



CITY OF GLENN HEIGHTS, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

**PREPARED BY THE FINANCE DEPARTMENT OF
THE CITY OF GLENN HEIGHTS, TEXAS**

***GROW WITH GLENN
HEIGHTS***

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CITY OF GLENN HEIGHTS, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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INTRODUCTORY SECTION

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December 17, 2024

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

The Finance Department is pleased to submit the Annual Comprehensive Financial Report of the City of Glenn Heights, Texas for the fiscal year ended September 30, 2023. 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 4 and provides a narrative introduction, overview, and analysis of the City's basic financial statements. The MD&A also provides readers with management's viewpoint of the City's financial performance and should be read in conjunction with the financial statements.

CITY PROFILE

The City of Glenn Heights, Texas, a predominately residential community situated in Dallas and Ellis Counties, is a Texas municipality that incorporated in 1969 to operate as a general law city and currently operates as a home rule city. The City lies at the hub of Interstate 35E and Texas Farm-To-Market Road 664 (Ovilla Road). Glenn Heights is a short drive from downtown Dallas and has an estimated population of 18,793 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, recreational services, 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 viewed within the context of the specific environment in which the City operates.

The economic outlook for the City of Glenn Heights includes projections for future land use that will guide the development of specific areas in the community, aligning with the objectives of the new comprehensive plan. This plan emphasizes preferred development strategies that will shape the community's landscape according to anticipated land use needs.

The future land use requirements for housing have materialized through multiple new subdivision developments. This surge in subdivision development has led to a 33 percent increase in taxable values, making Glenn Heights one of the fastest-growing communities in both Dallas and Ellis counties. New homes, starting at \$450,000, have attracted many young families to this thriving 7.1-square-mile suburb. Consequently, the average residential market value has risen by 11 percent within just one year.

In conjunction with ongoing housing developments, the City has initiated a plan for higher-density developments aimed at attracting more retail establishments to the area. Furthermore, the vision includes plans for additional usable open spaces that connect pedestrians with local businesses and parks. The concept of mixed-use developments, incorporating multi-family residential buildings alongside neighborhood retail and open space amenities, aligns with the overall vision for future land use.

The City of Glenn Heights has experienced an 11 percent growth rate in property tax revenue, reflecting the increase in taxable values. This trend positively impacts the community's financial position, enabling it to keep pace with rising costs for public services.

The Glenn Heights community plans to invest in its infrastructure, focusing on major roadways. The Texas Department of Transportation (TXDOT) is scheduled to widen E Bear Creek Rd from a two-lane road to four lanes, complete with curbs, gutters, and sidewalks to enhance pedestrian safety. The project is expected to begin by 2028.

In 2023, the Council approved new water and wastewater rates based on a Cost-of-Service study conducted by NewGen Strategies & Solutions. The need for an increase in these rates was justified to keep up with the rising costs from wholesale water and wastewater suppliers. The adjustments will generate approximately \$9 million in revenue to cover essential needs for the upcoming 2023-24 fiscal year.



As the community continues to grow with new housing developments and an increased focus on density and retail, there may be impacts on service levels. The population is expected to reach 30,000 by the next census, and service costs may not continue at the same rate in 2023. Therefore, the City of Glenn Heights will need to diversify its revenue sources, which currently depend primarily on property taxes that make up 55 percent of the total general fund revenue. A commercially driven approach to generate more sales tax revenue, along with permits and licenses, will help reduce reliance on property taxes in the near future.

The City

The ability to diversify and expand the City's tax revenue base will significantly influence the economic outlook for both the current and future fiscal years. One major challenge is identifying available funding sources. For instance, one cent of the City sales tax is allocated to fund mass public transportation initiatives (such as Dallas Area Rapid Transit), which limits the funds available for other special service programs. Therefore, long-term financial planning will be essential to achieving goals related to economic development and infrastructure sustainability.

To address these challenges, the City of Glenn Heights will collaborate closely with partners like DART to coordinate planned developments that promote increased commercial activity and enhance public transportation options. This collaboration will also involve working more closely with both the DeSoto and Red Oak school districts to provide quality services that benefit both students and the broader community.

These quality services aim to utilize future developments to generate revenue for constructing new parks, developing linear trails, reconstructing streets, and maintaining utility systems. The strategy to increase revenue will enable the City to allocate funds effectively for key developments, reducing reliance on debt.

The City of Glenn Heights maintains sufficient cash reserves and unassigned fund balances/unrestricted net assets in both its general and utility funds to meet its comprehensive fund balance policy while providing quality services to its residents.

Overall, general financial conditions are projected to continue meeting fund reserve requirements as primary revenue sources show modest but 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,

Sherry Roberts

Sherry Roberts, CGFO
Director of Finance

CITY OF GLENN HEIGHTS, TEXAS

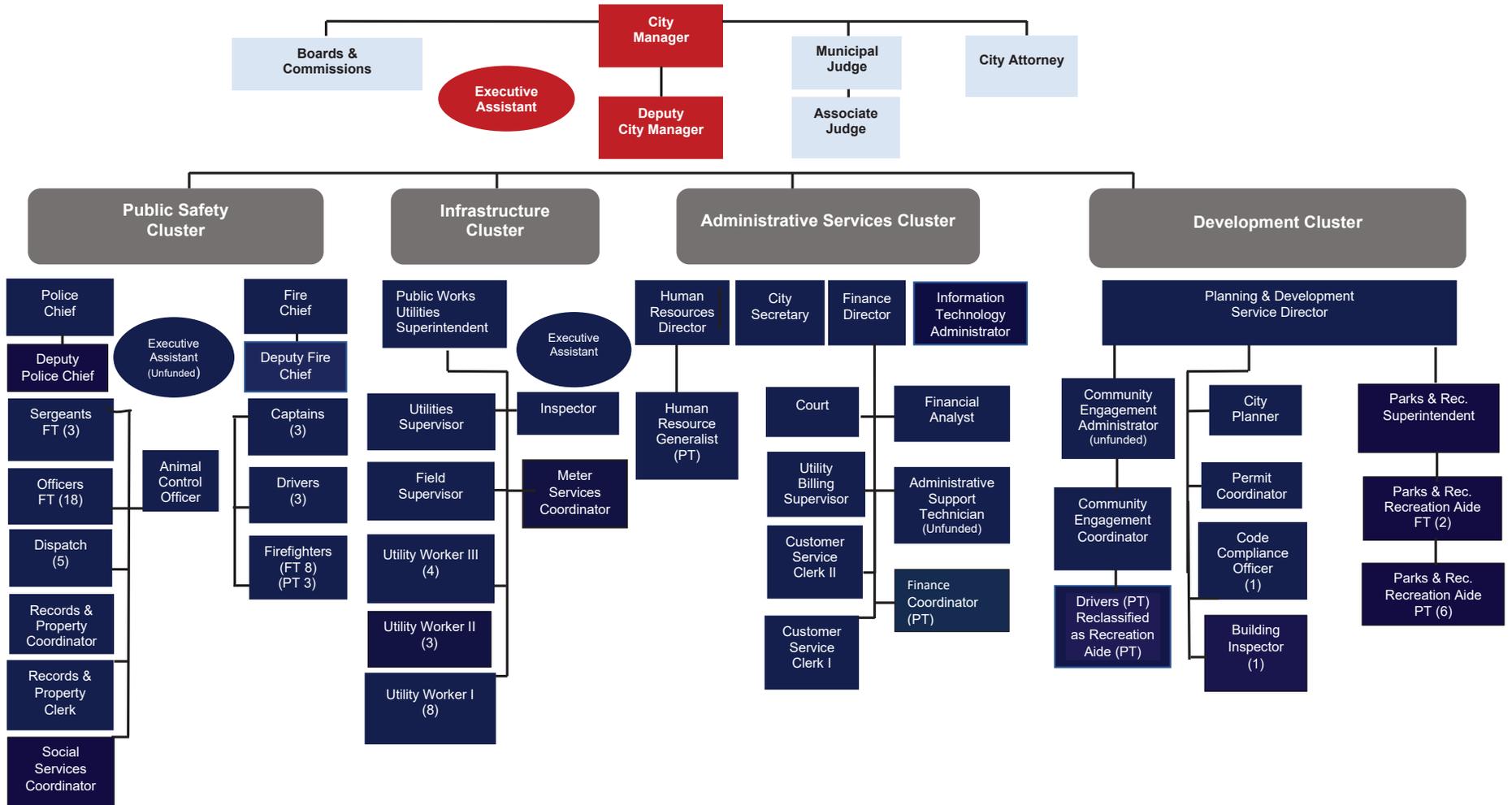
PRINCIPAL OFFICIALS

SEPTEMBER 30, 2023

Mayor	Sonja A. Brown
Mayor Pro Tem	Harry A. Garrett
Place 1	Sherron Mosley
Place 3	Travis Bruton
Place 4	Stephanne Hale
Place 5	Laymon M. Lightfoot
Place 6	Cornel Benford II

Citizens of Glenn Heights

Mayor and City Council



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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024, 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
December 17, 2024

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**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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Management's Discussion and Analysis

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

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2023, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$55,819,734 (net position). Of this amount, \$21,971,711 (or 39.4%) was unrestricted.
- For the fiscal year ended September 30, 2023, net position increased by \$3,727,167. In fiscal year 2022 the increase was \$6,102,561. The increase in fiscal year 2023 is primarily due to increased revenue for charges for services, property taxes and sales taxes.
- At fiscal year-end, the City's governmental funds reported combined ending fund balances of \$25,371,933, of which \$8,377,242 (or 33.0%) was available for spending at the City's discretion (unassigned and assigned).
- The City's long-term liabilities decreased by \$1,239,219. 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 \$55,819,734.

The largest portion of the City's net position, \$25,127,278 or 45.0%, 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, \$8,720,745 or 15.6%, 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, \$21,971,711 or 39.4%, 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 30,927,517	\$ 32,267,423	\$ 7,170,811	\$ 7,283,619	\$ 38,098,328	\$ 39,551,042
Capital assets	<u>26,185,751</u>	<u>24,691,135</u>	<u>12,582,509</u>	<u>13,029,711</u>	<u>38,768,260</u>	<u>37,720,846</u>
Total assets	<u>57,113,268</u>	<u>56,958,558</u>	<u>19,753,320</u>	<u>20,313,330</u>	<u>76,866,588</u>	<u>77,271,888</u>
Total deferred outflows of resources	<u>954,467</u>	<u>158,231</u>	<u>110,458</u>	<u>16,618</u>	<u>1,064,925</u>	<u>174,849</u>
Current liabilities	4,456,532	5,593,619	962,224	992,314	5,418,756	6,585,933
Long-term liabilities	<u>14,039,654</u>	<u>15,180,499</u>	<u>2,514,735</u>	<u>2,684,747</u>	<u>16,554,389</u>	<u>17,865,246</u>
Total liabilities	<u>18,496,186</u>	<u>20,774,118</u>	<u>3,476,959</u>	<u>3,677,061</u>	<u>21,973,145</u>	<u>24,451,179</u>
Total deferred inflows of resources	<u>134,253</u>	<u>786,071</u>	<u>4,381</u>	<u>116,920</u>	<u>138,634</u>	<u>902,991</u>
Net investment in capital assets	15,026,282	13,096,710	10,100,996	10,387,688	25,127,278	23,484,398
Restricted	5,406,624	5,026,756	3,314,121	3,057,948	8,720,745	8,084,704
Unrestricted	<u>19,004,390</u>	<u>17,433,134</u>	<u>2,967,321</u>	<u>3,090,331</u>	<u>21,971,711</u>	<u>20,523,465</u>
Total net position	<u>\$ 39,437,296</u>	<u>\$ 35,556,600</u>	<u>\$ 16,382,438</u>	<u>\$ 16,535,967</u>	<u>\$ 55,819,734</u>	<u>\$ 52,092,567</u>

The following table provides a summary of the City's operations for the year ended September 30, 2023. Overall, the City had an increase in net position of \$3,727,167. This increase is attributable to the governmental activities for \$3,880,696 and business-type activities for -\$153,529. Revenues for business-type activities increased by \$27,920. Revenue associated with governmental activities decreased by \$1,824,322. Significant variances in governmental activities revenues include the following.

- \$1,004,084 increase in property tax revenue,
- \$51,541 increase in operation grants and contributions,
- \$1,257,406 increase in charges for services,
- \$714,894 decrease in investment earnings.

