</u>	<u>(1,033,574)</u>	<u>105,742</u>
Total primary government	<u>2,518,710</u>	<u>2,833,761</u>	<u>3,339,244</u>	<u>3,499,546</u>
CHANGE IN NET POSITION				
Governmental activities	278,028	283,982	133,243	(252,674)
Business-type activities	<u>1,072,832</u>	<u>199,166</u>	<u>(714,830)</u>	<u>(162,572)</u>
Total primary government	<u>\$ 1,350,860</u>	<u>\$ 483,148</u>	<u>\$(581,587)</u>	<u>\$(415,246)</u>

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$(3,782,682)	\$(4,009,133)	\$(1,916,170)	\$(4,089,239)	\$(3,692,879)	\$(4,062,273)
<u>488,120</u>	<u>157,738</u>	<u>1,053,079</u>	<u>859,097</u>	<u>1,116,602</u>	<u>859,041</u>
<u>(3,294,562)</u>	<u>(3,851,395)</u>	<u>(863,091)</u>	<u>(3,230,142)</u>	<u>(2,576,277)</u>	<u>(3,203,232)</u>
2,983,953	3,065,690	3,255,045	3,113,736	3,100,573	3,206,127
325,120	341,930	417,009	371,361	334,731	574,502
230,557	241,531	353,784	370,598	416,161	457,443
52,966	28,717	11,681	10,017	14,102	18,396
-	-	32,902	26,087	13,817	20,035
-	-	-	-	-	-
<u>158,954</u>	<u>619,365</u>	<u>562,512</u>	<u>355,604</u>	<u>298,093</u>	<u>309,032</u>
<u>3,751,550</u>	<u>4,297,233</u>	<u>4,632,933</u>	<u>4,247,403</u>	<u>4,177,477</u>	<u>4,585,535</u>
4,784	1,555	7,879	3,888	2,864	2,705
-	-	-	-	356,560	5,637
<u>(158,954)</u>	<u>(619,365)</u>	<u>(562,512)</u>	<u>(355,604)</u>	<u>(298,093)</u>	<u>(309,032)</u>
<u>(154,170)</u>	<u>(617,810)</u>	<u>(554,633)</u>	<u>(351,716)</u>	<u>61,331</u>	<u>(300,690)</u>
<u>3,597,380</u>	<u>3,679,423</u>	<u>4,078,300</u>	<u>3,895,687</u>	<u>4,238,808</u>	<u>4,284,845</u>
(31,132)	288,100	2,716,763	158,164	484,598	523,262
<u>333,950</u>	<u>(460,072)</u>	<u>498,446</u>	<u>507,381</u>	<u>1,177,933</u>	<u>558,351</u>
<u>\$ 302,818</u>	<u>\$(171,972)</u>	<u>\$ 3,215,209</u>	<u>\$ 665,545</u>	<u>\$ 1,662,531</u>	<u>\$ 1,081,613</u>

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TABLE 3

CITY OF GLENN HEIGHTS, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved:										
Prepaid expense	\$ -	\$ -	\$ -	\$ 216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated for:										
Construction	840,039	1,131,955	3,803,796	1,113,269	1,095,345	1,107,017	-	-	-	-
Nonspendable	-	-	-	-	-	-	50,545	66,264	58,494	44,973
Restricted	-	-	-	-	-	-	196,564	-	-	-
Committed	-	-	-	-	-	-	-	83,000	166,000	-
Assigned	-	-	-	-	-	-	-	-	203,658	318,026
Unassigned	-	-	-	-	-	-	1,152,537	1,150,334	1,714,295	1,944,377
Total general fund	<u>\$ 840,039</u>	<u>\$ 1,131,955</u>	<u>\$ 3,803,796</u>	<u>\$ 1,113,485</u>	<u>\$ 1,095,345</u>	<u>\$ 1,107,017</u>	<u>\$ 1,399,646</u>	<u>\$ 1,299,598</u>	<u>\$ 2,142,447</u>	<u>\$ 2,307,376</u>
All other governmental funds										
Reserved:										
Debt service	\$ -	\$ -	\$ -	\$ 39,465	\$ 42,648	\$ 159,014	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	-	-	-	59,935	124,927	-	-	-	-
Unreserved, reported in:										
Special revenue funds	406,515	451,930	331,553	241,842	286,302	238,506	-	-	-	-
Capital projects funds	-	-	2,066,533	4,489,727	4,043,171	3,635,068	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	554	554	-
Assigned	-	-	-	-	-	-	-	-	-	100,000
Restricted	-	-	-	-	-	-	1,986,551	2,129,016	1,596,438	1,445,675
Total all other governmental funds	<u>\$ 406,515</u>	<u>\$ 451,930</u>	<u>\$ 2,398,086</u>	<u>\$ 4,771,034</u>	<u>\$ 4,432,056</u>	<u>\$ 4,157,515</u>	<u>\$ 1,986,551</u>	<u>\$ 2,129,570</u>	<u>\$ 1,596,992</u>	<u>\$ 1,545,675</u>

