

Comprehensive Annual Financial Report

City of Glenn Heights, TX

For the Fiscal Year Ended
September 30, 2020

Prepared by: The Financial
Services Department



CITY OF GLENN HEIGHTS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2020

**Page
Number**

INTRODUCTORY SECTION

Transmittal Letter.....	i – iii
Certificate of Achievement	iv
List of Elected and Appointed Officials.....	v
Organizational Chart	vi

FINANCIAL SECTION

Independent Auditor’s Report.....	1 – 2
Management’s Discussion and Analysis.....	3 – 9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11 – 12
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	13 – 14
Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	16 – 17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	20
Statement of Cash Flows – Proprietary Funds	21 – 22
Notes to the Financial Statements.....	23 – 42

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual – General Fund	43
Schedule of Changes in Net Pension Liability and Related Ratios.....	44 – 45
Schedule of Contributions.....	46 – 47
Schedule of Changes in Total OPEB Liability and Related Ratios – TMRS – Supplemental Death Benefits Funds	48

Combining Statements and Individual Fund Schedules

Combining Balance Sheet – Nonmajor Governmental Funds.....	49 – 50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	51 – 52
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Major Governmental Funds – Budget and Actual:	
Debt Service.....	53
Schedule of Revenues, Expenditures, and Changes in Fund Balances –Budget and Actual:	
Municipal Court Technology	54
Municipal Court Security.....	55
911 Wireless.....	56
Grants	57

STATISTICAL SECTION

Table

Schedule of Contents	58
1 Net Position by Component.....	59 – 60
2 Changes in Net Position.....	61 – 64
3 Fund Balances of Governmental Funds	65 – 66
4 Changes in Fund Balances of Governmental Funds	67 – 68
5 Assessed Value and Estimated Actual Value of Taxable Property.....	69 – 70
6 Direct and Overlapping Property Tax Rates.....	71 – 72
7 Principal Property Taxpayers	73
8 Property Tax Levies and Collections	74
9 Ratios of Outstanding Debt by Type	75 – 76
10 Ratios of Net General Bonded Debt Outstanding.....	77

11	Computation of Direct and Overlapping Debt	78
12	Tax Rate Information	79 – 80
13	Demographic and Economic Statistics.....	81
14	Principal Employers	82
15	Employees by Function/Program.....	83 – 84
16	Operating Indicators by Function/Program	85 – 88
17	Capital Asset Statistics by Function/Program	89 – 90

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance in Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	91 – 92
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INTRODUCTORY SECTION

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June 11, 2021

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, 2020. 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; 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 _ 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 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 15,506 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 represent the City (the primary government) and its component units. The Council has the authority to enact legislature, appoint the City Manager, 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." 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.

This year has been like no other in the City's history. In early 2020, the corona virus named COVID-19 began to spread throughout the world. The City of Glenn Heights began taking steps to protect the citizens in March of 2020 by canceling all special events planned by the City, and all City facilities were closed to the public for in-person transactions. City staff began working rotating office schedules, with those employees whose jobs allowed working remotely. Steps were also taken to protect those

employees whose jobs required their physical presence (police, fire, and public works). These measures included personal protective equipment, enhanced cleaning of City facilities and equipment and temperature checks at the beginning of each shift.

Policy actions taken to protect the City's finances include a moratorium on discretionary spending and suspension of out-of-town travel.

The City

There are obstacles that could hinder the City's abilities to attain future economic goals. One major obstacle is identifying available funding sources. For example, because one cent of City sales tax is diverted to fund 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.

Another obstacle is the COVID-19 global pandemic. It is expected to continue well into fiscal year 2020-21. The City staff will monitor the situation and will take steps to mitigate the financial consequences of the pandemic.

The City of Glenn Heights maintains sufficient cash reserves and unassigned fund balances/ unrestricted net assets in its general and utility fund to meet its comprehensive fund balance policy and provide quality service levels to the public.

The City held a general obligation bond election in November 2015, in which the following propositions passed: \$3.5 million for public safety facilities, \$3.5 million for community center / recreation facilities and \$8.0 million for street repair and construction. As a result of the three propositions the City obtained general obligation bonds in the amount of \$15,000,000 during fiscal year 2016. Construction work on these projects will begin in fiscal year 2020-21.

General financial conditions are expected to continue to meet fund reserve requirements as primary revenue sources continue to experience modest, yet steady increases.

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. Expenditures are 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. Internal controls also ensure 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; the evaluation of cost and benefits requires estimates and judgments by management. We believe the City's internal control structure is developing and will continue to be improved upon.

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, in a process that includes public hearings. Throughout the process, 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 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.

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.

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 with great effort to ensure the accuracy of this report.

Respectfully submitted,

Phill Conner

Phill Conner
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, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF GLENN HEIGHTS, TEXAS

PRINCIPAL OFFICIALS

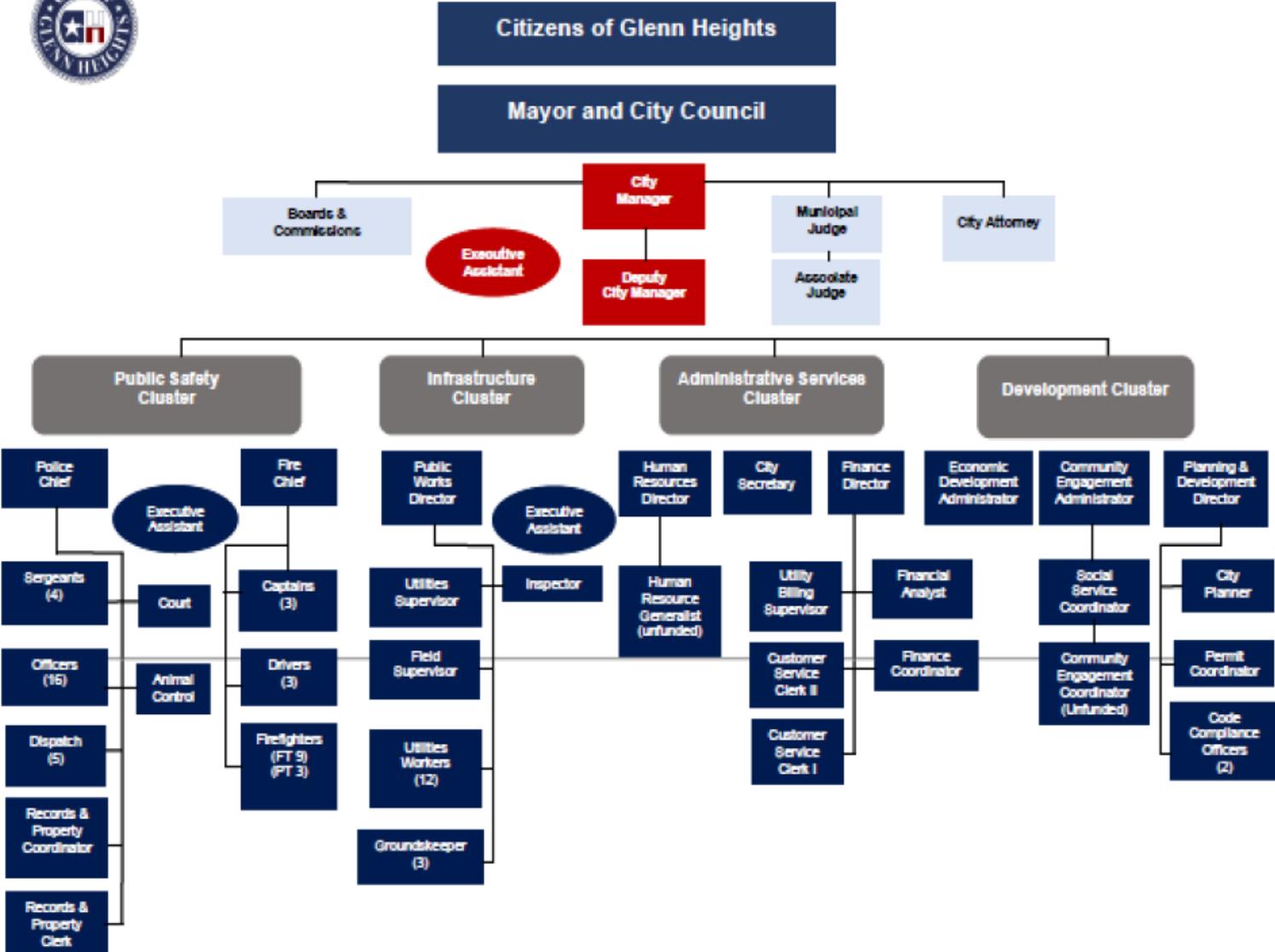
SEPTEMBER 30, 2020

ELECTED OFFICIALS

Harry A. Garrett
Sonja A. Brown
Emma Ipaye
Travis Burton
Alisha M. Brown
Shaunte L. Allen
Machanta E. Newson

Mayor
Mayor Pro Tem, Place 1
Place 2
Place 3
Place 4
Place 5
Place 6

Organizational Chart



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund financial of the City of Glenn Heights, Texas (the "City") as of and for the year ended September 30, 2020, which collectively comprise the City's basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information 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 obtain 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 purposes of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual 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 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 June 11, 2021 on our consideration of the City's 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 solely to describe the scope of testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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's internal control over financial reporting and compliance.

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

Waco, Texas
June 11, 2021

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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, 2020, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$39,143,500 (net position). Of this amount, \$10,605,115 (or 27.1%) was unrestricted.
- For the fiscal year ended September 30, 2020, net position increased by \$7,046,592. In fiscal year 2019 the increase was \$4,639,004. The increase in fiscal year 2020 is primarily due to increased revenue for charges for services and property taxes.
- At fiscal year-end, the City's governmental funds reported combined ending fund balances of \$32,089,629, of which \$6,698,138 (or 20.9%) was available for spending at the City's discretion (unassigned and assigned).
- The City's long-term liabilities decreased by \$538,790. This decrease is the result of annual debt service payments.

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.

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 it has changed. Net position, the difference between the City's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, is 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-1 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-1 - 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 the 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

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 and deferred inflows by \$39,143,500.

The largest portion of the City’s net position, \$14,544,305 or 37.2%, represents the City’s investment in capital assets (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, \$13,994,080 or 35.8%, represents resources that are subject to external restrictions on how they may be used (i.e., debt service, public safety, capital improvements, etc.). The remaining portion, \$10,605,115 or 27.1%, 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.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 34,874,566	\$ 29,592,470	\$ 6,855,980	\$ 5,461,623	\$ 41,730,546	\$ 35,054,093
Capital assets	<u>9,069,766</u>	<u>7,455,775</u>	<u>8,590,708</u>	<u>8,854,901</u>	<u>17,660,474</u>	<u>16,310,676</u>
Total assets	<u>43,944,332</u>	<u>37,048,245</u>	<u>15,446,688</u>	<u>14,316,524</u>	<u>59,391,020</u>	<u>51,364,769</u>
Total deferred outflows						
of resources	<u>121,989</u>	<u>465,098</u>	<u>17,953</u>	<u>105,312</u>	<u>139,942</u>	<u>570,410</u>
Current liabilities	682,060	520,574	1,540,401	1,161,453	2,222,461	1,682,027
Long-term liabilities	<u>17,630,255</u>	<u>16,657,150</u>	<u>40,169</u>	<u>1,518,695</u>	<u>17,670,424</u>	<u>18,175,845</u>
Total liabilities	<u>18,312,315</u>	<u>17,177,724</u>	<u>1,580,570</u>	<u>2,680,148</u>	<u>19,892,885</u>	<u>19,857,872</u>
Total deferred inflows						
of resources	<u>421,991</u>	<u>165,455</u>	<u>72,586</u>	<u>31,586</u>	<u>494,577</u>	<u>197,041</u>
Net investment						
in capital assets	5,308,855	6,702,547	9,235,450	8,016,832	14,544,305	14,719,379
Restricted	10,879,796	2,877,878	3,114,284	1,493,141	13,994,080	4,371,019
Unrestricted	<u>9,143,364</u>	<u>10,589,739</u>	<u>1,461,751</u>	<u>2,200,129</u>	<u>10,605,115</u>	<u>12,789,868</u>
Total net position	<u>\$ 25,332,015</u>	<u>\$ 20,170,164</u>	<u>\$ 13,811,485</u>	<u>\$ 11,710,102</u>	<u>\$ 39,143,500</u>	<u>\$ 31,880,266</u>

The following table provides a summary of the City's operations for the year ended September 30, 2020. Overall, the City had an increase in net position of \$7,046,592. This increase is attributable to the governmental activities for \$4,945,209 and business-type activities for \$2,101,383. Revenues for business-type activities increased by \$126,547. Revenue associated with governmental activities increased by \$3,829,190. Significant variances in governmental activities revenues include the following.

- \$439,376 increase in property tax revenue;
- \$751,017 increase in capital grants and contributions;
- \$1,980,487 increase in charges for services;
- \$803,061 increase in investment earnings.

Total expenses for governmental activities increased by \$664,649, and total expenses for the City's business-type activities increased by \$883,500 when compared to 2019. Expenses for governmental activities and business-type activities in fiscal year 2020 compared to fiscal year 2019 are due to numerous factors.

