

**CITY OF GLENN HEIGHTS, TEXAS**

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2010

Prepared by:

Department of Finance

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**CITY OF GLENN HEIGHTS, TEXAS**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2010**

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## **INTRODUCTORY SECTION**

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June 27, 2011

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report for the City of Glenn Heights, Texas, for the fiscal year ended September 30, 2010. This report was prepared through the cooperative efforts of the Finance Department and the City's independent auditor. It is published to provide the City Council, staff, citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government.

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

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of principal officials and an organization chart. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, required supplementary information, and combining and individual funds statements and schedules. The statistical section includes a variety of financial and demographic information presented on a multi-year basis that is relevant to a financial statement reader. The financial section is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB).

## **CITY PROFILE**

The City of Glenn Heights, Texas, a predominately residential community situated in Dallas and Ellis Counties, is a Texas municipal corporation that incorporated in 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 lies at the hub of Interstate 35E and Texas Farm-To-Market Road 664. Glenn Heights is a short drive from downtown Dallas and has an estimated population of 11,300 residents. The City operates under a

council-manager form of government. The Council is comprised of seven officials including a mayor and six council members.

## **THE REPORTING ENTITY AND ITS SERVICES**

Generally accepted accounting principles require that basic financial statements present the City (the primary government) and its component units. The Council has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity. The City is regulated by the Code of State Statutes of the State of Texas and is authorized to perform the following services: public safety (police and fire), public works, planning, inspection, sanitation, water and sewer utilities, storm drainage and general administrative services.

## **ECONOMIC OUTLOOK AND FINANCIAL CONDITION**

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

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

A major capital improvement project for the Bear Creek and Hampton Road intersection is in progress and scheduled for completion in FY 2010-11. The project is jointly funded by Dallas County and capital projects funds of the City.

In recent years, the City of Glenn Heights has experienced excellent growth in population. The 1990 census was 4,564, and the 2010 estimated population is 11,300, a 147% increase during the 18 years since the 1990 census. The City's current ad valorem tax base is 86% residential, 10% commercial, and 4% business personal property. The City recognizes the value of commercial development to its economic base and continues to encourage commercial growth that will be beneficial to the community.

Changes in the national economy and housing markets have caused a decrease of 2.51% in the overall net taxable values for fiscal year 2010-11. In order to maintain its current level of services to the community, the City adopted a 4.83% increase in the overall tax levy by adopting a 7.53% increase in its adopted tax rate in FY 2010-11.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary funds are 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. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and the evaluation of cost and benefits requires estimates and judgments by management. We believe the City's internal control structure is adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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

## **AUDIT**

The City Charter requires an annual audit of the books of accounts, financial records and transactions of all departments of the City by independent certified public accountants selected and engaged by the City Council. The Independent Auditor's report is included in the financial section of this report.

## **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Glenn Heights for its Comprehensive Annual Financial Report (CAFR) for fiscal year ended September 30, 2009. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

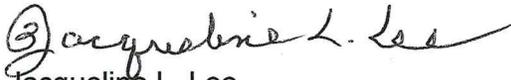
In order to be awarded a Certificate of Achievement a government unit must publish an easily readable and efficiently organized CAFR with contents that conform to program standards. In addition, an award winning CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## CONCLUSION

The preparation of this report could not be accomplished without the dedicated services of the staff of the Department of Finance. Staff has devoted extra hours and exhibited dedicated effort in ensuring the accuracy and timeliness of this report. Appreciation is also extended to the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,



Jacqueline L. Lee  
City Manager



Edward B. Peacock, CPA, CGFO  
Fiscal Consultant

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Glenn Heights  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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**CITY OF GLENN HEIGHTS**  
Principal Officials  
September 30, 2010

**ELECTED OFFICIALS**

Victor Pereira	Mayor
Chance Harvey	Mayor Pro-Tem
Mary Ann Chancellor	Council Member
Daniel Freeman	Council Member
Kathy Dixon	Council Member
Doug Burton	Council Member
Leon Tate	Council Member

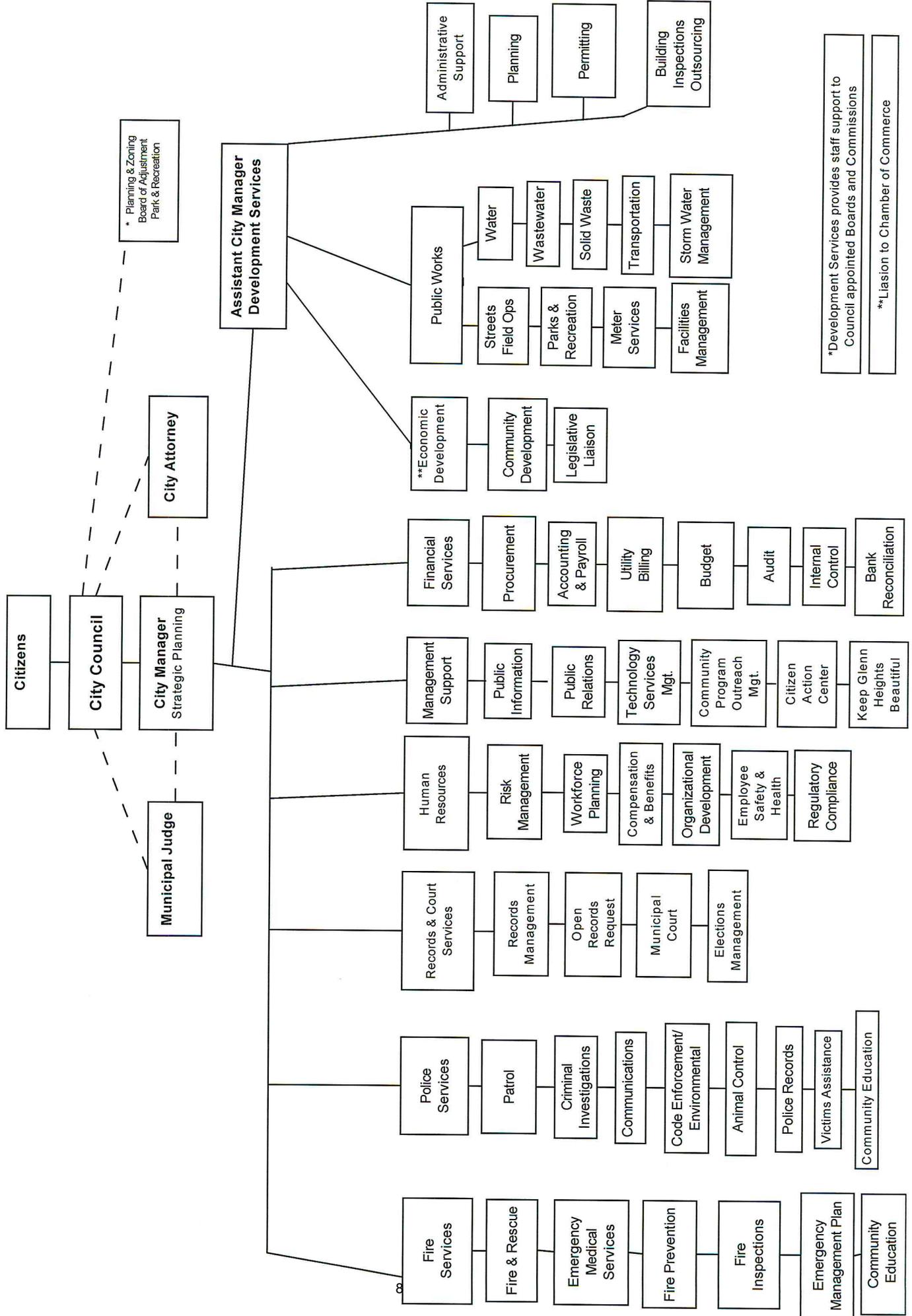
**APPOINTED OFFICIALS**

Jacqueline L. Lee	City Manager
Connie Hearne	Assistant to City Manager
Patrick J. Harvey	Director of Finance
Vacant	Director of Economic Development
Phillip M. Prasifka	Chief of Police
Chris Shook	Fire Chief
Othel Murphree	City Secretary
Kristen Smith-Davis	Director of Human Resources
Judy Bell	Executive General Manager of Municipal Services and Planning

# CITY OF GLENN HEIGHTS

## Organizational Chart - Functional

### Effective October 1, 2010



\* Planning & Zoning Board of Adjustment Park & Recreation

\*\*Development Services provides staff support to Council appointed Boards and Commissions

\*\*Liaison to Chamber of Commerce

## **FINANCIAL SECTION**

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**PINGLETON, HOWARD & COMPANY, P. C.**  
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AMERICAN INSTITUTE OF CPAs  
AICPA DIVISION FOR CPA FIRMS  
TEXAS SOCIETY OF CPAs

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, 2010, 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, 2010, 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.