Note: In fiscal year 2011 the City implemented GASB 54.

CITY OF GLENN HEIGHTS, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
REVENUES				
Taxes:				
Property	\$ 1,827,781	\$ 2,115,175	\$ 2,528,489	\$ 2,828,754
Franchise	209,035	259,258	271,848	306,367
Sales and use	174,126	240,729	267,720	241,445
Licenses and permits	260,449	233,551	170,578	84,896
Fines and forfeitures	337,764	422,937	286,463	322,636
Charges for services	412,967	78,409	77,873	127,966
Park fees	168,336	123,321	67,396	31,032
Donations	-	-	-	-
Intergovernmental	-	-	-	97,880
Impact fees	-	-	-	191,066
Interest	8,386	40,764	93,112	55,929
Other	152,206	201,534	372,328	142,776
Total revenues	<u>3,551,050</u>	<u>3,715,678</u>	<u>4,135,807</u>	<u>4,430,747</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Development services	-	-	-	-
Administration	424,526	403,018	322,498	466,690
City manager	159,080	121,730	101,359	147,387
Finance	75,098	80,712	97,055	151,421
City secretary/tax office	123,296	109,067	116,527	110,067
Public works	200,552	322,307	326,055	669,369
Police	1,081,419	1,178,736	1,133,652	1,306,039
Human resources	84,400	79,212	80,313	111,058
Municipal court	104,822	109,424	119,710	144,106
Fire	431,742	442,572	560,813	680,325
Code enforcement	60,140	60,874	70,235	73,527
Warehouse/shop	70,497	65,323	74,348	-
Parks and recreation	41,313	53,069	64,185	100,209
Animal control	47,422	44,764	44,119	62,984
Planning	76,883	70,170	70,850	82,996
Economic development	39,117	58,889	91,997	67,726
Sanitation	343,408	-	-	-
Building inspection	101,660	103,464	101,689	63,093
Community development	-	-	9,452	73,813
Capital outlay	143,301	437,129	1,715,476	1,074,940
Debt service	-	-	-	-
Principal retirement	121,537	128,348	168,157	257,541
Interest and service charges	45,612	72,083	184,051	167,546
Total expenditures	<u>3,775,825</u>	<u>3,940,891</u>	<u>5,452,541</u>	<u>5,810,837</u>

TABLE 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,986,439	\$ 3,069,758	\$ 3,247,283	\$ 3,186,014	\$ 3,126,324	\$ 3,138,192
325,120	341,930	417,009	371,361	334,731	574,502
230,557	241,531	353,784	370,598	416,161	457,443
154,923	182,009	140,104	105,502	113,420	119,470
346,149	455,701	468,811	386,720	295,963	225,951
111,590	139,586	235,975	189,572	424,585	405,045
56,760	34,162	-	-	-	-
-	151	-	-	-	-
-	133,593	135,688	273,861	290,459	124,971
201,320	142,120	43,808	26,933	21,803	19,238
52,966	28,717	11,681	10,017	14,102	18,396
174,813	131,309	65,864	53,761	49,048	16,223
<u>4,640,637</u>	<u>4,900,567</u>	<u>5,120,007</u>	<u>4,974,339</u>	<u>5,086,596</u>	<u>5,099,431</u>
-	-	1,123,343	1,015,733	736,360	860,443
-	-	2,822,704	2,890,204	2,802,869	3,037,662
-	-	460,437	456,429	374,000	363,567
412,869	385,369	-	-	-	-
312,058	365,166	-	-	-	-
163,940	166,811	-	-	-	-
121,119	127,055	-	-	-	-
462,293	430,239	-	-	-	-
1,672,701	1,799,688	-	-	-	-
-	-	-	-	-	-
160,249	173,629	-	-	-	-
740,191	789,274	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,648	128,822	188,164	176,094	168,992	168,320
-	-	-	-	-	-
271,495	296,207	-	-	-	-
33,506	120,937	34,966	100,897	98,755	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
286,292	614,076	1,357,640	239,604	361,519	313,096
305,311	346,580	355,221	409,496	402,115	405,652
237,208	205,606	202,255	182,382	172,862	155,246
<u>5,201,880</u>	<u>5,949,459</u>	<u>2,138,246</u>	<u>5,470,839</u>	<u>5,117,472</u>	<u>5,303,986</u>