Expenses for governmental funds increased primarily due to expenditures related to capital projects. Expenses for business type activities increased primarily due to an increase in expenditures for TRA debt service and operations.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 5,277,010	\$ 3,296,523	\$ 6,841,492	\$ 6,223,038	\$ 12,118,502	\$ 9,519,561
Operating grants & contributions	222,074	413,584	-	-	222,074	413,584
Capital grants & contributions	751,017	-	808,383	1,279,576	1,559,400	1,279,576
General revenues:						
Property taxes	6,267,189	5,827,813	-	-	6,267,189	5,827,813
Sales taxes	827,365	650,581	-	-	827,365	650,581
Franchise fees	581,890	641,454	-	-	581,890	641,454
Investment earnings	1,063,512	435,332	6,970	27,684	1,070,482	463,016
Miscellaneous	113,986	9,566	-	-	113,986	9,566
Total revenues	<u>15,104,043</u>	<u>11,274,853</u>	<u>7,656,845</u>	<u>7,530,298</u>	<u>22,760,888</u>	<u>18,805,151</u>
Expenses:						
General government	1,778,859	1,661,645	-	-	1,778,859	1,661,645
Public safety	4,293,107	3,688,352	-	-	4,293,107	3,688,352
Development services	1,775,135	1,816,232	-	-	1,775,135	1,816,232
Parks and recreation	410,719	308,197	-	-	410,719	308,197
Economic development	86,272	94,631	-	-	86,272	94,631
Interest and fiscal charges	560,455	670,841	-	-	560,455	670,841
Water, sewer, and drainage	-	-	6,809,749	5,926,249	6,809,749	5,926,249
Total expenses	<u>8,904,547</u>	<u>8,239,898</u>	<u>6,809,749</u>	<u>5,926,249</u>	<u>15,714,296</u>	<u>14,166,147</u>
Increase (decrease) in net position before transfers	<u>6,199,496</u>	<u>3,034,955</u>	<u>847,096</u>	<u>1,604,049</u>	<u>7,046,592</u>	<u>4,639,004</u>
Transfers	<u>(1,254,287)</u>	<u>308,123</u>	<u>1,254,287</u>	<u>(308,123)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>4,945,209</u>	<u>3,343,078</u>	<u>2,101,383</u>	<u>1,295,926</u>	<u>7,046,592</u>	<u>4,639,004</u>
Net position, beginning	<u>20,386,806</u>	<u>16,827,086</u>	<u>11,710,102</u>	<u>10,414,176</u>	<u>32,096,908</u>	<u>27,241,262</u>
Net position, ending	<u>\$ 25,332,015</u>	<u>\$ 20,170,164</u>	<u>\$ 13,811,485</u>	<u>\$ 11,710,102</u>	<u>\$ 39,143,500</u>	<u>\$ 31,880,266</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 is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available 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 \$32,089,629. Approximately 22.4% of the total amount constitutes assigned and 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 \$6,698,384, while total fund balance was \$6,702,173. 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 80.5% of total General Fund expenditures. The net increase in fund balance during the current year in the General Fund was \$2,947,841. An analysis of the General Fund operations in the current year is as follows:

- The City's property tax rate for maintenance and operations (M&O) decreased from \$0.663400 to \$0.649394 in the current fiscal year. The tax assessed values increased, therefore, M&O tax revenues increased by \$709,840 as compared against prior year.
- Licenses and permit fees increased by \$1,431,915, primarily due to an increase of building permit fees of \$816,663 in addition to an increase in plan review fees of \$476,957 and an increase of \$107,763 in trade permits. The increases in licenses and permit fees are due to the development activity within the city.
- Sales and use taxes and fines and forfeitures had an increase \$176,784 over the prior year as a result of increases in sales taxes and court fines receipts.
- General fund expenditures increased by \$658,182 due to an increase in salary expenditures related to budgeted raises for employees and capital related expenditures for public safety.

The Debt Service Fund had a net increase of \$9,256. Property taxes increased \$21,782 due to the increased property value. The debt service rate decreased from \$0.215700 to \$0.184129 in the current year.

The Capital Project Fund had a net decrease of \$433,328. Expenditures exceeded intergovernmental and investment earnings.

The majority of revenues for the City’s governmental funds are generated from taxes (53.8%), licenses and permits (17.6%), and charges for services (10.2%). The remainder (18.5%) is obtained from franchise fees, grants and contributions, fines and forfeitures, and other miscellaneous sources.

PROPRIETARY FUNDS

The City’s proprietary 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 \$1,112,729 and \$349,022, respectively. The net position of the Water and Sewer fund increased by \$2,033,394 while the net position of the Drainage fund increased by \$67,989. Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s business type activities.

General Fund Budgetary Highlights

Total actual General Fund revenues were more than expected, primarily due to revenues arising from licenses and permits as well as charges for services that were in excess of budgeted amounts. Revenue sources were more than anticipated in property taxes, franchise tax, sales and use, licenses and permits, charges for services, intergovernmental, other and interest. See details of budget and actual revenues and expenditures for the General Fund on page 39.

City policy requires the General unassigned fund balance to reflect no less than 60 days of General Fund expenditures. At September 30, 2020, unassigned General fund balance reflected 169 days of total General Fund expenditures.

CAPITAL ASSETS

As of September 30, 2020, the City had invested \$15,456,032 in a broad range of capital assets, including infrastructure, equipment, buildings, and vehicles. More detailed information about the City’s capital assets can be found in the notes to the financial statements on pages 34 and 35.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 901,893	\$ 901,893	\$ 35,161	\$ 35,161	\$ 937,054	\$ 937,054
Construction in progress	929,109	551,422	-	1,152,416	929,109	1,703,838
Buildings	829,956	320,458	224,274	224,274	1,054,230	544,732
Improvements	1,047,552	813,492	-	-	1,047,552	813,492
Infrastructure	6,602,915	6,092,352	15,393,293	14,103,425	21,996,208	20,195,777
Vehicles	2,204,442	2,204,442	-	-	-	2,204,442
Equipment	1,871,219	1,271,145	1,614,712	1,603,625	3,485,931	2,874,770
Less accumulated depreciation	(5,317,320)	(4,699,429)	(8,676,732)	(8,264,000)	(13,994,052)	(12,963,429)
Totals	\$ 9,069,766	\$ 7,455,775	\$ 8,590,708	\$ 8,854,901	\$ 15,456,032	\$ 16,310,676

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

- Buildings – Senior Center and kennel, \$509,498
- Street and Street Improvements – Street rehabilitation and sidewalk construction, \$253,196
- Equipment- Radio equipment, sprayers, fuel tanks, voice amplifier masks, \$600,074

DEBT ADMINISTRATION

At year-end, the City had \$17,494,078 in outstanding debt and other long-term liabilities, as shown below. More detailed information about the City's debt is presented in the notes to the financial statements on pages 31 through 32.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Certificates of obligation	\$ 1,695,000	\$ 1,575,000	\$ -	\$ -	\$ 1,695,000	\$ 1,575,000
General obligation bonds	12,730,000	13,585,000	-	120,000	12,730,000	13,705,000
Premium on debt	1,133,685	1,204,540	-	1,909	1,133,685	1,206,449
Notes payable	1,228,877	-	-	1,366,112	1,228,877	1,366,112
Capital lease	470,760	-	-	-	470,760	-
Compensated absences payable	195,587	149,633	40,169	30,674	235,756	180,307
Totals	<u>\$ 17,453,909</u>	<u>\$ 16,514,173</u>	<u>\$ 40,169</u>	<u>\$ 1,518,695</u>	<u>\$ 17,494,078</u>	<u>\$ 18,032,868</u>

Notes, and certificates of obligation decreased in the current year primarily due to annual payments made. The City's bond ratings are AA- as assigned by Standard & Poor's.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy continues to be strong for the City of Glenn Heights. The City is experiencing modest growth and remains optimistic that existing properties will appreciate. In fiscal year 2020, the City's net taxable property values decreased approximately 21.98% from \$660,012,036 in fiscal year 2019 to \$514,956,681 in fiscal year 2020. The City's total property tax rate decreased from \$0.879181/100 to \$0.833523/100, the City's I&S tax decreased from \$0.215740/100 to \$0.184129/100, and the City's M&O tax rate decreased from \$0.663441/100 to \$0.649394/100.

In fiscal year 2021 the City's property values are expected to continue to increase. In large part because of the ongoing development projects within the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 32,106,265	\$ 1,242,794	\$ 33,349,059
Cash and cash equivalents-restricted	-	4,239,995	4,239,995
Receivables, net	1,179,565	1,065,531	2,245,096
Inventory	431	-	431
Prepaid expenses	88,778	697	89,475
Net pension asset	1,499,527	306,963	1,806,490
Capital assets:			
Non-depreciable	1,831,002	35,161	1,866,163
Depreciable, net	<u>7,238,764</u>	<u>8,555,547</u>	<u>15,794,311</u>
Total assets	<u>43,944,332</u>	<u>15,446,688</u>	<u>59,391,020</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	88,120	17,953	106,073
OPEB related	<u>33,869</u>	<u>-</u>	<u>33,869</u>
Total deferred outflows	<u>121,989</u>	<u>17,953</u>	<u>139,942</u>
LIABILITIES			
Accounts payable	309,028	862,237	1,171,265
Accrued liabilities	190,315	39,392	229,707
Accrued interest	88,251	-	88,251
Unearned revenue	31,510	-	31,510
Customer deposits	-	638,772	638,772
Retainage payable	62,956	-	62,956
Noncurrent liabilities:			
Due within one year			
Long-term debt	1,053,826	10,042	1,063,868
Total OPEB liability - SDBF	<u>1,333</u>	<u>-</u>	<u>1,333</u>
Due in more than one year			
Long-term debt	16,400,083	30,127	16,430,210
Total OPEB liability - SDBF	<u>175,013</u>	<u>-</u>	<u>175,013</u>
Total liabilities	<u>18,312,315</u>	<u>1,580,570</u>	<u>19,892,885</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	403,314	72,586	475,900
OPEB related	<u>18,677</u>	<u>-</u>	<u>18,677</u>
Total deferred inflows	<u>421,991</u>	<u>72,586</u>	<u>494,577</u>
NET POSITION			
Net investment in capital assets	5,308,855	9,235,450	14,544,305
Restricted for:			
Debt service	76,032	-	76,032
Capital projects	6,714,658	-	6,714,658
Municipal court	4,136	-	4,136
Street improvements	1,920,232	-	1,920,232
Public safety	294,276	-	294,276
Parks	894,161	-	894,161
Housing	976,301	-	976,301
Water and sewer improvements	-	3,114,284	3,114,284
Unrestricted	<u>9,143,364</u>	<u>1,461,751</u>	<u>10,605,115</u>
Total net position	<u>\$ 25,332,015</u>	<u>\$ 13,811,485</u>	<u>\$ 39,143,500</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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Primary Government:</u>				
Governmental activities:				
General government	\$ 1,778,859	\$ 1,368,040	\$ -	\$ -
Public safety	4,293,107	719,312	219,379	-
Development services	1,775,135	2,994,658	120	751,017
Parks and recreation	410,719	195,000	-	-
Economic development	86,272	-	2,575	-
Interest and fiscal charges	560,455	-	-	-
Total governmental activities	<u>8,904,547</u>	<u>5,277,010</u>	<u>222,074</u>	<u>751,017</u>
<u>Business-type activities:</u>				
Water and wastewater	6,499,183	6,447,182	-	808,383
Drainage	310,566	394,310	-	-
Total business-type activities	<u>6,809,749</u>	<u>6,841,492</u>	<u>-</u>	<u>808,383</u>
Total primary government	<u>\$ 15,714,296</u>	<u>\$ 12,118,502</u>	<u>\$ 222,074</u>	<u>\$ 1,559,400</u>
General revenues:				
Taxes:				
Property				
Sales				
Franchise				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

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

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$(410,819)	\$ -	\$(410,819)
(3,354,416)	-	(3,354,416)
1,970,660	-	1,970,660
(215,719)	-	(215,719)
(83,697)	-	(83,697)
(560,455)	-	(560,455)
<u>(2,654,446)</u>	<u>-</u>	<u>(2,654,446)</u>
-	756,382	756,382
-	83,744	83,744
-	<u>840,126</u>	<u>840,126</u>
<u>(2,654,446)</u>	<u>840,126</u>	<u>(1,814,320)</u>
6,267,189	-	6,267,189
827,365	-	827,365
581,890	-	581,890
1,063,512	6,970	1,070,482
113,986	-	113,986
<u>(1,254,287)</u>	<u>1,254,287</u>	<u>-</u>
7,599,655	1,261,257	8,860,912
<u>4,945,209</u>	<u>2,101,383</u>	<u>7,046,592</u>
<u>20,386,806</u>	<u>11,710,102</u>	<u>32,096,908</u>
<u>\$ 25,332,015</u>	<u>\$ 13,811,485</u>	<u>\$ 39,143,500</u>

CITY OF GLENN HEIGHTS, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General	Capital Projects	Debt Service
ASSETS			
Cash and cash equivalents	\$ 6,796,512	\$ 20,815,028	\$ 136,210
Receivables, net:			
Taxes	247,911	-	28,073
Accounts	360,293	-	-
Court fines	368,893	-	-
Inventory	431	-	-
Due from other funds	3,941	-	-
Prepaid items	3,358	-	-
Total assets	<u>7,781,339</u>	<u>20,815,028</u>	<u>164,283</u>
LIABILITIES			
Accounts payable	216,934	68,397	-
Retainage payable	-	62,956	-
Accrued liabilities	190,315	-	-
Due to other funds	-	846	-
Unearned revenue	5,403	-	-
Total liabilities	<u>412,652</u>	<u>132,199</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	86,995	-	25,087
Unavailable revenue - court fines	368,893	-	-
Unavailable revenue - ambulance	65,118	-	-
Unavailable revenue - grants	145,508	-	-
Total deferred inflows of resources	<u>666,514</u>	<u>-</u>	<u>25,087</u>
FUND BALANCES			
Nonspendable:			
Prepaid item	3,358	-	-
Inventory	431	-	-
Restricted for:			
Public safety	-	-	-
Municipal court	-	-	-
Debt service	-	-	139,196
Capital projects	-	20,682,829	-
Street improvements	-	-	-
Park improvements	-	-	-
Housing	-	-	-
Assigned for:			
Vehicle replacement	-	-	-
Disaster recovery	-	-	-
Unassigned	6,698,384	-	-
Total fund balances	<u>6,702,173</u>	<u>20,682,829</u>	<u>139,196</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>7,781,339</u>	\$ <u>20,815,028</u>	\$ <u>164,283</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,358,515	\$ 32,106,265
-	275,984
174,395	534,688
-	368,893
-	431
-	3,941
<u>85,420</u>	<u>88,778</u>
<u>4,618,330</u>	<u>33,378,980</u>
23,697	309,028
-	62,956
-	190,315
3,095	3,941
<u>26,107</u>	<u>31,510</u>
<u>52,899</u>	<u>597,750</u>
-	112,082
-	368,893
-	65,118
<u>-</u>	<u>145,508</u>
<u>-</u>	<u>691,601</u>
-	3,358
-	431
294,276	294,276
4,136	4,136
-	139,196
-	20,682,829
1,920,232	1,920,232
894,161	894,161
976,301	976,301
397,134	397,134
79,437	79,437
(246)	6,698,138
<u>4,565,431</u>	<u>32,089,629</u>
\$ <u>4,618,330</u>	\$ <u>33,378,980</u>

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CITY OF GLENN HEIGHTS, TEXAS

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

SEPTEMBER 30, 2020

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

Total fund balance governmental funds	\$	32,089,629
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		9,069,766
Uncollected revenues are reported as unavailable resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.		
Property taxes		112,082
Ambulance fees		65,118
Court fines		368,893
Grants		145,508
Long-term assets, including the net pension asset, are not current financial resources and therefore are not reported in the governmental funds balance sheet.		
Net pension asset		1,499,527
Deferred inflows of resources - pension related	(403,314)
Deferred outflows of resources - pension related		88,120
Long-term liabilities, including bonds payable, notes payable, compensated absences, OPEB liabilities and net pension liability are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		
Bonds payable	(14,425,000)
Notes payable	(1,228,877)
Issuance premium	(1,133,685)
Capital leases payable	(470,760)
Compensated absences	(195,587)
Total OPEB liability - SDBF	(176,346)
Deferred inflows of resources - OPEB SDBF related	(18,677)
Deferred outflows of resources - OPEB SDBF related		33,869
Interest payable on long-term debt in the City's governmental activities is not payable from current resources and therefore is not reported in the governmental funds balance sheet.	(88,251)
Net position of governmental activities	\$	<u>25,332,015</u>