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

Management's discussion and analysis and the schedule of funding progress for the Texas Municipal Retirement System on pages 13 through 20 and page 49 are 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.

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, combining and individual fund statements and 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 combining and individual fund statements and 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.

*Pingleton, Howard & Company, P. C.*

June 16, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The City of Glenn Heights, (The City) we offer readers of The City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2010.

### Financial Highlights

- The assets of The City exceeded its liabilities at the close of the most recent fiscal year by \$11,619,282 (net assets). The majority of this amount, \$8,589,394, or 74%, reflects the City's investment in capital (e.g. land, buildings, equipment, infrastructure, and construction in progress) less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to its citizens; consequently these assets are not available for future spending. Of the remaining amount, \$3,868,357 is restricted for the construction or acquisition of capital assets, \$159,014 is restricted for debt service, \$124,927 is restricted for public safety. Remaining is a \$1,383,267 deficit in unrestricted governmental net assets.
- Governmental net assets increased in total by \$288,100 in comparison with the prior year. The increase in net assets is primarily attributed to revenues plus transfers in from business-type activities in excess of expenses.
- At the close of the current fiscal year, The City's governmental funds reported combined ending fund balances of \$5,264,532, a decrease of \$262,869 in comparison with the prior year. Approximately 21% of this total amount, \$1,107,017 is available for spending at the City's discretion (unreserved, undesignated fund balance).
- In total, the City's bonded debt decreased by \$365,000 during the current fiscal year. Key factors in this decrease were annual required principal payments of \$430,000, and the issuance of \$2,025,000 in general obligation refunding bonds. Proceeds from the refunding bonds were placed in escrow to call \$1,960,000 in outstanding debt at par plus accrued interest on August 12, 2010.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to The City's basic financial statements. The City of Glenn Heights's basic financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements, and
3. Notes to the Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

#### *Government-wide financial statements*

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

The statement of net assets presents information on all of The City of Glenn Heights's 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The government-wide financial statements can be found on pages 22-23 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 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. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in 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 fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service, 2006 bonds capital projects fund, 2008 bonds capital projects fund, and impact fee capital projects fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the from of combining statements elsewhere in this report

The City of Glenn Heights adopts an annual appropriated budget for its general fund, debt service fund, nonmajor special revenue funds, and water and wastewater fund. Separate budgetary comparison statements are presented for the general, debt service and water and wastewater funds to demonstrate compliance with their adopted budgets. These comparisons can be found in the basic governmental fund financial statements and supplementary section that follow this discussion.

The basic governmental fund financial statements can be found on pages 24-28 of this report.

### *Proprietary funds*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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 the enterprise fund to account for its water, sewer, and storm water drainage 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 information for the water and sewer enterprise fund, which is considered to be a major fund of the City of Glenn Heights.

The proprietary fund financial statements can be found on pages 29-31 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 the pages immediately following the financial statements. The notes to the financial statements can be found on pages 33-49 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, assets exceeded liabilities by \$11,619,282 at the close of the most recent fiscal year.

The majority of this amount, \$8,589,394 reflects the City's investment in capital (e.g. land, buildings, equipment, infrastructure, and construction in progress) less any debt used to acquire those assets that is still outstanding. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table is a summary of Net Assets as of September 30, 2010 and 2009:

CITY OF GLENN HEIGHTS						
TABLE I NET ASSETS						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 5,847,154	\$ 6,240,257	\$ 659,594	\$ 983,356	\$ 6,506,748	\$ 7,223,613
Capital assets, net of accumulated depreciation	2,887,074	2,488,981	10,048,320	10,190,419	12,935,394	12,679,400
Total assets	8,734,228	8,729,238	10,707,914	11,173,775	19,442,142	19,903,013
Long-term liabilities outstanding	4,801,771	4,958,666	2,260,484	2,260,646	7,062,255	7,219,312
Other liabilities	386,419	512,634	374,186	379,813	760,605	892,447
Total liabilities	5,188,190	5,471,300	2,634,670	2,640,459	7,822,860	8,111,759
Net assets						
Invested in capital assets, net of related debt	777,007	507,320	7,812,387	7,957,585	8,589,394	8,464,905
Restricted net assets						
Debt service	159,014	42,648	-	-	159,014	42,648
Capital projects	3,868,357	4,302,556	-	-	3,868,357	4,302,556
Public safety	124,927	59,935	-	-	124,927	59,935
Unrestricted	(1,383,267)	(1,654,521)	260,857	575,731	(1,122,410)	(1,078,790)
Total net assets	<u>\$ 3,546,038</u>	<u>\$ 3,257,938</u>	<u>\$ 8,073,244</u>	<u>\$ 8,533,316</u>	<u>\$ 11,619,282</u>	<u>\$ 11,791,254</u>

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used: \$3,868,357 for capital projects, \$124,927 for public safety, and \$159,014 for debt service. The remaining balance is a deficit in unrestricted net assets of (\$1,122,410).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Governmental Activities

Governmental activities increased net assets by \$288,100, and business-type activities decreased net assets by \$460,072, for a combined net decrease in net assets of \$171,972. Key elements of this City wide decrease are shown in the following table:

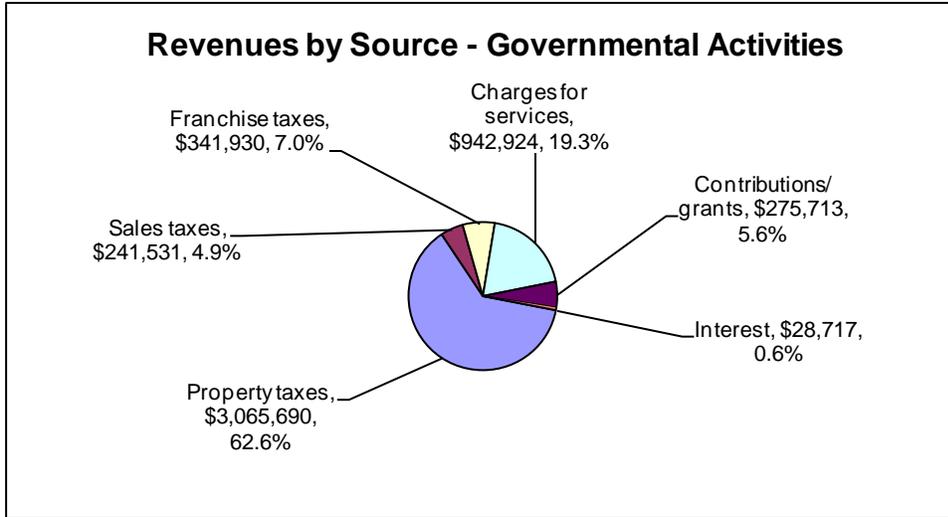
CITY OF GLENN HEIGHTS						
TABLE II CHANGES IN NET ASSETS						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 942,924	\$ 1,045,555	\$ 4,022,536	\$ 4,030,147	\$ 4,965,460	\$ 5,075,702
Operating grants and contributions	98,593	-	-	-	98,593	-
Capital grants and contributions	177,120	-	-	-	177,120	-
General revenues						
Property taxes	3,065,690	2,983,953	-	-	3,065,690	2,983,953
Franchise taxes	341,930	555,677	-	-	341,930	555,677
Sales taxes	241,531	-	-	-	241,531	-
Investment interest	28,717	-	1,555	-	30,272	-
Miscellaneous	-	52,966	-	4,784	-	57,750
Total revenues	4,896,505	4,638,151	4,024,091	4,034,931	8,920,596	8,673,082
<b>Expenses:</b>						
General government	1,258,541	1,502,474	-	-	1,258,541	1,502,474
Public safety	2,704,675	2,538,381	-	-	2,704,675	2,538,381
Development services	863,457	531,970	-	-	863,457	531,970
Parks and recreation	195,540	22,648	-	-	195,540	22,648
Water, sewer, drainage	-	-	3,713,348	3,405,645	3,713,348	3,405,645
Interest and fiscal charges	205,557	232,764	151,450	136,382	357,007	369,146
Total expenses	5,227,770	4,828,237	3,864,798	3,542,027	9,092,568	8,370,264
Increase (decrease) in net assets before transfers	(331,265)	(190,086)	159,293	492,904	(171,972)	302,818
Net transfers	619,365	158,954	(619,365)	(158,954)	-	-
Increase (decrease) in net assets	288,100	(31,132)	(460,072)	333,950	(171,972)	302,818
Net assets - beginning	3,257,938	3,289,070	8,533,316	8,199,366	11,791,254	11,488,436
Net assets - ending	\$ 3,546,038	\$ 3,257,938	\$ 8,073,244	\$ 8,533,316	\$ 11,619,282	\$ 11,791,254

Ongoing expenses in excess of revenues, including depreciation expense of \$195,696 in the governmental activities and \$334,356 in the business-type activities are the primary reasons for the overall decrease to net assets in FY 2010.