CITY OF GLENN HEIGHTS, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$(<u>224,775</u>)	\$(<u>225,213</u>)	\$(<u>1,316,734</u>)	\$(<u>1,380,090</u>)
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	-	-
Issuance of long-term debt	-	2,535,000	-	2,050,000
Issuance of capital lease	21,939	61,078	-	174,600
Other financial sources (uses)	-	-	5,017	-
Transfers in	545,000	485,000	1,241,280	190,000
Transfers out	(<u>140,167</u>)	(<u>140,173</u>)	(<u>122,803</u>)	(<u>279,079</u>)
Total other financing sources (uses)	<u>426,772</u>	<u>2,940,905</u>	<u>1,123,494</u>	<u>2,135,521</u>
NET CHANGE IN FUND BALANCES	<u>\$ 201,997</u>	<u>\$ 2,715,692</u>	<u>\$(193,240)</u>	<u>\$ 755,431</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>4.8%</u>	<u>6.1%</u>	<u>10.4%</u>	<u>9.9%</u>

Note: In fiscal year 2011 the City condensed several functions into three functions for expenditures on this table.

TABLE 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$(561,243)	\$(1,048,892)	\$ 2,981,761	\$(496,500)	\$(30,876)	\$(204,555)
-	-	-	8,275	43,064	9,135
-	-	-	-	-	-
45,170	166,658	28,395	175,592	-	-
-	-	-	-	-	-
961,217	959,394	413,032	716,260	616,991	454,652
(802,263)	(340,029)	-	(360,656)	(318,898)	(145,620)
204,124	786,023	441,427	539,471	341,157	318,167
\$(357,119)	\$(262,869)	\$ 3,423,188	\$ 42,971	\$ 310,281	\$ 113,612
12.4%	11.5%	71.4%	11.3%	12.1%	11.2%

TABLE 5

CITY OF GLENN HEIGHTS, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

<u>Tax Year</u>	<u>Fiscal Year-end</u>	<u>Real Property Residential</u>	<u>Real Property Commercial</u>	<u>Real and Tangible Personal Utilities</u>	<u>Tangible Personal Property</u>	<u>Inventory</u>	<u>Less: Exempt Property</u>	<u>Total</u>	<u>Total Direct Tax Rate</u>
2004	2005	\$ 264,707,710	\$ 14,995,880	\$ 5,548,600	\$ 6,501,790	\$ 67,380	\$(11,057,211)	\$ 280,764,149	0.65310
2005	2006	310,430,000	15,444,090	6,531,820	6,069,520	186,810	(15,440,577)	323,221,663	0.65310
2006	2007	364,479,481	15,366,320	6,215,700	5,728,300	106,130	(20,506,879)	371,389,052	0.69617
2007	2008	395,338,890	18,686,230	8,816,270	5,126,650	30,800	(20,971,040)	407,027,800	0.68404
2008	2009	407,869,663	18,051,850	13,110,380	9,559,826	33,710	(24,863,741)	423,761,688	0.68404
2009	2010	395,406,006	18,275,310	13,279,770	7,257,110	9,150	(25,118,616)	409,108,730	0.73932
2010	2011	385,394,092	19,071,780	12,215,220	5,294,110	2,707,890	(25,689,399)	398,993,693	0.79500
2011	2012	384,260,965	19,646,850	12,039,420	5,674,640	1,658,790	(26,600,522)	396,680,143	0.79500
2012	2013	389,484,865	19,826,492	12,113,060	5,654,020	1,634,710	(29,943,136)	398,770,011	0.79500
2013	2014	402,729,705	25,911,420	12,645,220	3,577,040	1,999,820	(20,636,060)	426,227,145	0.79500