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
REVENUES			
Taxes:			
Property	\$ 5,095,736	\$ -	\$ 1,462,875
Franchise	581,890	-	-
Sales	827,365	-	-
Licenses and permits	2,601,813	-	-
Fines and forfeitures	182,562	-	-
Charges for services	1,221,459	-	-
Intergovernmental	193,351	751,017	-
Impact fees	-	-	-
Investment earnings	173,921	126,125	54
Contributions	3,550	-	-
Miscellaneous	56,611	-	-
Total revenues	<u>10,938,258</u>	<u>877,142</u>	<u>1,462,929</u>
EXPENDITURES			
Current:			
General government	1,741,486	-	-
Public safety	4,091,800	38,298	-
Development services	1,503,544	-	-
Parks and recreation	138,141	-	-
Economic development	86,716	-	-
Capital outlay	667,641	1,272,172	-
Debt service:			
Principal	65,984	-	872,235
Interest and other	26,674	-	581,438
Total expenditures	<u>8,321,986</u>	<u>1,310,470</u>	<u>1,453,673</u>
Excess (deficiency) of revenue over expenditures	<u>2,616,272</u>	<u>(433,328)</u>	<u>9,256</u>
OTHER FINANCING SOURCES (USES)			
Issuance of capital lease	536,744	-	-
Transfers in	144,825	-	-
Transfers out	<u>(350,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>331,569</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,947,841</u>	<u>(433,328)</u>	<u>9,256</u>
Fund balance - beginning of year	<u>3,754,332</u>	<u>21,116,157</u>	<u>129,940</u>
Fund balance - end of year	\$ <u>6,702,173</u>	\$ <u>20,682,829</u>	\$ <u>139,196</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 6,558,611
-	581,890
-	827,365
-	2,601,813
7,563	190,125
289,743	1,511,202
2,833	947,201
402,705	402,705
763,412	1,063,512
-	3,550
<u>71,361</u>	<u>127,972</u>
<u>1,537,617</u>	<u>14,815,946</u>
-	1,741,486
-	4,130,098
-	1,503,544
238,014	376,155
-	86,716
215,675	2,155,488
-	938,219
-	608,112
<u>453,689</u>	<u>11,539,818</u>
<u>1,083,928</u>	<u>3,276,128</u>
-	536,744
350,000	494,825
(33,000)	(383,000)
<u>317,000</u>	<u>648,569</u>
<u>1,400,928</u>	<u>3,924,697</u>
<u>3,164,503</u>	<u>28,164,932</u>
\$ <u>4,565,431</u>	\$ <u>32,089,629</u>

CITY OF GLENN HEIGHTS, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

Net change in fund balance - total governmental funds	\$ 3,924,697
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	2,231,882
Depreciation expense	(617,891)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details of these differences are as follows:	
Property taxes	(291,422)
Ambulance fees	65,118
Court fines	368,893
Grants	145,508
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. The details of these differences are as follows:	
Compensated absences	(45,954)
Accrued interest	(23,198)
Net pension asset	100,848
Total OPEB liability - SDBF	(19,490)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums 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 and related items.	
Issuance of capital leases	(536,744)
Transfer of debt from enterprise fund	(1,366,112)
Payments on bonds	735,000
Payments on capital leases	65,984
Payments on notes payable	137,235
Amortization of premium on bond issuance	<u>70,855</u>
Change in net position of governmental activities	\$ <u>4,945,209</u>

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Enterprise Funds		
	Water and Wastewater	Drainage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 999,878	\$ 242,916	\$ 1,242,794
Cash and cash equivalents-restricted	4,239,995	-	4,239,995
Accounts receivable, net	1,014,574	50,957	1,065,531
Prepaid items	697	-	697
Total current assets	<u>6,255,144</u>	<u>293,873</u>	<u>6,549,017</u>
Noncurrent assets:			
Net pension asset	231,672	75,291	306,963
Capital assets:			
Non-depreciable	35,161	-	35,161
Depreciable, net	8,300,437	255,110	8,555,547
Total noncurrent assets	<u>8,567,270</u>	<u>330,401</u>	<u>8,897,671</u>
Total assets	<u>14,822,414</u>	<u>624,274</u>	<u>15,446,688</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	13,631	4,322	17,953
Total deferred outflows of resources	<u>13,631</u>	<u>4,322</u>	<u>17,953</u>
LIABILITIES			
Current liabilities:			
Accounts payable	861,212	1,025	862,237
Accrued liabilities	30,241	9,151	39,392
Payable from restricted assets:			
Customer deposits	638,772	-	638,772
Noncurrent liabilities:			
Due within one year:			
Compensated absences	8,534	1,508	10,042
Total current liabilities	<u>1,538,759</u>	<u>11,684</u>	<u>1,550,443</u>
Due in more than one year:			
Compensated absences	25,601	4,526	30,127
Total noncurrent liabilities	<u>25,601</u>	<u>4,526</u>	<u>30,127</u>
Total liabilities	<u>1,564,360</u>	<u>16,210</u>	<u>1,580,570</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	64,332	8,254	72,586
Total deferred inflows of resources	<u>64,332</u>	<u>8,254</u>	<u>72,586</u>
NET POSITION			
Net investment in capital assets	8,980,340	255,110	9,235,450
Restricted for water and sewer improvements	3,114,284	-	3,114,284
Unrestricted	1,112,729	349,022	1,461,751
Total net position	<u>\$ 13,207,353</u>	<u>\$ 604,132</u>	<u>\$ 13,811,485</u>

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

CITY OF GLENN HEIGHTS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds		
	Water and Wastewater	Drainage	Total
OPERATING REVENUES			
Charges for services:			
Water sales	\$ 2,980,018	\$ -	\$ 2,980,018
Sewer sales	3,157,309	-	3,157,309
Drainage sales	-	339,904	339,904
Service charges	144,393	-	144,393
Water and sewer connections	28,518	-	28,518
Miscellaneous	136,944	54,406	191,350
Total operating revenues	<u>6,447,182</u>	<u>394,310</u>	<u>6,841,492</u>
OPERATING EXPENSES			
Personnel services	789,882	236,124	1,026,006
Supplies	43,482	7,245	50,727
Contractual services	2,932,326	9,723	2,942,049
Waste water treatment	1,189,122	-	1,189,122
Water purchases	1,186,885	-	1,186,885
Depreciation	355,258	57,474	412,732
Total operating expenses	<u>6,496,955</u>	<u>310,566</u>	<u>6,807,521</u>
Operating income (loss)	<u>(49,773)</u>	<u>83,744</u>	<u>33,971</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	6,950	20	6,970
Impact fees	808,383	-	808,383
Interest and other	<u>(2,228)</u>	<u>-</u>	<u>(2,228)</u>
Total nonoperating revenues	<u>813,105</u>	<u>20</u>	<u>813,125</u>
Income (loss) before transfers	763,332	83,764	847,096
Transfers in	1,366,112	-	1,366,112
Transfers out	<u>(96,050)</u>	<u>(15,775)</u>	<u>(111,825)</u>
Total transfers	<u>3,652,654</u>	<u>68,009</u>	<u>3,720,663</u>
Change in net position	<u>2,033,394</u>	<u>67,989</u>	<u>2,101,383</u>
Net position - beginning of year	<u>11,173,959</u>	<u>536,143</u>	<u>11,710,102</u>
Net position - end of year	<u>\$ 13,207,353</u>	<u>\$ 604,132</u>	<u>\$ 13,811,485</u>

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

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR END SEPTEMBER 30, 2020

	Enterprise Funds		
	Water and Wastewater	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 6,765,876	\$ 387,124	\$ 7,153,000
Payments to suppliers and service providers	(5,012,687)	(16,787)	(5,029,474)
Payments to employees for salaries and benefits	(774,827)	(194,905)	(969,732)
Net cash provided (used) by operating activities	<u>978,362</u>	<u>175,432</u>	<u>1,153,794</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash paid to other funds	(123,595)	(47,329)	(170,924)
Cash received from other funds	-	11,567	11,567
Transfers to other funds	(96,050)	(15,775)	(111,825)
Net cash provided (used) by noncapital financing activities	<u>(219,645)</u>	<u>(51,537)</u>	<u>(271,182)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	808,383	-	808,383
Acquisition and construction of capital assets	(83,515)	(140,315)	(223,830)
Principal paid on long-term debt	(121,909)	-	(121,909)
Interest and other charges paid	(17,290)	-	(17,290)
Net cash provided (used) by capital and related financing activities	<u>585,669</u>	<u>(140,315)</u>	<u>445,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>6,950</u>	<u>20</u>	<u>6,970</u>
Net cash provided (used) by investing activities	<u>6,950</u>	<u>20</u>	<u>6,970</u>
Net increase (decrease) in cash and cash equivalents	<u>1,351,336</u>	<u>(16,400)</u>	<u>1,334,936</u>
Cash and cash equivalents - beginning	<u>3,888,537</u>	<u>259,316</u>	<u>4,147,853</u>
Cash and cash equivalents - ending	<u>\$ 5,239,873</u>	<u>\$ 242,916</u>	<u>\$ 5,482,789</u>

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

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR END SEPTEMBER 30, 2020

	Enterprise Funds		
	Water and Wastewater	Sanitation	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$(49,773)	\$ 83,744	\$ 33,971
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	355,258	57,474	412,732
(Increase) decrease in accounts receivable	266,474	(7,186)	259,288
(Increase) decrease in deferred outflows related to pensions	70,542	14,555	85,097
(Increase) decrease in net pension asset	(107,711)	23,650	(84,061)
Increase (decrease) in accounts payable	339,128	181	339,309
Increase (decrease) in accrued liabilities	8,832	(4,089)	4,743
Increase (decrease) in compensated absences	7,474	2,021	9,495
Increase (decrease) in deferred inflows related to pensions	35,918	5,082	41,000
Increase (decrease) in customer deposits	52,220	-	52,220
Total adjustments	<u>1,028,135</u>	<u>91,688</u>	<u>1,119,823</u>
Net cash provided (used) by operating activities	<u>\$ 978,362</u>	<u>\$ 175,432</u>	<u>\$ 1,153,794</u>

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

CITY OF GLENN HEIGHTS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

Blended Component Unit

The Glenn Heights Housing Finance Corporation (GHHFC) was created in 2016 by state law for the purpose of benefiting and accomplishing public purpose of, and on behalf of, the City by financing the cost of residential ownership and development that will provide decent, safe, and sanitary housing for residents of the City at prices they can afford. The GHHFC was created as a housing finance corporation pursuant to Chapter 394 of the Texas Local Government Code.

The City Council is the governing board for the Corporation. Further, the City Council has the ability to impose its will on the entity. The Corporation is presented as a governmental fund type and has a September 30 year-end. Separately issued financial statements are not available for GHHFC.

B. Basis of Presentation - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary 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.

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

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

C. Basis of Presentation - Fund Financial Statements

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

The City reports the following major governmental funds:

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

The Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects being financed by 2006, 2008, 2015, and 2016 bond proceeds.

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.

They City reports the following proprietary funds:

The Water and Sewer Fund, a major fund, is used to account for water and sewer improvements and operations.

The Drainage Fund, which is nonmajor, is used to account for the drainage improvements and operations.

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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

Cash and Cash Equivalents

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.

Restricted Assets

Certain resources set aside for the repayment of customer utility deposits are classified as restricted assets on the balance sheet because their use is limited to such purpose. Also included in restricted assets are capital recovery fees (impact fees) that are, by law, restricted for future capital improvements. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

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."

Receivables and allowances for doubtful accounts

All trade and property tax receivables are shown net of an allowance for uncollectible. Property taxes are based on the appraised values provided by the Dallas County and Ellis County Appraisal Districts, as applicable. 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 twenty 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.

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 columns in the government-wide financial statements, as well as in the proprietary fund statement of net position. 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, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 40
Infrastructure	10 - 50
Improvements	5 - 30
Equipment	3 - 10
Vehicles	2 - 10

Prepaid Items

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

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 resignation and retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

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

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Pensions

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

Other Post-Employment Benefits

For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

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. Bond issuance costs are expensed as incurred.

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.

Net Position and Fund Balance

Net position represents the difference between assets, deferred outflows of resources and deferred inflows of resources and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

In the fund financial statements, governmental funds report fund balance categorized as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in a 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 fund balance – 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 fund balance – 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.

Assigned fund balance – This classification includes amounts intended to be used by the City for specific purposes. The City Council has designated the City Manager or his/her designee as the official authorized person to assign fund balance. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

Unassigned fund balance – 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.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The City's General Fund policy requires no less than 60 days of General Fund expenditures in unassigned fund balance.

Net Position

Net position represents the difference between assets, deferred outflows/inflows and liabilities. Net position-net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use of funds 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 position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of Estimates

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

F. Budgetary Information

Expenditures in Excess of Appropriations

Actual expenditures exceeded budgeted amounts for the following functions. Overages were covered by greater than expected revenue and fund balance.

Function	Final Budget	Actual	Variance
General government	\$ 1,584,425	\$ 1,741,486	\$(157,061)
Public safety	3,628,638	4,091,800	(463,162)
Development services	1,402,120	1,503,544	(101,424)
Capital outlay	106,857	667,641	(560,784)
Debt service	-	92,658	(92,658)
Total	<u>\$ 6,722,040</u>	<u>\$ 8,097,129</u>	<u>\$(1,375,089)</u>

Deficit Fund Balance

As of year-end, the Veterans Memorial Fund also had a deficit fund balance of \$246. The deficit will be covered by future revenues or a transfer from the General Fund.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The City may invest in obligations of the U.S. Treasury or the State of Texas, certain 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).

The Texas Short-Term Asset Reserve Investment Pool ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. J.P. Morgan Investment Management Inc. serves as investment advisor and co-administrator with First Southwest. TexSTAR invests in treasury and agency securities and repurchase agreements fully collateralized by government securities. The pool maintains a weighted average maturity of 60 days or less. The pool seeks to maintain a constant dollar objective. The reported value of the pool is the same as the fair value of the pool shares. Due to its short-term, highly liquid nature, investments in TexSTAR have been reported as cash equivalents.

TexSTAR has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

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

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 the City. 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.

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.

Credit Risk: This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the City’s policy to limit its investments to those investments rated at least AAAM. The credit quality rating for TexSTAR at year end was AAAM by Standard & Poor’s.

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.

Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. The City is not exposed to foreign currency risk.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the City’s investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. It is the City’s policy to not allow for a concentration of credit risk. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent (5%) disclosure requirement. The City is not exposed to concentration of credit risk.

As of September 30, 2020 the fair value of the City’s TexStar investments was \$14,356,572 and the investments have a weighted average maturity of 44 days.

B. Receivables

Receivables as of year-end for the City’s individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Water & Wastewater Fund	Drainage Fund	Totals
Property taxes	\$ 134,838	\$ 35,880	\$ -	\$ -	\$ -	\$ 170,718
Sales taxes	149,088	-	-	-	-	149,088
Ambulance	234,352	-	-	-	-	234,352
Garbage	185,161	-	-	-	-	185,161
Intergovernmental	145,508	-	-	-	-	145,508
Utility fees	-	-	-	1,171,616	57,145	1,228,761
Court fines	449,322	-	-	-	-	449,322
Other	4,335	-	174,395	-	-	178,730
Gross receivables	1,302,604	35,880	174,395	1,171,616	57,145	2,741,640
Less: allowance for uncollectibles	(325,507)	(7,807)	-	(157,042)	(6,188)	(496,544)
Total receivables, net	\$ 977,097	\$ 28,073	\$ 174,395	\$ 1,014,574	\$ 50,957	\$ 2,245,096

C. Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 901,893	\$ -	\$ -	\$ -	\$ 901,893
Construction in progress	551,422	662,864	-	(285,177)	929,109
Total capital assets, not being depreciated	1,453,315	662,864	-	(285,177)	1,831,002
Capital assets, being depreciated:					
Buildings	320,458	481,688	-	27,810	829,956
Parks and improvements	813,492	234,060	-	-	1,047,552
Infrastructure - streets	6,092,352	253,196	-	257,367	6,602,915
Vehicles	2,204,442	-	-	-	2,204,442
Equipment	1,271,145	600,074	-	-	1,871,219
Total capital assets, being depreciated	10,701,889	1,569,018	-	285,177	12,556,084
Less: accumulated depreciation					
Buildings	(134,825)	(30,765)	-	-	(165,590)
Parks and improvements	(764,702)	(17,336)	-	-	(782,038)
Infrastructure - streets	(1,335,489)	(255,386)	-	-	(1,590,875)
Vehicles	(1,503,643)	(196,929)	-	-	(1,700,572)
Equipment	(960,770)	(117,475)	-	-	(1,078,245)
Total accumulated depreciation	(4,699,429)	(617,891)	-	-	(5,317,320)
Total capital assets being depreciated, net	6,002,460	951,127	-	285,177	7,238,764
Governmental activities capital assets, net	\$ 7,455,775	\$ 1,613,991	\$ -	\$ -	\$ 9,069,766
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 35,161	\$ -	\$ -	\$ -	\$ 35,161
Construction in Progress	1,152,416	-	-	(1,152,416)	-
Total capital assets, not being depreciated	1,187,577	-	-	(1,152,416)	35,161
Capital assets, being depreciated:					
Buildings	224,274	-	-	-	224,274
Infrastructure - water	8,065,050	72,427	-	1,152,416	9,289,893
Infrastructure - sewer	5,842,307	-	-	-	5,842,307
Infrastructure - drainage	196,068	65,025	-	-	261,093
Vehicles	614,378	-	-	-	614,378
Equipment	989,247	11,087	-	-	1,000,334
Total capital assets, being depreciated	15,931,324	148,539	-	1,152,416	17,232,279
Less: accumulated depreciation					
Buildings	(176,942)	(12,355)	-	-	(189,297)
Infrastructure - water	(4,553,410)	(165,110)	-	-	(4,718,520)
Infrastructure - sewer	(2,183,354)	(116,953)	-	-	(2,300,307)
Infrastructure - drainage	(108,249)	(15,348)	-	-	(123,597)
Vehicles	(472,825)	(34,187)	-	-	(507,012)
Equipment	(769,220)	(68,779)	-	-	(837,999)
Total accumulated depreciation	(8,264,000)	(412,732)	-	-	(8,676,732)
Total capital assets being depreciated, net	7,667,324	(264,193)	-	1,152,416	8,555,547
Business-Type activities capital assets, net	\$ 8,854,901	\$ (264,193)	\$ -	\$ -	\$ 8,590,708

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

Government activities:		
General government		\$ 35,032
Public safety		271,087
Development services		276,182
Parks and recreation		<u>35,590</u>
Total		\$ <u>617,891</u>
Business-type activities:		
Water and sewer		\$ 355,258
Drainage		<u>57,474</u>
Total		\$ <u>412,732</u>

D. Interfund Receivables and Payables

The compositions of interfund balances as of September 30, 2020 are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Capital projects fund	General fund	\$ 846	Short-term loans
Nonmajor governmental fund	General fund	<u>3,095</u>	Short-term loans
Total		\$ <u>3,941</u>	

The outstanding balances between funds result mainly from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

E. Interfund Receivables and Payables

Interfund activity for the year ended September 30, 2020 is as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Drainage	General fund	\$ 15,775	Payment in lieu of taxes
General fund	Nonmajor governmental	350,000	Purchase of vehicles
Nonmajor governmental	General fund	33,000	Reimbursement
Water and sewer	General fund	<u>96,050</u>	Payment in lieu of taxes
Subtotal		<u>494,825</u>	
Governmental activities	Business-type activities	<u>1,366,112</u>	Debt transfer
Total		\$ <u>1,860,937</u>	

F. Long-term Debt

Changes in the City's long-term liabilities for the year ended September 30, 2020 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>						
Certificates of obligation debt	\$ 2,130,000	\$ -	\$(435,000)	\$ -	\$ 1,695,000	\$ 335,000
General obligation debt	13,030,000	-	(300,000)	-	12,730,000	460,000
Premium on debt	1,204,540	-	(70,855)	-	1,133,685	-
Notes payable	-	-	(137,235)	1,366,112	1,228,877	140,666
Capital leases	-	536,744	(65,984)	-	470,760	69,263
Compensated absences	<u>149,633</u>	<u>156,453</u>	<u>(110,499)</u>	-	<u>195,587</u>	<u>48,897</u>
Total governmental activities	\$ <u>16,514,173</u>	\$ <u>693,197</u>	\$ <u>(1,119,573)</u>	\$ <u>1,366,112</u>	\$ <u>17,453,909</u>	\$ <u>1,053,826</u>
<u>Business-type activities:</u>						
General obligation debt	\$ 120,000	\$ -	\$(120,000)	\$ -	\$ -	\$ -
Bond issuance premium	1,909	-	(1,909)	-	-	-
Notes payable	1,366,112	-	-	(1,366,112)	-	-
Compensated absences	<u>30,674</u>	<u>27,066</u>	<u>(17,571)</u>	-	<u>40,169</u>	<u>10,042</u>
Total business-type activities	\$ <u>1,518,695</u>	\$ <u>27,066</u>	\$ <u>(139,480)</u>	\$ <u>-</u>	\$ <u>40,169</u>	\$ <u>10,042</u>

Bonds Payable

The City issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the government. All of the City's General Obligation bonds and Contractual Obligation-Private Placement are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law. The City's Certificates of Obligation issues are direct obligations of the City, payable from a combination of (i) an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed \$1,000) of the surplus net revenues of the City's Water and Wastewater System. Should the City default on its outstanding bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the City. Bonds payable at September 30, 2020 are comprised of the following issues:

Governmental Activities:

2006 Certificates of Obligation, original issue \$2,535,000, dated September 1, 2006, due in annual installments through September 30, 2021, at 4.20% interest.	\$ 225,000
2008 Certificates of Obligation, original issue \$2,050,000, dated September 1, 2008, due in annual installments through February 15, 2028, at 4.04%	1,025,000
2015 Certificates of Obligation, original issue \$725,000, dated September 10, 2015, due in annual installments through September 30, 2025, at 2.37% interest.	445,000
2016 General Obligation Refunding Bonds, original issue \$13,820,000, dated August 23, 2016, due in annual installments through February 15, 2036, at 2.65% interest.	<u>12,730,000</u>
Total	<u>\$ 14,425,000</u>

The debt service requirements for the City's certificates of obligation are as follows:

<u>Fiscal Year</u>	<u>Certificates of Obligation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 335,000	\$ 54,460	\$ 389,460
2022	220,000	43,945	263,945
2023	230,000	36,651	266,651
2024	240,000	29,035	269,035
2025	245,000	21,159	266,159
2026-2030	<u>425,000</u>	<u>26,361</u>	<u>451,361</u>
Total	<u>\$ 1,695,000</u>	<u>\$ 211,611</u>	<u>\$ 1,906,611</u>

The debt service requirements for the City's general obligations are as follows:

<u>Fiscal Year</u>	<u>General Obligations</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 460,000	\$ 456,600	\$ 916,600
2022	635,000	432,400	1,067,400
2023	650,000	403,450	1,053,450
2024	665,000	370,575	1,035,575
2025	690,000	336,700	1,026,700
2026-2030	3,860,000	1,317,350	5,177,350
2031-2035	4,715,000	656,175	5,371,175
2036	<u>1,055,000</u>	<u>21,000</u>	<u>1,076,000</u>
Total	<u>\$ 12,730,000</u>	<u>\$ 3,994,250</u>	<u>\$ 16,724,250</u>

Notes Payable (Direct Borrowing)

In 2017, the City entered into a State Infrastructure Bank Loan agreement in the amount of \$1,500,000. The proceeds will be used to relocate utility lines for road construction. Should the City default on the notes, the lender may, by all legal and equitable means, require the City to remedy any default under the use and filing of mandamus proceedings. Notes payable at September 30, 2020 are as follows:

Governmental Activities:

2017 State Infrastructure Bank Loan Agreement, original issue \$1,500,000, dated September 25, 2017, due in annual installments through October 02, 2027, at 2.50% interest. \$ 1,228,877

The debt service requirements for the City’s notes payable are as follows:

Fiscal Year	Notes Payable		Total
	Principal	Interest	
2021	\$ 140,666	\$ 169,630	\$ 310,296
2022	144,183	169,586	313,769
2023	147,787	169,541	317,328
2024	151,482	169,495	320,977
2025	155,269	169,447	324,716
2026-2028	<u>489,490</u>	<u>508,046</u>	<u>997,536</u>
Total	\$ <u>1,228,877</u>	\$ <u>1,355,745</u>	\$ <u>2,584,622</u>

Capital Lease

In the prior year, the City entered into a capital lease with Motorola Solutions in the amount of \$536,744. The lease carries an interest rate of 4.86% with the final payment in November 2025. Annual debt service requirements to maturity for capital leases are as follows:

Fiscal Year	Minimum Lease Payment
2021	\$ 92,658
2022	92,658
2023	92,658
2024	92,658
2025	92,658
2026	<u>92,658</u>
Total	555,948
Less: Interest	<u>(85,188)</u>
Present value minimum lease payments	\$ <u>470,760</u>

Compensated Absences

Compensated absences represent the estimated liability for employees' paid time off benefits for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Water and Wastewater, and Drainage Funds based on the assignment of an employee at termination.

G. Defined Benefit Pension Plan – Texas Municipal Retirement System

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tMrs.org.

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

Benefits Provided

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

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

The City has approved an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, the City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

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

Employee deposit rate	6%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating, transfers
Annuity increase to retirees	70% of CPI

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	118
Active employees	<u>85</u>
Total	<u><u>262</u></u>

Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 3.73% and 3.08% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$137,704, and were equal to the required contributions.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% to 11.50% including inflation
Investment rate of return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real estate	10.0%	3.85%
Real return	10.0%	4.00%
Absolute return	10.0%	3.48%
Private equity	<u>10.0%</u>	7.75%
Total	<u>100.0%</u>	

Discount Rate

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

Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (asset) (c)</u>
Balance at 12/31/18	\$ 7,797,329	\$ 8,730,095	\$(932,766)
Changes for the year:			
Service cost	481,770	-	481,770
Interest	525,921	-	525,921
Difference between expected and actual experience	(148,894)	-	(148,894)
Changes of assumptions	8,911	-	8,911
Contributions - employer	-	132,820	(132,820)
Contributions - employee	-	266,662	(266,662)
Net investment income	-	1,349,805	(1,349,805)
Benefit payments, including refunds of employee contributions	(493,592)	(493,592)	-
Administrative expense	-	(7,626)	7,626
Other changes	-	(229)	229
Net changes	<u>374,116</u>	<u>1,247,840</u>	<u>(873,724)</u>
Balance at 12/31/19	<u>\$ 8,171,445</u>	<u>\$ 9,977,935</u>	<u>\$(1,806,490)</u>

The net pension liability is generally liquidated by the general, water and wastewater, and drainage funds based on the assignment of an employee at termination.

Sensitivity of the net pension liability (asset) to changes in the discount rate

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

	1% Decrease in Discount <u>Rate (5.75%)</u>	Discount <u>Rate (6.75%)</u>	1% Increase in Discount <u>Rate (7.75%)</u>
Net pension liability (asset)	\$(650,798)	\$(1,806,490)	\$(2,750,506)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the City recognized pension expense of \$100,848. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 168,462
Changes in actuarial assumptions	6,046	-
Difference between projected and actual investment earnings	-	307,438
Contributions subsequent to the measurement date	<u>100,027</u>	<u>-</u>
Total	<u>\$ 106,073</u>	<u>\$ 475,900</u>

\$100,027 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ended September 30,</u>	
2021	\$(197,043)
2022	(139,896)
2023	19,189
2024	(152,104)

H. Defined Other Post-Employment Benefit (OPEB) Plan – TMRS Supplemental Death Benefits Fund

Plan Description

The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City’s pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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). The death benefit for retirees is considered an other postemployment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>85</u>
Total	<u><u>122</u></u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.14% for 2020 and 0.14% for 2019, of which 0.03% and 0.03%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. 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 employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2020 and 2019 were \$1,333 and \$1,225, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability

The City's total OPEB liability of \$176,346 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Discount rate	2.75%
Salary increases	3.50% to 11.50% including inflation
Retirees' share of benefit-related costs	None

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2.75% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.75%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	\$ 219,903	\$ 176,346	\$ 143,652

OPEB Liabilities, OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEBs

At September 30, 2020, the City reported a liability of \$176,346 for its Total OPEB Liability. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019. For the year ended September 30, 2020, the City recognized OPEB expense of \$19,490. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2018	\$ 142,977
Changes for the year:	
Service cost	8,889
Interest	5,445
Difference between expected and actual experience	(11,018)
Changes of assumptions	31,386
Benefit payments	(1,333)
Net changes	33,369
Balance at 12/31/2019	\$ 176,346

At September 30, 2020, the City reported deferred outflows and inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 11,025
Changes in actuarial assumptions	32,850	7,652
Contributions subsequent to the measurement date	<u>1,019</u>	<u>-</u>
Total	<u>\$ 33,869</u>	<u>\$ 18,677</u>

\$1,019 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2021. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2021	\$ 2,982
2022	2,982
2023	2,982
2024	1,500
2025	2,665
Thereafter	1,062

I. 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 with Texas. The City pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and the Property-Liability Fund are considered self-sustaining risk pools that provide coverage for their 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 in any of the past three years.