### Revenues by source – governmental activities

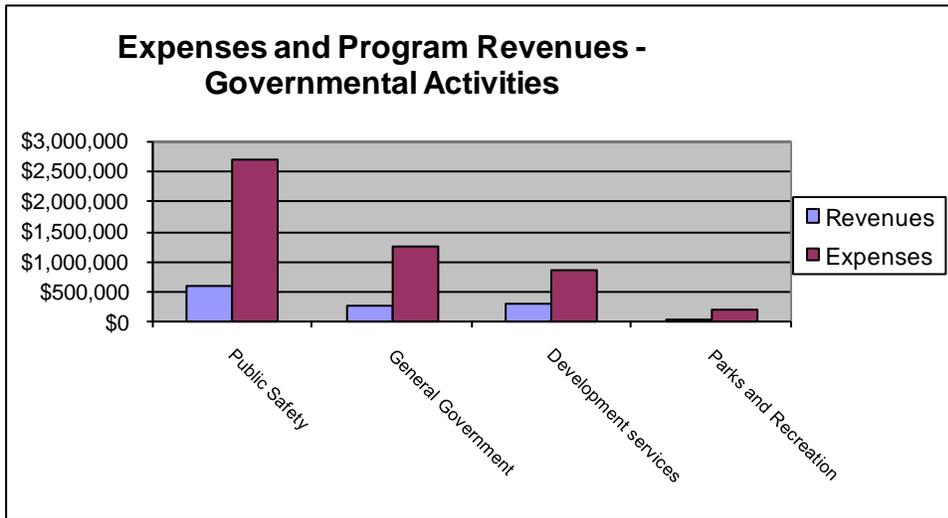
Property taxes, charges for services, sales taxes, and franchise taxes provide 94% of the revenues for the governmental activities. The chart below provides a graphic representation of the City's governmental activities revenues by source:

## MANAGEMENT'S DISCUSSION AND ANALYSIS



### *Expenses and program revenues – governmental activities*

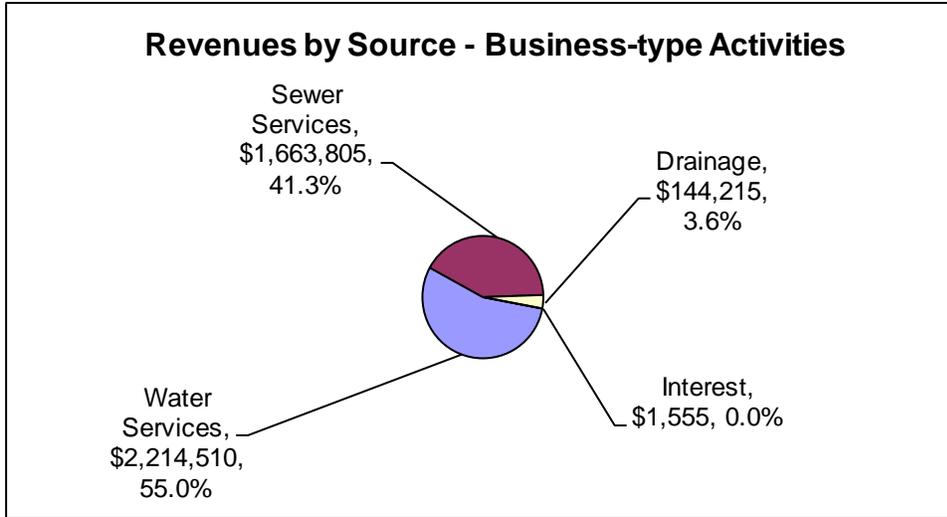
Public safety, development services, and general government provide 92% of the expenses for the governmental activities. The chart below provides a graphic representation of the City's expenses and any directly related revenues by source.



### *Revenues by source – business-type activities*

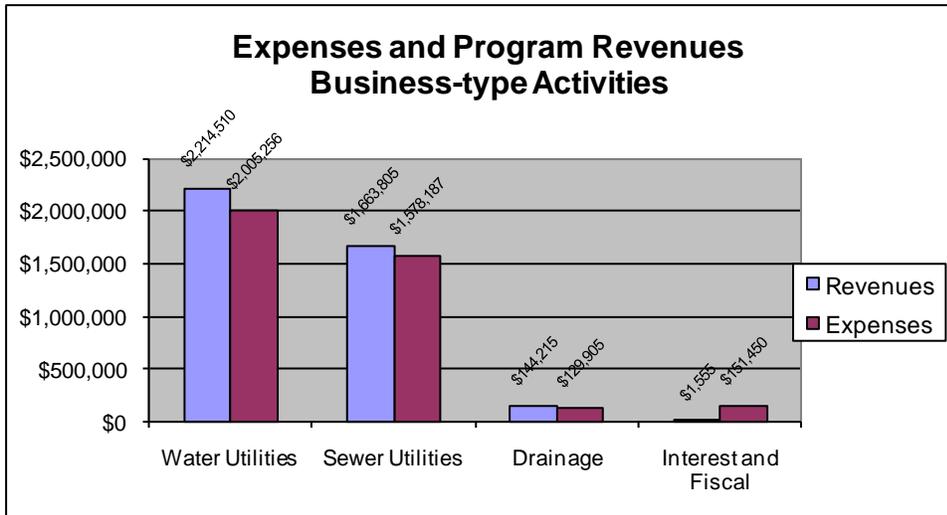
Water, sewer, and drainage fees account for 99% of the revenue.

## MANAGEMENT'S DISCUSSION AND ANALYSIS



### *Expenses and program revenues – business-type activities*

Business-type activities decreased the City's net assets by \$460,072. The water and sewer fund operating income of \$309,188, plus interest income of \$1,555 served to increase net assets; net assets were reduced by an administrative transfers to the general fund of \$400,532, transfers in lieu of taxes to the general fund of \$200,000, interest and fiscal charges on long-term debt of \$63,739, and a loss on refunding of \$87,711.



### **General Fund Budgetary Highlights**

During the year there was additional unanticipated revenues of \$80,950. Those revenues included increased property tax collections of \$15,538, franchise fees \$52,090, permit fees \$39,924, service fees \$47,131, and intergovernmental \$39,607.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional expenses above the budgeted amount were \$265,976, including capital lease payments of \$97,357 that were originally budgeted in the debt service fund and were moved to the general fund. Increases in other departments were due to unanticipated cost increases.

### Capital Asset and Debt Administration

#### Capital Assets

The City of Glenn Heights's investment in capital assets for its governmental and business-type activities as of September 30, 2010 amounts to \$12,935,394 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, water and sewer infrastructure, and construction in progress. Construction in progress for the governmental activities are for the Hampton and Bear Creek Road intersection improvements.

Capital Asset Class	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Land	\$ 820,176	\$ 820,176	\$ 35,161	\$ 35,161	\$ 855,337
Buildings	58,216	40,563	59,488	62,907	117,704	103,470
Park improvements	458,330	458,330	-	-	458,330	458,330
Vehicles	333,410	226,507	12,551	(11,989)	345,961	214,518
Machinery and equipment	248,213	290,575	287,703	171,070	535,916	461,645
Infrastructure	-	-	9,653,417	9,933,270	9,653,417	9,933,270
Construction in progress	968,729	652,830	-	-	968,729	652,830
Total	\$ 2,887,074	\$ 2,488,981	\$ 10,048,320	\$ 10,190,419	\$ 12,935,394	\$ 12,679,400

#### Long-term Debt

At the end of the 2010 fiscal year, the City had total bonded debt outstanding of \$6,460,000. Debt service principal payments of \$430,000 were made when due. The FY 2010 issuance of \$2,025,000 in general obligation refunding bonds to be placed in escrow to call \$1,960,000 in outstanding debt in resulted in a \$65,000 increase in principal due. Consequently, the net decrease in outstanding bonded debt principal was \$365,000.

In the governmental activities, capital lease payments were made when due for a fire truck, Incode financial software, police vehicles and an ambulance. The capital lease for two 2008 police vehicles and the animal control truck in the amount of \$35,275 was paid off. A new capital lease was added to governmental activities in FY 2010 in the amount of \$35,050 and a principal payment of \$8,400 was made for the purchase of a 2010 Chevy Tahoe.