TABLE 6

**CITY OF GLENN HEIGHTS, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Tax Year	Fiscal Year	City Direct Rates			Overlapping Rates							
		General	Debt Service	Total Direct	DeSoto ISD	Red Oak ISD	Ellis County	Ellis County Lateral Road	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
2004	2005	0.559670	0.093430	0.653100	1.740000	1.640000	0.315993	0.034006	0.203900	0.254000	0.080300	0.005460
2005	2006	0.575430	0.077670	0.653100	1.790000	1.640000	0.318906	0.031093	0.213900	0.254000	0.081600	0.005300
2006	2007	0.574420	0.121750	0.696170	1.760000	1.510000	0.320491	0.029009	0.213900	0.254000	0.081000	0.005034
2007	2008	0.567470	0.116570	0.684040	1.490000	1.300000	0.364598	0.029009	0.228100	0.254000	0.080400	0.004714
2008	2009	0.567470	0.126890	0.694360	1.510000	1.500000	0.360091	0.033508	0.228100	0.254000	0.089400	0.004928
2009	2010	0.596735	0.141970	0.738705	1.490000	1.540000	0.360091	0.033508	0.228100	0.274000	0.094900	0.005212
2010	2011	0.651400	0.143600	0.795000	1.490000	1.540000	0.360091	0.033508	0.243100	0.271000	0.099230	0.010000
2011	2012	0.631400	0.163600	0.795000	1.440000	1.540000	0.380091	0.033508	0.243100	0.271000	0.099670	0.010000
2012	2013	0.679065	0.115935	0.795000	1.440000	1.540000	0.380091	0.033508	0.243100	0.271000	0.119375	0.009937
2013	2014	0.678914	0.116086	0.795000	1.470000	1.540000	0.380091	0.033508	0.243100	0.286000	0.124775	0.010000

Source: Dallas County and Ellis County Appraisal Districts

CITY OF GLENN HEIGHTS, TEXAS

TEN LARGEST TAXPAYERS

CURRENT YEAR AND FOUR YEARS AGO

Taxpayer	2014			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Oncor Electric Delivery Co	\$ 9,643,010	1	2.36%	\$ 9,528,760	1	0.61%
Glenn Heights Mhp LLC	2,850,000	2	0.70%	-		- %
Anew Properties Inc	1,805,030	3	0.44%	1,821,750	4	0.45%
Margaux Bear Creek	1,748,550	4	0.43%	-		- %
OSO Homes LLC	1,561,500	5	0.38%	-		- %
Mahs Inc	1,500,000	6	0.37%	1,980,000	3	0.48%
DMJ Properties Ltd	1,728,900	7	0.42%	-		- %
BCSS, LP	1,407,090	8	0.34%	1,407,090	7	0.34%
Lana Investments Group Inc	1,370,410	9	0.34%	-		- %
Sullivan Builders Inc	1,357,180	10	0.33%	-		- %
OSO Grande, LP	-		- %	2,500,000	2	0.61%
Abrams Plaza Ltd	-		- %	1,576,440	5	0.39%
Stanford David L	-		- %	1,539,050	6	0.38%
Valk, Don	-		- %	1,030,140	8	0.25%
Town & Country Park Ltd	-		- %	1,012,230	9	0.25%
Hi Ho RV Park, LP (Creek Road)	-		- %	938,660	10	0.23%
Total City Taxable Value	\$ <u>24,971,670</u>		<u>6.12%</u>	\$ <u>23,334,120</u>		<u>3.99%</u>

Source: Dallas County Tax Assessor/Collector

Note: The information from nine years ago is not available.

