

CITY OF GLENN HEIGHTS, TEXAS

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2008

Prepared by:

Department of Finance

CITY OF GLENN HEIGHTS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2008

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INTRODUCTORY SECTION

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February 24,2009

The Honorable Mayor, City Council, and the Citizens of the City of Glenn Heights

Chapter 103 of the Texas Municipal Code requires that a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. This statutory requirement is addressed in the City of Glenn Heights (City) financial management plan, which includes the objective that a Comprehensive Annual Financial Report (CAFR) will be prepared by the Finance Department. The Comprehensive Annual Financial Report includes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Comprehensive Annual Financial Report for the City of Glenn Heights, Texas for the fiscal year ended September 30, 2008, is hereby issued.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making representations, the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Pingleton, Howard & Company, P.C., Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2008, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the City

The City of Glenn Heights, Texas, situated predominately in southwest Dallas County, was incorporated as a Texas municipal corporation in 1969. The City lies at the hub on Interstate I35E and Texas FM Road 664. Glenn Heights is a short drive from downtown Dallas and has an estimated population of 12,000 residents. As a municipal corporation, the City is empowered by state statutes to levy a tax on real and business personal property located within the corporate boundaries. Among its additional powers is that of annexation to extend the corporate limits when deemed appropriate.

The City of Glenn Heights is a home rule City operating under a Council/Manager form of government. The City Council is comprised of the Mayor and six Council Members. The Mayor and Council Members are elected at-large to serve three (3) year terms. The City Council is responsible for adopting the annual program of services (budget), appointing committees, employing the City Attorney, City Manager and Municipal Court Judge, as well as enacting ordinances and establishing the tax rate.

The City Manager, appointed by the City Council, is the chief administrative officer for the City, and is responsible for appointing the various department directors, implementing the policies and ordinances adopted by the City Council, and managing the day-to-day operations of the City.

The basic financial statements of the City include all governmental activities, functions, and organizations for which it is financially accountable pursuant to and as defined by the Governmental Accounting Standards Board (GASB). Based on those criteria no other governmental organizations are included in this report.

Services Provided

The City of Glenn Heights is a full service city and provides the following: maintenance of streets and infrastructure; parks and recreation and cultural activities; public safety including emergency management, fire and police; solid waste services through a third party contract; and, water and wastewater distribution systems.

Economic Conditions and Outlook

The City of Glenn Heights benefits from its proximity to the growing Southwest Dallas County region. Known in some circles as the Best Southwest area, it is situated between Interstate 20 and Interstate 35 East. These thoroughfares carry an estimated 93,000 and 81,000 vehicles per day respectively, and are responsible for a burgeoning economic development climate.

Business, commercial and retail opportunities abound in this community where an estimated 68% of the existing land is undeveloped. The proposed Loop 9 will dissect the City virtually in half and will create a new transportation linkage between US Highway 287 and Interstate 20. History suggests that enhanced public access can be a catalyst to development and thereby create expanded opportunities for the future.

Glenn Heights has a good residential base and coupled with its location and easy commuting distance its population has grown by 58% since the last census in 2000. Ultimately the anticipated buildout of the City is an estimated population base of 25,000. Although the housing market has stalled somewhat, there is still plenty of opportunity to develop quality single-family and multi-family housing.

Interstate 35 East is currently being expanded to increase mobility to the central Dallas core and the City of Glenn Heights paid the Texas Department of Transportation to relocate and construct a new exit ramp at Bear Creek Road. This arterial is the main contributor for east-west traffic to Interstate 35. Zoning policies designed to encourage commercial development will benefit from the improved access.

Additionally, the City has developed a new Master Water Plan, Master Wastewater Plan and a Master Drainage Utility Plan. Understanding the need for quality recreation the City has also developed a new Parks, Recreation and Open Space Master Plan. Clearly, the local governing body has determined that a quality vision for Glenn Heights includes effective planning for future growth and enhanced quality of life.

Consequently, a favorable economic climate is predicted now and in the future based on improved transportation and developable land area.

Local Economy

Glenn Heights is a growing community whose best days are ahead of it. In the interest of the local economy, business, commercial and retail development is beginning to occur on a more frequent basis. The improved access to Interstate 35 East is the primary catalyst for this renewed interest. The City has frontage to the Interstate to develop so there is ample opportunity for quality growth.

Given the preponderance of residential housing, it is anticipated that retail development will begin in earnest during the next 12-18 months. That trend line is directly responsible for the urgency to ensure that adequate infrastructure exists to serve the growth now and in the future. Being part of the greater Dallas Urbanized Area has definite advantages related to future development.

Planning for future growth positions this community to benefit economically from the aforementioned assets, ease of access and commitment to infrastructure improvements. Most growing cities understand and appreciate the need to protect their environment and this city is no different. Ultimately it is anticipated that history will judge that Glenn Heights attended to the core development products to ensure a bright future.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities incurred. Accounting records for the City's utilities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annual program of services serves as the foundation of the City's financial planning and control. State law requires the annual program of services to be adopted by the City Council before the start of the fiscal year. The proposed budget must be submitted to the City Secretary no later than thirty (30)

days before the date set for a public hearing by the City Council to consider adoption on the annual program of services.

Prior to adoption, the City Manager and city department directors prepare program expenditure estimates for the remainder of the current fiscal year and for the upcoming fiscal year, and these are compared to estimates of revenue for the same periods. Adjustments are made to the program expenditure and expense estimates as necessary to ensure that the proposed program of services is presented within total estimated income and available beginning fund resources.

The City Manager is authorized to transfer budgeted amounts between line items within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the fund level. Financial reports are produced showing budget and actual expenditures by line item and are distributed monthly to the departmental management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at the position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

A budget-to-actual comparison for the General Fund is provided later in this report.

Debt Management. The City funds its capital program from a combination of current revenues and capital debt. Annual debt service requirements for general obligation debt are well below the statutory legal limit of \$2.50 per \$100 assessed property value.

Cash Management. The City utilizes its investment policy in the management of all cash. The City's investment policy embraces current state regulations on the investment of public funds and authorizes the City to invest in certificates of deposit from the bank depository, direct obligations of the United States Government, obligations of an agency of the United States Government and local government investment pools. State law requires public funds deposits be collateralized. Collateral is monitored to ensure that the market value of the pledged securities equals or exceeds the related deposit or investment balance. All collateral shall be subject to verification by the Finance Director and City's independent auditors.

Tax Appraisal/Collection Responsibilities. Under Texas law enacted in 1979, and subsequent revisions of the State Property Tax Code, the appraised value of taxable property in Glenn Heights is established by the Dallas Central Appraisal District. The City of Glenn Heights and other taxing jurisdictions in Dallas provide a pro-rata share of the budgeted expenditures incurred by the Appraisal District, based on individual levy. The DeSoto Joint Tax Office provides tax collection services for the City.

Risk Management. A city government is constantly exposed to risk of all kinds, including damage to public property and liability resulting from injury to persons and damage to their property. As a means of providing reasonable protection against these risks, the City participates in the Texas Municipal League Joint Self-Insurance Fund for its property loss and liability coverage. As a member of the program, the City is provided the most extensive protection available to Texas cities in the areas of comprehensive general liability, auto liability, losses to municipal building and contents, and for law enforcement and public officials' liability coverage.

Awards. In accordance with the City's financial management plan, the City of Glenn Heights is submitting its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2008 to the Government Finance Officers Association of the United States and Canada (GFOA) to determine its eligibility for the Certificate of Achievement of Financial Reporting.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Glenn Heights, Texas for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This was the first year that the City received this prestigious award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The current comprehensive annual financial report was prepared with the objective of meeting the Certificate of Achievement Program's requirements and is being submitted to GFOA to determine its eligibility for the certificate.

Acknowledgments. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the City. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and City Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Jacqueline L. Lee
City Manager

Patrick J. Harvey
Director of Finance

CITY OF GLENN HEIGHTS
Principal Officials
September 30, 2008

ELECTED OFFICIALS

Clark Choate	Mayor
Kathy Dixon	Mayor Pro-Tem
Mary Ann Chancellor	Council Member
Dan Freeman	Council Member
Chance Harvey	Council Member
Malinda Holley	Council Member
Victor Pereira	Council Member

APPOINTED OFFICIALS

Jacqueline L. Lee	City Manager
Connie Hearne	Assistant to City Manager
Patrick J. Harvey	Director of Finance
Marshall Park	Director of Community Development
Drew Roberts	Director of Municipal Services
Phillip M. Prasifka	Chief of Police
Chris Shook	Fire Chief
Othel Murphree	City Secretary

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas, as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Glenn Heights. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas, at September 30, 2007, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 15 through 21 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Honorable Mayor
and Members of the City Council
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, individual fund schedules, and statistical section, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

February 22, 2008

Management's Discussion and Analysis

As management of the City of Glenn Heights, we offer readers of the City of Glenn Heights' financial statements this narrative overview and analysis of the financial activities of the City of Glenn Heights for the fiscal year ended September 30, 2008. All amounts, unless otherwise indicated, are expressed in actual dollars.

Financial Highlights

- The assets of the City of Glenn Heights exceeded its liabilities at the close of the most recent fiscal year by \$11,488,436 (net assets).
- The government's total net assets decreased by \$(415,246). The decrease is attributable to the cost of street overlays in general government activities, depreciation and bad debt recognition in business-type activities.
- As of the close of the current fiscal year, the City of Glenn Heights governmental funds reported combined ending fund balances of \$5,884,519, an increase of \$2,060,998 in comparison with the prior year. Most of the increase (\$1,305,567) is due to a change in classification of the Impact fees fund from a business-type activity to a general government activity. The remaining increase of \$755,431 is due primarily to the issuance of the 2008 certificate of obligation bonds, utilized for the construction of park, street, water and wastewater projects. Of the total fund balance, \$1,113,269 is available for spending at the government's discretion, \$216 is available for prepaid expenses, \$39,465 is available for debt service, \$1,562,749 is available for general street improvements, \$1,644,238 is available for street, water and wastewater improvements, \$1,282,740 is available for impact fee eligible capital improvements, and \$241,842 is available for park development projects.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,113,269 or 26 percent of total general fund expenditures.
- The City of Glenn Heights long-term debt increased by \$1,904,418 during the current fiscal year. The increase is due to the 2008 certificate of obligation bond sale of \$2,050,000 for the construction of park, street, water and wastewater projects. There was an increase in capital leases in the amount of \$243,241 for the acquisition of public safety vehicles and governmental financial software. Additionally, there was an increase in accrued compensated absences of \$93,726. The long term decreases were due to payments on general government vehicle capital leases of \$75,420, payments on general government financial software lease of \$7,121, payments on business-type activity financial software lease of \$7,122, payments of \$175,000 on general government bonds payable, payments of \$150,000 on business-type bonds payable and compensated absence payments of \$67,886.
- The City of Glenn Heights capital assets increased by \$918,071 during the current fiscal year. The increase in general government capital assets was due to ongoing construction of street improvement projects of \$561,884 (Construction in Progress), the construction of a new fire vehicle garage for \$29,934 (Building), various park improvements of \$214,838, the acquisition of public safety vehicles of \$175,063 (Vehicles) and various items of equipment for \$93,221. The decrease in general government capital assets was depreciation in the amount of \$121,644. The increase in business-type capital assets was due to the ongoing construction of water and wastewater capital projects in the amount of \$178,221, and a \$68,641 increase for the acquisition of financial software (Furniture, fixtures and equipment). The decrease in business-type capital assets was depreciation in the amount of \$282,087.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Glenn Heights' basic financial statements. The City of Glenn Heights' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Glenn Heights that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Glenn Heights include general government, public safety, development services, and recreation. The business-type activities of the City of Glenn Heights include the water and sewer system.

The government-wide financial statements include only the City of Glenn Heights itself (known as the primary government).

The government-wide financial statements can be found on pages 27-29 of this report.

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

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

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

The City of Glenn Heights maintains six governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the 2006 and 2008 capital projects fund, the impact fee fund, and the park development fund, all of which are considered to be major funds.

The City of Glenn Heights adopts an annual appropriated budget for its general fund and debt service fund. Budgetary comparison statements have been provided for the general fund and debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-39 of this report.

Proprietary funds. The City of Glenn Heights maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Glenn Heights uses enterprise funds to account for its Water and Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations, which is considered to be a major fund of the City of Glenn Heights.

The basic proprietary fund financial statements can be found on pages 40-44 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-61 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Glenn Heights, assets exceed liabilities by \$11,488,436 at the close of the most recent fiscal year.

A portion of the City of Glenn Heights' net assets (73 percent) reflects its investment in capital assets (e.g. land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Glenn Heights uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Glenn Heights' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Glenn Heights' net assets (13 percent) represents resources that are subject to external restrictions on how they may be used.