In the water and sewer fund capital lease payments were made when due for three 2010 Ford Ranger trucks for meter services, three other trucks, and Incode software. A new capital lease of \$120,000 was added for a gradall.

Debt	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Certificates of Obligation	\$ 4,435,000	\$ 4,695,000	\$ -	\$ 2,130,000	\$ 4,435,000
General Obligation Refunding Bonds	-	-	2,025,000	\$ -	2,025,000	-
Capital leases	238,208	158,130	210,933	102,834	449,141	260,964
Total	\$ 4,673,208	\$ 4,853,130	\$ 2,235,933	\$ 2,232,834	\$ 6,909,141	\$ 7,085,964

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Financial Analysis of the Government's Funds

### *Governmental funds*

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

At the end of fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$5,264,532, a decrease of \$262,869 for the fiscal year. The decrease is primarily due to expenditures in the capital projects funds for capital improvements.

### *Proprietary funds*

The City of Glenn Heights's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail. The balance in unrestricted net assets of the water and sewer fund at the end of the fiscal year amounts to \$260,857. The change in net assets was a decrease in net assets of \$460,072. This included a budgeted transfers-out to the general fund of \$632,532.

## Economic Factors and Next Year's Budget and Rates

In FY 2011 the City's net taxable property values decreased 2.51%, from \$409,108,730 in FY 2010 to \$398,851,112 in FY 2011.

The overall property tax rate was increased in FY 2011 by 0.0557 or 7.53%, from 0.7393 in FY 2010 to 0.7950 in FY 2011. The increase is mainly due to an increase in the maintenance and operations (M&O) tax rate component, from 0.5974 to 0.6514.

The decrease in net taxable values and the increased overall tax rate resulted in a 4.83% increase in the overall tax levy, from \$3,024,631 in FY 2010 to \$3,170,866 in FY 2011.

General fund expenditures in the adopted FY 2011 budget decreased by 2.21% from the FY 2010 actual expenditures, from \$4,757,623 actual in FY 2010 to \$4,652,439 adopted in FY 2011.

On a budgetary basis (total expenses and transfers out, not including depreciation and adding bond principal), the FY 2011 budgeted expenditures in the utility fund decreased 3.36% from the FY 2010 actual expenditures, from \$4,632,985 actual in FY 2010 to \$4,477,117 adopted budget in FY 2011. The overall decrease in budgeted expenditures was due to decreasing costs of services and debt retirement.

## Requests for Information

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

## **BASIC FINANCIAL STATEMENTS**

**City of Glenn Heights, Texas**  
**Statement of Net Assets**  
**September 30, 2010**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	5,056,324	141,764	5,198,088
Restricted cash and cash equivalents	-	361,337	361,337
Receivables (net of allowance for uncollectibles):			
Taxes	194,166	-	194,166
Accounts and other	54,601	460,973	515,574
Internal balances	513,765	(513,765)	-
Prepaid expenses	2,538	163,309	165,847
Deferred bond issue costs	25,760	45,976	71,736
Capital assets, net of accumulated depreciation:			
Non-depreciable	1,788,905	35,161	1,824,066
Depreciable (net)	1,098,169	10,013,159	11,111,328
Total assets	<u>8,734,228</u>	<u>10,707,914</u>	<u>19,442,142</u>
<b>Liabilities</b>			
Accounts and contracts payable	336,774	-	336,774
Accrued liabilities	27,611	6,518	34,129
Accrued interest payable	22,034	6,331	28,365
Liabilities payable from restricted assets:			
Water meter deposits	-	361,337	361,337
<b>Long-Term Liabilities</b>			
Due within one year	427,641	231,979	659,620
Due in more than one year	4,374,130	2,028,505	6,402,635
Total liabilities	<u>5,188,190</u>	<u>2,634,670</u>	<u>7,822,860</u>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	777,007	7,812,387	8,589,394
Restricted for:			
Debt service	159,014	-	159,014
Capital improvements	3,868,357	-	3,868,357
Public safety	124,927	-	124,927
Unrestricted	(1,383,267)	260,857	(1,122,410)
Total net assets	<u>\$ 3,546,038</u>	<u>8,073,244</u>	<u>11,619,282</u>

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

**City of Glenn Heights, Texas**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2010**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-Type Activities		Total
		Capital Grants and Contributions	Operating Grants and Contributions		Business-Type Activities	Total	
<b>Function/Program Activities</b>							
<b>Primary Government:</b>							
Governmental activities:							
General government	1,258,541	271,052	-	(987,489)	-	(987,489)	
Public safety	2,704,675	455,701	98,593	(2,115,381)	-	(2,115,381)	
Development services	863,457	182,009	-	(539,328)	-	(539,328)	
Recreation	195,540	34,162	-	(161,378)	-	(161,378)	
Interest on long term debt	205,557	-	-	(205,557)	-	(205,557)	
<b>Total governmental activities</b>	<u>5,227,770</u>	<u>942,924</u>	<u>98,593</u>	<u>(4,009,133)</u>	<u>-</u>	<u>(4,009,133)</u>	
Business-type activities:							
Water, sewer, drainage	3,864,798	4,022,536	-	-	157,738	157,738	
<b>Total business-type activities</b>	<u>3,864,798</u>	<u>4,022,536</u>	<u>-</u>	<u>-</u>	<u>157,738</u>	<u>157,738</u>	
<b>Total primary government</b>	<u>9,092,568</u>	<u>4,965,460</u>	<u>98,593</u>	<u>(4,009,133)</u>	<u>157,738</u>	<u>(3,851,395)</u>	
<b>General revenues:</b>							
General property taxes				3,065,690	-	3,065,690	
Other local taxes				241,531	-	241,531	
Franchise fees				341,930	-	341,930	
Interest income				28,717	1,555	30,272	
Transfers				619,365	(619,365)	-	
Total general revenues and transfers				<u>4,297,233</u>	<u>(617,810)</u>	<u>3,679,423</u>	
Change in net assets				288,100	(460,072)	(171,972)	
Net assets - beginning				3,257,938	8,533,316	11,791,254	
Net assets - ending				<u>\$ 3,546,038</u>	<u>8,073,244</u>	<u>11,619,281</u>	

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

**City of Glenn Heights, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2010**

	<u>General</u>	<u>Debt Service</u>	<u>2006 Bond CP Fund</u>	<u>2008 Bond CP Fund</u>	<u>Impact Fee Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Cash and cash equivalents	1,068,681	319	2,084,591	478,551	1,071,926	352,256	5,056,324
Receivables:							
Taxes	194,166	-	-	-	-	-	194,166
Accounts and other	54,601	-	-	-	-	-	54,601
Due From other funds	343,893	158,695	-	162,605	-	11,177	676,370
Prepaid expenses	2,538	-	-	-	-	-	2,538
Total Assets	<u>1,663,879</u>	<u>159,014</u>	<u>2,084,591</u>	<u>641,156</u>	<u>1,071,926</u>	<u>363,433</u>	<u>5,983,999</u>
<b>Liabilities and Fund Balances</b>							
Accounts payable	336,774	-	-	-	-	-	336,774
Accrued wages payable	27,611	-	-	-	-	-	27,611
Due to other Funds	-	-	162,605	-	-	-	162,605
Deferred revenue	192,477	-	-	-	-	-	192,477
Total Liabilities	<u>556,862</u>	<u>-</u>	<u>162,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>719,467</u>
<b>Fund balances</b>							
Reserved for public safety	-	-	-	-	-	124,927	124,927
Unreserved, designated for:							
Capital projects	-	-	1,921,986	641,156	1,071,926	233,289	3,868,357
Debt service	-	159,014	-	-	-	-	159,014
Unreserved, reported in:							
General fund	1,107,017	-	-	-	-	-	1,107,017
Special revenue funds	-	-	-	-	-	5,217	5,217
Total fund balances	<u>1,107,017</u>	<u>159,014</u>	<u>1,921,986</u>	<u>641,156</u>	<u>1,071,926</u>	<u>363,433</u>	<u>5,264,532</u>
Total liabilities and fund balances	<u><u>1,663,879</u></u>	<u><u>159,014</u></u>	<u><u>2,084,591</u></u>	<u><u>641,156</u></u>	<u><u>1,071,926</u></u>	<u><u>363,433</u></u>	<u><u>5,983,999</u></u>

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

**City of Glenn Heights, Texas**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**September 30, 2010**

Total fund balances--governmental funds \$ 5,264,532

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

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

Land	\$	820,176	
Construction in Progress		968,729	
Buildings		121,134	
Vehicles		1,135,391	
Equipment		1,158,570	
Accumulated depreciation		<u>(1,316,925)</u>	
Total capital assets	\$	<u>2,887,074</u>	2,887,074