CITY OF GLENN HEIGHTS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Total Tax Levy	Fiscal Year of Levy		Collections in Subsequent Years ¹	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 1,731,422	\$ 1,744,061	100.73%	\$(18,554)	\$ 1,725,507	99.66%
2006	2,117,115	2,040,883	96.40%	70,052	2,110,935	99.71%
2007	2,585,499	2,456,745	95.02%	121,672	2,578,417	99.73%
2008	2,672,863	2,658,460	99.46%	2,763	2,661,223	99.56%
2009	2,937,878	2,838,397	96.61%	86,283	2,924,680	99.55%
2010	3,027,427	3,018,042	99.69%	(2,354)	3,015,688	99.61%
2011	3,172,000	3,153,285	99.41%	2,904	3,156,189	99.50%
2012	3,144,019	3,067,748	97.57%	41,772	3,109,520	98.90%
2013	3,084,308	3,034,752	98.39%	24,645	3,059,397	99.19%
2014	3,267,947	3,107,304	95.08%	-	3,107,304	95.08%

Source: Dallas County Tax Assessor/Collector

¹ Collections in subsequent years includes refunds.

TABLE 9

CITY OF GLENN HEIGHTS, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS¹

Fiscal Year	Governmental Activities		Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita ¹
	Certificates of Obligation	Capital Leases	General Obligation Refunding Bonds	Certificates of Obligation	Notes Payable	Capital Leases			
2005	\$ 680,000	\$ 166,639	\$ 1,520,000	\$ 1,255,000	\$ -	\$ 27,627	\$ 3,649,266	0.93%	\$ 348
2006	3,175,000	139,369	1,390,000	1,200,000	-	7,622	5,911,991	N/A	563
2007	3,050,000	96,212	1,305,000	1,140,000	-	-	5,591,212	N/A	488
2008	4,925,000	188,271	1,215,000	1,080,000	-	61,519	7,469,790	N/A	641
2009	4,695,000	158,130	1,115,000	1,015,000	-	102,834	7,085,964	N/A	628
2010	4,435,000	238,208	2,025,000	-	112,685	98,248	6,909,141	0.29%	611
2011	4,160,000	186,382	1,865,000	-	97,514	86,132	6,395,028	0.32%	556
2012	3,875,000	237,478	1,712,170	-	81,591	49,965	5,956,204	N/A	508
2013	3,580,000	130,363	1,480,000	-	63,186	105,900	5,359,449	N/A	470
2014	3,270,000	34,649	1,256,453	-	47,336	72,444	4,669,429	N/A	397

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

¹ See the Schedule of Demographic and Economic Statistics on Table 13 for personal income and population data.

N/A Data not available at the time of this publication.

CITY OF GLENN HEIGHTS, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Less: Amount Available for Debt Service ³	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property ¹	Per Capita ²
	General Obligation Bonds	Certificates of Obligation	Total				
2005	\$ -	\$ 680,000	\$ 680,000	\$ -	\$ 680,000	0.24%	\$ 73
2006	-	3,175,000	3,175,000	-	3,175,000	0.98%	328
2007	-	3,050,000	3,050,000	-	3,050,000	0.82%	303
2008	-	4,925,000	4,925,000	39,465	4,885,535	1.20%	466
2009	-	4,695,000	4,695,000	42,648	4,652,352	1.10%	421
2010	2,025,000	4,435,000	6,460,000	159,014	6,300,986	1.54%	559
2011	1,865,000	4,160,000	6,025,000	290,457	5,734,543	1.44%	498
2012	1,712,170	3,875,000	5,587,170	290,457	5,296,713	1.34%	467
2013	1,480,000	3,580,000	5,060,000	290,786	4,769,214	1.26%	418
2014	1,256,453	3,270,000	4,515,000	22,422	4,492,578	1.05%	382

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

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 5 for property value data.

² See the Schedule of Demographic and Economic Statistics on Table 13 for personal income and population data.

³ This is the amount restricted for debt service principal payments.