Total expenses for governmental activities increased by \$2,613,562, and total expenses for the City's business-type activities increased by \$1,614,074 when compared to 2022. Expenses for governmental activities and business-type activities in fiscal year 2023 compared to fiscal year 2022 are due to numerous factors.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,908,535	\$ 3,631,144	\$ 9,014,316	\$ 8,755,263	\$ 12,922,851	\$ 12,386,407
Operating grants & contributions	176,352	240,508	-	-	176,352	240,508
Capital grants & contributions	12,293	-	476,818	774,433	489,111	774,433
General revenues:						
Property taxes	8,934,919	8,319,739	-	-	8,934,919	8,319,739
Sales taxes	1,131,746	1,015,376	-	-	1,131,746	1,015,376
Franchise fees	731,228	622,997	-	-	731,228	622,997
Investment earnings	848,061	146,652	69,582	3,100	917,643	149,752
Miscellaneous	41,227	86,986	-	-	41,227	86,986
Gain on sale of capital assets	103,363	-	-	-	103,363	-
Total revenues	<u>15,887,724</u>	<u>14,063,402</u>	<u>9,560,716</u>	<u>9,532,796</u>	<u>25,448,440</u>	<u>23,596,198</u>
Expenses:						
General government	2,820,998	2,131,380	-	-	2,820,998	2,131,380
Public safety	5,715,827	4,220,503	-	-	5,715,827	4,220,503
Development services	2,229,395	2,128,107	-	-	2,229,395	2,128,107
Parks and recreation	885,500	360,504	-	-	885,500	360,504
Economic development	67,717	7,907	-	-	67,717	7,907
Interest and fiscal charges	324,366	581,840	-	-	324,366	581,840
Water, sewer, and drainage	-	-	9,677,470	8,063,396	9,677,470	8,063,396
Total expenses	<u>12,043,803</u>	<u>9,430,241</u>	<u>9,677,470</u>	<u>8,063,396</u>	<u>21,721,273</u>	<u>17,493,637</u>
Increase (decrease) in net position before transfers	<u>3,843,921</u>	<u>4,633,161</u>	<u>(116,754)</u>	<u>1,469,400</u>	<u>3,727,167</u>	<u>6,102,561</u>
Transfers	<u>36,775</u>	<u>330,003</u>	<u>(36,775)</u>	<u>(330,003)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>3,880,696</u>	<u>4,963,164</u>	<u>(153,529)</u>	<u>1,139,397</u>	<u>3,727,167</u>	<u>6,102,561</u>
Net position, beginning	<u>35,556,600</u>	<u>30,593,436</u>	<u>16,535,967</u>	<u>15,396,570</u>	<u>52,092,567</u>	<u>45,990,006</u>
Net position, ending	<u>\$ 39,437,296</u>	<u>\$ 35,556,600</u>	<u>\$ 16,382,438</u>	<u>\$ 16,535,967</u>	<u>\$ 55,819,734</u>	<u>\$ 52,092,567</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 \$25,371,933. Approximately 35.1% 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 \$8,541,761, while total fund balance was \$8,546,915. 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 79.1% of total General Fund expenditures. The net decrease in fund balance during the current year in the General Fund was \$1,541,437. 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 \$0.641088 to \$0.636542 in the current fiscal year. The tax assessed values increased, therefore, M&O tax revenues decreased by \$1,677,273 as compared against prior year.
- Licenses and permit fees decreased by \$689,020, primarily due to large development activity within the City in prior year.

- Sales and use taxes and fines and forfeitures had an increase \$186,820 over the prior year as a result of increases in sales taxes and court fines receipts.
- General fund expenditures decreased by \$2,813,768 due to an increase in salary expenses related to budgeted raises for employees and capital related expenditures for public safety.

The Debt Service Fund had a net decrease of \$16,070. Property taxes increased \$81,377 due to debt service payments slightly exceeding property tax revenues. The debt service rate decreased from \$0.163342 to \$0.132604 in the current year.

The Capital Project Fund had a net increase of -\$599,544. Expenditures exceeded intergovernmental and investment earnings.

The majority of revenues for the City's governmental funds are generated from taxes (69.4%), licenses and permits (7.9%), and charges for services (13.1%). The remainder (9.5%) 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 Wastewater and Drainage funds at the end of the year amounted to \$1,826,575 and \$1,140,746, respectively. The net position of the Water and Wastewater fund increased by - \$339,559 while the net position of the Drainage fund increased by \$186,030. 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 in the required supplementary information.

City policy requires the General unassigned fund balance to reflect no less than 60 days of General Fund expenditures. At September 30, 2023, unassigned General fund balance reflected 291 days of total General Fund expenditures.

CAPITAL ASSETS

As of September 30, 2023, the City had invested \$38,768,260 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.

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 901,893	\$ 901,893	\$ 35,161	\$ 35,161	\$ 937,054	\$ 937,054
Construction in progress	15,181,621	14,559,241	3,694,543	3,744,817	18,876,164	18,304,058
Buildings	829,956	829,956	295,699	295,701	1,125,655	1,125,657
Improvements	1,033,552	1,047,552	-	-	1,033,552	1,047,552
Infrastructure	10,083,012	8,849,767	16,334,112	16,334,111	26,417,124	25,183,878
Vehicles	2,621,905	2,358,227	437,712	656,028	3,059,617	3,014,255
Equipment	2,827,438	2,702,420	1,302,404	1,557,790	4,129,842	4,260,210
Less accumulated depreciation	(7,293,626)	(6,557,921)	(9,517,122)	(9,593,897)	(16,810,748)	(16,151,818)
Totals	<u>\$ 26,185,751</u>	<u>\$ 24,691,135</u>	<u>\$ 12,582,509</u>	<u>\$ 13,029,711</u>	<u>\$ 38,768,260</u>	<u>\$ 37,720,846</u>

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

- Construction in progress including City Hall Complex, Community Center, Public Safety Building: \$933,728,
- Street and Street Improvements – Streets rehabilitation and construction: \$802,000,
- Equipment- Heart monitors and Ford vehicles \$378,109

DEBT ADMINISTRATION

At year-end, the City had \$16,398,792 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.

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Certificates of obligation	\$ 910,000	\$ 1,140,000	\$ -	\$ -	\$ 910,000	\$ 1,140,000
General obligation bonds	10,985,000	11,635,000	-	-	10,985,000	11,635,000
Premium on debt	921,119	991,975	-	-	921,119	991,975
Notes payable	481,464	571,346	2,481,513	2,642,023	2,962,977	3,213,369
Leases payable	259,541	328,799	-	-	259,541	328,799
Compensated absences payable	326,933	286,144	33,222	42,724	360,155	328,868
Totals	<u>\$ 13,884,057</u>	<u>\$ 14,953,264</u>	<u>\$ 2,514,735</u>	<u>\$ 2,684,747</u>	<u>\$ 16,398,792</u>	<u>\$ 17,638,011</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 stable growth and remains optimistic that existing properties will continue to appreciate. In fiscal year 2022, the City’s net taxable property values increased approximately 27.3% from \$1,069,006,008 in fiscal year 2022 to \$1,361,094,221 in fiscal year 2023. The City’s total property tax rate decreased from \$0.769146/100 to \$0.632211/100, the City’s I&S tax decreased from \$0.132604/100 to \$0.0099565/100, and the City’s M&O tax rate decreased from \$0.636542/100 to \$0.532646/100.

In fiscal year 2023 the City’s property values are expected to continue to increase. In large part because of the ongoing housing 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 29,258,652	\$ 1,403,533	\$ 30,662,185
Cash and cash equivalents-restricted	-	4,104,091	4,104,091
Receivables, net	1,274,609	1,615,952	2,890,561
Inventory	3,906	-	3,906
Prepaid expenses	1,248	344	1,592
Net pension asset	389,102	46,891	435,993
Capital assets:			
Non-depreciable	16,083,514	3,729,704	19,813,218
Depreciable, net	<u>10,102,237</u>	<u>8,852,805</u>	<u>18,955,042</u>
Total assets	<u>57,113,268</u>	<u>19,753,320</u>	<u>76,866,588</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	916,584	110,458	1,027,042
OPEB related	<u>37,883</u>	-	<u>37,883</u>
Total deferred outflows	<u>954,467</u>	<u>110,458</u>	<u>1,064,925</u>
LIABILITIES			
Accounts payable	303,426	82,870	386,296
Accrued liabilities	152,778	31,755	184,533
Accrued interest	96,895	42,741	139,636
Unearned revenue	3,448,899	-	3,448,899
Customer deposits	2,140	755,825	757,965
Retainage payable	452,394	49,033	501,427
Noncurrent liabilities:			
Due within one year			
Long-term debt	1,158,441	172,744	1,331,185
Total OPEB liability - SDBF	2,583	-	2,583
Due in more than one year			
Long-term debt	12,725,616	2,341,991	15,067,607
Total OPEB liability - SDBF	<u>153,014</u>	<u>-</u>	<u>153,014</u>
Total liabilities	<u>18,496,186</u>	<u>3,476,959</u>	<u>21,973,145</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	36,354	4,381	40,735
OPEB related	<u>97,899</u>	-	<u>97,899</u>
Total deferred inflows	<u>134,253</u>	<u>4,381</u>	<u>138,634</u>
NET POSITION			
Net investment in capital assets	15,026,282	10,100,996	25,127,278
Restricted for:			
Debt service	70,862	-	70,862
Municipal court	14,564	-	14,564
Street improvements	1,752,065	-	1,752,065
Public safety	248,449	-	248,449
Parks	1,482,206	-	1,482,206
Housing	1,838,478	-	1,838,478
Water and sewer improvements	-	3,314,121	3,314,121
Unrestricted	<u>19,004,390</u>	<u>2,967,321</u>	<u>21,971,711</u>
Total net position	<u>\$ 39,437,296</u>	<u>\$ 16,382,438</u>	<u>\$ 55,819,734</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Primary Government:</u>				
Governmental activities:				
General government	\$ 2,820,998	\$ 418,702	\$ 52,813	\$ 12,293
Public safety	5,715,827	511,438	123,539	-
Development services	2,229,395	2,711,400	-	-
Parks and recreation	885,500	266,995	-	-
Economic development	67,717	-	-	-
Interest and fiscal charges	324,366	-	-	-
Total governmental activities	<u>12,043,803</u>	<u>3,908,535</u>	<u>176,352</u>	<u>12,293</u>
<u>Business-type activities:</u>				
Water and wastewater	9,445,109	8,590,130	-	476,818
Drainage	232,361	424,186	-	-
Total business-type activities	<u>9,677,470</u>	<u>9,014,316</u>	<u>-</u>	<u>476,818</u>
Total primary government	<u>\$ 21,721,273</u>	<u>\$ 12,922,851</u>	<u>\$ 176,352</u>	<u>\$ 489,111</u>
General revenues:				
Taxes:				
Property				
Sales				
Franchise				
Investment earnings				
Gain on sale of capital assets				
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

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,337,190)	\$ -	\$ (2,337,190)
(5,080,850)	-	(5,080,850)
482,005	-	482,005
(618,505)	-	(618,505)
(67,717)	-	(67,717)
<u>(324,366)</u>	<u>-</u>	<u>(324,366)</u>
<u>(7,946,623)</u>	<u>-</u>	<u>(7,946,623)</u>
-	(378,161)	(378,161)
<u>-</u>	<u>191,825</u>	<u>191,825</u>
<u>-</u>	<u>(186,336)</u>	<u>(186,336)</u>
<u>(7,946,623)</u>	<u>(186,336)</u>	<u>(8,132,959)</u>
8,934,919	-	8,934,919
1,131,746	-	1,131,746
731,228	-	731,228
848,061	69,582	917,643
103,363	-	103,363
41,227	-	41,227
<u>36,775</u>	<u>(36,775)</u>	<u>-</u>
11,827,319	32,807	11,860,126
3,880,696	(153,529)	3,727,167
<u>35,556,600</u>	<u>16,535,967</u>	<u>52,092,567</u>
<u>\$ 39,437,296</u>	<u>\$ 16,382,438</u>	<u>\$ 55,819,734</u>

CITY OF GLENN HEIGHTS, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	General	Capital Projects	Debt Service
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 8,374,149	\$ 11,634,160	\$ 72,195
Receivables, net:			
Taxes	329,790	-	27,486
Accounts	519,201	-	-
Court fines	390,684	-	-
Inventory	3,906	-	-
Due from other funds	167,395	-	-
Prepaid items	1,248	-	-
Total assets	<u>9,786,373</u>	<u>11,634,160</u>	<u>99,681</u>
LIABILITIES			
Accounts payable	297,926	-	5,500
Customer deposits	2,140		
Retainage payable	-	452,394	-
Accrued liabilities	152,778	-	-
Due to other funds	-	-	-
Unearned revenue	5,209	127,139	-
Total liabilities	<u>458,053</u>	<u>579,533</u>	<u>5,500</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	114,282	-	25,440
Unavailable revenue - court fines	390,683	-	-
Unavailable revenue - ambulance	276,440	-	-
Total deferred inflows of resources	<u>781,405</u>	<u>-</u>	<u>25,440</u>
FUND BALANCES			
Nonspendable:			
Prepaid item	1,248	-	-
Inventory	3,906	-	-
Restricted for:			
Public safety	-	-	-
Debt service	-	-	68,741
Municipal court	-	-	-
Capital projects	-	2,397,655	-
Street improvements	-	-	-
Park improvements	-	-	-
Housing	-	-	-
Committed for:			
Capital projects	-	8,656,972	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	8,541,761	-	-
Total fund balances	<u>8,546,915</u>	<u>11,054,627</u>	<u>68,741</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,786,373</u>	<u>\$ 11,634,160</u>	<u>\$ 99,681</u>