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. 192,477

Deferred bond issue costs are expensed in the funds when incurred, they are capitalized and amortized in the government wide financials 25,760

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	\$	238,209	
Compensated absences		128,562	
Accrued interest		22,034	
Long-term debt		<u>4,435,000</u>	
Total long-term liabilities	\$	<u>4,823,805</u>	(4,823,805)

Net assets of governmental activities \$ 3,546,038

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

**City of Glenn Heights, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds**  
**For the Fiscal Year Ended September 30, 2010**

	General	Debt Service	2006 Bond CP Fund	2008 Bond CP Fund	Impact Fee Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
General property taxes	2,485,481	584,277	-	-	-	-	3,069,758
Franchise	341,930	-	-	-	-	-	341,930
Sales and use	241,531	-	-	-	-	-	241,531
Permit fees	182,009	-	-	-	-	-	182,009
Fines and forfeitures	389,731	-	-	-	-	65,970	455,701
Service fees	139,586	-	-	-	-	-	139,586
Intergovernmental	52,607	-	-	-	-	80,986	133,593
Park fees	10,544	-	-	-	-	23,618	34,162
Donations	-	-	-	-	-	151	151
Impact fees	-	-	-	-	142,120	-	142,120
Interest	3,949	85	7,931	1,788	11,968	2,996	28,717
Other	123,445	-	-	-	-	7,864	131,309
<b>Total Revenue</b>	<b>3,970,813</b>	<b>584,362</b>	<b>7,931</b>	<b>1,788</b>	<b>154,088</b>	<b>181,585</b>	<b>4,900,567</b>
<b>Expenditures:</b>							
<b>Current:</b>							
City administration	362,756	-	-	-	-	22,613	385,369
City manager	365,166	-	-	-	-	-	365,166
City secretary	127,055	-	-	-	-	-	127,055
Finance	166,811	-	-	-	-	-	166,811
Municipal court	173,629	-	-	-	-	-	173,629
Fire	789,274	-	-	-	-	-	789,274
Police	1,737,526	-	-	-	-	62,162	1,799,688
Economic development	120,937	-	-	-	-	-	120,937
Public works	176,375	-	-	-	253,864	-	430,239
Planning	296,207	-	-	-	-	-	296,207
Parks and recreation	135,672	-	-	-	-	100	135,772
Capital outlay	208,858	-	210,869	107,177	-	80,222	607,126
<b>Debt service:</b>							
Principal retirement	86,580	260,000	-	-	-	-	346,580
Interest and service charges	10,777	194,829	-	-	-	-	205,606
<b>Total expenditures</b>	<b>4,757,623</b>	<b>454,829</b>	<b>210,869</b>	<b>107,177</b>	<b>253,864</b>	<b>165,097</b>	<b>5,949,459</b>
Excess (deficiency) of revenues over (under) expenditures	(786,810)	129,533	(202,938)	(105,389)	(99,776)	16,488	(1,048,892)
<b>Other Financing Sources (Uses):</b>							
Proceeds from capital leases	166,658	-	-	-	-	-	166,658
Transfers in	632,532	-	326,154	-	-	708	959,394
Transfers out	(708)	(13,167)	-	(326,154)	-	-	(340,029)
<b>Total Other Financing Sources (Uses)</b>	<b>798,482</b>	<b>(13,167)</b>	<b>326,154</b>	<b>(326,154)</b>	<b>-</b>	<b>708</b>	<b>786,023</b>
<b>Net Change in Fund Balances</b>	<b>11,672</b>	<b>116,366</b>	<b>123,216</b>	<b>(431,543)</b>	<b>(99,776)</b>	<b>17,196</b>	<b>(262,869)</b>
Fund Balances, Beginning of Year	1,095,345	42,648	1,798,770	1,072,699	1,171,702	346,237	5,527,401
Fund Balances, End of Year	1,107,017	159,014	1,921,986	641,156	1,071,926	363,433	5,264,532

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

**City of Glenn Heights, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended September 30, 2010**

Net change in fund balances--total governmental funds \$ (262,869)

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	\$ 614,076	
Capital asset retirements	(20,287)	
Depreciation expense	<u>(195,696)</u>	
Net adjustment	<u>\$ 398,093</u>	398,093

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 (4,068)

The issuance of long-term debt (e.g., bonds, tax anticipation notes) 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 debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the the treatment of long-term debt and related items.

Capital leases	\$ (166,658)	
Total proceeds	<u>(166,658)</u>	
Repayments:		
To bondholders	260,000	
To capital lease	<u>86,580</u>	
Total repayments	<u>346,580</u>	
Net adjustment	<u>\$ 179,922</u>	179,922

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 general obligation bonds & tax	\$ 1,514	
Accrued compensated absences	<u>(23,027)</u>	
Total adjustment	<u>\$ (21,513)</u>	(21,513)

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 interest costs	\$ (1,465)	
Total adjustment	<u>\$ (1,465)</u>	<u>(1,465)</u>

Change in net assets of governmental activities \$ 288,100

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

**City of Glenn Heights, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget vs Actual--General Fund**  
**For the Fiscal Year Ended September 30, 2010**

	<b>Budgeted Amounts Original &amp; Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget-- Positive (Negative)</b>
<b>Revenues:</b>			
General property taxes	\$ 2,469,943	\$ 2,485,481	\$ 15,538
Franchise	289,840	341,930	52,090
Sales and use	289,800	241,531	(48,269)
Permit Fees	142,085	182,009	39,924
Fines and forfeitures	389,000	389,731	731
Service fees	92,455	139,586	47,131
Park fees	11,400	10,544	(856)
Intergovernmental	13,000	52,607	39,607
Interest	10,000	3,949	(6,051)
Other	182,340	123,445	(58,895)
Total Revenue	<u>3,889,863</u>	<u>3,970,813</u>	<u>80,950</u>
<b>Expenditures:</b>			
Current:			
City administration	458,216	362,756	95,460
City manager	338,784	365,166	(26,382)
City secretary	129,545	127,055	2,490
Finance	164,088	166,811	(2,723)
Municipal court	172,195	173,629	(1,434)
Fire	754,371	789,274	(34,903)
Police	1,711,428	1,737,526	(26,098)
Economic development	131,473	120,937	10,536
Public works	220,731	176,375	44,356
Planning	270,993	296,207	(25,214)
Parks and recreation	132,623	135,672	(3,049)
Debt service:			
Capital lease principal	-	86,580	(86,580)
Capital lease interest	-	10,777	(10,777)
Capital outlay	7,200	208,858	(201,658)
Total expenditures	<u>4,491,647</u>	<u>4,757,623</u>	<u>(265,976)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(601,784)</u>	<u>(786,810)</u>	<u>(185,026)</u>
<b>Other financing sources (uses):</b>			
Capital lease	-	166,658	166,658
Transfers in	632,532	632,532	-
Transfers out	-	(708)	(708)
Total other financing sources (uses)	<u>632,532</u>	<u>798,482</u>	<u>165,950</u>
Net change in fund balances	<u>30,748</u>	<u>11,672</u>	<u>(19,076)</u>
Fund balance, beginning of year	<u>1,095,345</u>	<u>1,095,345</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,126,093</u>	<u>\$ 1,107,017</u>	<u>\$ (19,076)</u>

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

**City of Glenn Heights, Texas**  
**Statement of Net Assets**  
**Proprietary Fund**  
**September 30, 2010**

	<u>Water and Sewer</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	141,764
Restricted cash and cash equivalents	361,337
Accounts receivable (net of allowance for uncollectibles)	460,973
Prepaid expenses	163,309
Total current assets	<u>1,127,383</u>
Noncurrent assets:	
Bond issuance costs	45,976
Capital assets:	
Land	35,161
Buildings and systems	14,095,925
Machinery and equipment	741,559
Less: accumulated depreciation	<u>(4,824,325)</u>
Total capital assets (net of accumulated depreciation)	<u>10,048,320</u>
Total noncurrent assets	<u>10,094,296</u>
Total assets	<u>11,221,679</u>
<b>LIABILITIES</b>	
Current liabilities payable from unrestricted assets:	
Accrued liabilities	6,518
Compensated absences	7,500
Accrued interest payable	6,331
Due to other funds	513,765
Current portion of lease payable	64,479
Current portion of general obligation refunding bonds payable	<u>160,000</u>
Total current liabilities payable from unrestricted assets	<u>758,593</u>
Current liabilities payable from restricted assets:	
Water meter deposits	<u>361,337</u>
Total current liabilities payable from restricted assets	<u>361,337</u>
Total current liabilities	<u>1,119,930</u>
Noncurrent liabilities:	
Compensated absences	17,051
Lease payable	146,454
General obligation refunding bonds payable	<u>1,865,000</u>
Total noncurrent liabilities	<u>2,028,505</u>
Total liabilities	<u>3,148,435</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	7,812,387
Unrestricted	<u>260,857</u>
Total Net Assets	<u>8,073,244</u>