CITY OF GLENN HEIGHTS, TEXAS

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

AS OF SEPTEMBER 30, 2014

Government Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
DeSoto Independent School District	\$ 124,218,884	11.50%	\$ 14,285,172
Red Oak Independent School District	107,667,143	9.60%	10,336,046
Dallas County	111,350,000	0.13%	144,755
Dallas County Schools	67,265,000	0.14%	94,171
Dallas County Community College District	339,035,000	0.13%	440,746
Dallas County Hospital District	736,235,000	0.13%	957,106
Ellis County	49,516,262	1.09%	<u>539,727</u>
Subtotal overlapping debt			26,797,722
City of Glenn Heights' direct debt			<u>3,304,649</u>
Total direct and overlapping debt			<u>\$ 30,102,371</u>
Total direct and overlapping debt as % of Assessed Value:			7.67%
Total direct and overlapping debt per Capita:			\$ 2,670

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

Source: Municipal Advisory Council of Texas

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 government's boundaries and dividing it by the governmental unit's total taxable assessed value.

CITY OF GLENN HEIGHTS, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Tax Rate Limit	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
Debt Service Rate	0.093	0.078	0.122	0.117	0.127	0.142	0.144	0.164	0.116	0.116
Available Tax Rate	\$ 1.41	\$ 1.42	\$ 1.38	\$ 1.38	\$ 1.37	\$ 1.36	\$ 1.36	\$ 1.34	\$ 1.38	\$ 1.38
Percentage of allowable levy used	6.23%	5.18%	8.12%	7.77%	8.46%	9.46%	9.57%	10.91%	7.73%	7.74%

Economic Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 426,227,145
Economic debt limit indicator (5% of assessed value)	10,655,679
Annual debt requirement applicable to limit:	
General obligation refunding bonds	1,256,453
Certificates of obligation	3,270,000
Less Debt Service Fund Balance	(22,422) 4,504,031
Economic debt margin	\$ <u>6,151,648</u>

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal and interest on all ad valorem tax within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of \$2.50 per \$100 taxable 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 all general obligation debt service, as calculated at the time of issuance.

CITY OF GLENN HEIGHTS, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Calendar Year	Estimated Population ¹	Total Income (Amounts Expressed in Thousands)	Per Capita Personal Income ²	Median Age ³	School Enrollments ⁴		Unemployment Rate ²
					DeSoto ISD	Red Oak ISD	
2005	9,264	\$ 390,657	\$ 37,209	N/A	7,955	4,818	5.2%
2006	9,672	N/A	N/A	N/A	8,409	5,067	4.8%
2007	10,080	N/A	N/A	N/A	8,633	5,112	4.8%
2008	10,488	N/A	N/A	N/A	8,884	5,148	5.8%
2009	11,052	N/A	N/A	N/A	8,916	5,343	9.4%
2010 ³	11,278	225,898	20,030	30.91	9,045	5,389	13.2%
2011	11,504	236,407	20,550	29.80	9,165	5,494	8.3%
2012	11,330	N/A	N/A	29.40	9,019	5,601	N/A
2013	11,410	N/A	N/A	29.40	N/A	N/A	6.9%
2014	11,763	N/A	N/A	29.40	N/A	N/A	5.5%

Sources: ¹ North Texas Council of Governments unless otherwise denoted.

² Per Texas Workforce Commission, Dallas-Fort Worth - Arlington Metropolitan Statistical Area

³ U. S. Census Bureau, County and City Data Book, Dallas County, Census 2000 and 2010

⁴ The City of Glenn Heights is located in both Dallas and Ellis Counties. School children residing in Dallas County are enrolled in the DeSoto Independent School District while those residing in Ellis County are enrolled in Red Oak Independent School District. Data retrieved from Texas Education Agency.

N/A Data not available at the time of publication.

CITY OF GLENN HEIGHTS, TEXAS

PRINCIPAL EMPLOYERS IN SURROUNDING AREA

CURRENT YEAR AND THREE YEARS AGO

Employer	County	2014		
		Employees	Rank	Industry
Methodist Charlton Medical Center	Dallas	1,000-2,499	N/A	Health care/social assistance
Swift Transportation	Dallas	1,000-2,499	N/A	Transportation/warehousing
Wal-Mart Super Center	Ellis	453	N/A	Retail trade
Wal-Mart Super Center	Dallas	250-499	N/A	Retail trade
Walgreen's Distribution Center	Ellis	690	N/A	Transportation/warehousing
Schnieder National	Dallas	500	N/A	Transportation/warehousing
Owens-Corning Fiberglass	Ellis	500-999	N/A	Manufacturing
Home Depot	Dallas	500-999	N/A	Transportation/warehousing
Ennis, Inc.	Ellis	85	N/A	Manufacturing
DART Container Corporation	Ellis	651	N/A	Manufacturing