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

American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,347,863	\$ 5,830,285	\$ 29,258,652
-	-	357,276
-	7,448	526,649
-	-	390,684
-	-	3,906
-	-	167,395
-	-	1,248
<u>3,347,863</u>	<u>5,837,733</u>	<u>30,705,810</u>
-	-	303,426
-	-	2,140
-	-	452,394
-	-	152,778
-	167,395	167,395
<u>3,316,551</u>	<u>-</u>	<u>3,448,899</u>
<u>3,316,551</u>	<u>167,395</u>	<u>4,527,032</u>
-	-	139,722
-	-	390,683
<u>-</u>	<u>-</u>	<u>276,440</u>
<u>-</u>	<u>-</u>	<u>806,845</u>
-	-	1,248
-	-	3,906
31,312	217,137	248,449
-	-	68,741
-	14,564	14,564
-	-	2,397,655
-	1,752,065	1,752,065
-	1,482,206	1,482,206
-	1,838,478	1,838,478
-	-	8,656,972
-	530,407	530,407
-	(164,519)	8,377,242
<u>31,312</u>	<u>5,670,338</u>	<u>25,371,933</u>
<u>\$ 3,347,863</u>	<u>\$ 5,837,733</u>	<u>\$ 30,705,810</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, 2023

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

Total fund balance governmental funds	\$ 25,371,933
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	26,185,751
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	139,722
Ambulance fees	276,440
Court fines	390,683
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	389,102
Deferred inflows of resources - pension related	(36,354)
Deferred outflows of resources - pension related	916,584
Long-term liabilities, including bonds payable, notes payable, compensated absences, OPEB liabilities and net pension liability, as well as their related deferred inflows/outflows of resources, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	
Bonds payable	(11,895,000)
Notes payable	(481,464)
Issuance premium	(921,119)
Leases payable	(259,541)
Compensated absences	(326,933)
Total OPEB liability - SDBF	(155,597)
Deferred inflows of resources - OPEB SDBF related	(97,899)
Deferred outflows of resources - OPEB SDBF related	37,883
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.	<u>(96,895)</u>
Net position of governmental activities	<u>\$ 39,437,296</u>

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
REVENUES			
Taxes:			
Property	\$ 7,515,752	\$ -	\$ 1,407,904
Franchise	731,228	-	-
Sales	1,131,746	-	-
Licenses and permits	1,233,235	-	-
Fines and forfeitures	233,623	-	-
Charges for services	1,789,591	-	-
Intergovernmental	122,131	7,661	-
Impact fees	-	-	-
Investment earnings	296,869	471,797	4,642
Contributions	-	-	-
Miscellaneous	8,700	-	-
Total revenues	<u>13,062,875</u>	<u>479,458</u>	<u>1,412,546</u>
EXPENDITURES			
Current:			
General government	2,679,314	-	-
Public safety	4,846,906	-	-
Development services	2,101,403	-	-
Parks and recreation	814,888	-	-
Economic development	13,146	-	-
Capital outlay	252,608	559,094	-
Debt service:			
Principal	69,258	-	969,882
Interest and other	23,400	-	458,734
Total expenditures	<u>10,800,923</u>	<u>559,094</u>	<u>1,428,616</u>
Excess (deficiency) of revenue over expenditures	<u>2,261,952</u>	<u>(79,636)</u>	<u>(16,070)</u>
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	32,527	-	-
Sale of capital assets	103,363	-	-
Transfers in	125,775	679,180	-
Transfers out	(982,180)	-	-
Total other financing sources (uses)	<u>(720,515)</u>	<u>679,180</u>	<u>-</u>
Net change in fund balances	1,541,437	599,544	(16,070)
Fund balance - beginning of year	<u>7,005,478</u>	<u>10,455,083</u>	<u>84,811</u>
Fund balance - end of year	<u>\$ 8,546,915</u>	<u>\$ 11,054,627</u>	<u>\$ 68,741</u>

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

American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 8,923,656
-	-	731,228
-	-	1,131,746
-	-	1,233,235
-	10,140	243,763
-	254,124	2,043,715
4,632	1,408	135,832
-	193,170	193,170
31,312	43,441	848,061
-	52,813	52,813
-	-	8,700
<u>35,944</u>	<u>555,096</u>	<u>15,545,919</u>
4,632	-	2,683,946
-	41,314	4,888,220
-	-	2,101,403
-	-	814,888
-	52,915	66,061
-	1,095,524	1,907,226
-	-	1,039,140
-	-	482,134
<u>4,632</u>	<u>1,189,753</u>	<u>13,983,018</u>
<u>31,312</u>	<u>(634,657)</u>	<u>1,562,901</u>
-	-	32,527
-	-	103,363
-	303,000	1,107,955
-	(89,000)	(1,071,180)
-	<u>214,000</u>	<u>172,665</u>
31,312	(420,657)	1,735,566
-	<u>6,090,995</u>	<u>23,636,367</u>
<u>\$ 31,312</u>	<u>\$ 5,670,338</u>	<u>\$ 25,371,933</u>

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CITY OF GLENN HEIGHTS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

Net change in fund balance - total governmental funds	\$ 1,735,566
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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	2,435,760
Depreciation expense	(941,144)

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	11,263
Ambulance fees	124,929
Court fines	69,723

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	(40,789)
Accrued interest	86,912
Net pension asset	(702,207)
Total OPEB liability - SDBF	(9,313)

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.

Payments on bonds	880,000
Payments on leases payable	69,258
Payments on notes payable	89,882
Amortization of premium on bond issuance	<u>70,856</u>

Change in net position of governmental activities	\$ <u>3,880,696</u>
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CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Enterprise Funds		
	Water and Wastewater	Drainage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 340,101	\$ 1,063,432	\$ 1,403,533
Cash and cash equivalents-restricted	4,104,091	-	4,104,091
Accounts receivable, net	1,553,481	62,471	1,615,952
Prepaid items	344	-	344
Total current assets	<u>5,998,017</u>	<u>1,125,903</u>	<u>7,123,920</u>
Noncurrent assets:			
Net pension asset	37,713	9,178	46,891
Capital assets:			
Non-depreciable	3,729,704	-	3,729,704
Depreciable, net	<u>8,724,821</u>	<u>127,984</u>	<u>8,852,805</u>
Total noncurrent assets	<u>12,492,238</u>	<u>137,162</u>	<u>12,629,400</u>
Total assets	<u>18,490,255</u>	<u>1,263,065</u>	<u>19,753,320</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>88,839</u>	<u>21,619</u>	<u>110,458</u>
Total deferred outflows of resources	<u>88,839</u>	<u>21,619</u>	<u>110,458</u>
LIABILITIES			
Current liabilities:			
Accounts payable	78,635	4,235	82,870
Accrued liabilities	27,569	4,186	31,755
Accrued interest	42,741	-	42,741
Retainage payable	49,033	-	49,033
Payable from restricted assets:			
Customer deposits	755,825	-	755,825
Noncurrent liabilities:			
Due within one year:			
Loan payable	164,438	-	164,438
Compensated absences	<u>6,637</u>	<u>1,669</u>	<u>8,306</u>
Total current liabilities	<u>1,124,878</u>	<u>10,090</u>	<u>1,134,968</u>
Due in more than one year:			
Loan payable	2,317,075	-	2,317,075
Compensated absences	<u>19,909</u>	<u>5,007</u>	<u>24,916</u>
Total noncurrent liabilities	<u>2,336,984</u>	<u>5,007</u>	<u>2,341,991</u>
Total liabilities	<u>3,461,862</u>	<u>15,097</u>	<u>3,476,959</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>3,524</u>	<u>857</u>	<u>4,381</u>
Total deferred inflows of resources	<u>3,524</u>	<u>857</u>	<u>4,381</u>
NET POSITION			
Net investment in capital assets	9,973,012	127,984	10,100,996
Restricted for water and sewer improvements	3,314,121	-	3,314,121
Unrestricted	<u>1,826,575</u>	<u>1,140,746</u>	<u>2,967,321</u>
Total net position	<u>\$ 15,113,708</u>	<u>\$ 1,268,730</u>	<u>\$ 16,382,438</u>

CITY OF GLENN HEIGHTS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds		
	Water and Wastewater	Drainage	Total
OPERATING REVENUES			
Charges for services:			
Water sales	\$ 3,956,271	\$ -	\$ 3,956,271
Sewer sales	4,022,808	-	4,022,808
Drainage sales	-	404,556	404,556
Service charges	359,715	19,630	379,345
Water and sewer connections	237,047	-	237,047
Miscellaneous	14,289	-	14,289
Total operating revenues	<u>8,590,130</u>	<u>424,186</u>	<u>9,014,316</u>
OPERATING EXPENSES			
Personnel services	1,020,561	175,102	1,195,663
Supplies	138,430	9,807	148,237
Contractual services	4,144,289	13,826	4,158,115
Waste water treatment	1,967,730	-	1,967,730
Water purchases	1,656,005	-	1,656,005
Depreciation	456,267	33,626	489,893
Total operating expenses	<u>9,383,282</u>	<u>232,361</u>	<u>9,615,643</u>
Operating income (loss)	<u>(793,152)</u>	<u>191,825</u>	<u>(601,327)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	59,602	9,980	69,582
Impact fees	476,818	-	476,818
Interest and other	(61,827)	-	(61,827)
Total nonoperating revenues	<u>474,593</u>	<u>9,980</u>	<u>484,573</u>
Income (loss) before transfers	(318,559)	201,805	(116,754)
TRANSFERS			
Transfers out	(21,000)	(15,775)	(36,775)
Total transfers	<u>(21,000)</u>	<u>(15,775)</u>	<u>(36,775)</u>
Change in net position	(339,559)	186,030	(153,529)
Net position - beginning of year	<u>15,453,267</u>	<u>1,082,700</u>	<u>16,535,967</u>
Net position - end of year	<u>\$ 15,113,708</u>	<u>\$ 1,268,730</u>	<u>\$ 16,382,438</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, 2023

	Enterprise Funds		
	Water and Wastewater	Drainage	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 8,333,329	\$ 422,365	\$ 8,755,694
Payments to suppliers and service providers	(7,985,698)	(7,771)	(7,993,469)
Payments to employees for salaries and benefits	(885,396)	(157,459)	(1,042,855)
Net cash provided (used) by operating activities	<u>(537,765)</u>	<u>257,135</u>	<u>(280,630)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash paid to (from) other funds	<u>(21,000)</u>	<u>(15,775)</u>	<u>(36,775)</u>
Net cash provided (used) by noncapital financing activities	<u>(21,000)</u>	<u>(15,775)</u>	<u>(36,775)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	476,818	-	476,818
Acquisition and construction of capital assets	(42,692)	-	(42,692)
Interest paid on bonds and notes	(64,651)	-	(64,651)
Proceeds from capital-related financing	<u>(160,510)</u>	<u>-</u>	<u>(160,510)</u>
Net cash provided (used) by capital and related financing activities	<u>208,965</u>	<u>-</u>	<u>208,965</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>59,602</u>	<u>9,980</u>	<u>69,582</u>
Net cash provided (used) by investing activities	<u>59,602</u>	<u>9,980</u>	<u>69,582</u>
Net increase (decrease) in cash and cash equivalents	<u>(290,198)</u>	<u>251,340</u>	<u>(38,858)</u>
Cash and cash equivalents - beginning	<u>4,734,390</u>	<u>812,092</u>	<u>5,546,482</u>
Cash and cash equivalents - ending	<u>\$ 4,444,192</u>	<u>\$ 1,063,432</u>	<u>\$ 5,507,624</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, 2023

	Enterprise Funds		
	Water and Wastewater	Drainage	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (793,152)	\$ 191,825	\$ (601,327)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	456,267	33,626	489,893
(Increase) decrease in accounts receivable	(282,096)	(1,821)	(283,917)
(Increase) decrease in due from other funds	-	11,764	11,764
(Increase) decrease in prepaid items	(344)	-	(344)
(Increase) decrease in deferred outflows related to pensions	(74,424)	(19,416)	(93,840)
(Increase) decrease in net pension asset	313,689	44,523	358,212
Increase (decrease) in accounts payable	(78,900)	4,098	(74,802)
Increase (decrease) in accrued liabilities	19,071	3,170	22,241
Increase (decrease) in due to other funds	(11,764)	-	(11,764)
Increase (decrease) in compensated absences	(13,510)	4,008	(9,502)
Increase (decrease) in deferred inflows related to pensions	(97,897)	(14,642)	(112,539)
Increase (decrease) in customer deposits	25,295	-	25,295
Total adjustments	255,387	65,310	320,697
Net cash provided (used) by operating activities	\$ (537,765)	\$ 257,135	\$ (280,630)

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

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CITY OF GLENN HEIGHTS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, and proprietary funds.

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

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.

The American Rescue Plan Act Fund is used to account for expenditures and receipts related to the coronavirus local fiscal recovery fund grant program. The purpose of this grant is to help alleviate the costs incurred by the City as a result of the COVID-19 pandemic.

They City reports the following major proprietary fund:

The Water and Wastewater Fund is used to account for water and sewer 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 met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

Investments

Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

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 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
Right-to-use equipment	3 - 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.

Unearned Revenues

Unearned revenues are reported when cash is received before the related performance or eligibility requirements are met. These relate primarily to the grant funds received in advance for the COVID-19 ARPA grants, which will be recognized in future years to the extent that funds are spent. The City also reports unearned revenues for facility rental payments received before the rental is used.