J. Commitments and Contingencies

Water and Sewer Contracts

The City has separate contracts with the City of Dallas Utilities 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, and certain other miscellaneous charges.

Payments during fiscal year 2020 for the purchase of treated water from DUS were \$1,186,885 and payments made for the transportation, treatment, and disposal of wastewater by TRA were \$1,189,122. 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 of Directors; therefore, the TRA contracts are not considered to be joint venture agreements.

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 also participates in a number of federal and state grant programs. These programs are subject to compliance audits by the grantors or their representatives. Any liability that may arise as of the result of these audits is not believed to be estimable or probable.

K. Tax Abatements

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic improvement, stipulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes and sales tax, and also include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code.

Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has one category of economic development:

General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2020, the City did not rebate any taxes.

L. Glenn Heights Housing Finance Corporation

The Glenn Heights Housing Finance Corporation (GHHFC) was created in 2016 by state law for the purpose of benefiting and accomplishing public purpose of, and on behalf of, the City by financing the cost of residential ownership and development that will provide decent, safe, and sanitary housing for residents of the City at prices they can afford.

The GHHFC is sole owner of Glenn Heights Housing Development Corporation (GHHDC). The GHHDC owns a 1% stake in an apartment complex in Glenn Heights, named Palladium Glenn Heights. As a minority owner of Palladium Glenn Heights, GHHDC receives distributions on a quarterly basis. In fiscal year 2020, distributions of \$759,659 were earned by GHHDC and remitted to GHHFC.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF GLENN HEIGHTS, TEXAS

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

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 5,119,863	\$ 5,076,498	\$ 5,095,736	\$ 19,238
Franchise	654,340	630,376	581,890	(48,486)
Sales	611,000	798,911	827,365	28,454
Licenses and permits	988,100	2,403,108	2,601,813	198,705
Fines and forfeitures	321,500	178,631	182,562	3,931
Charges for service	1,138,301	1,197,937	1,221,459	23,522
Intergovernmental	47,124	-	193,351	193,351
Investment earnings	33,008	147,099	173,921	26,822
Contributions	7,474	3,130	3,550	420
Miscellaneous	163,931	3,593	56,611	53,018
Total revenues	<u>9,084,641</u>	<u>10,439,283</u>	<u>10,938,258</u>	<u>498,975</u>
EXPENDITURES				
Current:				
General government	2,007,890	1,584,425	1,741,486	(157,061)
Public safety	4,016,188	3,628,638	4,091,800	(463,162)
Development services	1,729,479	1,402,120	1,503,544	(101,424)
Parks and recreation	438,005	155,563	138,141	17,422
Economic development	134,256	86,848	86,716	132
Capital outlay	198,500	106,857	667,641	(560,784)
Debt service:				
Principal	-	-	65,984	(65,984)
Interest and other	-	-	26,674	(26,674)
Total expenditures	<u>8,524,318</u>	<u>6,964,451</u>	<u>8,321,986</u>	<u>(1,357,535)</u>
Excess (deficiency) of revenues over expenditures	<u>560,323</u>	<u>3,474,832</u>	<u>2,616,272</u>	<u>(858,560)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	-	-	536,744	536,744
Transfers in	96,049	144,824	144,825	1
Transfers out	-	-	(350,000)	(350,000)
Total other financing sources (uses)	<u>96,049</u>	<u>144,824</u>	<u>331,569</u>	<u>186,745</u>
Net change in fund balances	<u>656,372</u>	<u>3,619,656</u>	<u>2,947,841</u>	<u>(671,815)</u>
Fund balances - beginning of year	<u>3,754,332</u>	<u>3,754,332</u>	<u>3,754,332</u>	<u>-</u>
Fund balances - end of year	<u>\$ 4,410,704</u>	<u>\$ 7,373,988</u>	<u>\$ 6,702,173</u>	<u>\$ (671,815)</u>

CITY OF GLENN HEIGHTS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement date December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability			
Service Cost	\$ 256,970	\$ 288,738	\$ 336,567
Interest	456,404	493,227	517,152
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(14,257)	(55,716)	(97,859)
Assumption changes	-	100,033	-
Benefit payments, including refunds of employee contributions	<u>(210,935)</u>	<u>(166,992)</u>	<u>(302,573)</u>
Net change in total pension liability	488,182	659,290	453,287
Total pension liability - beginning	<u>6,497,045</u>	<u>6,985,227</u>	<u>7,644,517</u>
Total pension liability - ending (a)	<u>\$ 6,985,227</u>	<u>\$ 7,644,517</u>	<u>\$ 8,097,804</u>
Plan fiduciary net position			
Contributions - employer	\$ 96,517	\$ 100,120	\$ 112,560
Contributions - employee	180,931	185,485	211,914
Net investment income	394,578	10,852	505,424
Benefit payments	(210,935)	(166,992)	(302,573)
Administrative expense	(4,119)	(6,609)	(5,706)
Other	<u>(339)</u>	<u>(328)</u>	<u>(307)</u>
Net change in plan fiduciary net position	456,633	122,528	521,312
Plan fiduciary net position - beginning	<u>6,897,083</u>	<u>7,353,716</u>	<u>7,476,244</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,353,716</u>	<u>\$ 7,476,244</u>	<u>\$ 7,997,556</u>
Net pension liability - ending (a) - (b)	<u>\$ (368,489)</u>	<u>\$ 168,273</u>	<u>\$ 100,248</u>
Plan fiduciary net position as a percentage of the total pension liability	105.28%	97.80%	98.76%
Covered payroll	\$ 3,015,520	\$ 3,091,411	\$ 3,516,894
Net pension liability as a percentage of covered payroll	-12.22%	5.44%	2.85%

* GASB Statement 68 requires this schedule to report 10 years of data. Data prior to 2014 is not available.

<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 364,021	\$ 444,332	\$ 481,770
544,744	501,823	525,921
-	(946,622)	-
(215,283)	(147,753)	(148,894)
-	-	8,911
<u>(419,079)</u>	<u>(426,658)</u>	<u>(493,592)</u>
274,403	(574,878)	374,116
<u>8,097,804</u>	<u>8,372,207</u>	<u>7,797,329</u>
<u>\$ 8,372,207</u>	<u>\$ 7,797,329</u>	<u>\$ 8,171,445</u>
\$ 134,627	\$ 146,613	\$ 132,820
225,633	245,036	266,662
1,108,830	(270,920)	1,349,805
(419,079)	(426,658)	(493,592)
(5,745)	(5,234)	(7,626)
<u>(291)</u>	<u>(273)</u>	<u>(229)</u>
1,043,975	(311,436)	1,247,840
<u>7,997,556</u>	<u>9,041,531</u>	<u>8,730,095</u>
<u>\$ 9,041,531</u>	<u>\$ 8,730,095</u>	<u>\$ 9,977,935</u>
<u>\$(669,324)</u>	<u>\$(932,766)</u>	<u>\$(1,806,490)</u>
107.99%	111.96%	122.11%
\$ 3,760,543	\$ 4,083,937	\$ 4,444,371
-17.80%	-22.84%	-40.65%

CITY OF GLENN HEIGHTS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Fiscal year ending September 30,	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 88,118	\$ 99,077	\$ 117,195
Contributions in relation to the actuarially determined contributions	<u>88,118</u>	<u>99,077</u>	<u>115,952</u>
Contribution excess (deficiency)	-	-	1,243
Covered payroll	2,789,600	3,075,330	3,487,950
Contributions as a percentage of covered payroll	3.16%	3.22%	3.32%

* GASB Statement 68 requires this schedule to report 10 years of data. Data prior to 2014 is not available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	N/A
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully

Other information There were no benefit changes during the year.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 127,656	\$ 147,381	\$ 130,212	\$ 137,704
<u>133,216</u>	<u>146,684</u>	<u>142,398</u>	<u>137,704</u>
(5,560)	697	(12,186)	-
3,799,274	3,951,234	4,227,673	4,444,371
3.51%	3.71%	3.37%	3.10%

CITY OF GLENN HEIGHTS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement date December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>
A. Total OPEB liability			
Service Cost	\$ 7,897	\$ 9,393	\$ 8,889
Interest (on the Total OPEB Liability)	4,662	4,893	5,445
Differences between expected and actual experience	-	(2,569)	(11,018)
Changes of assumptions	12,350	(11,253)	31,386
Benefit payments, including refunds of employee contributions	<u>(1,128)</u>	<u>(1,225)</u>	<u>(1,333)</u>
Net change in Total OPEB liability	23,781	(761)	33,369
Total OPEB liability - beginning	<u>119,957</u>	<u>143,738</u>	<u>142,977</u>
Total OPEB liability - ending	<u>143,738</u>	<u>142,977</u>	<u>176,346</u>
B. Covered-employee payroll	\$ 3,760,543	\$ 4,083,937	\$ 4,444,371
C. Total OPEB liability as a percentage of covered-employee payroll	3.82%	3.50%	3.97%

Notes to Schedule:

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- Included in the changes of assumptions was a reduction to the discount rate from 2.75% to 3.71%.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR FUND DESCRIPTIONS

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 – To account 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 department purposes.

DISASTER RECOVERY FUND – To account for the revenue and expenditures related to disaster recovery.

GRANTS FUND – To account for the revenue and expenditures related to various state and federal grants.

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.

VETERANS MEMORIAL FUND – To account for the revenue and expenditures related to Veterans Memorial City Events.

GLENN HEIGHTS HOUSING FINANCE CORPORATION – To account for revenue collected from the residential ownership and development that will provide affordable, decent, safe, and sanitary housing for residents of the City.

CITY OF GLENN HEIGHTS, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	<u>Municipal Court Technology</u>	<u>Municipal Court Security</u>	<u>911 Wireless</u>	<u>Police Seizure</u>	<u>Disaster Recovery Fund</u>
ASSETS					
Cash and cash equivalents	\$ 4,136	\$ 43,942	\$ 234,612	\$ 10,899	\$ 79,437
Receivables, net:					
Accounts	-	-	-	-	-
Prepays	-	-	-	-	-
Total assets	<u>4,136</u>	<u>43,942</u>	<u>234,612</u>	<u>10,899</u>	<u>79,437</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Public safety	-	43,942	234,612	10,899	-
Municipal court	4,136	-	-	-	-
Street improvements	-	-	-	-	-
Park improvements	-	-	-	-	-
Housing	-	-	-	-	-
Assigned for:					
Vehicle replacement	-	-	-	-	-
Disaster recovery	-	-	-	-	79,437
Unassigned	-	-	-	-	-
Total fund balances	<u>4,136</u>	<u>43,942</u>	<u>234,612</u>	<u>10,899</u>	<u>79,437</u>
Total liabilities and fund balances	\$ <u>4,136</u>	\$ <u>43,942</u>	\$ <u>234,612</u>	\$ <u>10,899</u>	\$ <u>79,437</u>

<u>Grants</u>	<u>Park Development</u>	<u>Street Impact Fee</u>	<u>Vehicle Replacement</u>	<u>Veterans Memorial</u>	<u>Glenn Heights Housing Finance Corporation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 5,239	\$ 943,549	\$ 1,920,232	\$ 311,714	\$ 2,849	\$ 801,906	\$ 4,358,515
-	-	-	-	-	174,395	174,395
-	-	-	85,420	-	-	85,420
<u>5,239</u>	<u>943,549</u>	<u>1,920,232</u>	<u>397,134</u>	<u>2,849</u>	<u>976,301</u>	<u>4,618,330</u>
416	23,281	-	-	-	-	23,697
-	-	-	-	3,095	-	3,095
-	<u>26,107</u>	-	-	-	-	<u>26,107</u>
<u>416</u>	<u>49,388</u>	-	-	<u>3,095</u>	-	<u>52,899</u>
4,823	-	-	-	-	-	294,276
-	-	-	-	-	-	4,136
-	-	1,920,232	-	-	-	1,920,232
-	894,161	-	-	-	-	894,161
-	-	-	-	-	976,301	976,301
-	-	-	397,134	-	-	397,134
-	-	-	-	-	-	79,437
-	-	-	-	(246)	-	(246)
<u>4,823</u>	<u>894,161</u>	<u>1,920,232</u>	<u>397,134</u>	<u>(246)</u>	<u>976,301</u>	<u>4,565,431</u>
<u>\$ 5,239</u>	<u>\$ 943,549</u>	<u>\$ 1,920,232</u>	<u>\$ 397,134</u>	<u>\$ 2,849</u>	<u>\$ 976,301</u>	<u>\$ 4,618,330</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, 2020

	<u>Municipal Court Technology</u>	<u>Municipal Court Security</u>	<u>911 Wireless</u>	<u>Police Seizure</u>	<u>Disaster Recovery Fund</u>
REVENUES					
Fines and forfeitures	\$ 3,621	\$ 3,942	\$ -	\$ -	\$ -
Charges for services	-	-	92,224	-	-
Intergovernmental	-	-	-	-	-
Impact fees	-	-	-	-	-
Investment earnings	-	196	10	319	-
Miscellaneous Revenue	-	-	-	-	-
Total revenues	<u>3,621</u>	<u>4,138</u>	<u>92,234</u>	<u>319</u>	<u>-</u>
EXPENDITURES					
Current:					
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt					
Excess (deficiency) of revenue over expenditures	<u>3,621</u>	<u>4,138</u>	<u>92,234</u>	<u>319</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(33,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(33,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>3,621</u>	<u>4,138</u>	<u>59,234</u>	<u>319</u>	<u>-</u>
Fund balance - beginning of year	<u>515</u>	<u>39,804</u>	<u>175,378</u>	<u>10,580</u>	<u>79,437</u>
Fund balance - end of year	<u>\$ 4,136</u>	<u>\$ 43,942</u>	<u>\$ 234,612</u>	<u>\$ 10,899</u>	<u>\$ 79,437</u>