Employer	County	2011		
		Employees	Rank	Industry
Methodist Charlton Medical Center	Dallas	1,000-2,499	N/A	Health care/social assistance
Swift Transportation	Dallas	1,000-2,499	N/A	Transportation/warehousing
Wal-Mart Super Center	Ellis	453	N/A	Retail trade
Wal-Mart Super Center	Dallas	250-499	N/A	Retail trade
Walgreen's Distribution Center	Ellis	690	N/A	Transportation/warehousing
Schnieder National	Dallas	500	N/A	Transportation/warehousing
Owens-Corning Fiberglass	Ellis	500-999	N/A	Manufacturing
Home Depot	Dallas	500-999	N/A	Transportation/warehousing
Ennis, Inc.	Ellis	85	N/A	Manufacturing
DART Container Corporation	Ellis	651	N/A	Manufacturing

Source: North Central Texas Council of Governments

Notes: The City of Glenn Heights is located in Dallas County and Ellis County. All of the listed employers are located within a 10-mile radius of the City of Glenn Heights.

Data from the period nine years is not available.

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CITY OF GLENN HEIGHTS, TEXAS

EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administrative services	4	4	3	4	4	4	6	6	6	6
Community services	-	1	1	1	1	1	1	2	2	2
Development services	2	2	2	4	3	3	4	3	3	2
Police	24	24	26	26	26	26	27	27	26	26
Fire	10	10	9	9	9	9	18	21	25	26
Financial services	3	3	3	3	4	4	3	2	2	2
Municipal services	<u>7</u>	<u>6</u>	<u>6</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total general fund	<u>50</u>	<u>50</u>	<u>50</u>	<u>49</u>	<u>48</u>	<u>48</u>	<u>60</u>	<u>62</u>	<u>65</u>	<u>65</u>
Utility administration	3	3	3	3	3	3	3	3	3	3
Water services	7	8	8	9	9	9	10	10	10	10
Wastewater services	4	4	4	6	6	6	3	3	3	3
Stormwater drainage	<u>4</u>	<u>4</u>	<u>4</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total utility fund	<u>18</u>	<u>19</u>	<u>19</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>
Total all funds	<u>68</u>	<u>69</u>	<u>69</u>	<u>73</u>	<u>72</u>	<u>72</u>	<u>77</u>	<u>79</u>	<u>82</u>	<u>82</u>

Source: City of Glenn Heights' Human Resource Department

TABLE 16

CITY OF GLENN HEIGHTS, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST NINE FISCAL YEARS

Function/Program	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Community services:									
Parks and recreation:									
Total acreage maintained city parks	44	44	44	44	44	57	57	57	57
Development services:									
Planning:									
Zoning cases	4	4	28	20	17	6	5	5	4
Plats/replats	5	5	31	17	7	2	2	2	5
Development contacts	12	12	105	247	998	N/A	15	N/A	9
Building inspections:									
Permits issued	N/A	127	167	448	374	217	221	440	731
Inspections	N/A	762	992	1,208	1,907	1,437	1,086	1,336	1,319
Emergency services:									
Police administration:									
Administrative calls	145	200	883	879	910	917	895	1,049	840
Reports prepared	700	700	2,161	2,531	2,508	2,994	3,129	2,606	2,452
Community relations programs initiated	5	10	19	21	16	22	22	9	27
Fire administration:									
Fire calls	210	248	257	827	1,077	463	175	194	222
EMS calls	650	683	733	851	862	852	768	9	961
Code enforcement:									
Vehicle related violations	278	636	529	437	278	454	330	202	235
Nuisance violations	400	492	497	1,096	704	620	788	611	691
Environmental violations	8	11	22	22	63	687	60	21	20
Sign violations	435	504	802	601	396	539	771	152	114
Other ordinance violations	100	288	308	307	416	134	171	227	132
Court summons/citations	123	245	97	118	70	86	70	51	80
Animal control:									
Animals impounded	318	300	344	288	283	274	214	160	119
Animal registrations	253	108	326	264	168	137	100	14	9
Calls for service	976	648	748	1,022	762	796	602	524	476
Court summons/citations	59	84	128	108	89	71	88	42	7
Financial services:									
Finance:									
Accounts payable invoices processed	1,800	2,400	3,131	3,279	3,601	3,822	3,834	3,824	3,321
Payrolls processed	26	26	26	26	26	26	26	26	26
Annual budget document	1	1	1	1	1	1	1	1	1
Monthly financial reports	12	12	12	12	12	12	12	12	12