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 and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Leases

The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

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 of regulations of other governments, of (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

Deficit Fund Balance

As of year end, the Grants fund, Veterans Memorial fund, and Disaster Recovery Fund had deficit unassigned fund balances in the amounts of \$34,146, \$189, and \$130,184. The deficits 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, 2023 the fair value of the City's TexStar investments was \$24,955,830 and the investments have a weighted average maturity of 29 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	Totals
Property taxes	\$ 176,690	\$ 36,673	\$ -	\$ 213,363
Sales taxes	204,817	-	-	204,817
Ambulance	571,353	-	-	571,353
Garbage	268,806	-	-	268,806
Court fines	475,863	-	-	475,863
Other	<u>52,903</u>	<u>-</u>	<u>7,448</u>	<u>60,351</u>
Gross receivables	1,750,432	36,673	7,448	1,794,553
Less: allowance for uncollectibles	<u>(510,757)</u>	<u>(9,187)</u>	<u>-</u>	<u>(519,944)</u>
Total receivables, net	<u>\$ 1,239,675</u>	<u>\$ 27,486</u>	<u>\$ 7,448</u>	<u>\$ 1,274,609</u>

Receivables	Water & Wastewater Fund	Drainage Fund	Totals
Utility fees	\$ 2,016,214	\$ 78,587	\$ 2,094,801
Less: allowance for uncollectibles	<u>(462,733)</u>	<u>(16,116)</u>	<u>(478,849)</u>
Total receivables, net	<u>\$ 1,553,481</u>	<u>\$ 62,471</u>	<u>\$ 1,615,952</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 901,893	\$ -	\$ -	\$ 901,893
Construction in progress	14,559,241	1,053,625	(431,245)	15,181,621
Total capital assets, not being depreciated	15,461,134	1,053,625	(431,245)	16,083,514
Capital assets, being depreciated:				
Buildings	829,956	-	-	829,956
Parks and improvements	1,047,552	-	(14,000)	1,033,552
Infrastructure - streets	8,849,767	1,233,245	-	10,083,012
Vehicles	2,358,227	273,678	(10,000)	2,621,905
Right-to-use equipment	536,744	502	-	537,246
Equipment	2,165,676	305,955	(181,439)	2,290,192
Total capital assets, being depreciated	15,787,922	1,813,380	(205,439)	17,395,863
Less: accumulated depreciation				
Buildings	(228,577)	(30,298)	-	(258,875)
Parks and improvements	(817,907)	(13,190)	14,000	(817,097)
Infrastructure - streets	(2,167,652)	(436,005)	-	(2,603,657)
Vehicles	(1,972,223)	(106,697)	10,000	(2,068,920)
Right-to-use equipment	(230,031)	(147,447)	-	(377,478)
Equipment	(1,141,531)	(207,507)	181,439	(1,167,599)
Total accumulated depreciation	(6,557,921)	(941,144)	205,439	(7,293,626)
Total capital assets being depreciated, net	9,230,001	872,236	-	10,102,237
Governmental activities capital assets, net	<u>\$ 24,691,135</u>	<u>\$ 1,925,861</u>	<u>\$ (431,245)</u>	<u>\$ 26,185,751</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 35,161	\$ -	\$ -	\$ 35,161
Construction in Progress	3,744,820	29,029	(79,306)	3,694,543
Total capital assets, not being depreciated	3,779,981	29,029	(79,306)	3,729,704
Capital assets, being depreciated:				
Buildings	295,699	-	-	295,699
Infrastructure - water	10,230,712	-	-	10,230,712
Infrastructure - sewer	5,842,307	-	-	5,842,307
Infrastructure - drainage	261,093	-	-	261,093
Vehicles	656,028	-	(218,316)	437,712
Equipment	1,557,790	92,968	(348,354)	1,302,404
Total capital assets, being depreciated	18,843,629	92,968	(566,670)	18,369,927
Less: accumulated depreciation				
Buildings	(209,832)	(7,176)	-	(217,008)
Infrastructure - water	(5,132,177)	(229,847)	-	(5,362,024)
Infrastructure - sewer	(2,534,214)	(116,953)	-	(2,651,167)
Infrastructure - drainage	(156,533)	(5,288)	-	(161,821)
Vehicles	(582,483)	(32,498)	218,316	(396,665)
Equipment	(978,660)	(98,131)	348,354	(728,437)
Total accumulated depreciation	(9,593,899)	(489,893)	566,670	(9,517,122)
Total capital assets being depreciated, net	9,249,730	(396,925)	-	8,852,805
Business-Type activities capital assets, net	<u>\$ 13,029,711</u>	<u>\$ (367,896)</u>	<u>\$ (79,306)</u>	<u>\$ 12,582,509</u>

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

Government activities:	
General government	\$ 48,955
Public safety	387,552
Development services	458,121
Parks and recreation	<u>46,516</u>
Total	<u>\$ 941,144</u>
Business-type activities:	
Water and sewer	\$ 456,267
Drainage	<u>33,626</u>
Total	<u>\$ 489,893</u>

D. Interfund Receivables, Payables, and Transfers

The compositions of interfund balances as of September 30, 2023 are as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor governmental funds	General fund	<u>\$ 167,395</u>	Short-term loans

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.

Interfund activity for the year ended September 30, 2023 is as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>	<u>Purpose</u>
Water and wastewater	General fund	\$ 21,000	Payment in lieu of taxes
Drainage	General fund	15,775	Payment in lieu of taxes
Nonmajor governmental	General fund	89,000	Subsidize project
General fund	Nonmajor governmen	303,000	Subsidize project
General fund	Capital projects fund	<u>679,180</u>	Payment in lieu of taxes
Total		<u>\$ 1,107,955</u>	

E. Long-term Debt

Changes in the City's long-term liabilities for the year ended September 30, 2023 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Certificates of obligation debt	\$ 1,140,000	\$ -	\$ (230,000)	\$ 910,000	\$ 240,000
General obligation debt	11,635,000	-	(650,000)	10,985,000	665,000
Premium on debt	991,975	-	(70,855)	921,120	-
Notes payable	571,346	-	(89,882)	481,464	91,597
Leases payable	328,799	-	(69,258)	259,541	80,111
Compensated absences	<u>286,144</u>	<u>244,831</u>	<u>(204,043)</u>	<u>326,932</u>	<u>81,733</u>
Total governmental activities	<u>\$ 14,953,264</u>	<u>\$ 244,831</u>	<u>\$ (1,314,038)</u>	<u>\$ 13,884,057</u>	<u>\$ 1,158,441</u>
<u>Business-type activities:</u>					
Notes payable	\$ 2,642,023	\$ -	\$ (160,510)	\$ 2,481,513	\$ 164,438
Compensated absences	42,724	6,758	(16,260)	33,222	8,306
Total business-type activities	<u>\$ 2,684,747</u>	<u>\$ 6,758</u>	<u>\$ (176,770)</u>	<u>\$ 2,514,735</u>	<u>\$ 172,744</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, 2023 are comprised of the following issues:

Governmental Activities:

2008 Certificates of Obligation, original issue \$2,050,000, dated September 1, 2008, due in annual installments through February 15, 2028, at 4.04% interest.	\$ 680,000
2015 Certificates of Obligation, original issue \$725,000, dated September 10, 2015, due in annual installments through September 30, 2025, at 2.37% interest.	230,000
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>10,985,000</u>
Total	<u>\$ 11,895,000</u>

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

Fiscal Year	Certificates of Obligation		
	Principal	Interest	Total
2024	\$ 240,000	\$ 29,035	\$ 269,035
2025	245,000	21,159	266,159
2026	135,000	14,443	149,443
2027	140,000	8,888	148,888
2028	<u>150,000</u>	<u>3,030</u>	<u>153,030</u>
Total	<u>\$ 910,000</u>	<u>\$ 76,555</u>	<u>\$ 986,555</u>

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

Fiscal Year	General Obligations		
	Principal	Interest	Total
2024	\$ 665,000	\$ 370,575	\$ 1,035,575
2025	690,000	33,670	723,670
2026	710,000	308,800	1,018,800
2027	740,000	287,050	1,027,050
2028	765,000	264,475	1,029,475
2029-2033	4,360,000	948,200	5,308,200
2034-2036	<u>3,055,000</u>	<u>186,100</u>	<u>3,241,100</u>
Total	<u>\$ 10,985,000</u>	<u>\$ 2,398,870</u>	<u>\$ 13,383,870</u>

Notes Payable (Direct Borrowings)

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. In 2021, the City entered into a capital loan agreement in the amount of \$2,800,000, to partially fund an automated meter reader (AMR) project. 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, 2023 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.

\$ 481,464

Business-Type Activities:

2021 Capital Loan Agreement, original issue \$2,800,000, dated January 5, 2021, due in annual installments through January 15, 2036, at 2.45% interest.

\$ 2,481,513

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

Notes Payable - Governmental Activities			
Fiscal Year	Principal	Interest	Total
2024	\$ 91,597	\$ 18,012	\$ 109,609
2025	93,887	14,178	108,065
2026	96,234	10,248	106,482
2027	98,640	6,219	104,859
2028	<u>101,106</u>	<u>2,090</u>	<u>103,196</u>
Total	\$ <u>481,464</u>	\$ <u>50,747</u>	\$ <u>532,211</u>

Notes Payable - Business-type Activities			
Fiscal Year	Principal	Interest	Total
2024	\$ 164,438	\$ 60,723	\$ 225,161
2025	168,462	56,699	225,161
2026	172,584	52,577	225,161
2027	176,807	48,353	225,160
2028	181,134	44,027	225,161
2029-2033	974,363	151,440	1,125,803
2034-2036	<u>643,725</u>	<u>31,758</u>	<u>675,483</u>
Total	\$ <u>2,481,513</u>	\$ <u>445,577</u>	\$ <u>2,927,090</u>

Leases Payable

In fiscal year 2019, the City entered into a 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 the lease is as follows:

Leases Payable			
Fiscal Year	Principal	Interest	Total
2024	\$ 80,111	\$ 12,547	\$ 92,658
2025	84,092	8,566	92,658
2026	<u>95,338</u>	<u>4,387</u>	<u>99,725</u>
Total	\$ <u>259,541</u>	\$ <u>25,500</u>	\$ <u>285,041</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.

F. Defined Benefit Pension Plan – Texas Municipal Retirement System

Plan Description

The City participates as one of 919 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

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	71
Inactive employees entitled to but not yet receiving benefits	138
Active employees	<u>86</u>
Total	<u>295</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 3.69% and 3.29% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$302,266, and were larger than the required contributions.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core fixed income	6.0%	2.00%
Non-core fixed income	20.0%	5.68%
Real estate	12.0%	7.22%
Real return	12.0%	6.85%
Absolute return	5.0%	5.35%
Private equity	10.0%	10.00%
Total	100.0%	

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)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c)
Balance at 12/31/21	\$ 9,049,448	\$ 12,074,865	\$ (3,940,717)
Changes for the year:		-	
Service cost	566,730	-	566,730
Interest	678,483	-	678,483
Changes in Benefit terms	962,823		962,823
Difference between expected and actual experience	(21,550)	-	(21,550)
Contributions - employer	-	167,046	(167,046)
Contributions - employee	-	309,971	(309,971)
Net investment income	-	(881,429)	881,429
Benefit payments, including refunds of employee contributions	(488,075)	(488,075)	-
Administrative expense	-	(7,627)	7,627
Other changes	-	9,101	(9,101)
Net changes	<u>1,698,411</u>	<u>(891,013)</u>	<u>2,589,424</u>
Balance at 12/31/22	<u>\$ 10,747,859</u>	<u>\$ 11,183,852</u>	<u>\$ (435,993)</u>

The net pension liability (asset) 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:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
Net pension liability (asset)	\$ 1,125,102	\$ (435,993)	\$ (1,706,043)

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, 2023, the City recognized pension income of \$183,848. At September 30, 2023, 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	\$ -	\$ 40,735
Difference between projected and actual investment earnings	767,005	-
Contributions subsequent to the measurement date	<u>260,037</u>	<u>-</u>
Total	<u>\$ 1,027,042</u>	<u>\$ 40,735</u>

\$260,037 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 (asset) for the year ending September 30, 2024. 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>	
2024	\$ (919)
2025	183,438
2026	204,454
2027	339,297

G. 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	24
Inactive employees entitled to but not yet receiving benefits	18
Active employees	<u>86</u>
Total	<u><u>128</u></u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.24% for 2023 and 0.13% for 2022, of which 0.06% and 0.05%, 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, 2023 and 2022 were \$2,583 and \$2,502, 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 \$155,597 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Discount rate	4.05
Salary increases	3.50% to 11.50% including inflation

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 107.5% and female rates multiplied by 107.5%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 107.5% and female rates multiplied by 107.5% with a 3-year set-forward for both males and females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

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 4.05% 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, 2021.

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 (4.05%) in measuring the Total OPEB Liability.