<u>Grants</u>	<u>Park Development</u>	<u>Street Impact Fee</u>	<u>Vehicle Replacement</u>	<u>Veterans Memorial</u>	<u>Glenn Heights Housing Finance Corporation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,563
-	194,670	-	-	2,849	-	289,743
2,833	-	-	-	-	-	2,833
-	-	402,705	-	-	-	402,705
-	1,073	2,155	-	-	759,659	763,412
-	-	-	71,361	-	-	71,361
<u>2,833</u>	<u>195,743</u>	<u>404,860</u>	<u>71,361</u>	<u>2,849</u>	<u>759,659</u>	<u>1,537,617</u>
-	238,014	-	-	-	-	238,014
-	-	115,675	100,000	-	-	215,675
-	<u>238,014</u>	<u>115,675</u>	<u>100,000</u>	-	-	<u>453,689</u>
<u>2,833</u>	<u>(42,271)</u>	<u>289,185</u>	<u>(28,639)</u>	<u>2,849</u>	<u>759,659</u>	<u>1,083,928</u>
-	-	-	350,000	-	-	350,000
-	-	-	-	-	-	(33,000)
-	-	-	<u>350,000</u>	-	-	<u>317,000</u>
<u>2,833</u>	<u>(42,271)</u>	<u>289,185</u>	<u>321,361</u>	<u>2,849</u>	<u>759,659</u>	<u>1,400,928</u>
<u>1,990</u>	<u>936,432</u>	<u>1,631,047</u>	<u>75,773</u>	<u>(3,095)</u>	<u>216,642</u>	<u>3,164,503</u>
<u>\$ 4,823</u>	<u>\$ 894,161</u>	<u>\$ 1,920,232</u>	<u>\$ 397,134</u>	<u>\$ (246)</u>	<u>\$ 976,301</u>	<u>\$ 4,565,431</u>

CITY OF GLENN HEIGHTS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,475,319	\$ 1,494,407	\$ 1,462,875	\$ (31,532)
Investment earnings	-	-	54	54
Total revenues	<u>1,475,319</u>	<u>1,494,407</u>	<u>1,462,929</u>	<u>(31,478)</u>
EXPENDITURES				
Debt service:				
Principal	872,235	872,235	872,235	-
Interest and other charges	<u>579,238</u>	<u>579,238</u>	<u>581,438</u>	<u>(2,200)</u>
Total expenditures	<u>1,451,473</u>	<u>1,451,473</u>	<u>1,453,673</u>	<u>(2,200)</u>
Net change in fund balances	<u>23,846</u>	<u>42,934</u>	<u>9,256</u>	<u>(33,678)</u>
Fund balances - beginning of year	<u>129,940</u>	<u>129,940</u>	<u>129,940</u>	-
Fund balances - end of year	<u>\$ 153,786</u>	<u>\$ 172,874</u>	<u>\$ 139,196</u>	<u>\$ (33,678)</u>

CITY OF GLENN HEIGHTS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT TECHNOLOGY FUND - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 3,551	\$ 3,092	\$ 3,621	\$ 529
Total revenues	<u>3,551</u>	<u>3,092</u>	<u>3,621</u>	<u>529</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,551</u>	<u>3,092</u>	<u>3,621</u>	<u>529</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>3,551</u>	<u>3,092</u>	<u>3,621</u>	<u>529</u>
Fund balances - beginning of year	<u>515</u>	<u>515</u>	<u>515</u>	<u>-</u>
Fund balances - end of year	<u>\$ 4,066</u>	<u>\$ 3,607</u>	<u>\$ 4,136</u>	<u>\$ 529</u>

CITY OF GLENN HEIGHTS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT SECURITY FUND - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 2,812	\$ 3,020	\$ 3,942	\$ 922
Investment earnings	-	-	196	196
Total revenues	<u>2,812</u>	<u>3,020</u>	<u>4,138</u>	<u>1,118</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,812</u>	<u>3,020</u>	<u>4,138</u>	<u>1,118</u>
Fund balances - beginning of year	<u>39,804</u>	<u>39,804</u>	<u>39,804</u>	<u>-</u>
Fund balances - end of year	<u>\$ 42,616</u>	<u>\$ 42,824</u>	<u>\$ 43,942</u>	<u>\$ 1,118</u>

CITY OF GLENN HEIGHTS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 72,000	\$ 72,293	\$ 92,224	\$ 19,931
Investment earnings	15	6	10	4
Total revenues	<u>72,015</u>	<u>72,299</u>	<u>92,234</u>	<u>19,935</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>72,015</u>	<u>72,299</u>	<u>92,234</u>	<u>19,935</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(33,000)	(33,000)	(33,000)	-
Total other financing sources (uses)	<u>(33,000)</u>	<u>(33,000)</u>	<u>(33,000)</u>	<u>-</u>
Net change in fund balances	<u>39,015</u>	<u>39,299</u>	<u>59,234</u>	<u>19,935</u>
Fund balances - beginning of year	<u>175,378</u>	<u>175,378</u>	<u>175,378</u>	<u>-</u>
Fund balances - end of year	<u>\$ 214,393</u>	<u>\$ 214,677</u>	<u>\$ 234,612</u>	<u>\$ 19,935</u>

CITY OF GLENN HEIGHTS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	-	2,132	\$ 2,833	\$ 701
Total revenues	-	2,132	2,833	701
EXPENDITURES	-	-	-	-
Net change in fund balances	-	2,132	2,833	701
Fund balances - beginning of year	1,990	1,990	1,990	-
Fund balances - end of year	\$ 1,990	\$ 4,122	\$ 4,823	\$ 701

STATISTICAL SECTION

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STATISTICAL SECTION

The City of Glenn Heights' statistical section presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information, which details the City's overall financial health and well-being.

Contents

	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changes over time.	59 – 68
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its electric utility, sales tax, and property tax revenues.	69 – 74
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.	75 – 78
Demographic and Economic Information These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	79 – 80
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.	81 – 90

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)
(Amounts Expressed in Thousands)

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities				
Net investment in capital assets	\$ 3,019,534	\$ 3,101,367	\$ 2,985,184	\$ 3,057,623
Restricted	841,581	911,058	711,864	822,641
Unrestricted	<u>1,506,647</u>	<u>1,513,501</u>	<u>2,313,476</u>	<u>2,635,490</u>
Total governmental activities net position	<u>\$ 5,367,762</u>	<u>\$ 5,525,926</u>	<u>\$ 6,010,524</u>	<u>\$ 6,515,754</u>
Business-type Activities				
Net investment in capital assets	\$ 7,876,598	\$ 8,011,639	\$ 7,914,978	\$ 7,796,457
Restricted	684,813	561,058	471,623	361,759
Unrestricted	<u>1,117,324</u>	<u>1,613,419</u>	<u>2,977,448</u>	<u>3,728,781</u>
Total business-type activities net position	<u>\$ 9,678,735</u>	<u>\$ 10,186,116</u>	<u>\$ 11,364,049</u>	<u>\$ 11,886,997</u>
Primary Government				
Net investment in capital assets	\$ 10,896,132	\$ 11,113,006	\$ 10,900,162	\$ 10,854,080
Restricted	1,526,394	1,472,116	1,183,487	1,184,400
Unrestricted	<u>2,623,971</u>	<u>3,126,920</u>	<u>5,290,924</u>	<u>6,364,271</u>
Total primary government net position	<u>\$ 15,046,497</u>	<u>\$ 15,712,042</u>	<u>\$ 17,374,573</u>	<u>\$ 18,402,751</u>

TABLE 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 3,420,929	\$ 4,562,272	\$ 5,204,571	\$ 5,936,599	\$ 6,702,547	\$ 5,308,855
1,044,381	1,425,617	1,342,294	2,239,846	2,877,878	10,879,796
<u>3,142,610</u>	<u>3,718,269</u>	<u>7,469,021</u>	<u>8,650,641</u>	<u>10,589,739</u>	<u>9,143,364</u>
\$ <u>7,607,920</u>	\$ <u>9,706,158</u>	\$ <u>14,015,886</u>	\$ <u>16,827,086</u>	\$ <u>20,170,164</u>	\$ <u>25,332,015</u>
\$ 7,964,475	\$ 7,968,336	\$ 7,855,594	\$ 7,921,771	\$ 8,016,832	\$ 9,235,450
455,065	1,029,083	935,872	935,873	1,493,141	3,114,284
<u>4,330,408</u>	<u>3,377,936</u>	<u>5,240</u>	<u>1,556,532</u>	<u>2,200,129</u>	<u>1,461,751</u>
\$ <u>12,749,948</u>	\$ <u>12,375,355</u>	\$ <u>8,796,706</u>	\$ <u>10,414,176</u>	\$ <u>11,710,102</u>	\$ <u>13,811,485</u>
\$ 11,385,404	\$ 12,530,608	\$ 13,060,165	\$ 13,858,370	\$ 14,719,379	\$ 14,544,305
1,499,446	2,454,700	2,278,166	3,175,719	4,371,019	13,994,080
<u>7,473,018</u>	<u>7,096,205</u>	<u>7,474,261</u>	<u>10,207,173</u>	<u>12,789,868</u>	<u>10,605,115</u>
\$ <u>20,357,868</u>	\$ <u>22,081,513</u>	\$ <u>22,812,592</u>	\$ <u>27,241,262</u>	\$ <u>31,880,266</u>	\$ <u>39,143,500</u>

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
Government government	\$ 1,136,770	\$ 1,014,655	\$ 866,969	\$ 872,399
Public safety	2,910,502	3,059,521	2,908,130	3,166,101
Development services	478,843	611,556	531,646	530,798
Parks and recreation	259,338	268,638	260,362	256,306
Economic development	34,966	100,897	97,097	-
Interest and fiscal charges	207,118	188,226	170,437	150,154
Total governmental activities expenses	<u>\$ 5,027,537</u>	<u>\$ 5,243,493</u>	<u>\$ 4,834,641</u>	<u>\$ 4,975,758</u>
Business-type activities:				
Water and sewer	4,048,691	4,077,224	3,703,399	3,927,273
Drainage	152,964	137,246	166,464	177,381
Total business-type activities expenses	<u>4,201,655</u>	<u>4,214,470</u>	<u>3,869,863</u>	<u>4,104,654</u>
Total primary government expenses	<u>\$ 9,229,192</u>	<u>\$ 9,457,963</u>	<u>\$ 8,704,504</u>	<u>\$ 9,080,412</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General activities	\$ 154,948	\$ 147,104	\$ 157,837	\$ 161,555
Public safety	764,189	496,191	569,758	494,104
Development services	152,957	111,229	104,212	110,794
Parks and recreation	-	-	-	18,794
Economic development	12,743	19,390	19,496	-
Operating grants and contributions	115,774	275,541	285,933	128,248
Capital grants and contributions	1,910,756	104,799	4,526	-
Total governmental activities program revenue	<u>\$ 3,111,367</u>	<u>\$ 1,154,254</u>	<u>\$ 1,141,762</u>	<u>\$ 913,495</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,868,627	4,650,370	4,675,400	4,656,527
Drainage	248,126	248,790	252,293	255,740
Capital grants and contributions	137,981	174,407	58,772	51,428
Total business-type activities program revenue	<u>5,254,734</u>	<u>5,073,567</u>	<u>4,986,465</u>	<u>4,963,695</u>
Total primary government program revenue	<u>\$ 8,366,101</u>	<u>\$ 6,227,821</u>	<u>\$ 6,128,227</u>	<u>\$ 5,877,190</u>
Net (expense) revenue				
Governmental activities	\$(1,916,170)	\$(4,089,239)	\$(3,692,879)	\$(4,062,273)
Business-type activities	<u>1,053,079</u>	<u>859,097</u>	<u>1,116,602</u>	<u>859,041</u>
Total primary government net expense	<u>\$(863,091)</u>	<u>\$(3,230,142)</u>	<u>\$(2,576,277)</u>	<u>\$(3,203,232)</u>

TABLE 2

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 1,074,430	\$ 1,423,332	\$ 1,797,957	\$ 1,693,295	\$ 1,661,645	\$ 1,778,859	
3,075,807	3,433,775	3,507,497	3,906,025	3,688,352	4,293,107	
718,798	1,242,726	1,828,117	1,869,192	1,816,232	1,775,135	
295,728	229,493	289,891	275,791	308,197	410,719	
225	-	98,608	10,969	94,631	86,272	
150,994	435,848	483,925	527,847	670,841	560,455	
<u>\$ 5,315,982</u>	<u>\$ 6,765,174</u>	<u>\$ 8,005,995</u>	<u>\$ 8,283,119</u>	<u>\$ 8,239,898</u>	<u>\$ 8,904,547</u>	
4,366,961	5,405,054	4,837,014	5,175,140	5,633,428	6,499,183	
107,722	96,708	182,223	221,728	292,821	310,566	
<u>4,474,683</u>	<u>5,501,762</u>	<u>5,019,237</u>	<u>5,396,868</u>	<u>5,926,249</u>	<u>6,809,749</u>	
<u>\$ 9,790,665</u>	<u>\$ 12,266,936</u>	<u>\$ 13,025,232</u>	<u>\$ 13,679,987</u>	<u>\$ 14,166,147</u>	<u>\$ 15,714,296</u>	
\$ 128,996	\$ 268,221	\$ 874,769	\$ 921,172	\$ 980,597	\$ 1,368,040	
510,150	667,125	391,651	337,143	292,725	719,312	
566,052	1,622,519	793,617	1,756,642	1,744,458	2,994,658	
73,559	178,490	30,762	319,183	278,743	195,000	
-	-	-	-	-	-	
105,567	133,417	53,915	35,827	156,819	222,074	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>751,017</u>	
<u>\$ 1,384,324</u>	<u>\$ 2,869,772</u>	<u>\$ 2,144,714</u>	<u>\$ 3,369,967</u>	<u>\$ 3,453,342</u>	<u>\$ 6,250,101</u>	
4,868,772	5,366,787	5,292,082	6,064,621	5,906,579	6,447,182	
264,976	279,460	394,761	297,778	316,459	394,310	
278,367	730,490	120,440	726,793	1,279,576	808,383	
<u>5,412,115</u>	<u>6,376,737</u>	<u>5,807,283</u>	<u>7,089,192</u>	<u>7,502,614</u>	<u>7,649,875</u>	
<u>\$ 6,796,439</u>	<u>\$ 9,246,509</u>	<u>\$ 7,951,997</u>	<u>\$ 10,459,159</u>	<u>\$ 10,955,956</u>	<u>\$ 13,899,976</u>	
\$(3,931,658)	\$(3,895,402)	\$(3,895,402)	\$(4,913,152)	\$(4,786,556)	\$(2,654,446)	
937,432	874,975	874,975	1,692,324	1,576,365	840,126	
<u>\$(2,994,226)</u>	<u>\$(3,020,427)</u>	<u>\$(3,020,427)</u>	<u>\$(3,220,828)</u>	<u>\$(3,210,191)</u>	<u>\$(1,814,320)</u>	