CITY OF GLENN HEIGHTS - Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 6,357,332	4,230,992	838,618	2,308,065	7,195,950	6,539,057
Capital assets	2,394,849	1,441,553	10,181,456	10,216,681	12,576,305	11,658,234
Total assets	8,752,181	5,672,545	11,020,074	12,524,746	19,772,255	18,197,291
Long-term liabilities	5,188,566	3,204,300	2,197,772	2,304,798	7,386,338	5,509,098
Other liabilities	274,545	232,068	622,936	552,443	897,481	784,511
Total liabilities	5,463,111	3,436,368	2,820,708	2,857,241	8,283,819	6,293,609
Net assets:						
Invested in capital assets, net of						
related debt	517,255	(488,126)	7,864,160	7,771,681	8,381,415	7,283,555
Restricted	1,534,590	1,181,533		1,305,567	1,534,590	2,487,120
Unrestricted	1,237,225	1,542,570	335,206	590,257	1,572,431	2,133,007
Total net assets	\$ 3,289,070	2,236,177	8,199,366	9,667,505	11,488,436	11,903,682

CITY OF GLENN HEIGHTS - Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 902,301	608,290	3,615,400	3,605,582	4,517,701	4,213,872
Operating grants and Contributions		2,650	922		922	2,650
Capital grants and Contributions	54,000	272,691		210,673	54,000	483,364
General revenues:						
Property taxes	2,837,191	2,551,558			2,837,191	2,551,558
Other taxes	547,812	539,568			547,812	539,568
Other	97,880	163,215	16,663	84,903	114,543	248,118
Total revenues	4,439,184	4,137,972	3,632,985	3,901,158	8,072,169	8,039,130
Expenses:						
General government	1,296,369	1,388,074			1,296,369	1,388,074
Public Safety	2,209,801	1,797,862			2,209,801	1,797,862
Development Services	822,832	1,725,213			822,832	1,725,213
Recreation	120,652	75,209			120,652	75,209
Interest on long-term debt	153,125	136,848			153,125	136,848
Water & Sewer			3,884,636	3,497,511	3,884,636	3,497,511
Total expenses	4,602,779	5,123,206	3,884,636	3,497,511	8,487,415	8,620,717
Increase/(decrease) in net assets						
before transfers	(163,595)	(985,234)	(251,651)	403,647	(415,256)	(581,587)
Transfers	(89,079)	1,118,477	89,079	(1,118,477)		
Increase(decrease) in net assets	(252,674)	133,243	(162,572)	(714,830)	(415,246)	(581,587)
Net assets - beginning of year	2,236,177	2,102,934	9,667,505	10,382,335	11,903,682	12,485,269
Prior period adjustment	1,305,567		(1,305,567)			
Net Assets - end of year	\$ 3,289,070	2,236,177	8,199,366	9,667,505	11,488,436	11,903,682

Financial Analysis and Budgetary Highlights of City Funds

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

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

At the end of the 2008 fiscal year, the City of Glenn Heights governmental funds reported combined ending fund balances of \$5,884,519, an increase of \$2,060,998 from the prior year. Approximately \$1,305,567 of this increase is due to a change in classification of the Impact Fee fund to the government fund category from a business-type category. Approximately 19% of this total amount is available for spending at the City's discretion. The remainder of fund balance is designated to indicate that it is not available for new spending because it has already been committed 1) to complete capital projects (\$4,731,569), 2) for debt service (\$39,465) and 3) for prepaid expenses (\$216).

The General fund balance of the City of Glenn Heights decreased by \$311,950 during the 2008 fiscal year. Key factors in this decrease are as follows:

- Transfers in from other funds decreased by \$222,778 during the year.
- Total expenditures increased \$768,098, due to replacement of personnel at higher salaries, street overlays, increased calls for service for public safety operations, one time capital outlays for equipment and facilities, and professional consultant expenditures.

The fund balance of the Debt Service fund increased \$39,465 during the 2008 fiscal year. This was due to increased assessed valuations from property taxes offsetting higher debt service expenditures.

The fund balance of the 2006 Bond fund decreased \$503,784 during the 2008 fiscal year. This was due to continuing capital outlays on the Hampton – Bear Creek intersection improvements offsetting interest earned on unspent proceeds of the FY 2006 certificates of obligation.

The fund balance of the 2008 Bond fund increased \$1,644,238 during the 2008 fiscal year. Proceeds and interest earned on the 2008 sale of certificates of obligation exceed capital outlay expenditures for street and water improvements.

The fund balance of the Impact Fee fund decreased \$22,827 during the 2008 fiscal year. Expenditures for the City's contribution to the regional wastewater treatment facility exceeded impact fees collected from developers and interest income.

The fund balance of the Park Development fund decreased \$89,711 during the 2008 fiscal year. Capital outlay expenditures for park facility improvements exceeded fees collected from developers and interest income.

Budgetary Highlights. In the General Fund, the City originally budgeted for a decrease in fund balance of \$390,824, and was amended to provide for a decrease of \$604,519. The reasons for amending the budget were as follows;

- An increase of \$298,312 in the General Administration department for legal consulting, facility repair and maintenance, storage building construction, professional services for impact study and master plan, city hall renovation, park facility improvements and renovations and fence construction.
- An increase of \$68,851 in the Finance department to provide funding for replacement of the Finance Director and the transfer of a clerical position from Municipal Services and for professional consulting services.
- An increase of \$80,741 in the Streets department for the resurfacing of Uhl Road, for vehicle gasoline, equipment repair and maintenance, street sign replacement and equipment rental.
- An increase of \$42,600 in the police department for patrol supplies, vehicle gasoline, small equipment repair and maintenance and the acquisition of ticket writers.

- An increase of \$25,864 in the Human Resources department for the replacement of the department director and for employee relations expenditures.
- An increase of \$19,102 in Municipal Courts for the replacement of staff, for an independent third party review of municipal court operations and for municipal judge arraignment expenditures.
- An increase of \$122,250 in the Fire department for personnel costs to meet minimum manning requirements, ambulance supplies, vehicle gasoline, vehicle repair and maintenance and for the acquisition of a vehicle.
- An increase of \$12,766 in Code Enforcement for personnel costs for additional duties and mowing abatements expenditures.
- An increase of \$41,511 in Parks for vehicle gasoline, park facility renovations, acquisition of maintenance equipment and vehicle repair and maintenance.
- An increase of \$13,576 in Animal Control for personnel costs due to a position reclassification and overtime due to service demand and an increase in Animal Pound expenditures, reflecting a 9% increase in the number of impounded animals.
- An increase of \$6,829 in the Planning department for the use of a third party reviewer, travel expenditures and the acquisition of a computer.
- An increase of \$5,034 in the Community Development budget for personnel costs and for the acquisition of office furniture.

Business-type Activities

Proprietary fund. The City of Glenn Heights' proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water & Sewer Fund at the end of the year amounted to \$8,199,366. The total decline in net assets of the Enterprise Funds was \$(162,572). As a result of a rate study, the City increased its water and sewer rates effective May 2008. The increase in rates was not sufficient to offset higher operating expenses for the replacement of personnel, unemployment compensation, overtime, temporary help, vehicle gasoline, professional engineering services, water and wastewater infrastructure maintenance, water meter purchases, and purchases of raw water for resale.

The Water & Sewer fund budget transfer out was amended \$190,000 to provide for a general and administrative transfer to the General Fund.

Capital Asset and Debt Administration

Capital assets. The City of Glenn Heights' investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$12,576,305 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, park improvements, buildings and systems, and equipment.

Major government activity capital asset events during the current fiscal year included the following:

- Construction in progress reflects an increase of \$525,459 for the Hampton-Bear Creek Road intersection expansion.
- Construction in progress also includes an increase of \$36,425 for improvements to bridges along the Bear Creek road corridor.
- Building includes the construction of a new fire vehicle garage for \$29,934
- Various park improvements in the amount of \$214,838.
- Vehicles include the acquisition of a brush truck for the fire department (\$69,104) and for two police cruisers and an animal control truck for the police department (\$105,959).
- Equipment includes the construction of a fence (\$24,580) and the acquisition of financial software (\$68,641).

Major business-type activity capital asset events during the current fiscal year included the following:

- Construction in progress reflects an increase of \$ 178,221 for water storage tank rehabilitation
- Equipment includes the acquisition of financial software (\$68,641).

Additional information on the City of Glenn Heights' capital assets can be found in note 3.C. on pages 53-55 of this report.

Long-term debt. At the end of the current fiscal year, the City of Glenn Heights had bonded debt outstanding of \$7,220,000. All of this amount comprises debt backed by the full faith and credit of the government.

In May 2008, the City issued certificates of obligation in the amount of \$2,050,000 with an interest rate of 4.04% for the construction of park, street, water and wastewater projects.

The City of Glenn Heights' retired bond principal by \$(325,000) (6 percent) during the current fiscal year. The City of Glenn Heights has a bond rating of BBB+.

Additional information on the City of Glenn Heights' long-term debt can be found in note 3.F. on pages 56-59 of this report.

Economic Factors and Next Year's Budgets and Rates

The City is poised to benefit from improved transportation arterials among them Interstate 35E and the proposed Loop 9. These opportunities will guide business, commercial and retail growth and lessen the dependability upon ad valorem taxation as the principal means of supporting maintenance and operations, now and in the future.

The following recommendations guided preparation of the adopted program of services for the fiscal year 2008-2009:

- Maintain the level of service currently provided to City residents
- Fund the City Council approved market based job classification and compensation plan designed to ensure the retention of qualified personnel
- Create a funding mechanism for the City to implement the best management practices in its Storm water management plan
- Streamline the organization by reducing the number of budgeted departments from 16 to 9
- Increase the maintenance and operations portion of the tax rate to \$0.56747
- Add no new positions during the coming year, and
- Provide \$72,000 to enhance economic development.

The 2008 certified values of taxable property is \$423,761,688. This is an increase of 4.1% over the 2007 taxable value of \$407,027,800.

It is anticipated that the working capital in the Utility Fund will recover sufficiently based on the immediate need and response to adopt revised utility rates to support maintenance and operations cost, as well as planning for the capital requirements of system expansion due to growth in the community.

On February 19,2008 City Council approved new water and wastewater rates developed from a consultant study. The new rates, including a new minimum charge for irrigation meters, were designed to recover all utility related expenditures. These rates were implemented in May 2008, and the projected 2008 – 2009 water and sewer revenues reflect a full year estimated collections of service provided at the new rates.

Request for Information

This financial report is designed to provide a general overview of the City of Glenn Heights' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, 1938 S. Hampton, City of Glenn Heights, Texas 75154.

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BASIC FINANCIAL STATEMENTS

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CITY OF GLENN HEIGHTS
Statement of Net Assets
September 30, 2008

	Governmental Activities	Primary Government Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,803,519	12,178	5,815,697
Restricted cash and cash equivalents		509,675	509,675
Receivables (net of allowance for uncollectibles):			
Taxes	199,035		199,035
Accounts	101,273	502,141	603,414
Prepaid expenses	216		216
Internal balances	224,599	(224,599)	
Bond issuance costs	28,690	39,223	67,913
Capital assets (net of accumulated depreciation):			
Non-depreciable	1,382,060	213,382	1,595,442
Depreciable (net)	<u>1,012,789</u>	<u>9,968,074</u>	<u>10,980,863</u>
Total assets	<u>8,752,181</u>	<u>11,020,074</u>	<u>19,772,255</u>
LIABILITIES			
Accounts payable	144,948	77,162	222,110
Accrued wages payable	83,510	23,921	107,431
Accrued interest payable	29,457	15,096	44,553
Liabilities payable from restricted assets		506,757	506,757
Unearned revenue	16,630		16,630
Noncurrent liabilities:			
Due within one year	369,090	18,431	387,521
Due in more than one year	<u>4,819,476</u>	<u>2,179,341</u>	<u>6,998,817</u>
Total liabilities	<u>5,463,111</u>	<u>2,820,708</u>	<u>8,283,819</u>
NET ASSETS			
Invested in capital assets, net of related debt	517,255	7,864,160	8,381,415
Restricted for:			
Debt service	10,008		10,008
Capital improvements	1,524,582		1,524,582
Unrestricted	<u>1,237,225</u>	<u>335,206</u>	<u>1,572,431</u>
Total net assets	<u>\$ 3,289,070</u>	<u>8,199,366</u>	<u>11,488,436</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GLENN HEIGHTS
Statement of Activities
For the Fiscal Year Ended September 30, 2008

Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 1,296,369	497,349		
Public safety	2,209,801	97,959		
Transportation	822,832	275,961		54,000
Recreation	120,652	31,032		
Interest and fiscal charges	<u>153,125</u>	<u> </u>		<u>0</u>
Total governmental activities	<u>4,602,779</u>	<u>902,301</u>		<u>54,000</u>
Business-type activities:				
Water & sewer	<u>3,884,636</u>	<u>3,615,400</u>	<u>922</u>	
Total business-type activities	<u>3,884,636</u>	<u>3,615,400</u>	<u>922</u>	
Total primary government	\$ <u>8,487,415</u>	<u>4,517,701</u>	<u>922</u>	<u>54,000</u>