CITY OF GLENN HEIGHTS, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST NINE FISCAL YEARS

Function/Program	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Financial services: (Continued)									
Municipal court:									
New cases filed	2,533	4,558	5,090	4,452	4,829	5,493	3,309	2,165	1,824
Warrants issued	1,119	2,644	1,332	3,892	2,612	2,822	2,324	1,587	1,043
Completed cases	1,439	2,500	3,926	3,685	3,948	4,732	3,915	3,042	1,515
Warrants cleared	690	1,559	414	1,544	2,065	1,924	2,148	2,550	879
Utility administration:									
Customers serviced	55,200	60,816	60,000	49,292	50,159	62,739	50,780	51,129	52,038
Late notices	10,000	N/A	N/A	15,185	10,014	12,405	12,703	12,595	12,499
Cut-offs	2,000	2,400	1,819	1,483	636	1,662	494	1,353	1,612
Municipal services:									
Streets:									
Days of street paving or re-paving	15	25	25	15	33	25	26	29	29
Days of ROW maintenance	21	21	21	22	25	25	30	27	30
Days of pothole repairs	52	52	52	80	51	50	48	47	50
Wastewater services:									
Maintain lift stations (weekly checks)	52	52	52	52	52	52	52	52	52

Note: Data prior to fiscal year 2006 not available.

Source: Various City departments

CITY OF GLENN HEIGHTS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST NINE FISCAL YEARS

Function/Program	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety:									
Police stations	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1
Public works:									
Streets - paved (miles)	45	47	47	47	47	47	47	47	47
Parks and recreation:									
Parks	1	1	1	2	2	3	3	3	3
Playgrounds	1	1	1	2	2	2	2	2	2
Water and sewer									
Water mains (miles)	55	57	57	57	57	57	57	57	57
Overhead storage tanks	1	1	1	1	1	1	1	1	1
Ground storage tanks	3	3	3	3	3	3	3	3	3
Sanitary sewers (miles)	40	43	43	43	43	43	43	43	44
Number of lift stations	3	3	3	3	3	3	3	3	3

Note: Data prior to 2006 is not available.

Source: City departments

COMPLIANCE SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor
and City Council
City of Glenn Heights, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Glenn Heights, Texas' basic financial statements, and have issued our report thereon dated March 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Glenn Heights, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Glenn Heights, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Glenn Heights, Texas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses to be a material weakness (Item 2013-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Glenn Heights, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Glenn Heights, Texas Response to Findings

The City of Glenn Heights, Texas' response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City of Glenn Heights, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 27, 2015

CITY OF GLENN HEIGHTS, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

2013-01: Building Inspection and Permits

Criteria: Reconciliation procedures are independent checks of the accounting system to identify errors and misrepresentations. Reconciliations should take place after the fact, by an individual who is not directly involved with the transaction or task being verified. Through reconciliation procedures, management can assess the performance of individuals, the integrity of the transaction processing system, and the correctness of the data contained in accounting records.

Condition: There are currently no standard procedures in place to ensure that the activity recorded in these decentralized functions is being properly recorded in the City's general ledger.

Effect: A weak internal control structure can make it possible for errors or other misrepresentations to go long periods of time without being detected.

Cause: Internal controls are currently inadequate to ensure that the activity recorded in these decentralized systems is reconciled to the activity recorded in the City's general ledger.

Recommendation: A control needs to be included in the permits accounting process to reconcile the department's daily activity to what is recorded into the financial software of the City.

Management's Response: The Permits Technician was relocated to City Hall, and permit fee collections are done by the Utility Billing clerks. A process to reconcile permit fee activity has not been implemented.

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