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property	\$ 3,255,045	\$ 3,113,736	\$ 3,100,573	\$ 3,206,127
Franchise	417,009	371,361	334,731	574,502
Sales and use	353,784	370,598	416,161	457,443
Interest	11,681	10,017	14,102	18,396
Miscellaneous	32,902	26,087	13,817	20,035
Gain on sale	-	-	-	-
Transfers	<u>562,512</u>	<u>355,604</u>	<u>298,093</u>	<u>309,032</u>
Total governmental activities	<u>\$ 4,632,933</u>	<u>\$ 4,247,403</u>	<u>\$ 4,177,477</u>	<u>\$ 4,585,535</u>
Business-type activities:				
Interest	7,879	3,888	2,864	2,705
Miscellaneous	-	-	356,560	5,637
Transfers	<u>(562,633)</u>	<u>(355,604)</u>	<u>(298,093)</u>	<u>(309,032)</u>
Total business-type activities	<u>(554,754)</u>	<u>(351,716)</u>	<u>61,331</u>	<u>(300,690)</u>
 Total primary government	 <u>\$ 4,078,179</u>	 <u>\$ 3,895,687</u>	 <u>\$ 4,238,808</u>	 <u>\$ 4,284,845</u>
Change in Net Position				
Governmental activities	\$ 2,716,763	\$ 158,164	\$ 484,598	\$ 523,262
Business-type activities	<u>498,446</u>	<u>507,381</u>	<u>1,177,933</u>	<u>558,351</u>
 Total primary government	 <u>\$ 3,215,209</u>	 <u>\$ 665,545</u>	 <u>\$ 1,662,531</u>	 <u>\$ 1,081,613</u>

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 3,237,608	\$ 3,544,884	\$ 4,582,246	\$ 5,358,784	\$ 5,827,813	\$ 6,267,189
678,807	521,335	533,253	597,722	650,581	581,890
515,847	597,531	635,443	658,609	641,454	827,365
21,763	30,614	145,931	283,646	435,332	1,063,512
21,239	43,393	2,579	218,228	9,566	113,986
-	-	-	504,920	-	-
<u>162,079</u>	<u>1,255,883</u>	<u>4,271,557</u>	<u>102,443</u>	<u>308,123</u>	<u>(1,254,287)</u>
<u>\$ 4,637,343</u>	<u>\$ 5,993,640</u>	<u>\$ 10,171,009</u>	<u>\$ 7,724,352</u>	<u>\$ 7,872,869</u>	<u>\$ 7,599,655</u>
2,194	2,390	2,991	27,589	27,684	6,970
567	3,925	1,871	-	-	-
<u>(162,079)</u>	<u>(1,255,883)</u>	<u>(4,271,557)</u>	<u>(102,443)</u>	<u>(308,123)</u>	<u>1,254,287</u>
<u>(159,318)</u>	<u>(1,249,568)</u>	<u>(4,266,695)</u>	<u>(74,854)</u>	<u>(280,439)</u>	<u>1,261,257</u>
<u>\$ 4,478,025</u>	<u>\$ 4,744,072</u>	<u>\$ 5,904,314</u>	<u>\$ 7,649,498</u>	<u>\$ 7,592,430</u>	<u>\$ 8,860,912</u>
\$ 705,685	\$ 2,098,238	\$ 2,098,238	\$ 2,811,200	\$ 3,086,313	\$ 4,945,209
<u>778,114</u>	<u>374,593</u>	<u>(374,593)</u>	<u>1,617,470</u>	<u>1,295,926</u>	<u>2,101,383</u>
<u>\$ 1,483,799</u>	<u>\$ 1,723,645</u>	<u>\$ 1,723,645</u>	<u>\$ 4,428,670</u>	<u>\$ 4,382,239</u>	<u>\$ 7,046,592</u>

CITY OF GLENN HEIGHTS, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	Fiscal Year			
	2011	2012	2013	2014
General fund				
Nonspendable	\$ 50,545	\$ 66,264	\$ 58,494	\$ 44,973
Restricted	196,564	-	-	-
Committed	-	83,000	166,000	-
Assigned	-	-	203,658	318,026
Unassigned	<u>1,152,237</u>	<u>1,150,334</u>	<u>1,714,295</u>	<u>1,944,377</u>
Total general fund	<u>\$ 1,399,346</u>	<u>\$ 1,299,598</u>	<u>\$ 2,142,447</u>	<u>\$ 2,307,376</u>
All other governmental funds				
Nonspendable	\$ -	\$ 554	\$ 554	\$ -
Assigned	-	-	-	100,000
Restricted	1,986,551	2,129,016	1,596,438	1,445,675
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,986,551</u>	<u>\$ 2,129,570</u>	<u>\$ 1,596,992</u>	<u>\$ 1,545,675</u>

TABLE 3

						Fiscal Year					
2015		2016		2017		2018		2019		2020	
\$	66,974	\$	49,735	\$	10,984	\$	10,152	\$	155,249	\$	3,789
	-		235		235		235		235		-
	-		-		-		-		-		-
	187,501		-		-		-		-		-
	<u>1,987,611</u>		<u>2,321,019</u>		<u>1,496,001</u>		<u>1,847,212</u>		<u>3,598,848</u>		<u>6,698,384</u>
\$	<u>2,242,086</u>	\$	<u>2,370,989</u>	\$	<u>1,507,220</u>	\$	<u>1,857,599</u>	\$	<u>3,754,332</u>	\$	<u>6,702,173</u>
\$	1,508	\$	-	\$	-	\$	-	\$	-	\$	-
	264,929		615,072		454,331		156,532		155,210		476,571
	2,376,278		18,635,138		23,017,333		24,300,647		24,041,328		24,911,131
	<u>(2,012)</u>		<u>(2,692)</u>		<u>(3,824)</u>		<u>(3,604)</u>		<u>(2,580)</u>		<u>(246)</u>
\$	<u>2,640,703</u>	\$	<u>19,247,518</u>	\$	<u>23,467,840</u>	\$	<u>24,453,575</u>	\$	<u>24,193,958</u>	\$	<u>25,387,456</u>

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes				
Property	\$ 3,247,283	\$ 3,186,014	\$ 3,126,324	\$ 3,138,192
Franchise	417,009	371,361	334,731	574,502
Sales and use	353,784	370,598	416,161	457,443
Licenses and permits	140,104	105,502	113,420	119,470
Fines and forfeitures	468,811	386,720	295,963	225,951
Charges for services	235,975	189,572	424,585	405,045
Intergovernmental	135,688	273,861	290,459	124,971
Impact fees	43,808	26,933	21,803	19,238
Interest	11,681	10,017	14,102	18,396
Contributions	-	-	-	-
Other	65,864	53,761	49,048	16,223
Total revenues	<u>5,120,007</u>	<u>4,974,339</u>	<u>5,086,596</u>	<u>5,099,431</u>
Expenditures				
Current:				
General government	1,123,343	1,015,733	736,360	860,443
Public safety	2,822,704	2,890,204	2,802,869	3,037,662
Development services	460,437	456,429	374,000	363,567
Parks and recreation	188,164	176,094	168,992	168,320
Economic development	34,966	100,897	98,755	-
Capital outlay	1,357,640	239,604	361,519	313,096
Debt service				
Principal retirement	355,221	409,496	402,115	405,652
Interest and service charges	202,255	182,382	172,862	155,246
Total Expenditures	<u>6,544,730</u>	<u>5,470,839</u>	<u>5,117,472</u>	<u>5,303,986</u>
Excess of revenues over (under) expenditures	<u>(1,424,723)</u>	<u>(496,500)</u>	<u>(30,876)</u>	<u>(204,555)</u>

TABLE 4

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	3,249,251	\$	3,555,770	\$	4,651,017	\$	5,368,045	\$	5,826,989	\$	6,558,611
	678,807		597,531		635,443		658,609		641,454		581,890
	515,847		521,335		533,253		597,722		650,581		827,365
	428,824		1,260,105		737,187		1,244,519		1,169,898		2,601,813
	233,543		234,595		187,737		99,725		138,101		190,125
	470,664		637,856		1,121,789		1,442,344		1,538,982		1,511,202
	98,011		32,613		50,361		33,723		151,476		947,201
	137,228		362,414		56,430		512,123		574,560		402,705
	21,763		30,614		145,931		283,646		435,332		1,063,512
	-		101,655		3,854		2,604		5,343		3,550
	15,824		43,005		2,954		218,090		266,381		127,972
	<u>5,849,762</u>		<u>7,377,493</u>		<u>8,125,956</u>		<u>10,461,150</u>		<u>11,399,097</u>		<u>14,815,946</u>
	1,069,237		1,400,013		1,758,337		1,600,115		1,753,038		1,741,486
	3,015,649		3,252,763		3,231,304		3,643,067		3,872,333		4,130,098
	540,501		1,048,121		1,631,342		1,680,147		1,637,025		1,503,544
	213,359		146,799		207,139		201,094		273,368		376,155
	225		-		96,641		10,205		91,317		86,716
	369,066		563,515		904,059		851,927		1,661,107		2,155,488
	359,649		355,000		645,000		640,000		690,000		938,219
	152,535		368,553		567,138		600,924		745,316		608,112
	<u>5,720,221</u>		<u>7,134,764</u>		<u>9,040,960</u>		<u>9,227,479</u>		<u>10,723,504</u>		<u>11,539,818</u>
	<u>129,541</u>		<u>242,729</u>		<u>(915,004)</u>		<u>1,233,671</u>		<u>675,593</u>		<u>3,276,128</u>

CITY OF GLENN HEIGHTS, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Tax Year	Fiscal Year End	Real Property Residential	Real Property Commercial	Real and Tangible Personal Utilities	Tangible Personal Property
2010	2011	\$ 385,394,092	\$ 19,071,780	\$ 12,215,220	\$ 5,294,110
2011	2012	384,260,965	19,646,850	12,039,420	5,674,640
2012	2013	389,484,865	19,826,492	12,113,060	5,654,020
2013	2014	402,729,705	25,911,420	12,645,220	3,577,040
2014	2015	386,358,856	41,024,850	13,061,980	4,480,220
2015	2016	417,562,366	43,292,680	13,624,820	4,632,438
2016	2017	462,526,664	49,856,550	14,025,820	5,178,510
2017	2018	544,884,075	62,342,513	13,581,900	8,458,221
2018	2019	599,588,793	44,905,699	15,977,600	11,381,636
2019	2020	684,463,749	46,379,435	17,480,545	12,159,492

TABLE 5

<u>Inventory</u>	<u>Less: Exempt Property</u>	<u>Total</u>	<u>Total Direct Tax Rate</u>
\$ 2,707,890	\$ (25,689,399)	\$ 398,993,693	79.50%
1,658,790	(26,600,522)	396,680,143	79.50%
1,634,710	(29,943,136)	398,770,011	79.50%
1,999,820	(20,636,060)	426,227,145	79.50%
2,584,020	(39,463,493)	408,046,433	79.50%
2,122,890	(35,690,224)	445,544,970	79.50%
2,589,660	(41,678,520)	492,498,684	93.55%
6,338,260	(56,821,738)	578,783,231	88.54%
2,719,930	(49,559,731)	625,013,927	87.92%
15,770,287	(66,312,289)	709,941,219	83.35%

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
2010	2011	0.651400	0.143600	0.795000	1.490000	1.540000	0.360091
2011	2012	0.631400	0.163600	0.795000	1.440000	1.540000	0.380091
2012	2013	0.679065	0.115935	0.795000	1.440000	1.540000	0.380091
2013	2014	0.678914	0.116086	0.795000	1.470000	1.540000	0.380091
2014	2015	0.683390	0.111610	0.795000	1.470000	1.540000	0.380091
2015	2016	0.682474	0.110926	0.793400	1.460000	1.540000	0.380091
2016	2017	0.682468	0.253062	0.935530	1.490000	1.540000	0.380091
2017	2018	0.670822	0.214612	0.885434	1.490000	1.540000	0.359713
2018	2019	0.663441	0.215740	0.879181	1.490000	1.540000	0.338984
2019	2020	0.649394	0.184129	0.833523	1.528350	1.438350	0.329557

TABLE 6

Overlapping Rates

Ellis County Lateral Road	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
0.033508	0.243100	0.271000	0.099230	0.010000
0.033508	0.243100	0.271000	0.099670	0.010000
0.033508	0.243100	0.271000	0.119375	0.009937
0.033508	0.243100	0.286000	0.124775	0.010000
0.033508	0.243100	0.286000	0.124775	0.010000
0.033508	0.243100	0.286000	0.123650	0.010000
0.033508	0.226000	0.261400	0.104000	0.010000
0.033508	0.243100	0.279400	0.124238	0.010000
0.031549	0.243100	0.279400	0.124000	0.010000
0.030976	0.243100	0.269500	0.124000	0.010000

TABLE 7

CITY OF GLENN HEIGHTS, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2020			2011		
	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	\$ 12,170,040	1	1.84%	\$9,454,530	1	1.22%
Storage Cap Bargain Dallas, LP	3,320,590	2	0.50%			
Gelco Fleet Trust	2,876,000	3	0.44%			
Glenn Heights Community LLC	2,850,000	4	0.43%			
Hilco Electric Cooperative Inc	2,410,020	5	0.37%			
Atmos Energy	1,920,610	6	0.29%			
Starlight Homes TX LLC	1,706,580	7	0.26%			
EBLA Investment, LP	1,600,000	8	0.24%			
DMJ Properties LTD	1,515,312	9	0.23%			
Sanabel Investments, LP	1,496,250	10	0.23%			
OSO Grande, LP				2,850,000	2	0.37%
Town & Country Park Ltd				1,625,000	3	0.21%
MAHS Inc				1,622,770	4	0.21%
Stanford David L & Verla				1,520,420	5	0.20%
Anew Properties				1,507,040	6	0.19%
Abrams Plaza LTD				1,493,470	7	0.19%
BCSS LP				1,407,090	8	0.18%
Sullivan Builders				1,326,860	9	0.17%
Sumeer Homes, Inc				1,237,270	10	0.16%
Totals	<u>\$ 31,865,402</u>		<u>4.83%</u>	<u>\$ 24,044,450</u>		<u>3.10%</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	<u>Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>		
	Total Tax Levy	Amount	Percentage of Levy	Collections in Subsequent Years¹	Amount	Percentage of Levy¹
2011	\$3,172,000	\$3,153,285	99.41%	\$ 14,119	\$ 3,167,404	99.86%
2012	3,144,019	3,067,748	97.57%	70,677	3,138,425	99.82%
2013	3,095,279	3,034,752	98.04%	57,028	3,091,780	99.89%
2014	3,126,456	3,054,687	97.70%	68,053	3,122,740	99.88%
2015	3,264,205	3,195,631	97.90%	64,695	3,260,326	99.88%
2016	3,564,205	3,498,190	98.15%	61,195	3,559,385	99.86%
2017	4,623,740	4,566,499	98.76%	51,087	4,617,586	99.87%
2018	5,263,301	5,225,672	99.29%	26,887	5,252,559	99.80%
2019	5,794,598	5,751,810	99.26%	19,374	5,771,184	99.60%
2020	6,528,791	6,454,090	98.86%	-	6,454,090	98.86%

Source: Dallas County Tax Assessor/Collector

¹ Collections in subsequent years include refunds.