General revenues:

Property taxes
Other local taxes
Franchise fees
Unrestricted investment earnings
Transfers
Total general revenues and transfers

Change in net assets

Net assets - beginning

Prior period adjustment

Net assets - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets Primary Government		
Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
(799,020)		(799,020)
(2,057,842)		(2,057,842)
(546,871)		(546,871)
(89,620)		(89,620)
<u>(153,125)</u>		<u>(153,125)</u>
<u>(3,646,478)</u>		<u>(3,646,478)</u>
	<u>(268,314)</u>	<u>(268,314)</u>
	<u>(268,314)</u>	<u>(268,314)</u>
<u>(3,646,478)</u>	<u>(268,314)</u>	<u>(3,914,792)</u>
2,837,191		2,837,191
306,367		306,367
241,445		241,445
97,880	16,663	114,543
<u>(89,079)</u>	<u>89,079</u>	<u>0</u>
<u>3,393,804</u>	<u>105,742</u>	<u>3,499,546</u>
(252,674)	(162,572)	(415,246)
2,236,177	9,667,505	11,903,682
<u>1,305,567</u>	<u>(1,305,567)</u>	<u>0</u>
<u>\$ 3,289,070</u>	<u>8,199,366</u>	<u>11,488,436</u>

CITY OF GLENN HEIGHTS

Balance Sheet

Governmental Funds

September 30, 2008

	<u>General</u>	<u>Debt</u>	<u>2006</u>	<u>2008</u>	<u>Impact</u>	<u>Park</u>	<u>Total</u>
	<u>Fund</u>	<u>Service</u>	<u>Bond</u>	<u>Bond</u>	<u>Fee</u>	<u>Development</u>	<u>Governmental</u>
		<u>Fund</u>	<u>CP Fund</u>	<u>CP Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS							
Cash and cash equivalents	\$ 1,086,892	42,862	1,597,101	1,647,938	1,186,884	241,842	5,803,519
Receivables (net of allowance for uncollectibles):							
Taxes	199,035						199,035
Accounts	55,316				45,957		101,273
Due from other funds	216,149				54,379		270,528
Prepaid expenses	<u>216</u>						<u>216</u>
Total assets	\$ <u>1,557,608</u>	<u>42,862</u>	<u>1,597,101</u>	<u>1,647,938</u>	<u>1,287,220</u>	<u>241,842</u>	<u>6,374,571</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 144,948						144,948
Accrued wages payable	83,510						83,510
Due to other funds			3,397	34,352	3,700	4,480	45,929
Deferred revenue	<u>215,665</u>						<u>215,665</u>
Total liabilities	<u>444,123</u>	<u>3,397</u>	<u>34,352</u>	<u>3,700</u>	<u>4,480</u>		<u>490,052</u>
Fund balances:							
Reserved for:							
Prepaid expense		216					216
Debt service			39,465				39,465
Unreserved designated for:							
Construction			1,562,749	1,644,238	1,282,740	241,842	4,731,569
Unreserved and undesignated:							
Reported in the general fund	<u>1,113,269</u>						<u>1,113,269</u>
Total fund balances	<u>1,113,485</u>	<u>39,465</u>	<u>1,562,749</u>	<u>1,644,238</u>	<u>1,282,740</u>	<u>241,842</u>	<u>5,884,519</u>
Total liabilities and fund balances	\$ <u>1,557,608</u>	<u>42,862</u>	<u>1,597,101</u>	<u>1,647,938</u>	<u>1,287,220</u>	<u>241,842</u>	<u>6,374,571</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GLENN HEIGHTS
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 September 30, 2008

Total Fund Balances - Governmental Funds \$ 5,884,519

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. These assets consist of:

Land	\$ 820,176	
Construction in Progress	561,884	
Buildings	99,934	
Vehicles	932,374	
Equipment	546,933	
Parks Improvements	376,141	
Accumulated Depreciation	<u>(942,593)</u>	
Total Capital Assets	<u>\$ 2,394,849</u>	2,394,849

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. 199,035

Deferred bond issue costs are expensed in the funds when incurred, they are capitalized and amortized in the government wide financials 28,690

Some long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Capital Leases	\$ 188,271	
Compensated Absences	75,295	
Accrued Interest	29,457	
Long Term Debt	<u>4,925,000</u>	
Total Long-Term Liabilities	<u>\$ 5,218,023</u>	<u>(5,218,023)</u>

Net Assets of Governmental Activities \$ 3,289,070

The notes to the financial statements are an integral part of this statement.

CITY OF GLENN HEIGHTS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2008

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Taxes:		
Property	\$ 2,346,987	481,767
Franchise	306,367	
Sales and use	241,445	
Permit fees	84,896	
Fines and forfeitures	322,636	
Service fees	127,966	
Park fees		
Impact fees		
Intergovernmental	55,929	
Interest	35,715	289
Miscellaneous	<u>142,776</u>	<u>0</u>
Total revenues	<u>3,664,717</u>	<u>482,056</u>
EXPENDITURES		
Current:		
City administration	466,690	
City manager	147,387	
City secretary	110,067	
Human resources	111,058	
Finance	151,421	
Municipal Court	144,106	
Fire	680,325	
Police	1,306,039	
Code enforcement	73,527	
Animal control	62,984	
Streets	341,204	
Community development	73,813	
Building inspections	63,093	
Economic development	67,726	
Public works		
Planning	74,696	
Parks and recreation	100,209	
Capital outlay	298,218	
Debt service:		
Principal	64,989	192,552
Interest and fiscal charges	<u>3,715</u>	<u>134,531</u>
Total expenditures	<u>4,341,267</u>	<u>327,083</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(676,550)</u>	<u>154,973</u>

<u>2006 Bond CP Fund</u>	<u>2008 Bond CP Fund</u>	<u>Impact Fee Fund</u>	<u>Park Development Fund</u>	<u>Total Governmental Funds</u>
				2,828,754
				306,367
				241,445
				84,896
				322,636
				127,966
			31,032	31,032
		191,066		191,066
				55,929
22,881	14,371	20,529	4,095	97,880
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>142,776</u>
<u>22,881</u>	<u>14,371</u>	<u>211,595</u>	<u>35,127</u>	<u>4,430,747</u>
				466,690
				147,387
				110,067
				111,058
				151,421
				144,106
				680,325
				1,306,039
				73,527
				62,984
				341,204
				73,813
				63,093
				67,726
1,206	100,837	226,122		328,165
		8,300		82,996
525,459	126,425		124,838	1,074,940
				257,541
<u> </u>	<u>29,300</u>	<u> </u>	<u> 0</u>	<u>167,546</u>
<u>526,665</u>	<u>256,562</u>	<u>234,422</u>	<u>124,838</u>	<u>5,810,837</u>
<u>(503,784)</u>	<u>(242,191)</u>	<u>(22,827)</u>	<u>(89,711)</u>	<u>(1,380,090)</u>

CITY OF GLENN HEIGHTS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2008
-continued-

	<u>General Fund</u>	<u>Debt Service Fund</u>
OTHER FINANCING SOURCES (USES)		
Issuance of long-term debt	\$	
Lease purchase proceeds	174,600	
Transfers in	190,000	
Transfers out		(115,508)
Total other financing sources (uses)	<u>364,600</u>	<u>(115,508)</u>
Net change in fund balances	(311,950)	39,465
Fund balances, beginning	1,425,435	0
Prior period adjustment	_____	_____
Fund balances, ending	\$ <u>1,113,485</u>	<u>39,465</u>

The notes to the financial statements are an integral part of this statement.

<u>2006 Bond CP Fund</u>	<u>2008 Bond CP Fund</u>	<u>Impact Fee Fund</u>	<u>Park Development Fund</u>	<u>Total Governmental Funds</u>
	2,050,000			2,050,000
	<u>(163,571)</u>			174,600
	<u>1,886,429</u>			190,000
				<u>(279,079)</u>
(503,784)	1,644,238	(22,827)	(89,711)	<u>2,135,521</u>
2,066,533			331,553	755,431
		<u>1,305,567</u>		3,823,521
				<u>1,305,567</u>
<u>1,562,749</u>	<u>1,644,238</u>	<u>1,282,740</u>	<u>241,842</u>	<u>5,884,519</u>

CITY OF GLENN HEIGHTS
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 September 30, 2008

Total Net Change in Fund Balances- Governmental Funds \$ 755,431

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay expenditures	1,074,940	
Depreciation expense	<u>(121,644)</u>	
Net adjustment	<u>953,296</u>	953,296

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Change in deferred revenue 8,444

The issuance of long-term debt (e. g., bonds) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas those 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

Debt issued		
CO bonds	(2,050,000)	
Capital lease	<u>(174,600)</u>	
Total proceeds	<u>(2,224,600)</u>	
Repayments		
To paying agent:		
Additional amount- CO bond issue costs	29,300	
To bondholders	175,000	
To capital lease	<u>82,541</u>	
Total repayments	<u>286,841</u>	
Net adjustment	<u>(1,937,759)</u>	(1,937,759)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

Accrued interest on bonds	(14,269)	
Accrued compensated absences	<u>(17,207)</u>	
Total adjustment	<u>(31,476)</u>	(31,476)

Bond discounts, premiums, and issue costs are recognized upon issuance of bonds in governmental funds. Such items are deferred and amortized over future periods in the Statement of Activities

Amortization of bond issue costs (610)

Change in Net Assets of governmental activities \$ (252,674)

The notes to the financial statements are an integral part of this statement.

CITY OF GLENN HEIGHTS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Fiscal Year Ended September 30, 2008

	Original Budget <u>Amounts</u>	Final Budget <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 2,267,370	2,340,000	2,346,987	6,987
Franchise	272,000	305,000	306,367	1,367
Sales and use	200,000	240,000	241,445	1,445
Permit fees	42,160	84,000	84,896	896
Fines and forfeitures	232,700	320,000	322,636	2,636
Service fees	129,660	129,660	127,966	(1,694)
Intergovernmental		55,000	55,929	929
Interest	35,300	38,500	35,715	(2,785)
Miscellaneous	<u>93,300</u>	<u>140,000</u>	<u>142,776</u>	<u>2,776</u>
Total revenues	<u>3,272,490</u>	<u>3,652,160</u>	<u>3,664,717</u>	<u>12,557</u>
EXPENDITURES				
City Administration:				
Other services	<u>283,200</u>	<u>511,010</u>	<u>466,690</u>	<u>44,320</u>
Total city administration	<u>283,200</u>	<u>511,010</u>	<u>466,690</u>	<u>44,320</u>
City manager:				
Personnel services	153,820	151,320	130,940	20,380
Materials and supplies	600	600	1,152	(552)
Other services	<u>12,200</u>	<u>14,700</u>	<u>15,295</u>	<u>(595)</u>
Total city manager	<u>166,620</u>	<u>166,620</u>	<u>147,387</u>	<u>19,233</u>
Finance department:				
Personnel services	67,049	116,649	111,500	5,149
Materials and supplies	2,900	2,900	5,121	(2,221)
Other services	<u>16,200</u>	<u>35,451</u>	<u>34,800</u>	<u>651</u>
Total finance department	<u>86,149</u>	<u>155,000</u>	<u>151,421</u>	<u>3,579</u>
City secretary:				
Personnel services	63,813	63,813	63,637	176
Materials and supplies	1,400	1,400	1,018	382
Other services	<u>51,532</u>	<u>51,532</u>	<u>45,412</u>	<u>6,120</u>
Total city secretary/tax office	<u>116,745</u>	<u>116,745</u>	<u>110,067</u>	<u>6,678</u>
Streets:				
Personnel services	57,609	57,609	62,240	(4,631)
Materials and supplies	91,150	126,150	125,126	1,024
Other services	<u>108,500</u>	<u>154,241</u>	<u>153,838</u>	<u>403</u>
Total streets	<u>257,259</u>	<u>338,000</u>	<u>341,204</u>	<u>(3,204)</u>
Police:				
Personnel services	1,157,338	1,157,338	1,121,219	36,119
Materials and supplies	49,200	85,200	81,660	3,540
Other services	<u>70,800</u>	<u>77,400</u>	<u>103,160</u>	<u>(25,760)</u>
Total police	<u>\$ 1,277,338</u>	<u>1,319,938</u>	<u>1,306,039</u>	<u>13,899</u>

-continued-

CITY OF GLENN HEIGHTS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Fiscal Year Ended September 30, 2008
-continued-