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

**City of Glenn Heights, Texas**  
**Statement of Revenues, Expenses, and Changes in**  
**Fund Net Assets Proprietary Fund**  
**For the Fiscal Year Ended September 30, 2010**

	<b>Water and Sewer</b>
<b>OPERATING REVENUES</b>	
Water	1,911,677
Sewer	1,663,805
Drainage	144,215
Service charges	211,919
Water and sewer connections	51,154
Other	39,766
Total operating revenues	4,022,536
<b>OPERATING EXPENSES</b>	
Personnel services	677,489
Supplies	133,792
Contractual services	1,150,349
Wastewater treatment	1,417,362
Depreciation	334,356
Total operating expenses	3,713,348
Operating income (loss)	309,188
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	1,555
Loss on refunding of capital debt	(87,711)
Interest and service charges	(63,739)
Total nonoperating revenues (expenses)	(149,895)
Income (loss) before operating transfers	159,293
Transfers in	13,167
Transfers out	(632,532)
Change in net assets	(460,072)
Net assets - beginning	8,533,316
Net assets - ending	\$ 8,073,244

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

**City of Glenn Heights, Texas**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended September 30, 2010**

	<b>Water and Sewer Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Receipts from customers	\$ 4,044,659
Payments to suppliers	(2,371,716)
Payments to employees	(699,948)
<b>Net Cash Provided by Operating Activities</b>	<b>972,995</b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Operating transfers in from other funds	13,167
Operating transfers out to other funds	(632,532)
<b>Net Cash Used for Noncapital Financing Activities</b>	<b>(619,366)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and construction of capital assets	(28,000)
Proceeds from refunding capital debt	2,025,000
Principal refunded capital debt	(1,960,000)
Loss on refunding capital debt	(87,711)
Principal paid -bonds	(170,000)
Principal paid - leases	(56,158)
Interest paid	(71,408)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(348,277)</b>
<b>Cash Flows from Investing Activities:</b>	
Interest income received	1,555
<b>Net Cash Provided by Investing Activities</b>	<b>1,555</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>6,908</b>
Cash and cash equivalents, beginning	496,193
Cash and cash equivalents, ending	<b>\$ 503,101</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
<b>Operating Income</b>	<b>\$ 309,188</b>
<b>Adjustments Not Affecting Cash:</b>	
Depreciation	334,356
<b>Change in Assets and Liabilities:</b>	
(Increase) Decrease in accounts receivable	883
(Increase) Decrease in prepaid items	(163,309)
(Increase) Decrease in bond issue costs	(20,669)
Increase (Decrease) in wages payable	(19,198)
Increase (Decrease) in due to other funds	513,765
Increase (Decrease) in customer deposits	21,240
Increase (Decrease) in compensated absences	(3,261)
<b>Total Adjustments</b>	<b>663,808</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 972,995</b>
<b>Noncash investing, capital, and financing activities:</b>	
Borrowing under capital lease	\$ 164,257
Capital acquisition under capital lease	(164,257)

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

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## NOTES TO THE FINANCIAL STATEMENTS

### 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, storm drainage and general administrative services. The City operates under a council-manager form of government. The Council is comprised of seven officials including a mayor and six council members.

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

The Council has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the GASB 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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 City reports the following major governmental funds:

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

The *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 Bonds Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The *2008 Bonds Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The *Impact Fees Capital Projects 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 City reports the following major proprietary fund:

## NOTES TO THE FINANCIAL STATEMENTS

The *Water and Sewer Fund* is 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, sewer, and drainage improvements 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 statement to the extent that those standards do not conflict with or contradict guidance of the Government 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 between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### **D. Assets, Liabilities, and Net Assets or Equity**

#### 1. Deposits and Investments

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

#### 2. 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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. 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, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (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 the asset life is not capitalized.

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

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

Assets	Years
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 sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## NOTES TO THE FINANCIAL STATEMENTS

### 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 operating budgets are adopted on a modified accrual basis for the General Fund, Debt Service Fund, Nonmajor Special Revenue Funds, and Water and Sewer Fund. All annual appropriations lapse at fiscal year end. Budgetary appropriations for the Capital Projects Funds are adopted on an individual project basis and extend through project completion.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

4. As part of the annual operating budget, formal budgetary integration, using the modified accrual basis, is employed as a management control device during the year for the General Fund, Debt Service Fund, Nonmajor Special Revenue Funds, and Water and Sewer Fund. No budget amendments were made in the operating funds during the fiscal year.

5. Appropriations for the Capital Projects Funds are adopted on a project by project basis and extend through project completion.

6. The budget approved for the Water and Sewer Fund on a modified accrual basis departs from general accepted accounting principles by including debt principal expenditures, and not including depreciation expense and estimated bad debts in the approved budget. These amounts are reported at year end as part of the "actual" column. A reconciliation of the net change in working capital (modified accrual basis) to the change in net assets (GAAP basis) is presented on the Water and Sewer Fund budgetary compliance schedule in the Supplementary Information section of this report.

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.

### 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, 2010, the City's carrying amount of deposits was \$4,375,273 and the bank balance was \$4,457,587. Of the bank balance, \$250,000 was covered by federal depository insurance and \$4,207,587 was covered by collateral held by the pledging financial institution's trust department or agent in the government's name. The City maintains a \$300 petty cash fund.

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

##### 1. Custodial Credit Risk – Deposits

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

## NOTES TO THE FINANCIAL STATEMENTS

credit risk for its deposits, as all are covered by depository insurance and pledged securities.

### 2. Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are in TexStar investment pool ("TexStar"). The pool is a public funds investment pool created to provide a safe environment for the placement of local government's funds in authorized short-term investments. Local government pools operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. Administration of TexStar is performed by a Board of Directors, which is an administrative agency created under the Interlocal Act. The City is not exposed to custodial credit risk for its investments.

### 3. 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.

### 4. 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.

### 5. 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.

### 6. 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, 2010 are:

## NOTES TO THE FINANCIAL STATEMENTS

Investment	S&P Rating	Carrying Amount	Fair Value	Weighted Average Maturity (Days)
TexSTAR 2a7 Like Local Government Investment Pool	AAAm	\$ 1,183,852	\$ 1,183,852	47

### B. Receivables

Receivables at September 30, 2010 consisted of the following:

Receivables:	General Fund	Utility Fund	Total
Property Taxes	\$ 189,904	\$ -	\$ 189,904
Sales Taxes	5,839	-	5,839
Accounts	77,124	573,136	650,260
Gross Receivables	272,867	573,136	846,003
Less: Allowance for Uncollectibles	24,100	112,163	136,263
<b>Net Total Receivables</b>	<b>\$ 248,767</b>	<b>\$ 460,973</b>	<b>\$ 709,740</b>

Property taxes are based on the appraised values provided by the Dallas County and Ellis County Appraisal Districts.

Taxes are levied by October 1 of each year. 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 net appraised taxable value as of January 1, 2009, upon which the fiscal year 2009- 2010 levy was based, was approximately \$409,183,889. The adopted ad valorem tax rate for the fiscal year 2009- 2010 was \$0.73932 per \$100 of assessed valuation.