CITY OF GLENN HEIGHTS, TEXAS

RATIOS OF OUTSANDING DEBT BY TYPE

LAST TEN FISCAL YEARS¹

Fiscal Year	Governmental Activities				Business Type Activities		
	General Obligation Bonds ²	Certificates of Obligation	Notes Payable	Capital Leases	General Obligation Refunding Bonds	Certificates of Obligation	Notes Payable
2011	\$ -	\$ 4,160,000	\$ -	\$ 186,382	\$ 1,865,000	\$ -	\$ 97,514
2012	-	3,875,000	-	237,478	1,712,170	-	81,591
2013	-	3,580,000	-	130,363	1,480,000	-	63,186
2014	-	3,270,000	-	34,649	1,256,453	-	47,336
2015	-	3,670,000	-	-	1,005,000	-	-
2016	12,402,894	3,315,000	-	-	755,000	-	-
2017	12,203,750	2,940,000	-	-	500,000	-	-
2018	12,029,605	2,545,000	-	-	235,000	-	1,500,000
2019	14,234,540	2,130,000	-	-	120,000	-	1,366,112
2020	13,863,685	1,695,000	1,228,877	470,760	-	-	-

Note: 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 for personal income and population data.

² The General Obligation Bonds are net of applicable premiums & discounts.

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

TABLE 9

Business Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita¹
Capital Leases			
\$ 86,132	\$ 6,395,028	N/A	556
49,965	5,956,204	N/A	526
105,900	5,359,449	N/A	470
72,444	4,680,882	N/A	398
67,735	4,742,735	N/A	406
-	16,472,894	N/A	1,410
-	15,643,750	N/A	1,268
-	16,309,605	N/A	1,322
-	17,850,652	N/A	1,347
-	17,258,322	N/A	1,194

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 ⁴	Certificates of Obligation	Total				
2011	\$ 1,865,000	\$ 4,160,000	\$ 6,025,000	\$ 290,457	\$ 5,734,543	113.81%	524
2012	1,712,170	3,875,000	5,587,170	290,457	5,296,713	98.46%	493
2013	1,480,000	3,580,000	5,060,000	290,786	4,769,214	89.49%	443
2014	1,256,453	3,270,000	4,526,453	22,422	4,504,031	126.54%	385
2015	1,005,000	3,670,000	4,675,000	23,390	4,651,610	104.35%	400
2016	13,157,894	3,315,000	16,472,894	34,378	16,438,516	355.60%	1,410
2017	12,703,750	2,940,000	15,643,750	110,852	15,532,898	302.09%	1,268
2018	12,264,605	2,545,000	14,809,605	139,196	14,670,409	175.09%	1,201
2019	14,354,540	2,130,000	16,484,540	129,940	16,354,600	144.83%	1,244
2020	13,863,685	1,695,000	15,558,685	76,032	15,482,653	127.96%	1,076

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 for property value data.

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

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

⁴ This amount is net of applicable premium.

CITY OF GLENN HEIGHTS

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

SEPTEMBER 30, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Dallas Co	\$ 130,445,000	0.17%	\$ 221,757
Dallas Co CCD	135,375,000	0.17%	230,138
Dallas Co Hosp Dist	622,000,000	0.17%	1,057,400
Dallas Co Schools	27,204,352	0.17%	46,247
DeSoto ISD	131,373,151	13.20%	17,341,256
Ellis Co	33,200,000	1.17%	388,440
Red Oak ISD	<u>98,605,000</u>	<u>9.77%</u>	<u>9,633,709</u>
Subtotal - overlapping debt	\$ 1,178,202,503		\$ 28,918,946
City of Glenn Height's direct debt	<u>\$ 15,558,685</u>	<u>100%</u>	<u>\$ 15,558,685</u>
Total direct and overlapping debt			<u>\$ 44,477,631</u>
Total direct and overlapping debt as % of Assessed Value			7.68%
Total direct and overlapping debt per Capita			\$ 3,076

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

¹The 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

TAX RATE INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year				
	2011	2012	2013	2014	2015
Tax Rate Limit	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
Debt Service Rate	<u>0.144</u>	<u>0.164</u>	<u>0.116</u>	<u>0.116</u>	<u>0.112</u>
Available Tax Rate	<u>\$ 1.36</u>	<u>\$ 1.34</u>	<u>\$ 1.38</u>	<u>\$ 1.38</u>	<u>\$ 1.39</u>
Percentage of allowable levy used	9.46%	9.57%	10.91%	7.73%	7.74%

Economic Debt Margin Calculation for Fiscal Year 2020

Assessed Value

Economic debt limit indicator (5% of assessed value)

Annual debt requirement applicable to limit:

General obligation refunding bonds
 Certificates of obligation
 Less Debt Service Fund Balance

Economic debt margin

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.

TABLE 12

Fiscal Year				
2016	2017	2018	2019	2020
\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
<u>0.250</u>	<u>0.253</u>	<u>0.215</u>	<u>0.216</u>	<u>0.184</u>
<u>\$ 1.25</u>	<u>\$ 1.25</u>	<u>\$ 1.29</u>	<u>\$ 1.28</u>	<u>\$ 1.32</u>
7.44%	16.87%	14.31%	14.38%	12.28%

\$ 514,956,681

25,747,834

13,863,685

1,695,000

139,196

15,697,881

\$ 10,049,953

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 Enrollment ⁴		Unemployment Rate ²
					DeSoto ISD	Red Oak ISD	
2011 ³	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%
2015	11,680	723,961	61,983	31.90	9,600	5,800	3.9%
2016	11,680	N/A	N/A	31.90	9,296	5,600	3.7%
2017	12,336	N/A	24,346	32.80	9,872	5,800	4.1%
2018	12,336	N/A	23,346	33.70	10,152	5,985	4.3%
2019	13,250	N/A	24,274	31.00	8,628	6,054	3.5%
2020	14,460	N/A	24,274	31.90	8,700	6,000	7.2%

¹North Texas Council of Governments unless otherwise denoted.

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

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

⁴The 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 this publication

CITY OF GLENN HEIGHTS, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

2020				
Employer	County	Employees	Rank	Industry
Quality Cabinets	Dallas	1000-2499	N/A	Manufacturing
Gerda	Ellis	1000-2499	N/A	Manufacturing
Triumph Group	Ellis	500-999	N/A	Manufacturing
Masco Builder Cabinet Group	Dallas	250-499	N/A	Manufacturing
Kohl's eFulfillment Center	Dallas	250-499	N/A	Retail Trade
Walmart Supercenter	Ellis	250-499	N/A	Retail Trade
Brass-Craft Manufacturing	Dallas	250-499	N/A	Manufacturing
Dallas County Schools	Dallas	250-499	N/A	Educational Services
Walmart Supercenter	Dallas	250-499	N/A	Retail Trade
Solar Turbines Inc	Dallas	250-499	N/A	Manufacturing

2011				
Employer	County	Employees	Rank	Industry
Methodist Charlton Medical Center	Dallas	1,000-2,499	N/A	Health Care
Swift Transportation	Dallas	1,000-2,499	N/A	Transportation/ warehousing
Wal-Mart Super Center	Ellis	453	N/A	Retail
Wal-Mart Super Center	Dallas	250-499	N/A	Retail
Walgreen's Distribution Center	Ellis	690	N/A	Transportation/ warehousing
Schneider 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 Corp	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.

CITY OF GLENN HEIGHTS, TEXAS

EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year						
	2009	2010	2011	2012	2013	2014	2015
Administrative services	4	4	6	6	6	6	7
Community services	1	1	1	2	2	2	1
Development services	3	3	4	3	3	2	2
Police	26	26	27	27	26	26	27
Fire	9	9	18	21	25	26	25
Financial services	4	4	3	2	2	2	2
Municipal services	1	1	1	1	1	1	1
Infrastructure	-	-	-	-	-	-	-
Total General Fund	<u>48</u>	<u>48</u>	<u>60</u>	<u>62</u>	<u>65</u>	<u>65</u>	<u>65</u>
Utility administration	3	3	3	3	3	3	3
Water services	9	9	10	10	10	10	11
Wastewater services	6	6	3	3	3	3	2
Stormwater drainage	6	6	1	1	1	1	3
Total Utility Funds	<u>24</u>	<u>24</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>19</u>
Total All Funds	<u>72</u>	<u>72</u>	<u>77</u>	<u>79</u>	<u>82</u>	<u>82</u>	<u>84</u>

Source: City of Glenn Heights Human Resource Department

TABLE 15

Fiscal Year				
2016	2017	2018	2019	2020
7	7	7	7	6
1	1	1	2	4
2	2	2	6	5
27	22	24	31	31
26	32	36	19	18
2	3	3	3	3
1	1	1	1	1
-	-	-	1	6
<u>66</u>	<u>68</u>	<u>74</u>	<u>69</u>	<u>74</u>
3	3	3	3	3
11	14	14	12	10
2	3	3	3	2
<u>3</u>	<u>10</u>	<u>10</u>	<u>8</u>	<u>4</u>
<u>19</u>	<u>30</u>	<u>30</u>	<u>26</u>	<u>19</u>
<u>85</u>	<u>98</u>	<u>104</u>	<u>95</u>	<u>92</u>

CITY OF GLENN HEIGHTS, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>Fiscal Year</u>						
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Community services:							
Parks and recreation:							
Total acreage maintained city parks	44	44	57	57	57	57	57
Development services:							
Planning:							
Zoning cases	20	17	6	5	5	4	4
Plats/replats	17	7	2	2	2	5	5
Development contacts	247	998	N/A	15	N/A	9	9
Building inspections:							
Permits issued	448	374	217	221	440	731	1,358
Inspections	1,208	1,907	1,437	1,086	1,336	1,319	1,302
Emergency services:							
Police administration:							
Administrative calls	879	910	917	895	1,049	840	920
Reports prepared	2,531	2,508	2,994	3,129	2,606	2,452	2,522
Community relations programs initiated	21	16	22	22	9	27	15
Fire administration:							
Fire calls	827	1,077	463	175	194	222	233
EMS calls	851	862	852	768	9	961	961
Code enforcement:							
Vehicle related violations	437	278	454	330	202	235	N/A
Nuisance violations	1,096	704	620	788	611	691	N/A
Environmental violations	22	63	687	60	21	20	N/A
Sign violations	601	396	539	771	152	114	N/A
Other ordinance violations	307	416	134	171	227	132	N/A
Court summons/citations	118	70	86	70	51	80	69
Animal control:							
Animals impounded	288	283	274	214	160	119	174
Animal registrations	264	168	137	100	14	9	9
Calls for service	1,022	762	796	602	524	476	520
Court summons/citations	108	89	71	88	42	7	7

TABLE 16

Fiscal Year				
2016	2017	2018	2019	2020
57	57	57	57	57
4	4	6	4	7
5	5	7	5	9
9	9	11	13	17
604	604	616	1,625	1,882
414	414	422	1,614	3,819
1,011	1,011	1,031	N/A	N/A
2,682	2,682	2,736	N/A	N/A
15	15	7	N/A	N/A
329	329	446	421	461
931	931	919	1,037	1,006
N/A	N/A	N/A	215	84
N/A	N/A	N/A	194	139
N/A	N/A	N/A	2	2
N/A	N/A	N/A	12	28
N/A	N/A	N/A	1,240	2,187
N/A	N/A	N/A	24	39
337	337	N/A	N/A	N/A
58	58	N/A	N/A	N/A
625	625	N/A	N/A	N/A
81	81	N/A	N/A	N/A

CITY OF GLENN HEIGHTS, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>Fiscal Year</u>						
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Financial services:							
Finance:							
Accounts payable							
invoices processed	3,131	3,279	3,601	3,822	3,834	3,824	3,321
Payrolls processed	26	26	26	26	26	26	26
Annual budget document	1	1	1	1	1	1	1
Monthly financial reports	12	12	12	12	12	12	12
Municipal court:							
New cases filed	4,452	4,829	5,493	3,309	2,165	1,824	2,098
Warrants issued	3,892	2,612	2,822	2,324	1,587	1,043	1,232
Completed cases	3,685	3,948	4,732	3,915	3,042	1,515	971
Warrants cleared	1,544	2,065	1,924	2,148	2,550	897	886
Utility administration:							
Customers serviced	49,292	50,159	62,739	50,780	51,129	52,038	53,991
Late notices	15,185	10,014	12,405	12,703	12,595	12,499	12,513
Cut-offs	1,483	636	1,662	494	1,353	1,612	1,648
Municipal services:							
Streets:							
Days of street							
paving or re-paving	15	33	25	26	29	29	29
Days of ROW maintenance	22	25	25	30	27	30	30
Days of pothole repairs	80	51	50	48	47	50	50
Wastewater services:							
Maintain lift							
stations (weekly checks)	52	52	52	52	52	52	52

Source: Various City Departments

TABLE 16

Fiscal Year				
2016	2017	2018	2019	2020
2,080	2,080	2,080	4646	3854
26	26	26	34	28
1	1	1	1	1
12	12	12	12	12
1,850	1,850	N/A	2,218	2,540
1,150	1,150	N/A	-	-
777	777	N/A	1,519	2,834
840	840	N/A	278	233
57,492	57,492	58,642	63,017	67,240
12,548	12,548	12,799	12,956	6,523
1,150	1,150	1,173	1,561	1,020
29	29	29	N/A	N/A
30	30	30	N/A	N/A
50	50	50	N/A	N/A
52	52	52	52	52

CITY OF GLENN HEIGHTS, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>Fiscal Year</u>						
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety:							
Police stations	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1
Public works:							
Streets - paved (miles)	47	47	47	47	47	47	47
Parks and recreation:							
Parks	2	3	3	3	3	3	3
Playgrounds	2	2	2	2	2	2	2
Water and sewer:							
Water mains (miles)	57	57	57	57	57	57	57
Overhead storage tanks	1	1	1	1	1	1	1
Ground storage tanks	3	3	3	3	3	3	3
Sanitary sewers (miles)	43	43	43	43	43	43	43
Number of lift stations	3	3	3	3	3	3	3

Source: Various City Departments

Fiscal Year			
2017	2018	2019	2020
1	1	1	1
1	1	1	1
47	47	47	47
3	3	3	3
2	2	2	2
57	57	57	57
1	1	1	1
3	3	3	3
43	43	43	43
3	3	3	3

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S 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

Honorable Mayor and Members
of the City Council and Citizens
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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 City'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
June 11, 2021