	Original Budget <u>Amounts</u>	Final Budget <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive (Negative)
Human resources:				
Personnel services	\$ 66,661	85,161	82,901	2,260
Materials and supplies	1,625	1,625	1,149	476
Other services	<u>18,150</u>	<u>25,514</u>	<u>27,008</u>	<u>(1,494)</u>
Total human resources	<u>86,436</u>	<u>112,300</u>	<u>111,058</u>	<u>1,242</u>
Court:				
Personnel services	73,098	73,098	69,755	3,343
Materials and supplies	4,300	4,300	4,452	(152)
Other services	<u>50,000</u>	<u>69,102</u>	<u>69,899</u>	<u>(797)</u>
Total court	<u>127,398</u>	<u>146,500</u>	<u>144,106</u>	<u>2,394</u>
Fire:				
Personnel services	490,913	587,713	569,329	18,384
Materials and supplies	26,025	39,775	38,843	932
Other services	<u>46,500</u>	<u>58,200</u>	<u>72,153</u>	<u>(13,953)</u>
Total fire	<u>563,438</u>	<u>685,688</u>	<u>680,325</u>	<u>5,363</u>
Code enforcement:				
Personnel services	54,784	62,984	61,043	1,941
Materials and supplies	4,200	4,866	4,686	180
Other services	<u>6,000</u>	<u>9,900</u>	<u>7,798</u>	<u>2,102</u>
Total code enforcement	<u>64,984</u>	<u>77,750</u>	<u>73,527</u>	<u>4,223</u>
Parks and recreation:				
Personnel services	36,439	36,439	33,107	3,332
Materials and supplies	7,750	8,650	8,211	439
Other services	<u>20,300</u>	<u>60,911</u>	<u>58,891</u>	<u>2,020</u>
Total parks and recreation	<u>64,489</u>	<u>106,000</u>	<u>100,209</u>	<u>5,791</u>
Animal control:				
Personnel services	31,194	42,394	41,150	1,244
Materials and supplies	3,800	5,026	5,002	24
Other services	<u>15,600</u>	<u>16,750</u>	<u>16,832</u>	<u>(82)</u>
Total animal control	<u>\$ 50,594</u>	<u>64,170</u>	<u>62,984</u>	<u>1,186</u>

CITY OF GLENN HEIGHTS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Fiscal Year Ended September 30, 2008
-continued-

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Planning:				
Personnel services	\$ 66,871	66,871	63,278	3,593
Materials and supplies	1,200	1,200	1,114	86
Other services	<u>3,500</u>	<u>10,329</u>	<u>10,304</u>	<u>25</u>
Total planning	<u>71,571</u>	<u>78,400</u>	<u>74,696</u>	<u>3,704</u>
Economic development:				
Personnel services	63,901	63,901	63,754	147
Materials and supplies	1,250	1,250	231	1,019
Other services	<u>4,500</u>	<u>4,500</u>	<u>3,741</u>	<u>759</u>
Total economic development	<u>69,651</u>	<u>69,651</u>	<u>67,726</u>	<u>1,925</u>
Building inspections:				
Personnel services	96,156	96,156	57,743	38,413
Materials and supplies	4,600	4,600	1,572	3,028
Other services	<u>15,500</u>	<u>15,500</u>	<u>3,778</u>	<u>11,722</u>
Total building inspections	<u>116,256</u>	<u>116,256</u>	<u>63,093</u>	<u>53,163</u>
Community Development:				
Personnel	65,208	70,243	67,956	2,287
Materials and supplies	600	600	384	216
Other services	<u>4,600</u>	<u>4,600</u>	<u>5,473</u>	<u>(873)</u>
Total community development	<u>70,408</u>	<u>75,443</u>	<u>73,813</u>	<u>1,630</u>
Capital outlay	<u>190,778</u>	<u>307,208</u>	<u>298,218</u>	<u>8,990</u>
Debt service:				
Principal			64,989	(64,989)
Interest			<u>3,715</u>	<u>(3,715)</u>
Total debt service			<u>68,704</u>	<u>(68,704)</u>
Total expenditures	<u>3,663,314</u>	<u>4,446,679</u>	<u>4,341,267</u>	<u>105,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(390,824)</u>	<u>(794,519)</u>	<u>(676,550)</u>	<u>117,969</u>
OTHER FINANCING SOURCES (USES)				
Lease purchase proceeds			174,600	174,600
Transfers in		190,000	190,000	
Total other financing sources (uses)		<u>190,000</u>	<u>364,600</u>	<u>174,600</u>
Net change in fund balances	(390,824)	(604,519)	(311,950)	292,569
Fund balances – beginning	<u>1,425,435</u>	<u>1,425,435</u>	<u>1,425,435</u>	<u>0</u>
Fund balances – ending	\$ <u>1,034,611</u>	<u>820,916</u>	<u>1,113,485</u>	<u>292,569</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GLENN HEIGHTS
Statement of Net Assets
Proprietary Funds
September 30, 2008

	<u>Business-Type Activity</u>
	Water & Sewer <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 12,178
Restricted cash and cash equivalents	509,675
Receivables (net of allowance for uncollectibles):	
Accounts	<u>502,141</u>
Total current assets	<u>1,023,994</u>
Noncurrent assets:	
Bond issuance costs	<u>39,223</u>
Capital assets:	
Land	35,161
Construction in progress	178,221
Buildings and systems	13,517,751
Machinery and Equipment	621,909
Less: accumulated depreciation	<u>(4,171,586)</u>
Total capital assets (net of accumulated depreciation)	<u>10,181,456</u>
Total noncurrent assets	<u>10,220,679</u>
Total assets	<u>\$ 11,244,673</u>
LIABILITIES	
Current liabilities payable from unrestricted assets:	
Accounts payable	\$ 77,162
Accrued wages payable	23,921
Compensated absences payable	18,431
Current portion of lease payable	12,178
Due to other funds	<u>224,599</u>
Total current liabilities payable from unrestricted assets	<u>356,291</u>
Current liabilities payable from restricted assets:	
Deposits	329,579
Accrued interest	15,096
Current portion of revenue certificates of obligation payable	65,000
Current portion of general obligation enterprise bonds payable	<u>100,000</u>
Total current liabilities payable from restricted assets	<u>509,675</u>
Total current liabilities	<u>865,966</u>
Noncurrent liabilities:	
Lease payable	49,341
Revenue certificates of obligation payable	1,015,000
General obligation bonds payable	<u>1,115,000</u>
Total noncurrent liabilities	<u>2,179,341</u>
Total liabilities	<u>\$ 3,045,307</u>

-continued-

CITY OF GLENN HEIGHTS
Statement of Net Assets
Proprietary Funds
September 30, 2008
-continued-

	<u>Business-Type Activity</u>
	Water & Sewer <u>Fund</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$7,864,160
Unrestricted	<u>335,206</u>
Total net assets	<u>\$ 8,199,366</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GLENN HEIGHTS
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended September 30, 2008

	<u>Business-Type Activity</u>
	<u>Water and Sewer Fund</u>
OPERATING REVENUES	
Water	\$ 2,007,200
Sewer	1,414,516
Service charges	119,995
Water and sewer connections	62,823
Miscellaneous revenues	<u>11,787</u>
Total operating revenues	<u>3,616,321</u>
OPERATING EXPENSES	
Personnel services	730,967
Supplies	97,652
Contractual services	2,478,557
Bad debts	155,069
Depreciation	<u>282,087</u>
Total operating expenses	<u>3,744,332</u>
Operating income (loss)	<u>(128,011)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	16,663
Interest expense and fiscal charges	<u>(140,303)</u>
Total nonoperating revenues (expenses)	<u>(123,640)</u>
Net income (loss) before operating transfers	<u>(251,651)</u>
Transfer in	279,079
Transfers out	<u>(190,000)</u>
Change in net assets	(162,572)
Net assets, beginning	<u>8,361,938</u>
Net assets, ending	\$ <u>8,199,366</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GLENN HEIGHTS
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended September 30, 2008

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers and users	\$ 3,310,763
Cash paid to suppliers	(2,558,097)
Cash paid to employees	<u>(718,791)</u>
Net cash provided by operating activities	<u>33,875</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	(190,000)
Transfers from other funds	279,079
Advances (to) from other funds	<u>170,220</u>
Net cash provided (used) by noncapital financing activities	<u>259,299</u>
Cash flows from capital and related financing activities:	
Principal payments - bonds	(150,000)
Principal payments - leases	(7,122)
Interest paid	(127,204)
Construction of capital assets	<u>(178,221)</u>
Net cash provided (used) for capital and related financing activities	<u>(462,547)</u>
Cash flows from investing activities:	
Proceeds from maturity of investments	88,526
Interest received	<u>16,663</u>
Net cash provided (used) by Investing activities	<u>105,189</u>
Net increase (decrease) in cash and cash equivalents	(64,184)
Cash and cash equivalents - beginning	<u>586,037</u>
Cash and cash equivalents - ending	<u>\$ 521,853</u>

-continued-

CITY OF GLENN HEIGHTS
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended September 30, 2008
-continued-

Reconciliation of Operating Income to Net Cash Provided by
Operating Activities

	<u>Water and Sewer Fund</u>
Operating income (loss)	\$ <u>(128,011)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	282,087
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(172,967)
Increase (decrease) in accrued liabilities	3,544
Increase (decrease) in accounts payable	18,112
Increase (decrease) in compensated absences	8,633
Increase (decrease) in customer deposits	<u>22,477</u>
Total adjustments	<u>161,886</u>
Net cash provided (used) by operating activities	\$ <u>33,875</u>
Noncash investing, capital and financing activities:	
Borrowing under capital lease	\$ 68,641

The notes to the financial statements are an integral part of this statement.

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Glenn Heights, Texas (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 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 in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. Government-wide and Fund financial statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government 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 *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 *2006 bond capital projects fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The *2008 bond capital projects fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The *Impact Fee fund* accounts for the water, sewer and roadway impact fees restricted to the purchase or construction of eligible capital projects specifically enumerated in an adopted impact fee capital improvements plan.

The *Park Development fund* accounts for the city's park development fees restricted in use for land acquisition and capital improvements for the city's parks.

The government reports the following major proprietary funds:

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, and net assets or equity

1. Deposits and Investments

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

2. Short-term 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

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

2. Short-term Interfund Receivables/Payables (continued)

funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

3. Restricted Assets

Certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend 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	40
System infrastructure	20-50
Equipment	5-10
Vehicles	5

5. 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 accumulated 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, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

6. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund, debt service fund, and water and sewer fund. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August 1, the City Manager prepares a proposed 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 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.

-continued-

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

4. Formal budgetary integration, using the modified accrual basis, is employed as a management control device during the year for the General Fund and Debt Service Fund. One supplemental appropriation was made during the fiscal year. The Park Development Fund and Capital Projects Fund are not budgeted.
5. The budget approved for the Water and Sewer Fund follows similar approval procedures but departs from general accepted accounting principles by not including depreciation and bad debts in the approved budget. One supplemental appropriation was made during the fiscal year. These amounts are reported at year end as part of the "actual" column.

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

B. Budget/GAAP Reconciliation

The following schedule reconciles the amounts on the Statement of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual - Water and Sewer Fund to the amounts on the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds:

	<u>Water and Sewer Fund</u>
Net assets (budget)	\$ 8,636,522
Depreciation	(282,087)
Bad debts	<u>(155,069)</u>
Net assets (GAAP)	\$ <u>8,199,366</u>

NOTE 3. DETAILED NOTES ON ALL 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).

At September 30, 2008, the City's carrying amount of deposits was \$2,935,307 and the bank balance was \$3,223,281. Of the bank balance, \$100,000 was covered by federal depository insurance and \$3,123,281 was covered by collateral held by the pledging financial institution's trust department or agent in the government's name.

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

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

- a. **Custodial Credit Risk - Deposits:** In the case of deposits this is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC). The City is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.
- b. **Custodial Credit Risk - Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are in TexStar investment pool ("TexStar"). The pool is a public funds investment pool created to provide a safe environment for the placement of local government funds in authorized short-term investments. Local government pools operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. Administration of TexStar is performed by a Board of Directors, which is an administrative agency created under the Interlocal Act. The City is not exposed to custodial credit risk for its investments.
- c. **Credit Risk -** This is the risk that an issuer of an investment will be unable to fulfill its obligations. The City is not exposed to credit risk since its investments are certificates of deposit.
- d. **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.
- e. **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.
- f. **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 or more in the securities of a single issuer. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The City is not exposed to concentration of credit risk.

The City's investment balances at September 30, 2008 are:

Description	Carrying Amount	Fair Value	Less than 1 Year	Weighted Average Maturity (Days)
TexStar (AAAm, 2a7 like pool)	\$ <u>3,390,065</u>	<u>3,390,065</u>	<u>3,390,065</u>	35

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables

Receivables at September 30, 2008 consisted of the following:

	<u>General</u>	<u>Water and Sewer</u>	<u>Impact</u>
Taxes	\$ 199,035		
Accounts	<u>246,158</u>	<u>1,212,394</u>	<u>45,957</u>
Gross receivables	445,193	1,212,394	45,957
Less: allowance for uncollectibles	<u>(190,842)</u>	<u>(710,253)</u>	
Net receivables	<u>\$ 254,351</u>	<u>502,141</u>	<u>45,957</u>

Property taxes are based on the appraised values provided by the Dallas County Central Appraisal District. Taxes are levied by October 1 of each year. 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.