### C. Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

Governmental Activities

## NOTES TO THE FINANCIAL STATEMENTS

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 820,176	\$ -	\$ -	\$ 820,176
Construction in progress	652,830	315,899	-	968,729
Totals, capital assets not being depreciated	1,473,006	315,899	-	1,788,905
Capital assets, being depreciated:				
Buildings	99,934	21,200	-	121,134
Park Improvements	526,317	-	-	526,317
Vehicles	967,544	201,658	33,812	1,135,390
Equipment	556,933	75,320	-	632,253
Totals, capital assets being depreciated	2,150,728	298,178	33,812	2,415,094
Less: accumulated depreciation for:				
Buildings	59,371	3,547	-	62,918
Park Improvements	67,987	-	-	67,987
Vehicles	741,037	74,468	13,525	801,980
Equipment	266,358	117,682	-	384,040
Total accumulated depreciation	1,134,753	195,697	13,525	1,316,925
Total capital; assets being depreciated, net	1,015,975	102,481	20,287	1,098,169
<b>City capital assets, net</b>	<b>\$ 2,488,981</b>	<b>\$ 418,380</b>	<b>\$ 20,287</b>	<b>\$ 2,887,074</b>

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

<b>Governmental activities:</b>	<b>Depreciation</b>
General government	\$ 17,478
Parks and recreation	66,718
Public works	16,074
Public safety	95,427
<b>Total depreciation expense - governmental activities</b>	<b>\$ 195,697</b>

### Business-type Activities

<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 35,161	\$ -	\$ -	\$ 35,161
Construction in progress	-	-	-	-
Totals, capital assets not being depreciated	35,161	-	-	35,161
Capital assets, being depreciated:				
Building	136,774	-	-	136,774
Drainage	-	148,000	-	148,000
Pump and storage plant	613,531	-	-	613,531
Tanks, lines and wells	13,197,620	-	-	13,197,620
Furniture, fixtures and equipment	429,863	-	-	429,863
Vehicles	267,439	44,257	-	311,696
Totals, capital assets being depreciated	14,645,227	192,257	-	14,837,484
Less: accumulated depreciation for:				
Building	73,867	3,419	-	77,286
Drainage	-	7,400	-	7,400
Pump and storage plant	544,121	22,042	-	566,163
Tanks, lines and wells	3,333,760	257,811	-	3,591,571
Furniture, fixtures and equipment	258,793	23,967	-	282,760
Vehicles	279,428	19,717	-	299,145
Total accumulated depreciation	4,489,969	334,356	-	4,824,325
Total capital assets being depreciated, net	10,155,258	(142,099)	-	10,013,159
<b>City capital assets, net</b>	<b>\$ 10,190,419</b>	<b>\$ (142,099)</b>	<b>\$ -</b>	<b>\$ 10,048,320</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

Business-type activities:	Depreciation
Water	\$ 231,302
Sewer	95,654
Drainage	7,400
<b>Total depreciation expense</b>	<b>\$ 334,356</b>

### D. Interfund Transfers

Interfund transfer activity for the year ended September 30, 2010 was as follows:

Interfund Transfers					
Transfers Out:	Transfers In:				
	General Fund	Special Revenue Fund	Debt Service	Water and Sewer Fund	Total
General Fund	\$ -	\$ 708	\$ -	\$ -	\$ 708
Debt Service Fund	-	-	-	13,167	13,167
Water and Sewer Fund	632,532	-	-	-	632,532
	<b>\$ 632,532</b>	<b>\$ 708</b>	<b>\$ -</b>	<b>\$ 13,167</b>	<b>\$ 646,407</b>

Interfund transfers are used to move unrestricted utility fund revenues to the general and debt service funds in accordance with budgetary authorizations.

### E. Interfund Payables

The compositions of interfund balances for the year ended September 30, 2010 were as follows:

Due to/ from Other Funds	
Receivable Fund:	Payable Fund:
	Water and Sewer Fund
General Fund	\$ 343,893
Debt Service Fund	158,695
Special Revenue Funds	11,177
	<b>\$ 513,765</b>

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

### F. Long-term Debt

Long-term liabilities activity for the year ended September 30, 2010, is as follows:

## NOTES TO THE FINANCIAL STATEMENTS

CHANGES IN LONG-TERM LIABILITIES					
	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
<b>Governmental activities:</b>					
Certificates of Obligation	\$ 4,695,000	\$ -	\$ 260,000	\$ 4,435,000	\$ 275,000
Capital Lease Obligations	158,130	166,658	86,580	238,208	82,641
Compensated absences	105,536	95,634	72,607	128,563	70,000
Total governmental activities	4,958,666	262,292	419,187	4,801,771	427,641
<b>Business-type activities:</b>					
General Obligation Refunding Bonds	1,115,000	2,025,000	1,115,000	2,025,000	160,000
Certificates of Obligation	1,015,000	-	1,015,000	-	-
Capital Lease Obligations	102,834	164,257	56,158	210,933	64,479
Compensated absences	27,812	11,125	14,386	24,551	7,500
Total business-type activities	\$ 2,260,646	\$ 2,200,382	\$ 2,200,544	\$ 2,260,484	\$ 231,979

The General Fund is used to liquidate the liability for governmental activities compensated absences and capital leases. The interest and sinking (I&S) ad valorem tax levy is accounted for in the Debt Service Fund and is used to liquidate the liability for the governmental activities Certificates of Obligation.

The Water and Sewer Fund is used to liquidate the liability for the business-type activities compensated absences, capital leases, and General Obligation Refunding Bonds.

### 1. Capital Leases

The City has entered into certain capital lease agreements for equipment and vehicles. As of September 30, 2010, the equipment and vehicles leased under governmental activities capital leases had a carrying value of \$375,770, and business-type activities capital leases had a carrying value of \$122,530, which are included in the capital assets-depreciable section on the Statement of Net Assets. Governmental activities capital lease expenditures for 2010 were \$97,356, and business-type activities expenditures were \$66,896, of which \$21,515 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:

Capital Leases		
Annual Debt Service Requirements to Maturity		
	Governmental Activities	Business-type Activities
Year(s) Ending September 30:		
2011	95,348	77,048
2012	62,268	53,537
2013	47,509	37,790
2014	34,392	24,674
2015	30,020	20,302
2016	-	20,302
2017	-	9,730
Total minimum lease payments	269,537	243,383
Less: amount representing interest	(31,329)	(32,450)
Present value of minimum lease payments	\$ 238,208	\$ 210,933

### 2. Bonds Payable

#### Governmental Activities

## NOTES TO THE FINANCIAL STATEMENTS

Governmental Activities bonds payable at September 30, 2010 are comprised of the following issues:

<b>Governmental Activities Tax Supported Long-Term Debt</b>			
2003 Certificates of Obligation, original issue \$750,000, dated September 1, 2003, due in annual installments through September 1, 2018 at 4.65% interest.			\$ 465,000
2006 Certificates of Obligation, original issue \$2,535,000, dated September 1, 2003, due in annual installments through September 1, 2018 at 4.65% interest.			2,040,000
2008 Certificates of Obligation, original issue \$2,050,000, dated September 1, 2003, due in annual installments through September 1, 2018 at 4.65% interest.			1,930,000
<b>Total Governmental Activities Tax Supported Debt</b>			<b>\$ 4,435,000</b>

The annual requirements to amortize the governmental activities bonded debt outstanding as of September 30, 2010 are as follows:

<b>Annual Requirements</b>			
<b>Governmental Activities Tax Supported Bonded Debt</b>			
Fiscal Years ended September 30:	Principal	Interest	Total Requirements
2011	275,000	180,610	455,610
2012	285,000	168,748	453,748
2013	295,000	156,576	451,576
2014	310,000	143,756	453,756
2015	325,000	130,418	455,418
2016-2020	1,695,000	433,815	2,128,815
2021-2025	825,000	153,195	978,195
2026-2030	425,000	26,363	451,363
<b>Total</b>	<b>\$ 4,435,000</b>	<b>\$ 1,393,481</b>	<b>\$ 5,828,481</b>

### Business-type Activities

Business-type Activities bonds payable at September 30, 2010 are comprised of the following individual issues for the Water and Sewer Fund:

<b>Business-type Activities Self-Supported Long-Term Debt</b>	
2010 General Obligation Refunding Bonds, original issue \$2,025,000, dated July 1, 2010, due in annual installments through February 15, 2020.	\$ 2,025,000

The annual requirements to amortize the bonded debt outstanding for the Business-type Activities as of September 30, 2010 are as follows:

## NOTES TO THE FINANCIAL STATEMENTS

Annual Requirements			
Business-type Activities Self-Supported Long-Term Debt			
Fiscal Years ended September 30:	Principal	Interest	Total Requirements
2011	160,000	49,050	209,050
2012	150,000	45,950	195,950
2013	235,000	42,100	277,100
2014	235,000	37,400	272,400
2015	240,000	32,050	272,050
2016-2020	1,005,000	63,425	1,068,425
Total	\$ 2,025,000	\$ 269,975	\$ 2,294,975

### Series 2010 General Obligation Refunding Bonds

On August 5, 2010 the City issued general obligation refunding bonds of \$2,025,000 with an effective interest rate of 2.50% to advance refund the Certificates of Obligation Series 1999 and the General Obligation Refunding Bonds Series 1997 (refunded bonds), with an effective interest rate of 5.28% and par value of \$1,960,000. The refunding bonds were issued at par and, after paying issuance costs of \$33,680, receiving a premium of \$19,578, the net proceeds were \$2,010,898. All of the net proceeds were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded portion was paid on August 12, 2010. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the City's Long-Term Debt Payable.

As a result of the advance refunding, the City decreased its total debt service requirements by \$174,449, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$167,759. Inasmuch as the debt was that of a proprietary fund, accounting standards established by Government Accounting Standards Board Statement Number 23 were observed and a loss on refunding of \$87,711 has been reported. This amount was reported as a current expense since the refunded bonds were called on August 12, 2010.