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
Total OPEB Liability	\$ 189,971	\$ 155,597	\$ 129,452

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

At September 30, 2023, the City reported a liability of \$155,597 for its Total OPEB Liability. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the City recognized OPEB expense of \$71,638. 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

	<u>Total OPEB Liability</u>
Balance at 12/31/2021	\$ 227,235
Changes for the year:	
Service cost	17,565
Interest	4,319
Difference between expected and actual experience	514
Changes of assumptions	(91,453)
Benefit payments	<u>(2,583)</u>
Net changes	<u>(71,638)</u>
Balance at 12/31/2022	<u>\$ 155,597</u>

At September 30, 2023, 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	\$ 428	\$ 19,425
Changes in actuarial assumptions	34,708	78,474
Contributions subsequent to the measurement date	<u>2,747</u>	<u>-</u>
Total	<u>\$ 37,883</u>	<u>\$ 97,899</u>

\$2,747 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, 2024. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended
September 30,

2024	\$ (10,654)
2025	(9,482)
2026	(11,083)
2027	(16,388)
2028	(15,156)

H. 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.

I. 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 2022 for the purchase of treated water from DUS were \$1,555,628 and payments made for the transportation, treatment, and disposal of wastewater by TRA were \$943,100. 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.

J. 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 2023, the City did not rebate any taxes.

K. 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.

L. Upcoming Accounting Standards

Significant new accounting standards not yet implemented by the City include the following:

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, Compensated Absences – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription- Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

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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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 7,514,642	\$ 7,514,642	\$ 7,515,752	\$ 1,110
Franchise	573,250	573,250	731,228	157,978
Sales	915,000	915,000	1,131,746	216,746
Licenses and permits	1,242,040	1,242,040	1,233,235	(8,805)
Fines and forfeitures	466,000	466,000	233,623	(232,377)
Charges for service	2,621,600	2,666,600	1,789,591	(877,009)
Intergovernmental	-	218,570	122,131	(96,439)
Investment earnings	50,000	50,000	296,869	246,869
Miscellaneous	49,500	2,500	8,700	6,200
Total revenues	<u>13,432,032</u>	<u>13,648,602</u>	<u>13,062,875</u>	<u>(585,727)</u>
EXPENDITURES				
Current:				
General government	2,198,600	2,659,060	2,679,314	(20,254)
Public safety	5,213,335	5,094,275	4,846,906	247,369
Development services	2,342,850	2,343,160	2,101,403	241,757
Parks and recreation	1,074,470	1,019,140	814,888	204,252
Economic development	39,150	36,950	13,146	23,804
Capital outlay	319,730	319,730	252,608	67,122
Debt service:				
Principal	69,270	69,270	69,258	12
Interest and other	23,400	23,400	23,400	-
Total expenditures	<u>11,280,805</u>	<u>11,564,985</u>	<u>10,800,923</u>	<u>764,062</u>
Excess (deficiency) of revenues over expenditures	<u>2,151,227</u>	<u>2,083,617</u>	<u>2,261,952</u>	<u>178,335</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	32,527	32,527
Sale of capital assets	-	2,000	103,363	101,363
Transfers in	344,345	125,775	125,775	-
Transfers out	(982,180)	(982,180)	(982,180)	-
Total other financing sources (uses)	<u>(637,835)</u>	<u>(854,405)</u>	<u>(720,515)</u>	<u>133,890</u>
Net change in fund balances	<u>1,513,392</u>	<u>1,229,212</u>	<u>1,541,437</u>	<u>312,225</u>
Fund balances - beginning of year	<u>7,005,478</u>	<u>7,005,478</u>	<u>7,005,478</u>	<u>-</u>
Fund balances - end of year	<u>\$ 8,518,870</u>	<u>\$ 8,234,690</u>	<u>\$ 8,546,915</u>	<u>\$ 312,225</u>

CITY OF GLENN HEIGHTS, TEXAS

NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2023

BUDGETS AND BUDGETARY ACCOUNTING

Annual operating budgets are adopted on a modified accrual (GAAP) basis for the General Fund, 911 Wireless Fund, and Debt Service Fund. The legal level of budgetary control is the fund. All annual appropriations lapse at fiscal year-end. Budgetary appropriations for the City's Capital Projects Funds are adopted on an individual project basis and extend through project completion. The Glenn Heights Housing Finance Corporation Fund, Municipal Court Technology Fund, Municipal Court Security Fund, Police Seizure Fund, Park Development Fund, Street Impact Fee Fund, Veterans Memorial Fund, ARPA Fund, and Grants Fund did not have an operating budget prepared for the current fiscal year.

The City follows these procedures in establishing the annual operating budgets reflected in the financial statements:

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

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

CITY OF GLENN HEIGHTS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 (asset) - 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 (asset) as a percentage of covered payroll	-12.22%	5.44%	2.85%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 364,021	\$ 444,332	\$ 481,770	\$ 513,565	\$ 530,822	\$ 566,730
544,744	501,823	525,921	554,348	581,835	678,483
-	(946,622)	-	-	-	962,823
(215,283)	(147,753)	(148,894)	(196,474)	(160,409)	(21,550)
-	-	8,911	-	-	-
<u>(419,079)</u>	<u>(426,658)</u>	<u>(493,592)</u>	<u>(431,343)</u>	<u>(514,341)</u>	<u>(488,075)</u>
274,403	(574,878)	374,116	440,096	437,907	1,698,411
<u>8,097,804</u>	<u>8,372,207</u>	<u>7,797,329</u>	<u>8,171,445</u>	<u>8,611,541</u>	<u>9,049,448</u>
<u>\$ 8,372,207</u>	<u>\$ 7,797,329</u>	<u>\$ 8,171,445</u>	<u>\$ 8,611,541</u>	<u>\$ 9,049,448</u>	<u>\$ 10,747,859</u>
\$ 134,627	\$ 146,613	\$ 132,820	\$ 139,033	\$ 177,273	\$ 167,046
225,633	245,036	266,662	283,738	298,774	309,971
1,108,830	(270,920)	1,349,805	757,388	1,397,923	(881,429)
(419,079)	(426,658)	(493,592)	(431,343)	(514,341)	(488,075)
(5,745)	(5,234)	(7,626)	(4,901)	(6,467)	(7,627)
<u>(291)</u>	<u>(273)</u>	<u>(229)</u>	<u>(192)</u>	<u>45</u>	<u>9,101</u>
1,043,975	(311,436)	1,247,840	743,723	1,353,207	(891,013)
<u>7,997,556</u>	<u>9,041,531</u>	<u>8,730,095</u>	<u>9,977,935</u>	<u>10,721,658</u>	<u>12,074,865</u>
<u>\$ 9,041,531</u>	<u>\$ 8,730,095</u>	<u>\$ 9,977,935</u>	<u>\$ 10,721,658</u>	<u>\$ 12,074,865</u>	<u>\$ 11,183,852</u>
<u>\$ (669,324)</u>	<u>\$ (932,766)</u>	<u>\$ (1,806,490)</u>	<u>\$ (2,110,117)</u>	<u>\$ (3,025,417)</u>	<u>\$ (435,993)</u>
107.99%	111.96%	122.11%	124.50%	133.43%	104.06%
\$ 3,760,543	\$ 4,083,937	\$ 4,444,371	\$ 4,678,965	\$ 4,979,572	\$ 5,165,869
-17.80%	-22.84%	-40.65%	-45.10%	-60.76%	-8.44%

CITY OF GLENN HEIGHTS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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%

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 fair value; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
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 generational basis with scale UMP.

Other information There were no benefit changes during the year.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 127,656	\$ 147,381	\$ 130,212	\$ 137,704	\$ 172,818	\$ 177,273	\$ 302,537
<u>133,216</u>	<u>146,684</u>	<u>142,398</u>	<u>137,704</u>	<u>172,818</u>	<u>177,273</u>	<u>411,961</u>
(5,560)	697	(12,186)	-	-	-	(109,424)
3,799,274	3,951,234	4,227,673	4,444,371	5,077,651	5,004,530	5,923,068
3.51%	3.71%	3.37%	3.10%	3.40%	3.54%	6.96%

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, 2023

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 an increase to the discount rate from 1.84% to 4.05%.
- Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.).
- Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	12,768	\$ 14,441	\$ 17,565
	5,006	4,536	4,319
	(6,485)	(17,800)	514
	34,834	7,996	(91,453)
	<u>(1,419)</u>	<u>(2,988)</u>	<u>(2,583)</u>
	44,704	6,185	(71,638)
	<u>176,346</u>	<u>221,050</u>	<u>227,235</u>
	<u>221,050</u>	<u>227,235</u>	<u>155,597</u>
\$	4,728,963	\$ 4,979,572	\$ 5,165,869
	4.67%	4.56%	3.01%

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**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.

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.

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

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

VEHICLE REPLACEMENT FUND – To accumulate resources for the acquisition of vehicles funded by the general fund.

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

GLENN HEIGHTS HOUSING FINANCE CORPORATION FUND – 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, 2023

	Special Revenue				
	Municipal Court Technology	Municipal Court Security	911 Wireless	Police Seizure	Park Development
ASSETS					
Cash and cash equivalents	\$ 14,564	\$ 41,382	\$ 156,775	\$ 11,532	\$ 1,482,206
Accounts receivable	-	-	7,448	-	-
Total assets	<u>14,564</u>	<u>41,382</u>	<u>164,223</u>	<u>11,532</u>	<u>1,482,206</u>
LIABILITIES					
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Public safety	-	41,382	164,223	11,532	-
Municipal court	14,564	-	-	-	-
Street improvements	-	-	-	-	-
Park improvements	-	-	-	-	1,482,206
Housing	-	-	-	-	-
Assigned for:					
Vehicle replacement	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>14,564</u>	<u>41,382</u>	<u>164,223</u>	<u>11,532</u>	<u>1,482,206</u>
Total liabilities and fund balances	<u>\$ 14,564</u>	<u>\$ 41,382</u>	<u>\$ 164,223</u>	<u>\$ 11,532</u>	<u>\$ 1,482,206</u>

Special Revenue			Capital Projects			Total Nonmajor Governmental Funds
Street Impact Fee	Grants	Veterans Memorial	Glenn Heights Housing Finance Corporation	Disaster Recovery Fund	Vehicle Replacement	
\$ 1,752,065	\$ -	\$ 2,876	\$ 1,838,478	\$ -	\$ 530,407	\$ 5,830,285
-	-	-	-	-	-	7,448
<u>1,752,065</u>	<u>-</u>	<u>2,876</u>	<u>1,838,478</u>	<u>-</u>	<u>530,407</u>	<u>5,837,733</u>
-	34,146	3,065	-	130,184	-	167,395
-	<u>34,146</u>	<u>3,065</u>	-	<u>130,184</u>	-	<u>167,395</u>
-	-	-	-	-	-	217,137
-	-	-	-	-	-	14,564
1,752,065	-	-	-	-	-	1,752,065
-	-	-	-	-	-	1,482,206
-	-	-	1,838,478	-	-	1,838,478
-	-	-	-	-	530,407	530,407
-	(34,146)	(189)	-	(130,184)	-	(164,519)
<u>1,752,065</u>	<u>(34,146)</u>	<u>(189)</u>	<u>1,838,478</u>	<u>(130,184)</u>	<u>530,407</u>	<u>5,670,338</u>
<u>\$ 1,752,065</u>	<u>\$ -</u>	<u>\$ 2,876</u>	<u>\$ 1,838,478</u>	<u>\$ -</u>	<u>\$ 530,407</u>	<u>\$ 5,837,733</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, 2023

	Special Revenue				
	Municipal Court Technology	Municipal Court Security	911 Wireless	Police Seizure	Park Development
REVENUES					
Fines and forfeitures	\$ 4,647	\$ 5,493	\$ -	\$ -	\$ -
Charges for services	-	-	92,208	-	161,916
Intergovernmental	-	-	-	-	-
Impact fees	-	-	-	-	-
Investment earnings	132	1,250	1,757	536	15,959
Contributions	-	-	-	-	-
Total revenues	<u>4,779</u>	<u>6,743</u>	<u>93,965</u>	<u>536</u>	<u>177,875</u>
EXPENDITURES					
Current:					
Public Safety	-	-	32,946	-	-
Economic development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>32,946</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>4,779</u>	<u>6,743</u>	<u>61,019</u>	<u>536</u>	<u>177,875</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(20,000)	(69,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(20,000)</u>	<u>(69,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>4,779</u>	<u>(13,257)</u>	<u>(7,981)</u>	<u>536</u>	<u>177,875</u>
Fund balance - beginning of year	<u>9,785</u>	<u>54,639</u>	<u>172,204</u>	<u>10,996</u>	<u>1,304,331</u>
Fund balance - end of year	<u>\$ 14,564</u>	<u>\$ 41,382</u>	<u>\$ 164,223</u>	<u>\$ 11,532</u>	<u>\$ 1,482,206</u>