Property taxes are due in full on October 1 and there are no discounts granted. The assessed value as of January 1, 2007, upon which the 2007/2008 levy was based, was approximately \$407,027,800. The tax rate for fiscal year 2007/2008 was \$0.68404 per \$100 of assessed valuation.

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Capital Assets not being depreciated:				
Land	\$ 820,176			820,176
Construction in Progress	<u> </u>	561,884		<u>561,884</u>
Total Capital Assets not being depreciated	820,176	561,884		1,382,060
Capital Assets being depreciated:				
Building	70,000	29,934		99,934
Park Improvements		214,838	161,303	376,141
Vehicles	757,311	175,063		932,374
Equipment	<u>615,015</u>	<u>93,221</u>	<u>(161,303)</u>	<u>546,933</u>
Total Capital Assets being depreciated	1,442,326	513,056		1,955,382
Less Accumulated Depreciation:				
Building	53,750	2,374		56,124
Park Improvements		9,404		9,404
Vehicles	589,369	63,586		652,955
Equipment	<u>177,830</u>	<u>46,280</u>		<u>224,110</u>
Total Accumulated Depreciation	<u>820,949</u>	<u>121,644</u>		<u>942,593</u>
Total Capital Assets being depreciated, net	621,377	391,412		1,012,789
Governmental activities capital assets, net	\$ <u>1,441,553</u>	\$ <u>953,296</u>		\$ <u>2,394,849</u>

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

A summary of changes in Water and Sewer Fund capital assets for the year ended September 30, 2008 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Capital Assets not being depreciated:				
Land	\$ 35,161			35,161
Construction in Progress		<u>178,221</u>		<u>178,221</u>
Total Capital Assets not being depreciated	35,161	178,221		213,382
Capital Assets being depreciated:				
Building	136,774			136,774
Pump and storage plant	613,531			613,531
Tanks, lines and wells	12,767,446			12,767,446
Furniture, fixtures and equipment	285,829	68,641		354,470
Vehicles	<u>267,439</u>			<u>267,439</u>
Total Capital Assets being depreciated	14,071,019	68,641		14,139,660
Less Accumulated Depreciation:				
Building	66,677	3,595		70,272
Pump and storage plant	530,799	6,661		537,460
Tanks, lines and wells	2,806,298	255,462		3,061,760
Furniture, fixtures and equipment	221,461	13,194		234,655
Vehicles	<u>264,264</u>	<u>3,175</u>		<u>267,439</u>
Total Accumulated Depreciation	3,889,499	282,087		4,171,586
Total Capital Assets being depreciated, net	10,181,520	(213,446)		9,968,074
Business-type activities capital assets, net	\$ <u>10,216,681</u>	\$ <u>(35,225)</u>		\$ <u>10,181,456</u>

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

Government activities:	
Administration	\$ 5,183
City manager	4,225
Streets	14,489
Police	27,704
Fire	47,526
Parks	20,009
Code enforcement	<u>2,508</u>
Total depreciation expense - government activities	\$ <u>121,644</u>

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

Business-type activities:	
Water and sewer	\$ <u>282,087</u>
Total depreciation expense-business-type activities	\$ <u>282,087</u>

D. Interfund Receivables and Payables and Transfers

Interfund balances at September 30, 2008 are as follows:

Due to/from other funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	2006 Bonds	\$ 34,352
General	Debt Service	3,397
General	2008 Bonds	3,700
General	Impact	4,480
General	Water and Sewer	170,220
Impact	Water and Sewer	<u>54,379</u>
Total		\$ <u>270,528</u>

Interfund transfer activity for the year ended September 30, 2008 was as follows:

	Transfers In:		
Transfer Out:	<u>General</u>	<u>Water &</u>	<u>Total</u>
Debt Service Fund		<u>Sewer Fund</u>	
Water and Sewer Fund	190,000	\$ 115,508	115,508
2008 Bonds Fund		<u>163,571</u>	<u>163,571</u>
Total	\$ <u>190,000</u>	<u>279,079</u>	<u>469,079</u>

The transfers were for the following purposes:

Transfer from Fund/Purpose	To Fund	Amount
Debt Service Fund		
For W&S fund debt service	W&S Fund	\$ 115,508
Water & Sewer Fund		
General & administrative transfer	General Fund	190,000
2008 Bond Fund		
Funding of W&S capital projects	W&S Fund	\$ 163,571

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

E. Capital Leases

The City has entered into certain capital lease agreements for equipment and vehicles. As of September 30, 2008, the equipment and vehicles leased under capital leases had a carrying value of \$413,241 which is included in the governmental activities on the Statement of Net Assets. Capital lease expenditures for 2008 were \$99,797, of which \$10,135 represented interest. Effective interest rates range from 5.2% to 7.9%. Pursuant to the terms of the capital lease agreements, the City will be required to make future minimum payments as follows:

<u>Year Ending</u> <u>September 30.</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
2009	\$ 75,480	16,450	91,930
2010	75,480	16,450	91,930
2011	37,948	16,450	54,398
2012	16,450	16,450	32,900
2013	<u>6,854</u>	<u>6,854</u>	<u>13,708</u>
Future minimum lease payments	212,212	72,654	284,866
Less: amount representing interest	<u>(23,941)</u>	<u>(11,135)</u>	<u>(35,076)</u>
Present value of future minimum lease payments	\$ <u>188,271</u>	<u>61,519</u>	<u>249,790</u>

F. Long-term Debt

Long-term liability activity for the year ended September 30, 2008 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Capital leases	\$ 96,212	174,600	(82,541)	188,271	63,795
Bonds payable	3,050,000	2,050,000	(175,000)	4,925,000	230,000
Compensated absences	<u>58,088</u>	<u>75,295</u>	<u>(58,088)</u>	<u>75,295</u>	<u>75,295</u>
Totals	\$ <u>3,204,300</u>	<u>2,299,895</u>	<u>(315,629)</u>	<u>5,188,566</u>	<u>369,090</u>

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Debt (continued)

The capital leases will be repaid by the general fund. The bonds will be repaid by the debt service fund. The General Fund is used to liquidate the liability for compensated absences.

Bonds payable at September 30, 2008 are comprised of the following issues for the debt service fund:

2003 Certificates of Obligation dated September 1, 2003, due in annual installments through September 1, 2018 at 4.65% interest.	\$ 555,000
2006 Certificates of Obligation dated March 23, 2006, due in annual installments through February 15, 2021 at 4.2% interest.	2,320,000
2008 Certificates of Obligation dated May 22, 2008, due in annual installments through February 15, 2028 at 4.04% interest.	<u>2,050,000</u>
Combined Debt	<u>\$ 4,925,000</u>

The annual requirements to amortize the bonded debt outstanding for the debt service fund as of September 30, 2008:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 230,000	221,317	451,317
2010	260,000	191,826	451,826
2011	275,000	180,610	455,610
2012	285,000	168,748	453,748
2013	295,000	156,577	451,577
2014 - 2018	1,690,000	579,516	2,269,516
2019 - 2023	1,210,000	236,926	1,446,926
2024 - 2028	<u>680,000</u>	<u>71,104</u>	<u>751,104</u>
Total	<u>\$ 4,925,000</u>	<u>1,806,624</u>	<u>6,731,624</u>

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Debt (continued)

During the year ended September 30, 2008, the following changes occurred in long-term liabilities reported in the Water and Sewer Fund:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Capital leases	\$ 0	68,641	(7,122)	61,519	12,178
Bonds payable	2,445,000		(150,000)	2,295,000	165,000
Compensated absences	<u>9,798</u>	<u>18,431</u>	<u>(9,798)</u>	<u>18,431</u>	<u>18,431</u>
Totals	<u>\$ 2,454,798</u>	<u>87,072</u>	<u>(166,920)</u>	<u>2,374,950</u>	<u>195,609</u>

Bonds payable at September 30, 2008 are comprised of the following individual issues for the Water and Sewer Fund:

1999 Tax and Waterworks and Sewer System Revenue Certificates of Obligation issued December 7, 1999 due in annual installments through February 15, 2020, bearing interest at rates ranging from 5.0% to 5.875%.	\$ 1,080,000
1998 General Obligation Refunding Bonds issued January 13, 1998, due in annual installments through February 15, 2018, bearing interest at rates ranging from 4.1% to 5.1%.	
	<u>1,215,000</u>
Combined Debt	<u>\$ 2,295,000</u>

The annual requirements to amortize the bonded debt outstanding for the Water and Sewer Fund as of September 30, 2008:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 165,000	116,054	281,054
2010	170,000	107,760	277,760
2011	185,000	98,849	283,849
2012	185,000	89,474	274,474
2013	200,000	79,573	279,573
2014 - 2018	1,155,000	227,872	1,382,872
2019 - 2020	<u>235,000</u>	<u>13,656</u>	<u>248,656</u>
Total	<u>\$ 2,295,000</u>	<u>733,238</u>	<u>3,028,238</u>

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Debt (continued)

Restrictions of Bonded Debt

There are a number of limitations and restrictions contained in the various bond ordinances. The City is in compliance with all significant limitations and restrictions.

G. Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Customer deposits	\$ 329,579
Accrued interest payable	15,096
Current lease payable	12,178
Current bonds payable	<u>165,000</u>
Total restricted assets	\$ <u>521,853</u>

NOTE 4. OTHER INFORMATION

A. Risk Management

The government 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 government 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 1,821 individual governmental units located with Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There were no significant reduction in insurance coverage from the pervious year. Settled claims for risks have not exceeded insurance coverage for the past three years.

B. Retirement System

Plan Description

The government provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 827 municipalities have an annual, individual actuarial valuation performed. All assumptions for the December 31, 2007 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing P.O. Box 149153, Austin, Texas 78714-9153.

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 4. OTHER INFORMATION (continued)

B. Retirement System (continued)

Plan Description (continued)

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the government-financed monetary credits, with interest. At the date the plan began, the government granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 100% of the employee's accumulated contributions. In addition, the government can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the government matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 25 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the government, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 6%, and the government matching ratio is currently 2 to 1, both as adopted by the governing body of the government. Under the state law governing TMRS, the government contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to government matching percent, which are the obligation of the government as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the government to each employee at the time his retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year - closed period - amortization period, using the level percent of payroll amortization method. When the government periodically adopts updated service credits and increases its annuities in effect, the increased unfunded (overfunded) actuarial liability (asset) is to be amortized over a new 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period which began January, 2007. The projected unit credit actuarial cost method is used for determining the government contribution rate. Contributions are made monthly by both the employees and the government. Since the government needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

CITY OF GLENN HEIGHTS
Notes to Financial Statements
September 30, 2008
-continued-

NOTE 4. OTHER INFORMATION (continued)

B. Retirement System (continued)

Annual Pension Cost

For the year ended September 30, 2008, the government's annual pension cost of \$152,155 for TMRS was equal to the government's required and actual contributions. The required contribution was determined as part of the December 31, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return, (b) projected salary increases varies by age and service, and (c) 2.1% (3.0% CPI) cost-of-living adjustments. A 3.0% inflation amount was used in computing (a) and (b). The actuarial value of TMRS assets was determined using amortized cost.

Three-Year Trend Information for TMRS

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Contributions Made</u>	<u>Net Pension Obligation</u>
09/30/06	\$ 129,008	\$ 129,008	\$ 0
09/30/07	\$ 131,655	\$ 131,655	\$ 0
09/30/08	\$ 152,155	\$ 152,155	\$ 0

Schedule of Funding Progress for TMRS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded (Overfunded) AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)</u>
12/31/05	\$ 2,614,108	2,646,556	32,448	98.8%	\$ 2,046,482	1.6%
12/31/06	\$ 2,950,435	3,001,074	50,639	98.3%	\$ 1,875,558	2.7%
12/31/07	\$ 3,228,428	3,672,794	444,366	87.9%	\$ 2,286,282	19.4%

C. Restatement of Beginning Net Asset Balance

The net asset balances at September 30, 2007, have been restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Balance at September 30, 2007 as previously reported	\$ 2,236,177	9,667,505
Restatement to report impact fee fund as special revenue fund rather than an enterprise fund	<u>1,305,567</u>	<u>(1,305,567)</u>
Net Asset balances as restated at September 30, 2007	<u>\$ 3,541,744</u>	<u>8,361,938</u>

INDIVIDUAL FUND SCHEDULES

CITY OF GLENN HEIGHTS
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Debt Service Fund
For the Fiscal Year Ended September 30, 2008

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 455,493	481,767	26,274
Interest	<u> </u>	<u>289</u>	<u>289</u>
Total revenues	<u>455,493</u>	<u>482,056</u>	<u>26,563</u>
 EXPENDITURES			
Debt service:			
Principal	212,970	192,552	20,418
Interest and fiscal charges	<u>127,016</u>	<u>134,531</u>	<u>(7,515)</u>
Total expenditures	<u>339,986</u>	<u>327,083</u>	<u>12,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,507</u>	<u>154,973</u>	<u>39,466</u>
 OTHER FINANCING SOURCES (USES):			
Transfers out for debt service	(115,507)	(115,508)	(1)
Total other financing sources (uses)	(115,507)	(115,508)	(1)
 Net change in fund balances	 0	 39,465	 39,465
Fund balances, beginning	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, ending	\$ <u><u>0</u></u>	<u>39,465</u>	<u>39,465</u>

CITY OF GLENN HEIGHTS
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Budget and Actual
Enterprise Fund
For the Fiscal Year Ended September 30, 2008

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance With Final Budget Positive (Negative)
OPERATING REVENUES				
Water	\$1,980,000	1,980,000	2,007,200	27,200
Sewer	1,250,000	1,250,000	1,414,516	164,516
Service charges	126,000	126,000	119,995	(6,005)
Water and sewer connections	52,900	52,900	62,823	9,923
Miscellaneous	<u>8,000</u>	<u>8,000</u>	<u>10,866</u>	<u>2,866</u>
Total operating revenue	<u>3,416,900</u>	<u>3,416,900</u>	<u>3,615,400</u>	<u>198,500</u>
OPERATING EXPENSES				
Personnel services	709,503	709,503	730,967	(21,464)
Supplies	87,600	87,600	97,652	(10,052)
Contractual services	<u>3,095,337</u>	<u>3,095,337</u>	<u>2,478,557</u>	<u>616,780</u>
Total operating expenses	<u>3,892,440</u>	<u>3,892,440</u>	<u>3,307,176</u>	<u>585,264</u>
Operating income (loss)	<u>(475,540)</u>	<u>(475,540)</u>	<u>308,224</u>	<u>783,764</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	31,000	31,000	16,663	(14,337)
Grant			922	922
Interest expense and fiscal charges			<u>(140,303)</u>	<u>(140,303)</u>
Total nonoperating revenues (expenses)	<u>31,000</u>	<u>31,000</u>	<u>(122,718)</u>	<u>(153,718)</u>
Income before operating transfers	<u>(444,540)</u>	<u>(444,540)</u>	<u>185,505</u>	<u>630,045</u>
TRANSFERS				
Transfers in for debt service	115,508	115,508	115,508	
Transfers in	225,708	225,708	163,571	(62,137)
Transfers (out)	<u> </u>	<u>(190,000)</u>	<u>(190,000)</u>	<u> 0</u>
Total transfers	<u>341,216</u>	<u>151,216</u>	<u>89,079</u>	<u>(62,137)</u>
Change in net assets	(103,324)	(293,324)	274,584	567,908
Net assets - beginning	<u>8,361,938</u>	<u>8,361,938</u>	<u>8,361,938</u>	<u> </u>
Net assets – ending	<u>\$ 8,465,262</u>	<u>8,068,614</u>	<u>8,636,522</u>	<u>567,908</u>

STATISTICAL SECTION

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

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These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

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These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and water & sewer revenues.

Debt Capacity	82
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These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information	88
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information	90
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These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

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CITY OF GLENN HEIGHTS
Net Assets by Component
Last Five Fiscal Years
(Accrual basis of accounting)

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 343,060	400,712	556,500	(488,126)	517,255
Restricted			2,830,291	1,181,553	1,534,590
Unrestricted	<u>1,197,864</u>	<u>1,418,240</u>	<u>(1,283,857)</u>	<u>1,542,750</u>	<u>1,237,225</u>
Total governmental activities net assets	<u>\$ 1,540,924</u>	<u>1,818,952</u>	<u>2,102,934</u>	<u>2,236,177</u>	<u>3,289,070</u>
 Business-type activities					
Invested in capital assets, net of related debt	\$ 7,076,788	7,095,083	7,294,045	7,771,681	7,864,160
Restricted	1,133,864	1,980,886	2,310,670	1,305,567	
Unrestricted	<u>899,685</u>	<u>1,107,200</u>	<u>777,620</u>	<u>590,257</u>	<u>335,206</u>
Total business-type activities net assets	<u>\$ 9,110,337</u>	<u>10,183,169</u>	<u>10,382,335</u>	<u>9,667,505</u>	<u>8,199,366</u>
 Primary government					
Invested in capital assets, net of related debt	\$ 7,419,848	7,495,795	7,850,545	7,283,555	8,381,415
Restricted	1,133,864	1,980,886	5,140,961	2,487,120	1,534,590
Unrestricted	<u>2,097,549</u>	<u>2,525,440</u>	<u>(506,237)</u>	<u>2,133,007</u>	<u>1,572,431</u>
Total primary government net assets	<u>\$ 10,651,261</u>	<u>12,002,121</u>	<u>12,485,269</u>	<u>11,903,682</u>	<u>11,488,436</u>

Note: The City of Glenn Heights implemented Governmental Accounting Standards Board Statement Number 34 for the fiscal year ended September 30, 2004. Additional amounts will be added each year until ten years are reported.

CITY OF GLENN HEIGHTS
Changes in Net Assets
Last Five Fiscal Years
(Accrual basis of accounting)

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
EXPENSES					
Governmental activities					
General government	\$ 1,531,340	1,739,131	1,345,624	1,388,074	1,296,369
Public safety	1,669,352	1,633,635	1,759,196	1,797,862	2,209,801
Transportation	213,485	229,172	474,440	1,725,213	822,832
Recreation	10,988	48,685	72,682	75,209	120,652
Interest and fiscal charges	<u>49,576</u>	<u>44,491</u>	<u>127,130</u>	<u>136,848</u>	<u>153,125</u>
Total governmental activities expenses	<u>3,474,741</u>	<u>3,695,114</u>	<u>3,779,072</u>	<u>5,123,206</u>	<u>4,602,779</u>
Business-type activities:					
Water and sewer	<u>2,779,549</u>	<u>2,981,717</u>	<u>3,747,199</u>	<u>3,497,511</u>	<u>3,884,636</u>
Total business-type activities expenses	<u>2,779,549</u>	<u>2,981,717</u>	<u>3,747,199</u>	<u>3,497,511</u>	<u>3,884,636</u>
Total primary government expenses	<u>6,254,290</u>	<u>6,676,831</u>	<u>7,526,271</u>	<u>8,620,717</u>	<u>8,487,415</u>
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	684,273	667,527	304,684	216,456	497,349
Public safety	505,071	414,985	504,991	391,834	97,959
Transportation					275,961
Parks and recreation					31,032
Operating grants and contributions	150,378	16,487	55,335	2,650	
Capital grants and contributions	<u>166,200</u>	<u>168,336</u>	<u>123,321</u>	<u>272,691</u>	<u>54,000</u>
Total governmental activities program revenues	<u>1,505,922</u>	<u>1,267,335</u>	<u>988,331</u>	<u>883,631</u>	<u>956,301</u>
Business-type activities:					
Charges for services:					
Water and sewer	3,796,591	4,106,118	4,187,327	3,605,582	3,615,400
Capital grants and contributions	<u> </u>	<u>135,528</u>	<u> </u>	<u>210,673</u>	<u> 0</u>
Total business-type activities program revenues	<u>3,796,591</u>	<u>4,241,646</u>	<u>4,187,327</u>	<u>3,816,255</u>	<u>3,615,400</u>
Total primary government program revenues	<u>5,302,513</u>	<u>5,508,981</u>	<u>5,175,658</u>	<u>4,699,886</u>	<u>4,571,701</u>
Net (Expense) Revenue					
Governmental activities	(1,968,819)	(2,427,779)	(2,790,741)	(4,239,575)	(3,646,478)
Business-type activities	<u>1,017,042</u>	<u>1,259,929</u>	<u>440,128</u>	<u>318,744</u>	<u>(268,314)</u>
Total primary government net expense	<u>\$ (951,777)</u>	<u>(1,167,850)</u>	<u>(2,350,613)</u>	<u>(3,920,831)</u>	<u>(3,914,792)</u>

-continued-

CITY OF GLENN HEIGHTS
Changes in Net Assets
Last Five Fiscal Years
(Accrual basis of accounting)
(continued)

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
GENERAL REVENUES AND OTHER CHANGES					
IN NET ASSETS					
Governmental activities:					
Taxes					
Property taxes	\$ 1,632,545	1,844,789	2,117,724	2,551,558	2,837,191
Franchise taxes	211,275	209,035	259,258	271,848	306,367
Sales and use taxes	222,418	174,126	240,729	267,720	241,445
Interest earnings	2,789	8,386	40,764	93,112	97,880
Miscellaneous revenue	54,334	64,638	71,421	76,951	
Casualty loss on equipment				(6,848)	
Transfers	<u>277,103</u>	<u>404,833</u>	<u>344,827</u>	<u>1,118,477</u>	<u>(89,079)</u>
Total governmental activities	<u>2,400,464</u>	<u>2,705,807</u>	<u>3,074,723</u>	<u>4,372,818</u>	<u>3,393,804</u>
Business-type activities:					
Investment earnings	12,361	30,645	69,746	76,067	16,663
Miscellaneous revenue	40,440	187,091	34,119	8,836	
Transfers	<u>(277,103)</u>	<u>(404,833)</u>	<u>(344,827)</u>	<u>(1,118,477)</u>	<u>89,079</u>
Total business-type activities	<u>(224,302)</u>	<u>(187,097)</u>	<u>(240,962)</u>	<u>(1,033,574)</u>	<u>105,742</u>
Total primary government	<u>2,176,162</u>	<u>2,518,710</u>	<u>2,833,761</u>	<u>3,339,244</u>	<u>3,499,546</u>
 CHANGE IN NET ASSETS					
Governmental activities	431,645	278,028	283,982	133,243	(252,674)
Business-type activities	<u>792,740</u>	<u>1,072,832</u>	<u>199,166</u>	<u>(714,830)</u>	<u>(162,572)</u>
Total primary government	<u>\$ 1,224,385</u>	<u>1,350,860</u>	<u>483,148</u>	<u>(581,587)</u>	<u>(415,246)</u>

Note: The City of Glenn Heights implemented Governmental Accounting Standards Board Statement Number 34 for the fiscal year ended September 30, 2004. Additional amounts will be added each year until ten years are reported.

CITY OF GLENN HEIGHTS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Fiscal</u> <u>2002</u>
General fund				
Reserved:				
Prepaid expense				
Unreserved, designated for:				
Construction	\$		89,721	97,010
Unreserved and undesignated	<u>433,748</u>	<u>543,899</u>	<u>441,002</u>	<u>405,787</u>
Total general fund	<u>\$ 433,748</u>	<u>543,899</u>	<u>530,723</u>	<u>502,797</u>
 All other governmental funds				
Reserved:				
Debt service fund				
Unreserved, reported in:				
Park development special revenue fund	\$			
Capital projects fund		<u>8,641</u>		
Total all other governmental funds	<u>\$ 8,641</u>			

Year					
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
					216
<u>632,395</u>	<u>809,173</u>	<u>840,039</u>	<u>1,131,955</u>	2,378,361 <u>1,425,435</u>	<u>1,113,269</u>
<u>632,395</u>	<u>809,173</u>	<u>840,039</u>	<u>3,510,316</u>	<u>1,425,435</u>	<u>1,113,485</u>
					39,465
<u>68,407</u>	<u>235,384</u>	<u>406,515</u>	<u>451,930</u>	331,553 <u>2,066,533</u>	241,842 <u>4,489,727</u>
<u>68,407</u>	<u>235,384</u>	<u>406,515</u>	<u>451,930</u>	<u>2,398,086</u>	<u>4,771,034</u>