Special Revenue			Capital Projects			Total Nonmajor Governmental Funds
Street Impact Fee	Grants	Veterans Memorial	Glenn Heights Housing Finance Corporation	Disaster Recovery Fund	Vehicle Replacement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,140
-	-	-	-	-	-	254,124
-	1,408	-	-	-	-	1,408
193,170	-	-	-	-	-	193,170
16,305	-	37	4,692	-	2,773	43,441
-	-	-	52,813	-	-	52,813
<u>209,475</u>	<u>1,408</u>	<u>37</u>	<u>57,505</u>	<u>-</u>	<u>2,773</u>	<u>555,096</u>
-	8,368	-	-	-	-	41,314
-	-	-	52,915	-	-	52,915
<u>821,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,678</u>	<u>1,095,524</u>
<u>821,846</u>	<u>8,368</u>	<u>-</u>	<u>52,915</u>	<u>-</u>	<u>273,678</u>	<u>1,189,753</u>
<u>(612,371)</u>	<u>(6,960)</u>	<u>37</u>	<u>4,590</u>	<u>-</u>	<u>(270,905)</u>	<u>(634,657)</u>
-	-	-	-	-	303,000	303,000
-	-	-	-	-	-	(89,000)
-	-	-	-	-	303,000	214,000
<u>(612,371)</u>	<u>(6,960)</u>	<u>37</u>	<u>4,590</u>	<u>-</u>	<u>32,095</u>	<u>(420,657)</u>
<u>2,364,436</u>	<u>(27,186)</u>	<u>(226)</u>	<u>1,833,888</u>	<u>(130,184)</u>	<u>498,312</u>	<u>6,090,995</u>
<u>\$ 1,752,065</u>	<u>\$ (34,146)</u>	<u>\$ (189)</u>	<u>\$ 1,838,478</u>	<u>\$ (130,184)</u>	<u>\$ 530,407</u>	<u>\$ 5,670,338</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,422,648	\$ 1,422,648	\$ 1,407,904	\$ (14,744)
Investment earnings	-	-	4,642	4,642
Total revenues	<u>1,422,648</u>	<u>1,422,648</u>	<u>1,412,546</u>	<u>(10,102)</u>
EXPENDITURES				
Debt service:				
Principal	969,393	969,393	969,882	(489)
Interest and other charges	<u>453,255</u>	<u>453,255</u>	<u>458,734</u>	<u>(5,479)</u>
Total expenditures	<u>1,422,648</u>	<u>1,422,648</u>	<u>1,428,616</u>	<u>(5,968)</u>
Net change in fund balances	-	-	(16,070)	(16,070)
Fund balances - beginning of year	<u>84,811</u>	<u>84,811</u>	<u>84,811</u>	<u>-</u>
Fund balances - end of year	<u>\$ 84,811</u>	<u>\$ 84,811</u>	<u>\$ 68,741</u>	<u>\$ (16,070)</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 78,500	\$ 78,500	\$ 92,208	\$ 13,708
Investment earnings	-	-	1,757	1,757
Total revenues	<u>78,500</u>	<u>78,500</u>	<u>93,965</u>	<u>15,465</u>
EXPENDITURES				
Current:				
Public safety	-	168,661	32,946	135,715
Capital outlay	<u>250,000</u>	<u>81,839</u>	<u>-</u>	<u>81,839</u>
Total expenditures	<u>250,000</u>	<u>250,500</u>	<u>32,946</u>	<u>217,554</u>
Excess (deficiency) of revenues over expenditures	<u>(171,500)</u>	<u>(172,000)</u>	<u>61,019</u>	<u>233,019</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>-</u>
Net change in fund balances	(240,500)	(241,000)	(7,981)	233,019
Fund balances - beginning of year	<u>172,204</u>	<u>172,204</u>	<u>172,204</u>	<u>-</u>
Fund balances - end of year	<u>\$ (68,296)</u>	<u>\$ (68,796)</u>	<u>\$ 164,223</u>	<u>\$ 233,019</u>

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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.	61 – 70
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.	74 – 76
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.	77 – 82
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.	83 – 84
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.	85 – 92

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

CITY OF GLENN HEIGHTS, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 3,057,623	\$ 3,420,929	\$ 4,562,272	\$ 5,204,571
Restricted	822,641	1,044,381	1,425,617	1,342,294
Unrestricted	<u>2,635,490</u>	<u>3,142,610</u>	<u>3,718,269</u>	<u>7,469,021</u>
Total governmental activities net position	<u>\$ 6,515,754</u>	<u>\$ 7,607,920</u>	<u>\$ 9,706,158</u>	<u>\$ 14,015,886</u>
Business-type Activities				
Net investment in capital assets	\$ 7,796,457	\$ 7,964,475	\$ 7,968,336	\$ 7,855,594
Restricted	361,759	455,065	1,029,083	935,872
Unrestricted	<u>3,728,781</u>	<u>4,330,408</u>	<u>3,377,936</u>	<u>5,240</u>
Total business-type activities net position	<u>\$ 11,886,997</u>	<u>\$ 12,749,948</u>	<u>\$ 12,375,355</u>	<u>\$ 8,796,706</u>
Primary Government				
Net investment in capital assets	\$ 10,854,080	\$ 11,385,404	\$ 12,530,608	\$ 13,060,165
Restricted	1,184,400	1,499,446	2,454,700	2,278,166
Unrestricted	<u>6,364,271</u>	<u>7,473,018</u>	<u>7,096,205</u>	<u>7,474,261</u>
Total primary government net position	<u>\$ 18,402,751</u>	<u>\$ 20,357,868</u>	<u>\$ 22,081,513</u>	<u>\$ 22,812,592</u>

TABLE 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 5,936,599	\$ 6,702,547	\$ 5,308,855	\$ 9,048,730	\$ 19,142,755	\$ 15,026,282
2,239,846	2,877,878	10,879,796	10,366,965	7,086,622	5,406,624
<u>8,650,641</u>	<u>10,589,739</u>	<u>9,143,364</u>	<u>11,177,741</u>	<u>9,327,223</u>	<u>19,004,390</u>
<u>\$ 16,827,086</u>	<u>\$ 20,170,164</u>	<u>\$ 25,332,015</u>	<u>\$ 30,593,436</u>	<u>\$ 35,556,600</u>	<u>\$ 39,437,296</u>
\$ 7,921,771	\$ 8,016,832	\$ 9,235,450	\$ 9,328,791	\$ 10,387,688	\$ 10,100,996
935,873	1,493,141	3,114,284	3,554,912	3,057,948	3,314,121
<u>1,556,532</u>	<u>2,200,129</u>	<u>1,461,751</u>	<u>2,512,867</u>	<u>3,090,331</u>	<u>2,967,321</u>
<u>\$ 10,414,176</u>	<u>\$ 11,710,102</u>	<u>\$ 13,811,485</u>	<u>\$ 15,395,570</u>	<u>\$ 16,535,967</u>	<u>\$ 16,382,438</u>
\$ 13,858,370	\$ 14,719,379	\$ 14,544,305	\$ 18,377,521	\$ 29,530,443	\$ 25,127,278
3,175,719	4,371,019	13,994,080	13,921,877	10,144,570	8,720,745
<u>10,207,173</u>	<u>12,789,868</u>	<u>10,605,115</u>	<u>13,690,608</u>	<u>12,417,554</u>	<u>21,971,711</u>
<u>\$ 27,241,262</u>	<u>\$ 31,880,266</u>	<u>\$ 39,143,500</u>	<u>\$ 45,990,006</u>	<u>\$ 52,092,567</u>	<u>\$ 55,819,734</u>

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
Government government	\$ 872,399	\$ 1,074,430	\$ 1,423,332	\$ 1,797,957
Public safety	3,166,101	3,075,807	3,433,775	3,507,497
Development services	530,798	718,798	1,242,726	1,828,117
Parks and recreation	256,306	295,728	229,493	289,891
Economic development	-	225	-	98,608
Interest and fiscal charges	150,154	150,994	435,848	483,925
Total governmental activities expenses	<u>4,975,758</u>	<u>5,315,982</u>	<u>6,765,174</u>	<u>8,005,995</u>
Business-type activities:				
Water and sewer	3,927,273	4,366,961	5,405,054	4,837,014
Drainage	177,381	107,722	96,708	182,223
Total business-type activities expenses	<u>4,104,654</u>	<u>4,474,683</u>	<u>5,501,762</u>	<u>5,019,237</u>
Total primary government expenses	<u>\$ 9,080,412</u>	<u>\$ 9,790,665</u>	<u>\$12,266,936</u>	<u>\$13,025,232</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 161,555	\$ 128,996	\$ 268,221	\$ 874,769
Public safety	494,104	510,150	667,125	391,651
Development services	110,794	566,052	1,622,519	793,617
Parks and recreation	18,794	73,559	178,490	30,762
Economic development	-	-	-	-
Operating grants and contributions	128,248	105,567	133,417	53,915
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>\$ 913,495</u>	<u>\$ 1,384,324</u>	<u>\$ 2,869,772</u>	<u>\$ 2,144,714</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,656,527	4,868,772	5,366,787	5,292,082
Drainage	255,740	264,976	279,460	394,761
Capital grants and contributions	51,428	278,367	730,490	120,440
Total business-type activities program revenues	<u>4,963,695</u>	<u>5,412,115</u>	<u>6,376,737</u>	<u>5,807,283</u>
Total primary government program revenues	<u>\$ 5,877,190</u>	<u>\$ 6,796,439</u>	<u>\$ 9,246,509</u>	<u>\$ 7,951,997</u>
Net (expense) revenue				
Governmental activities	\$ (4,062,273)	\$ (3,931,658)	\$ (3,895,402)	\$ (3,895,402)
Business-type activities	<u>859,041</u>	<u>937,432</u>	<u>874,975</u>	<u>874,975</u>
Total primary government net expense	<u>\$ (3,203,232)</u>	<u>\$ (2,994,226)</u>	<u>\$ (3,020,427)</u>	<u>\$ (3,020,427)</u>

TABLE 2

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 1,693,295	\$ 1,661,645	\$ 1,778,859	\$ 1,906,746	\$ 2,131,380	\$ 2,820,998	
3,906,025	3,688,352	4,293,107	4,157,166	4,220,503	5,715,827	
1,869,192	1,816,232	1,775,135	2,053,633	2,128,107	2,229,395	
275,791	308,197	410,719	270,365	360,504	885,500	
10,969	94,631	86,272	5,828	7,907	67,717	
527,847	670,841	560,455	463,362	581,840	324,366	
<u>8,283,119</u>	<u>8,239,898</u>	<u>8,904,547</u>	<u>8,857,100</u>	<u>9,430,241</u>	<u>12,043,803</u>	
5,175,140	5,633,428	6,499,183	6,865,571	7,876,884	9,445,109	
221,728	292,821	310,566	277,613	186,512	232,361	
<u>5,396,868</u>	<u>5,926,249</u>	<u>6,809,749</u>	<u>7,143,184</u>	<u>8,063,396</u>	<u>9,677,470</u>	
\$ <u>13,679,987</u>	\$ <u>14,166,147</u>	\$ <u>15,714,296</u>	\$ <u>1,600,284</u>	\$ <u>17,493,637</u>	\$ <u>21,721,273</u>	
\$ 921,172	\$ 980,597	\$ 1,368,040	\$ 1,054,985	\$ 1,171,626	\$ 418,702	
337,143	292,725	719,312	432,954	555,380	511,438	
1,756,642	1,744,458	2,994,658	2,360,606	1,746,815	2,711,400	
319,183	278,743	195,000	230,020	157,323	266,995	
-	-	-	-	-	-	
35,827	156,819	222,074	188,967	240,508	176,352	
-	-	751,017	-	-	12,293	
\$ <u>3,369,967</u>	\$ <u>3,453,342</u>	\$ <u>6,250,101</u>	\$ <u>4,267,532</u>	\$ <u>3,871,652</u>	\$ <u>4,097,180</u>	
6,064,621	5,906,579	6,447,182	6,697,235	8,358,346	8,590,130	
297,778	316,459	394,310	353,201	396,917	424,186	
<u>726,793</u>	<u>1,279,576</u>	<u>808,383</u>	<u>1,710,410</u>	<u>774,433</u>	<u>476,818</u>	
<u>7,089,192</u>	<u>7,502,614</u>	<u>7,649,875</u>	<u>8,760,846</u>	<u>9,529,696</u>	<u>9,491,134</u>	
\$ <u>10,459,159</u>	\$ <u>10,955,956</u>	\$ <u>13,899,976</u>	\$ <u>13,028,378</u>	\$ <u>13,401,348</u>	\$ <u>13,588,314</u>	
\$ (4,913,152)	\$ (4,786,556)	\$ (2,654,446)	\$ (4,589,568)	\$ (5,558,589)	\$ (7,946,623)	
<u>1,692,324</u>	<u>1,576,365</u>	<u>840,126</u>	<u>1,617,662</u>	<u>1,466,300</u>	<u>(186,336)</u>	
\$ <u>(3,220,828)</u>	\$ <u>(3,210,191)</u>	\$ <u>(1,814,320)</u>	\$ <u>(2,971,906)</u>	\$ <u>(4,092,289)</u>	\$ <u>(8,132,959)</u>	