CITY OF GLENN HEIGHTS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Fiscal 2002</u>
REVENUES				
Taxes				
Property	\$ 979,817	1,147,196	1,232,041	1,376,952
Franchise	169,223	194,695	190,956	205,329
Sales and use	111,973	137,268	146,979	153,680
Permits and fees	70,276	63,046	61,607	84,257
Fines and forfeitures	80,764	106,805	129,504	216,139
Service fees				
Park fees				
Impact fees				
Interest				
State and federal grant	23,480	52,974	98,077	160,033
Miscellaneous	<u>80,484</u>	<u>86,407</u>	<u>113,778</u>	<u>131,914</u>
Total revenues	<u>1,516,017</u>	<u>1,788,391</u>	<u>1,972,942</u>	<u>2,328,304</u>
 EXPENDITURES				
Current:				
Administration	217,591	200,779	386,235	330,130
City manager	120,449	152,730	106,311	112,462
Finance	55,546	61,069	70,411	73,057
City secretary/tax office	64,223	68,379	74,065	77,729
Streets	264,278	195,243	323,044	207,486
Police	487,167	638,854	725,949	751,947
Human resources			59,316	64,928
Municipal court	43,566	42,246	50,129	51,324
Fire	157,069	172,147	292,141	374,358
Code enforcement			50,363	52,132
Warehouse/shop	45,273	46,715	64,515	52,348
Parks and recreation	5,269	12,232	22,841	41,360
Animal control			114,646	120,614
Planning				
Economic development				
Public works				
Sanitation				
Building inspections	86,005	125,983		
Community development				
Capital outlay	22,249	137,889	272,698	201,409
Debt service:				
Principal	85,035	88,515	88,835	131,023
Interest and fiscal charges				<u>25,157</u>
Total expenditures	<u>1,653,720</u>	<u>1,942,781</u>	<u>2,701,499</u>	<u>2,667,464</u>
Excess/(deficiency) of revenues over/(under) expenditures	\$ <u>(137,703)</u>	<u>(154,390)</u>	<u>(728,557)</u>	<u>(339,160)</u>

-continued-

	Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
1,530,286	1,637,312	1,827,781	2,115,175	2,528,489	2,828,754	
203,947	211,275	209,035	259,258	271,848	306,367	
182,906	222,418	174,126	240,729	267,720	241,445	
120,389	236,930	260,449	233,551	170,578	84,896	
190,419	426,441	337,764	422,937	286,463	322,636	
	350,249	412,967	78,409	77,873	127,966	
68,363	166,200	168,336	123,321	67,396	31,032	
					191,066	
	2,789	8,386	40,764	93,112	55,929	
46,021					97,880	
<u>166,930</u>	<u>380,983</u>	<u>152,206</u>	<u>201,534</u>	<u>372,328</u>	<u>142,776</u>	
<u>2,509,261</u>	<u>3,634,597</u>	<u>3,551,050</u>	<u>3,715,678</u>	<u>4,135,807</u>	<u>4,430,747</u>	
259,518	383,492	424,526	403,018	322,498	466,690	
98,441	159,186	159,080	121,730	101,359	147,387	
73,288	82,106	75,098	80,712	97,055	151,421	
83,859	85,158	123,296	109,067	116,527	110,067	
193,210	205,208	200,552	322,307	326,055	341,204	
819,492	1,043,750	1,081,419	1,178,736	1,133,652	1,306,039	
62,941	67,172	84,400	79,212	80,313	111,058	
59,541	89,921	104,822	109,424	119,710	144,106	
376,407	478,229	431,742	442,572	560,813	680,325	
73,834	64,492	60,140	60,874	70,235	73,527	
47,264	69,408	70,497	65,323	74,348		
10,587	10,711	41,313	53,069	64,185	100,209	
48,352	52,264	47,422	44,764	44,119	62,984	
9,931	76,101	76,883	70,170	70,850	82,996	
	90,025	39,117	58,889	91,997	67,726	
					328,165	
2,730	276,139	343,408				
	21,452	101,660	103,464	101,689	63,093	
				9,452	73,813	
857,196	175,871	143,301	437,129	1,715,476	1,074,940	
109,495	168,712	121,537	128,348	168,157	257,541	
<u>23,286</u>	<u>48,996</u>	<u>45,612</u>	<u>72,083</u>	<u>184,051</u>	<u>167,546</u>	
<u>3,209,372</u>	<u>3,648,393</u>	<u>3,775,825</u>	<u>3,940,891</u>	<u>5,452,541</u>	<u>5,810,837</u>	
<u>(700,111)</u>	<u>(13,796)</u>	<u>(224,775)</u>	<u>(225,213)</u>	<u>(1,316,734)</u>	<u>(1,380,090)</u>	

CITY OF GLENN HEIGHTS
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified accrual basis of accounting)
 -continued-

	<u>1999</u>	<u>2000</u>	<u>2001</u>	Fiscal <u>2002</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 295,933	207,200	534,442	466,784
Transfers out	(136,447)	(89,961)	(91,760)	(140,729)
Proceeds from sale of certificates of obligation				
Bond issuance cost				
Proceeds from lease financing	22,249	137,889	272,699	38,598
Insurance proceeds				
Total other financing sources (uses)	<u>181,735</u>	<u>255,128</u>	<u>715,381</u>	<u>364,653</u>
Net change in fund balances	\$ <u>44,032</u>	<u>100,738</u>	<u>(13,176)</u>	<u>25,493</u>
Debt service as a percentage of noncapital expenditures	5.7%	5.5%	5.2%	3.8%

Year						
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	
300,000	434,768	545,000	485,000	1,241,280	190,000	
(124,124)	(157,665)	(140,167)	(140,173)	(122,803)	(279,079)	
750,000			2,535,000		2,050,000	
(27,760)	80,448	21,939	61,078		174,600	
				5,017		
<u>898,116</u>	<u>357,551</u>	<u>426,772</u>	<u>2,940,905</u>	<u>1,123,494</u>	<u>2,135,521</u>	
<u>198,005</u>	<u>343,755</u>	<u>201,997</u>	<u>2,715,692</u>	<u>(193,240)</u>	<u>755,431</u>	
6.0%	6.7%	4.8%	6.1%	6.7%	9.0%	

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CITY OF GLENN HEIGHTS
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

<u>Tax Year</u>	Estimated Market Value				<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
	<u>Commercial Property</u>	<u>Business Personal Property</u>	<u>Residential Property</u>	<u>Less: Exempt Property</u>		
1999	\$ 14,139,520	4,821,740	137,823,380	10,978,744	145,805,896	0.79240
2000	22,166,150	5,160,590	143,081,160	10,639,977	159,767,923	0.79000
2001	29,450,430	6,269,960	175,040,710	17,982,906	192,778,194	0.72840
2002	31,719,830	6,695,210	195,887,810	19,699,495	214,603,355	0.70990
2003	31,448,340	7,994,280	214,342,910	21,135,994	232,649,536	0.69576
2004	40,171,570	7,730,360	257,494,410	24,632,191	280,764,149	0.65310
2005	42,691,830	8,875,970	301,098,570	29,444,707	323,221,663	0.65310
2006	53,106,000	8,365,370	347,138,570	37,220,888	371,389,052	0.69617
2007	55,682,920	10,449,620	380,490,190	39,594,930	407,027,800	0.68404
2008	\$ 52,306,210	14,686,266	401,625,723	44,856,511	423,761,688	0.68404

Source: Dallas Central Appraisal District.

CITY OF GLENN HEIGHTS
Property Tax Rates
Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

City Direct Rates

<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Direct</u>
1999	0.670100	0.122300	0.792400
2000	0.677500	0.112500	0.790000
2001	0.635390	0.093010	0.728400
2002	0.624100	0.085800	0.709900
2003	0.582410	0.113350	0.695760
2004	0.559670	0.093430	0.653100
2005	0.575430	0.077670	0.653100
2006	0.574420	0.121750	0.696170
2007	0.567470	0.116570	0.684040
2008	0.567470	0.116570	0.684040

Sources: Dallas County Appraisal District, City records, Ellis County Tax Office

Overlapping Rates

<u>DeSoto ISD</u>	<u>Red Oak ISD</u>	<u>Ellis County</u>	<u>Ellis County Lateral Road</u>	<u>Dallas County</u>	<u>Dallas County Hospital District</u>	<u>Dallas County Community College District</u>	<u>Dallas County School Equalization Fund</u>
1.660000	1.538000	0.283735	0.047596	0.196000	0.196000	0.050000	0.005699
1.660000	1.538000	0.271940	0.054304	0.196000	0.254000	0.050000	0.005667
1.680000	1.530000	0.302018	0.049400	0.196000	0.254000	0.060000	0.005525
1.710000	1.545000	0.310170	0.041230	0.196000	0.254000	0.060000	0.005500
1.710000	1.570000	0.314644	0.036656	0.203900	0.254000	0.077800	0.005460
1.740000	1.640000	0.315993	0.034006	0.203900	0.254000	0.080300	0.005460
1.790000	1.640000	0.318906	0.031093	0.213900	0.254000	0.081600	0.005300
1.760000	1.510000	0.320491	0.029009	0.213900	0.254000	0.081000	0.005034
1.490000	1.300000	0.364598	0.029009	0.228100	0.254000	0.080400	0.004714
1.510000	1.500000	0.360091	0.033508	0.228100	0.254000	0.089400	0.004928

CITY OF GLENN HEIGHTS
Principal Property Taxpayers
September 30, 2008
(Amounts expressed in thousands)

2008			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage Of Total City Taxable Assessed Value (a)</u>
Texas Utilities Electric Company	\$ 10,464,720	1	2.27%
OSO Grande LP/RMHS LP	3,065,590	2	0.66
Sumeer Homes Inc	2,922,650	3	0.63
MAHS Inc.	2,121,120	4	0.46
Continental Homes TX LP	2,103,310	5	0.46
Anew Properties Inc	2,046,590	6	0.44
First Texas Homes Inc	1,970,150	7	0.49
Stanford David L & Verla	1,710,020	8	0.37
Abrams Plaza LTD	1,603,510	9	0.35
Dee Lee Development 1 LTD	<u>1,536,500</u>	10	<u>0.33</u>
Total	<u>\$ 29,544,160</u>		<u>6.46%</u>

1999			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage Of Total City Taxable Assessed Value (a)</u>
Oso Grande LP	\$ 1,860,560	1	1.28%
MAHS Inc	1,476,040	2	1.01
ONCOR Electric Delivery	1,241,330	3	0.85
RMHS LP	1,230,000	4	0.84
BCSS LP	1,128,790	5	0.77
Sullivan Builders	1,003,350	6	0.69
Don Valk	871,196	7	0.60
Lea V. Sasak	805,000	8	0.55
WAFA Inc	783,890	9	0.54
Abrams National Bank	<u>745,590</u>	10	<u>0.51</u>
Total	<u>\$ 11,145,746</u>		<u>7.64%</u>

Sources: DeSoto Joint Tax Office, City records

CITY OF GLENN HEIGHTS
Property Tax Levies and Collections
Last Ten Fiscal Years

Year Ended Sept. 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 985,063	955,966	97.05	NA	NA	NA
2000	1,156,378	1,108,964	95.90	NA	NA	NA
2001	1,268,176	1,198,935	94.54	NA	NA	NA
2002	1,410,595	1,326,523	94.04	NA	NA	NA
2003	1,521,191	1,454,899	95.64	NA	NA	NA
2004	1,620,203	1,552,729	95.84	NA	NA	NA
2005	1,731,422	1,744,133	100.73	116,586	1,860,719	107.47
2006	2,117,115	2,040,883	96.40	116,749	2,157,632	101.91
2007	2,585,499	2,456,745	95.02	115,014	2,571,759	99.47
2008	\$ 2,672,863	2,658,460	99.46	166,325	2,824,785	105.68

Sources: DeSoto Joint Tax Office and City records

NA: Information not available at the time of publication

CITY OF GLENN HEIGHTS
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Refunding Bonds	Certificates of Obligation	Notes Payable	Capital Leases
1999	\$ 160,000		36,284	
2000	130,000		6,762	
2001	100,000			390,247
2002	70,000			335,923
2003	35,000			249,502
2004		715,000		231,238
2005		680,000		166,639
2006		3,175,000		139,369
2007		3,050,000		96,212
2008	\$	4,925,000		188,271

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

¹See the Schedule of Demographic and Economic Statistics on page 88 for personal income and population data.

NA: Data not available at the time of this publication.

Water & Sewer Revenue <u>Bonds</u>	Business-Type Activities General		Capital <u>Leases</u>	Total Primary <u>Government</u>	Percentage of Personal <u>Income (1)</u>	Per <u>Capita (1)</u>
	<u>Obligation Refunding Bonds</u>	<u>Certificates of Obligation</u>				
565,000	1,730,000			2,491,284	1.15	360
	2,170,000	1,500,000		3,806,762	1.55	527
	2,000,000	1,455,000	37,973	3,983,220	1.47	506
	1,825,000	1,410,000	89,036	3,729,959	1.29	437
	1,740,000	1,360,000	57,815	3,442,317	1.10	375
	1,650,000	1,310,000	24,864	3,931,102	1.12	399
	1,520,000	1,255,000	27,627	3,649,266	0.93	348
	1,390,000	1,200,000	7,622	5,911,991	NA	563
	1,305,000	1,140,000		5,591,212	NA	488
	1,215,000	1,080,000	61,519	7,469,790	NA	641

CITY OF GLENN HEIGHTS
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates of Obligation</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
1999	\$ 160,000		160,000	0.1097%	\$ 23
2000	130,000		130,000	0.0814	18
2001	100,000		100,000	0.0519	13
2002	70,000		70,000	0.0326	8
2003	35,000		35,000	0.0150	4
2004		715,000	715,000	0.2547	73
2005		680,000	680,000	0.2104	65
2006		3,175,000	3,175,000	0.8549	302
2007		3,050,000	3,050,000	0.7493	266
2008	\$	4,925,000	4,925,000	1.1622%	\$ 423

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 77 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 88 for population data.