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property	\$ 3,206,127	\$ 3,237,608	\$ 3,544,884	\$ 4,582,246
Franchise	574,502	678,807	521,335	533,253
Sales and use	457,443	515,847	597,531	635,443
Interest	18,396	21,763	30,614	145,931
Miscellaneous	20,035	21,239	43,393	2,579
Gain on sale	-	-	-	-
Transfers	309,032	162,079	1,255,883	4,271,557
Total governmental activities	<u>\$ 4,585,535</u>	<u>\$ 4,637,343</u>	<u>\$ 5,993,640</u>	<u>\$10,171,009</u>
Business-type activities:				
Interest	2,705	2,194	2,390	2,991
Miscellaneous	5,637	567	3,925	1,871
Transfers	(309,032)	(162,079)	(1,255,883)	(4,271,557)
Total business-type activities	<u>(300,690)</u>	<u>(159,318)</u>	<u>(1,249,568)</u>	<u>(4,266,695)</u>
Total primary government	<u>\$ 4,284,845</u>	<u>\$ 4,478,025</u>	<u>\$ 4,744,072</u>	<u>\$ 5,904,314</u>
Change in Net Position				
Governmental activities	\$ 523,262	\$ 705,685	\$ 2,098,238	\$ 2,098,238
Business-type activities	<u>558,351</u>	<u>778,114</u>	<u>374,593</u>	<u>(374,593)</u>
Total primary government	<u>\$ 1,081,613</u>	<u>\$ 1,483,799</u>	<u>\$ 1,723,645</u>	<u>\$ 1,723,645</u>

TABLE 2

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 5,358,784	\$ 5,827,813	\$ 6,267,189	\$ 7,315,655	\$ 8,319,739	\$ 8,934,919	
597,722	650,581	581,890	484,368	622,997	731,228	
658,609	641,454	827,365	944,926	1,015,376	1,131,746	
283,646	435,332	1,063,512	863,722	146,652	848,061	
218,228	9,566	113,986	205,542	86,986	41,227	
504,920	-	-	-	-	103,363	
102,443	308,123	(1,254,287)	36,776	330,003	36,775	
<u>\$ 7,724,352</u>	<u>\$ 7,872,869</u>	<u>\$ 7,599,655</u>	<u>\$ 9,850,989</u>	<u>\$ 10,521,753</u>	<u>\$ 11,827,319</u>	
27,589	27,684	6,970	4,199	3,100	69,582	
-	-	-	-	-	-	
<u>(102,443)</u>	<u>(308,123)</u>	<u>1,254,287</u>	<u>(36,776)</u>	<u>(330,003)</u>	<u>(36,775)</u>	
<u>(74,854)</u>	<u>(280,439)</u>	<u>1,261,257</u>	<u>(32,577)</u>	<u>(326,903)</u>	<u>32,807</u>	
<u>\$ 7,649,498</u>	<u>\$ 7,592,430</u>	<u>\$ 8,860,912</u>	<u>\$ 9,818,412</u>	<u>\$ 10,194,850</u>	<u>\$ 11,860,126</u>	
\$ 2,811,200	\$ 3,086,313	\$ 4,945,209	\$ 5,261,421	\$ 4,963,164	\$ 3,880,696	
<u>1,617,470</u>	<u>1,295,926</u>	<u>2,101,383</u>	<u>1,585,085</u>	<u>1,139,397</u>	<u>(153,529)</u>	
<u>\$ 4,428,670</u>	<u>\$ 4,382,239</u>	<u>\$ 7,046,592</u>	<u>\$ 6,846,506</u>	<u>\$ 6,102,561</u>	<u>\$ 3,727,167</u>	

CITY OF GLENN HEIGHTS, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable	\$ 44,973	\$ 66,974	\$ 49,735	\$ 10,984
Restricted	-	-	235	235
Assigned	318,026	187,501	-	-
Unassigned	<u>1,944,377</u>	<u>1,987,611</u>	<u>2,321,019</u>	<u>1,496,001</u>
Total general fund	<u>\$ 2,307,376</u>	<u>\$ 2,242,086</u>	<u>\$ 2,370,989</u>	<u>\$ 1,507,220</u>
All other governmental funds				
Nonspendable	\$ -	\$ 1,508	\$ -	\$ -
Assigned	100,000	264,929	615,072	454,331
Restricted	1,445,675	2,376,278	18,635,138	23,017,333
Committed	-	-	-	-
Unassigned	<u>-</u>	<u>(2,012)</u>	<u>(2,692)</u>	<u>(3,824)</u>
Total all other governmental funds	<u>\$ 1,545,675</u>	<u>\$ 2,640,703</u>	<u>\$19,247,518</u>	<u>\$ 23,467,840</u>

TABLE 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 10,152	\$ 155,249	\$ 3,789	\$ 13,812	\$ 219,809	\$ 5,154
235	235	-	-	-	-
-	-	-	-	-	-
<u>1,847,212</u>	<u>3,598,848</u>	<u>6,698,384</u>	<u>9,518,530</u>	<u>6,785,669</u>	<u>8,541,761</u>
<u>\$ 1,857,599</u>	<u>\$ 3,754,332</u>	<u>\$ 6,702,173</u>	<u>\$ 9,532,342</u>	<u>\$ 7,005,478</u>	<u>\$ 8,546,915</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
156,532	155,210	476,571	561,714	498,312	530,407
24,300,647	24,041,328	24,911,131	20,183,052	8,184,262	7,802,158
-	-	-	-	8,105,911	8,656,972
<u>(3,604)</u>	<u>(2,580)</u>	<u>(246)</u>	<u>(172,320)</u>	<u>(157,596)</u>	<u>(164,519)</u>
<u>\$ 24,453,575</u>	<u>\$ 24,193,958</u>	<u>\$ 25,387,456</u>	<u>\$ 20,572,446</u>	<u>\$ 16,630,889</u>	<u>\$ 16,825,018</u>

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes				
Property	\$ 3,138,192	\$ 3,249,251	\$ 3,555,770	\$ 4,651,017
Franchise	574,502	678,807	597,531	635,443
Sales and use	457,443	515,847	521,335	533,253
Licenses and permits	119,470	428,824	1,260,105	737,187
Fines and forfeitures	225,951	233,543	234,595	187,737
Charges for services	405,045	470,664	637,856	1,121,789
Intergovernmental	124,971	98,011	32,613	50,361
Impact fees	19,238	137,228	362,414	56,430
Interest	18,396	21,763	30,614	145,931
Contributions	-	-	101,655	3,854
Other	16,223	15,824	43,005	2,954
Total revenues	<u>5,099,431</u>	<u>5,849,762</u>	<u>7,377,493</u>	<u>8,125,956</u>
Expenditures				
Current:				
General government	860,443	1,069,237	1,400,013	1,758,337
Public safety	3,037,662	3,015,649	3,252,763	3,231,304
Development services	363,567	540,501	1,048,121	1,631,342
Parks and recreation	168,320	213,359	146,799	207,139
Economic development	-	225	-	96,641
Capital outlay	313,096	369,066	563,515	904,059
Debt service				
Principal retirement	405,652	359,649	355,000	645,000
Interest and service charges	155,246	152,535	368,553	567,138
Total Expenditures	<u>5,303,986</u>	<u>5,720,221</u>	<u>7,134,764</u>	<u>9,040,960</u>
Excess of revenues over (under) expenditures	<u>(204,555)</u>	<u>129,541</u>	<u>242,729</u>	<u>(915,004)</u>
Other Financing Sources (Uses)				
Insurance proceeds	43,064	9,135	13,118	-
Sale of capital assets	-	-	-	-
Issuance of long-term debt	-	-	-	13,820,000
Bond premium	-	-	-	1,417,106
Issuance of lease	-	-	725,000	-
Transfer in	454,652	430,073	2,124,087	5,876,493
Transfer out	(145,620)	(267,994)	(868,204)	(1,604,936)
Total other financing sources (uses)	<u>352,096</u>	<u>171,214</u>	<u>1,994,001</u>	<u>19,508,663</u>
Net change in fund balances	<u>\$ 147,541</u>	<u>\$ 300,755</u>	<u>\$ 2,236,730</u>	<u>\$ 18,593,659</u>

TABLE 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 5,368,045	\$ 5,826,989	\$ 6,558,611	\$ 7,327,760	829,125	\$ 8,923,656
658,609	641,454	581,890	484,368	622,997	731,228
597,722	650,581	827,365	944,926	1,015,376	1,131,746
1,244,519	1,169,898	2,601,813	1,922,255	1,446,215	1,233,235
99,725	138,101	190,125	226,005	199,113	243,763
1,442,344	1,538,982	1,511,202	1,626,393	1,735,581	2,043,715
33,723	151,476	947,201	120,880	41,109	135,832
512,123	574,560	402,705	475,807	323,190	193,170
283,646	435,332	1,063,512	863,722	146,652	848,061
2,604	5,343	3,550	450	129,507	52,813
218,090	266,381	127,972	134,183	8,023	8,700
<u>10,461,150</u>	<u>11,399,097</u>	<u>14,815,946</u>	<u>14,126,749</u>	<u>13,959,020</u>	<u>15,545,919</u>
1,600,115	1,753,038	1,741,486	1,921,792	2,155,171	2,683,946
3,643,067	3,872,333	4,130,098	4,120,928	4,274,179	4,888,220
1,680,147	1,637,025	1,503,544	1,802,743	1,839,643	2,101,403
201,094	273,368	376,155	235,961	340,614	814,888
10,205	91,317	86,716	5,501	5,082	66,061
851,927	1,661,107	2,155,488	6,566,667	10,254,602	1,907,226
640,000	690,000	938,219	1,004,929	1,444,563	1,039,140
600,924	745,316	608,112	568,818	522,538	482,134
<u>9,227,479</u>	<u>10,723,504</u>	<u>11,539,818</u>	<u>16,227,439</u>	<u>20,836,392</u>	<u>13,983,018</u>
<u>1,233,671</u>	<u>675,593</u>	<u>3,276,128</u>	<u>(2,100,690)</u>	<u>(6,877,372)</u>	<u>1,562,901</u>
-	-	-	-	-	-
-	-	-	-	-	103,363
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	79,073	78,948	32,527
988,843	721,979	-	319,776	5,944,934	1,107,955
(886,400)	(413,856)	-	(283,000)	(5,614,931)	(1,071,180)
<u>102,443</u>	<u>308,123</u>	<u>-</u>	<u>115,849</u>	<u>408,951</u>	<u>172,665</u>
<u>\$ 1,336,114</u>	<u>\$ 983,716</u>	<u>\$ 3,276,128</u>	<u>\$ (1,984,841)</u>	<u>\$ (6,468,421)</u>	<u>\$ 1,735,566</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
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
2020	2021	787,452,861	21,399,445	18,773,900	14,430,831
2021	2022	1,123,335,603	59,682,720	21,254,510	14,653,491
2022	2023	1,489,927,548	76,798,404	22,381,960	13,588,135

TABLE 5

<u>Inventory</u>	<u>Less: Exempt Property</u>	<u>Total</u>	<u>Total Direct Tax Rate</u>
\$ 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%
26,085,618	(100,291,987)	767,850,668	80.44%
26,114,590	(176,034,906)	1,069,006,008	76.91%
19,710,045	(261,311,871)	1,361,094,221	63.22%

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
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
2020	2021	0.641088	0.163342	0.804430	1.529090	1.359200	0.320194
2021	2022	0.636542	0.132604	0.769146	1.388600	1.325600	0.310708
2022	2023	0.532646	0.099565	0.632211	1.258200	1.291000	0.273001

Source: Dallas County and Ellis County Appraisal Districts

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	0.286000	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
0.030082	0.239740	0.266100	0.124000	0.010000
0.028630	0.227946	0.255000	0.123510	0.010000
0.022866	0.217946	0.235800	0.115899	0.010000

TABLE 7

CITY OF GLENN HEIGHTS, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Glenn Heights Community LLC	\$ 24,675,400	1	2.29%			
Oncor Electric Delivery Co	14,927,874	2	1.39%	\$ 9,385,340	1	2.40%
Bloomfield Homes, LP	9,306,372	3	0.86%			
MPSP TC GH MHC, LLC	8,504,640	4	0.79%			
Hi Ho RV Park, LP	4,674,440	5	0.43%			
TGA SC Glenn Heights, LP	4,437,530	6	0.41%			
Bear Creek Investments, LLC	3,885,290	7	0.36%			
EBLA Investment, LP	3,268,234	8	0.30%			
YAMASA Co. LTD	3,246,332	9	0.30%			
Hilco Electric Cooperative Inc	<u>3,188,495</u>	10	<u>0.30%</u>			
OSO Grande, LP				2,850,000	2	0.73%
Anew Properties				1,612,530	3	0.41%
Margaux Bear Creek				1,610,780	4	0.41%
MAHS Inc				1,500,000	5	0.38%
Stanford David L & Verla				1,477,390	6	0.38%
BCSS LP				1,407,090	7	0.36%
Lana Investments Group, Inc.				1,370,410	8	0.35%
Sullivan Builders				1,326,860	9	0.34%
DMJ Properties, LTD				<u>1,319,424</u>	10	<u>0.34%</u>
Totals	<u>\$ 80,114,607</u>		<u>7.44%</u>	<u>\$ 23,859,824</u>		<u>6.11%</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	Fiscal Year of the Levy			Total Collections to Date		
	Total Tax Levy	Amount	Percentage of Levy	Collections in Subsequent Years ¹	Amount	Percentage of Levy ¹
2014	\$3,126,456	\$3,054,687	97.70%	\$ 72,174	\$ 3,126,861	100.01%
2015	3,264,205	3,195,631	97.90%	69,697	3,265,328	100.03%
2016	3,564,205	3,498,190	98.15%	66,203	3,564,393	100.01%
2017	4,623,740	4,566,499	98.76%	57,586	4,624,085	100.01%
2018	5,263,301	5,225,672	99.29%	35,065	5,260,737	99.95%
2019	5,794,598	5,751,810	99.26%	44,460	5,796,270	100.03%
2020	6,528,791	6,454,090	98.86%	79,876	6,533,966	100.08%
2021	7,282,291	7,236,531	99.37%	18,379	7,254,910	99.62%
2022	8,223,364	8,210,651	99.85%	21,664	8,232,315	100.11%
2023	8,924,186	8,835,209	99.00%	-	8,835,209	99.00%

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	Leases	General Obligation Refunding Bonds	Notes Payable	Leases
2014	\$ -	\$ 3,270,000	\$ -	\$ 34,649	\$ 1,256,453	\$ 47,336	\$ 72,444
2015	-	3,670,000	-	-	1,005,000	-	67,735
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	-	-	-
2021	13,332,830	1,360,000	1,088,204	401,504	-	2,800,000	-
2022	11,635,000	1,140,000	571,346	328,799	-	2,642,023	-
2023	10,320,000	910,000	481,464	326,932	-	2,481,513	-

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

Total Primary Government	Percentage of Personal Income	Per Capita¹
\$ 4,680,882	N/A	398
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
18,982,538	N/A	1,108
16,317,168	N/A	902
14,519,909	N/A	773

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				
2014	\$ 1,256,453	\$ 3,270,000	\$ 4,526,453	\$ 22,422	\$ 4,504,031	1.06%	385
2015	1,005,000	3,670,000	4,675,000	23,390	4,651,610	1.15%	400
2016	13,157,894	3,315,000	16,472,894	34,378	16,438,516	3.70%	1,410
2017	12,703,750	2,940,000	15,643,750	110,852	15,532,898	3.18%	1,268
2018	12,264,605	2,545,000	14,809,605	70,862	14,738,743	2.56%	1,201
2019	14,354,540	2,130,000	16,484,540	129,940	16,354,600	2.64%	1,244
2020	13,863,685	1,695,000	15,558,685	76,032	15,482,653	2.19%	1,076
2021	13,332,830	1,360,000	14,692,830	115,038	14,577,792	1.91%	858
2022	11,635,000	1,140,000	12,775,000	84,811	12,690,189	1.20%	706
2023	10,320,000	910,000	11,230,000	70,862	11,159,138	0.82%	594

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, 2023

<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	\$ 217,675,000	15.29%	\$ 33,283,158
Dallas Co CCD	375,515,000	26.38%	99,051,715
Dallas Co Hosp Dist	543,495,000	38.18%	207,490,648
DeSoto ISD	102,510,078	7.20%	7,381,431
Ellis Co	26,380,000	1.85%	488,829
Red Oak ISD	158,040,000	<u>11.10%</u>	17,544,519
Subtotal - overlapping debt	\$ 1,423,615,078		\$ 365,240,300
City of Glenn Height's direct debt	\$ 14,455,875	<u>100%</u>	<u>\$ 14,519,909</u>
Total direct and overlapping debt			<u>\$ 379,760,209</u>
Total direct and overlapping debt as % of Assessed Value			27.90%
Total direct and overlapping debt per Capita			\$ 20,204

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				
	2014	2015	2016	2017	2018
Tax Rate Limit	\$ 1.500	\$ 1.500	\$ 1.500	\$ 1.500	\$ 1.500
Debt Service Rate	<u>0.116</u>	<u>0.112</u>	<u>0.250</u>	<u>0.253</u>	<u>0.215</u>
Available Tax Rate	\$ <u>1.384</u>	\$ <u>1.388</u>	\$ <u>1.250</u>	\$ <u>1.247</u>	\$ <u>1.285</u>
Percentage of allowable levy used	7.73%	7.74%	7.44%	16.87%	14.31%

Economic Debt Margin Calculation for Fiscal Year 2022

Assessed Value

Economic debt limit indicator (5% of assessed value)

Annual debt requirement applicable to limit:

- General obligation refunding bonds
- Certificates of obligation
- Less amounts restricted for debt service

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				
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1.500	\$ 1.500	\$ 1.500	\$ 2.500	\$ 2.500
<u>0.216</u>	<u>0.184</u>	<u>0.163</u>	<u>0.133</u>	<u>0.099</u>
<u>\$ 1.284</u>	<u>\$ 1.316</u>	<u>\$ 1.337</u>	<u>\$ 2.370</u>	<u>\$ 2.400</u>
14.38%	12.28%	10.87%	5.30%	396.00%
				\$ 1,644,394,310
				82,219,716
			10,985,000	
			910,000	
			<u>70,862</u>	<u>11,965,862</u>
				<u>\$ 70,253,854</u>

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	
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%
2021	17,127	N/A	26,543	32.50	7,926	5,987	4.4%
2022	18,090	N/A	28,366	32.50	7,339	6,287	3.3%
2023	18,793	N/A	31,763	33.60	7,339	6,287	3.8%

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

2023				
Employer	County	Employees	Rank	Industry
Amazon Fulfillment Center	Dallas	1100	N/A	Distribution Centers Wholesale
Sam's Club Distribution Center	Dallas	950	N/A	Distribution Centers Wholesale
Qarbon Aerospace	Ellis	836	N/A	Aerospace Instrument Mfg
Wayfair eFulfillment Center	Dallas	750	N/A	Distribution Centers Wholesale
FFE Transportation	Dallas	539	N/A	Long Distance Freight Trucking
Capital Title	Dallas	418	N/A	Title Abstract Offices
Century 21 Judge Fite Company	Dallas	384	N/A	Real Estate Agents & Managers
United Natural Foods, Inc.	Dallas	350	N/A	Distribution Centers Wholesale
Northrop Grumman	Dallas	321	N/A	Guided Missiles & Space Vehicles Mfg
Georg Fischer Central Plastics LLC - Branch Office Dallas	Dallas	320	N/A	Manufacturing Industries
Walmart Supercenter	Ellis	300	N/A	Department Stores
2014				
Employer	County	Employees	Rank	Industry
Methodist Charlton Medical Center	Dallas	1,000-2,499	N/A	Health Care/social assistance
Swift Transportation	Dallas	1,000-2,499	N/A	Transportation/ warehousing
Wal-Mart Super Center	Ellis	453	N/A	Retail
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: 2022: <https://datav.u.databseusa.com>; 2021: 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				
	2014	2015	2016	2017	2018
Administrative services	6	7	7	7	7
Community services	2	1	1	1	1
Development services	2	2	2	2	2
Police	26	27	27	22	24
Fire	26	25	26	32	36
Financial services	2	2	2	3	3
Municipal services	1	1	1	1	1
Intrastructure	-	-	-	-	-
Total General Fund	<u>65</u>	<u>65</u>	<u>66</u>	<u>68</u>	<u>74</u>
Utility administration	3	3	3	3	3
Water services	10	11	11	14	14
Wastewater services	3	2	2	3	3
Stormwater drainage	<u>1</u>	<u>3</u>	<u>3</u>	<u>10</u>	<u>10</u>
Total Utility Funds	<u>17</u>	<u>19</u>	<u>19</u>	<u>30</u>	<u>30</u>
Total All Funds	<u>82</u>	<u>84</u>	<u>85</u>	<u>98</u>	<u>104</u>

Source: City of Glenn Heights Human Resource Department

TABLE 15

Fiscal Year				
2019	2020	2021	2022	2023
7	6	6	6.5	6.5
2	4	4	5	7
6	5	5	5	5
31	31	29	32	30
19	18	20	17	17
3	3	3	2.5	2.5
1	1	1	1	1
<u>1</u>	<u>6</u>	<u>6</u>	<u>4.5</u>	<u>8</u>
69	74	74	74	77
3	3	3	3	4
12	10	10	9	5
3	2	2	1.5	2
<u>8</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>
<u>26</u>	<u>19</u>	<u>18</u>	<u>18</u>	<u>14</u>
<u>95</u>	<u>92</u>	<u>92</u>	<u>91</u>	<u>91</u>

CITY OF GLENN HEIGHTS, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

<u>Function/Program</u>	Fiscal Year				
	2014	2015	2016	2017	2018
Community services:					
Parks and recreation:					
Total acreage maintained city parks	57	57	57	57	57
Development services:					
Planning:					
Zoning cases	4	4	4	4	6
Plats/replats	5	5	5	5	7
Development contacts	9	9	9	9	11
Building inspections:					
Permits issued	731	1,358	604	604	616
Inspections	1,319	1,302	414	414	422
Emergency services:					
Police administration:					
Administrative calls	840	920	1,011	1,011	1,031
Reports prepared	2,452	2,522	2,682	2,682	2,736
Community relations programs initiated	27	15	15	15	7
Fire administration:					
Fire calls	222	233	329	329	446
EMS calls	961	961	931	931	919
Code enforcement:					
Vehicle related violations	235	N/A	N/A	N/A	N/A
Nuisance violations	691	N/A	N/A	N/A	N/A
Environmental violations	20	N/A	N/A	N/A	N/A
Sign violations	114	N/A	N/A	N/A	N/A
Other ordinance violations	132	N/A	N/A	N/A	N/A
Court summons/citations	80	69	N/A	N/A	N/A
Animal control:					
Animals impounded	119	174	337	337	N/A
Animal registrations	9	9	58	58	N/A
Calls for service	476	520	625	625	N/A
Court summons/citations	7	7	81	81	N/A

TABLE 16

Fiscal Year				
2019	2020	2021	2022	2023
57	57	57	57	57
4	7	7	N/A	N/A
5	9	9	N/A	N/A
13	17	17	N/A	N/A
1,625	1,882	1,882	2,034	N/A
1,614	3,819	3,819	3,069	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
421	461	495	513	582
1,037	1,006	1,273	1,331	1249
215	84	84	2	2
194	139	139	5	5
2	2	2	-	-
12	28	28	-	-
1,240	2,187	2,187	2	2
24	39	39	-	-
N/A	N/A	345	281	334
N/A	N/A	1	N/A	27
N/A	N/A	1,311	1,280	380
N/A	N/A	36	76	84

CITY OF GLENN HEIGHTS, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

<u>Function/Program</u>	Fiscal Year				
	2014	2015	2016	2017	2018
Financial services:					
Finance:					
Accounts payable					
invoices processed	3,824	3,321	2,080	2,080	2,080
Payrolls processed	26	26	26	26	26
Annual budget document	1	1	1	1	1
Monthly financial reports	12	12	12	12	12
Municipal court:					
New cases filed	1,824	2,098	1,850	1,850	N/A
Warrants issued	1,043	1,232	1,150	1,150	N/A
Completed cases	1,515	971	777	777	N/A
Warrants cleared	897	886	840	840	N/A
Utility administration:					
Customers serviced	52,038	53,991	57,492	57,492	58,642
Late notices	12,499	12,513	12,548	12,548	12,799
Cut-offs	1,612	1,648	1,150	1,150	1,173
Municipal services:					
Streets:					
Days of street					
paving or re-paving	29	29	29	29	29
Days of ROW maintenance	30	30	30	30	30
Days of pothole repairs	50	50	50	50	50
Wastewater services:					
Maintain lift					
stations (weekly checks)	52	52	52	52	52

Source: Various City Departments

TABLE 16

Fiscal Year				
2019	2020	2021	2022	2023
4,646	3,854	3,786	4,019	4,019
34	28	34	28	28
1	1	1	1	1
12	12	12	12	12
2,218	2,540	1,984	1,955	1906
N/A	N/A	1,925	1,389	1551
1,519	2,834	2,531	1,757	2025
278	233	1,009	1,122	793
63,017	67,240	67,240	77,816	81,392
12,956	6,523	6,523	11,749	46,798
1,561	1,020	1,020	542	1,154
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	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>	Fiscal Year				
	2014	2015	2016	2017	2018
Public Safety:					
Police stations	1	1	1	1	1
Fire Stations	1	1	1	1	1
Public works:					
Streets - paved (miles)	47	47	47	47	47
Parks and recreation:					
Parks	3	3	3	3	3
Playgrounds	2	2	2	2	2
Water and sewer:					
Water mains (miles)	57	57	57	57	57
Overhead storage tanks	1	1	1	1	1
Ground storage tanks	3	3	3	3	3
Sanitary sewers (miles)	43	43	43	43	43
Number of lift stations	3	3	3	3	3

Source: Various City Departments

TABLE 17

Fiscal Year				
2019	2020	2021	2022	2023
1	1	1	1	1
1	1	1	1	1
47	47	47	47	47
3	3	3	3	3
2	2	2	2	2
57	57	57	57	57
1	1	1	1	1
3	3	3	3	3
43	43	43	43	43
3	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, 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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 19, 2024.

Report on 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 (internal control) as a basis for designing 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 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 and significant deficiencies. However, significant deficiencies and material weaknesses may exist that have not been identified.

OFFICE LOCATIONS

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

Report on Compliance and Other Matters

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

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 City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
December 17, 2024