CITY OF GLENN HEIGHTS
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
DeSoto Independent School District	\$154,400,389	11.64%	17,972,205
Red Oak Independent School District	99,832,143	10.48%	10,462,409
Dallas County	158,486,552	0.18%	285,276
Dallas County Community College District	298,185,000	0.18%	536,733
Dallas County Hospital District		0.18%	
Ellis County	68,416,262	1.41%	<u>964,669</u>
Subtotal, overlapping debt			30,221,292
City of Glenn Heights direct debt			<u>7,220,000</u>
Total direct and overlapping debt			\$ <u>37,441,292</u>

Source: First Southwest Company

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.

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

CITY OF GLENN HEIGHTS
 Legal Debt Margin Information
 Last Nine Fiscal Years
 (Amounts expressed in thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Fiscal 2003</u>
Annual debt requirement limit	\$ 3,645,147	3,994,198	4,819,455	5,365,084
Total net debt applicable to limit	<u>182,705</u>	<u>338,327</u>	<u>333,788</u>	<u>39,445</u>
Legal debt margin	<u>\$ 3,462,442</u>	<u>3,655,871</u>	<u>4,485,667</u>	<u>5,325,639</u>
Total net debt applicable to the limit as a percentage of debt limit	5.01%	8.47%	6.93%	0.74%

Note: Tax year 1998 assessed taxable value that would be used to calculate the 1999 fiscal year's debt margin is not available as of the date of this publication.

Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	
5,816,238	7,019,104	8,080,542	9,284,726	10,175,695	
<u>104,790</u>	<u>68,248</u>	<u>71,620</u>	<u>301,442</u>	<u>327,083</u>	
<u>5,711,448</u>	<u>6,950,856</u>	<u>8,008,922</u>	<u>8,983,284</u>	<u>9,848,612</u>	
1.80%	0.97%	0.89%	3.25%	3.21%	

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ <u>407,027,800</u>
Annual debt limit (\$2.50 per \$100 of assessed value)	\$ 10,175,695
Annual debt requirement applicable to limit: General obligation bonds	<u>327,083</u>
Legal debt margin	\$ <u>9,848,612</u>

CITY OF GLENN HEIGHTS
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Year</u>	<u>Estimated Population (1)</u>	<u>Total Personal Income (Amounts expressed in thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollments</u>		<u>Unemployment Rate (%) (2)</u>
					<u>DeSoto ISD</u>	<u>Red Oak ISD</u>	
1999	6,929	216,469	31,241	NA	6,639	4,199	NA
2000	7,224	245,370	33,966	31.1	6,956	4,407	3.6
2001	7,879	270,061	34,276	NA	7,161	4,515	4.7
2002	8,534	289,524	33,926	NA	6,806	4,650	6.5
2003	9,189	313,538	34,121	NA	6,806	4,752	6.6
2004	9,844	349,669	35,521	NA	7,299	4,751	5.8
2005	10,499	390,657	37,209	NA	7,915	4,794	5.2
2006	10,500	NA	NA	NA	7,898	5,022	4.8
2007	11,450	NA	NA	NA	8,867	5,130	4.8
2008	11,650	NA	NA	NA	8,505	5,178	5.8%

- Sources:
- (1) Estimated population - North Central Texas Council of Governments
 - (2) Per Texas Workforce Commission, Dallas-Fort Worth - Arlington Metropolitan Statistical Area
 - (3) U.S. Census Bureau, County and City Data Book, Dallas County, Census 2000
 - (4) School enrollment - DeSoto Independent School District
 - (5) School Enrollment - Red Oak Independent School District

Note: The City of Glenn Heights is located in both Dallas and Ellis Counties. School children residing in Dallas County are enrolled in the DeSoto Independent School District while those residing in Ellis County attend school in the Red Oak Independent School District.

NA: Data not available at the time of this publication

CITY OF GLENN HEIGHTS
Principal Employers in Surrounding Area
Current Year

<u>Employer</u>	<u>County</u>	<u>Zip Code</u>	<u>Employees</u>	<u>Rank</u>	<u>Industry</u>
Chaparral Steel	Ellis	76065	1,000	1	Manufacturing
Target Distribution Center	Ellis	76065	700	2	Warehouse
Quality Doors	Dallas	75104	700	2	Manufacturing
Wal-Mart Supercenter	Ellis	75165	500	4	Retail
JC Penney Distribution Center	Dallas	75104	495	5	Warehouse
Dart Container Corp	Ellis	75165	470	6	Manufacturing
Owens-Corning Fiberglass	Ellis	75165	450	7	Manufacturing
Baylor Medical	Ellis	76165	403	8	Health Care
Wal-Mart Supercenter	Ellis	76065	400	9	Retail
H E Butt Grocery Co.	Ellis	75165	300	10	Retail
US Aluminum	Ellis	75165	300	10	Manufacturing

Sources: North Central Texas Council of Governments - Dallas and Ellis County demographic data - major employers

Note: The City of Glenn Heights is located in postal Zip Code 75154. The other listed Zip Codes are located in close proximity to the City of Glenn Heights. Data for the period nine years prior to the current period unavailable as of the date of this publication. The percentage of total employment is not available as of the date of this publication.

CITY OF GLENN HEIGHTS
Full-time Equivalent City Government Employees by Function
Last Four Fiscal Years

FUNCTION	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Administrative services:				
Administrative Assistant	1.00	1.00	0.00	0.00
Assistant to City Manager	0.00	0.00	0.00	1.00
City Manager	1.00	1.00	1.00	1.00
City Secretary	1.00	1.00	1.00	1.00
Director of Human Resources	1.00	1.00	1.00	1.00
Community services:				
Parks and recreation	0.00	1.00	1.00	1.00
Development services:				
Director of Economic Development	1.00	1.00	1.00	1.00
Director of Community Development	0.00	0.00	0.00	1.00
City Planner	1.00	1.00	1.00	1.00
Building Inspector	0.00	0.00	0.00	1.00
Police:				
Police Chief	1.00	1.00	1.00	1.00
Lieutenant	1.00	1.00	1.00	1.00
Detective	1.00	1.00	1.00	1.00
Sergeant	1.00	2.00	2.00	2.00
Police Officers	10.00	9.00	11.00	12.00
Warrant Officer	1.00	1.00	1.00	0.00
Code Enforcement	1.00	1.00	1.00	1.00
Animal Control	1.00	1.00	1.00	1.00
Records Manager	1.00	1.00	1.00	1.00
Ad City Budget Office	1.00	1.00	1.00	1.00
Communications Officers	5.00	5.00	5.00	5.00
Fire:				
Chief	1.00	1.00	1.00	1.00
Lieutenant	1.00	1.00	1.00	1.00
Firefighter/Paramedic full time	5.00	5.00	5.00	7.00
Firefighter/Paramedic part time	3.00	3.00	1.50	0.00
Financial Services:				
Finance	1.00	1.00	1.00	1.00
Municipal Court	2.00	2.00	2.00	2.00
Municipal Services:				
Public Works Director	1.00	1.00	1.00	0.00
Administrative Assistant	1.00	1.00	1.00	0.00
Auto Mechanic	1.00	1.00	1.00	0.00
Streets	1.00	1.00	1.00	1.00
Sanitation	1.00	0.00	0.00	0.00
Permit Clerk	1.00	1.00	1.00	1.00
Building Inspector	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total (General Fund)	<u>50.00</u>	<u>50.00</u>	<u>49.50</u>	<u>49.00</u>

CITY OF GLENN HEIGHTS
 Full-time Equivalent City Government Employees by Function
 Last Four Fiscal Years
 -continued-

FUNCTION	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Utility Administration:				
Utility Clerk I	1.00	1.00	1.00	1.00
Utility Clerk II	1.00	1.00	1.00	1.00
Senior Utility Clerk	1.00	1.00	1.00	1.00
Water Services	7.00	8.00	8.00	9.00
Wastewater Services	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>6.00</u>
Total (Utility Fund)	<u>14.00</u>	<u>15.00</u>	<u>15.00</u>	<u>18.00</u>
Total All Funds	<u>64.00</u>	<u>65.00</u>	<u>64.50</u>	<u>67.00</u>

Note: Prior fiscal years 1999 to 2004 not available at the time of this publication.

Source of information: City budget document

CITY OF GLENN HEIGHTS
 Operating Indicators by Function
 Last Three Fiscal Years

FUNCTION	<u>2006</u>	<u>2007</u>	<u>2008</u>
Administrative Services:			
General administration	6	6	0
City Council meetings	36	26	24
City Manager:			
City Council meetings attended	10	26	17
Community events attended	5	5	0
City Secretary:			
City Council meetings	36	24	24
City elections	3	1	0
Proclamations, ordinances, resolutions	56	50	50
Legal notices published	22	20	20
Planning and zoning meetings	18	12	12
Human resources:			
Applications/resumes processed	87	158	100
Positions filled	26	15	16
Benefits programs administered	7	8	8
Property/liability claims managed	11	7	10
Drug/alcohol tests conducted	29	18	22
Community services:			
Parks and recreation:			
Total acreage maintained city parks	44	44	44
Development services:			
Economic development:			
Economic development responses	0	35	0
Economic development meetings	0	35	0
Planning:			
Zoning cases	4	4	28
Plats/replats	4	5	31
Development contacts	15	12	105
Building inspections:			
Permits issued	NA	127	167
Inspections	NA	762	992
Plans reviewed	NA	139	100
Substandard structures condemned	NA	0	0
Emergency services:			
Police administration:			
Administrative calls	145	200	883
Reports prepared	700	700	2,161
Community relations programs initiated	5	10	19

CITY OF GLENN HEIGHTS
 Operating Indicators by Function
 Last Three Fiscal Years
 -continued-

FUNCTION	<u>2006</u>	<u>2007</u>	<u>2008</u>
Emergency services: (continued)			
Fire administration:			
Annual report prepared	1	1	1
Monthly reports prepared	12	12	12
Code enforcement:			
Vehicle related violations	278	636	529
Nuisance violations	400	492	497
Environmental violations	8	11	22
Sign violations	435	504	802
Other ordinance violations	100	288	308
Court summons/citations	123	245	97
Animal control:			
Animals impounded	318	300	344
Animal registrations	253	108	326
Calls for services	976	648	748
Court summons/citations	59	84	128
Financial services:			
Finance:			
Bank account reconciliations	132	132	132
Organizational budget reports	12	12	12
Balance general ledger	12	12	12
Annual audit coordination	1	1	1
Accounts payable invoices	1,800	2,400	2,147
Payrolls processed	26	26	26
Annual budget document	1	1	1
Monthly financial reports	12	12	12
Municipal court:			
New cases filed	2,533	4,558	5,090
Warrants issued	1,119	2,644	1,332
Completed cases	1,439	2,500	3,926
Warrants cleared	690	1,559	414
Utility administration:			
Customers serviced	55,200	60,816	60,000
Billing inquiries	5,300	8,000	8,000
Late notices	10,000	60,816	61,100
Cut-offs	2,000	2,400	1,819
Municipal services:			
Streets:			
Days of street paving or re-paving	15	25	25
Days of ROW maintenance	21	21	21
Days of pothole repairs	52	52	52

-continued-

CITY OF GLENN HEIGHTS
 Operating Indicators by Function
 Last Three Fiscal Years
 -continued-

FUNCTION	<u>2006</u>	<u>2007</u>	<u>2008</u>
Municipal services: (continued)			
Water services:			
Cut-offs	2,500	3,000	821
Leak repairs	550	645	1,061
Meter readings (monthly)	5,700	6,000	5,400
Wastewater services:			
Maintain lift stations (weekly checks)	52	52	52

Sources: Various City Departments

Note: Data prior to FY 2006 not available as of the date of this publication.

CITY OF GLENN HEIGHTS
Capital Asset Statistics by Function
Last Three Fiscal Years

FUNCTION	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public safety			
Police stations	1	1	1
Fire stations	1	1	1
Public works			
Streets-paved (miles)	45	47	47
Parks and recreation			
Parks	1	1	1
Playgrounds	1	1	1
Water			
Water mains (miles)	55	57	57
Overhead storage tanks	1	1	1
Ground storage tanks	3	3	3
Fire hydrants			
Wastewater			
Sanitary sewers (miles)	40	43	43
Number of lift stations	3	3	3

Source: City departments

Notes: Prior fiscal years 1999 - 2005 data not available at the time of this publication.