### G. Restricted Assets

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

Customer Deposits    \$361,337

## NOTE 4. OTHER INFORMATION

### A. Retirement System

#### Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas

## NOTES TO THE FINANCIAL STATEMENTS

Municipal Retirement System (TMRS), an agent multiple employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

	Plan Year 2009	Plan Year 2010
Employee deposit rate	6.00%	6.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/ years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI, Repeating	70% of CPI, Repeating

### Contributions

The employee contribution rate is 6%, and the City matching ratio is currently 2 to 1, both as adopted by the City Council. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost 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 portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25 year closed period amortization period, using the level percent of payroll amortization method. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

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

## NOTES TO THE FINANCIAL STATEMENTS

1. Annual Required Contribution	\$ 220,509
2. Interest on Net Pension Obligation	-
3. Adjustment to the ARC	-
4. Annual Pension Cost	220,509
5. Contributions Made	(220,509)
6. Increase (decrease) in net pension obligation	-
7. Net Pension Obligation/ (Asset), beginning of year	-
8. Net Pension Obligation/ (Asset), end of year	\$ -

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2009 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation Date	12/31/2007	12/31/2008	12/31/2009
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	25 Years: closed period	24 Years: closed period	23 Years: closed period
Amortization Period for New Gains/ Losses	25 Years	25 Years	25 Years
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.5%	7.5%
Projected Salary Increases	Varies by Age & Service	Varies by Age & Service	Varies by Age & Service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	2.10%

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2009	\$3,533,695	\$4,107,835	86.0%	\$574,140	\$2,849,642	20.1%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

### B. Other Post Employment Benefits

#### Supplemental Death Benefits Plan

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual

## NOTES TO THE FINANCIAL STATEMENTS

earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit” or OPEB.

The City of Glenn Heights offers supplemental death to:	Plan Year 2009	Plan Year 2010
Active employees	Yes	Yes
Retirees	Yes	Yes

### Contributions

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

The City’s contributions to the TMRS SDBF for the years ended 2007, 2008, and 2009 were \$457, \$515, and \$285, respectively, which equaled the required contributions.

Schedule of Contribution Rates (RETIREE-only portion of the rate)			
Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	% of ARC Contributed
2007	0.02%	0.02%	100.00%
2008	0.02%	0.02%	100.00%
2009	0.01%	0.01%	100.00%

### C. Risk Management

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

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>						
<b>City of Glenn Heights, Texas</b>						
<b>Schedule of Funding Progress for TMRS</b>						
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Funded Ratio</b>	<b>Unfunded AAL (UAAL)</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
12/31/2007	\$3,228,428	\$3,672,794	87.9%	\$444,366	\$2,286,282	19.4%
12/31/2008	\$3,204,209	\$3,682,408	87.0%	\$478,199	\$2,577,488	18.6%
12/31/2009	\$3,533,695	\$4,107,835	86.0%	\$574,140	\$2,849,642	20.1%

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES**

City of Glenn Heights, Texas  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2010  
 Special Revenue Funds

	Municipal Court Technology	Municipal Court Security	911 Wireless	City Festival	2009 Improvement	Police Jag Grant	Police Seizure Fund	Keep Glenn Heights Beautiful	Park Development	Total
	5,878	11,682	81,997	39	17,814	1	1,505	51	233,289	352,256
	6,027	2,319	15,519	-	-	-	-	-	-	23,865
	11,905	14,001	97,516	39	17,814	1	1,505	51	233,289	376,121
	-	-	-	7,422	5,266	-	-	-	-	12,688
	-	-	-	7,422	5,266	-	-	-	-	12,688
	11,905	14,001	97,516	-	-	-	1,505	-	-	124,927
	-	-	-	-	-	-	-	-	233,289	233,289
	-	-	-	(7,383)	12,548	1	-	51	-	5,217
	11,905	14,001	97,516	(7,383)	12,548	1	1,505	51	233,289	363,433
	11,905	14,001	97,516	39	17,814	1	1,505	51	233,289	376,121

**ASSETS**

Cash and cash equivalents  
 Due From Other Funds  
 Total assets

**LIABILITIES AND FUND BALANCES**

Liabilities:  
 Due to other funds  
 Total liabilities  
 Fund balances:

Reserved for:  
 Public safety  
 Unreserved designated for:  
 Construction

Unreserved:  
 Undesignated  
 Total fund balances(deficit)  
 Total liabilities and fund balances

City of Glenn Heights, Texas  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended September 30, 2010  
 Special Revenue Funds

	Municipal Court Technology	Municipal Court Security	911 Wireless	City Festival	2009 Improvement	Police Jag Grant	CJD Equipment Grant	Police Seizure Fund	Keep Glenn Heights Beautiful	Park Development	Total
<b>Revenues:</b>											
Park fees	-	-	-	-	-	-	-	-	-	23,618	23,618
Fines and forfeitures	10,103	7,269	48,598	-	-	-	-	-	-	-	65,970
Donations	-	-	-	-	-	-	-	-	151	-	151
Interest	7	24	117	-	36	4	-	-	-	2,808	2,996
Intergovernmental	-	-	-	-	-	15,886	65,100	-	-	-	80,986
Other revenue	-	-	-	7,067	-	-	-	797	-	-	7,864
Total revenue	10,110	7,293	48,715	7,067	36	15,890	65,100	797	151	26,426	181,585
<b>Expenditures:</b>											
City administration	-	-	-	11,281	11,332	-	-	-	-	-	22,613
Public safety	2,631	-	-	-	6,242	15,889	37,400	-	-	-	62,162
Parks and recreation	-	-	-	-	-	-	-	-	100	-	100
Capital outlay	-	-	-	-	-	-	27,700	-	-	52,523	80,223
Total expenditures	2,631	-	-	11,281	17,574	15,889	65,100	-	100	52,523	165,098
Excess (deficiency) of revenues over (under) expenditures	7,479	7,293	48,715	(4,214)	(17,538)	1	-	797	51	(26,097)	16,488
<b>Other Financing Sources (Uses):</b>											
Transfers in	-	-	-	-	-	-	-	708	-	-	708
Total other financing sources (uses)	-	-	-	-	-	-	-	708	-	-	708
Net change in fund balances	7,479	7,293	48,715	(4,214)	(17,538)	1	-	1,505	51	(26,097)	17,196
Fund balances, beginning of year	4,426	6,708	48,801	(3,169)	30,086	-	-	-	-	259,385	346,237
Fund balances (deficit), end of year	11,905	14,001	97,516	(7,383)	12,548	1	-	1,505	51	233,289	363,433

**City of Glenn Heights, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget vs Actual - Debt Service Fund**  
**For the Fiscal Year Ended September 30, 2010**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget-- Positive (Negative)
<b>Revenues:</b>			
General property taxes	\$ 557,484	\$ 584,277	\$ 26,793
Interest	900	85	(815)
Total Revenue	<u>558,384</u>	<u>584,362</u>	<u>25,978</u>
<b>Expenditures:</b>			
Debt Service:			
Principal	543,984	260,000	283,984
Interest	314,695	191,826	122,869
Fiscal agent fees	3,600	3,003	597
Total expenditures	<u>862,279</u>	<u>454,829</u>	<u>407,450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(303,895)</u>	<u>129,533</u>	<u>433,428</u>
<b>Other financing sources (uses):</b>			
Transfer from water and sewer fund	277,760	277,760	-
Transfer to water and sewer fund	-	(290,927)	(290,927)
Total Other Financing Sources (Uses)	<u>277,760</u>	<u>(13,167)</u>	<u>(290,927)</u>
Net change in fund balances	<u>(26,135)</u>	<u>116,366</u>	<u>142,501</u>
Fund balance, beginning of year	42,648	42,648	-
Fund balance, end of year	<u>\$ 16,513</u>	<u>\$ 159,014</u>	<u>\$ 142,501</u>

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

**City of Glenn Heights, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Working Capital**  
**Budget vs Actual - Water and Sewer Fund**  
**For the Fiscal Year Ended September 30, 2010**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget-- Positive (Negative)
<b>Revenues:</b>			
Water sales	\$ 2,257,200	\$ 1,911,677	\$ (345,523)
Sewer collection	1,607,000	1,663,805	56,805
Drainage fees residential	147,192	144,215	(2,977)
Late charges	168,000	211,919	43,919
Reconnect fees	72,000	51,154	(20,846)
Water meters	27,750	27,195	(555)
Convenience fee	5,000	338	(4,662)
Miscellaneous	10,800	12,233	1,433
Interest	4,800	1,555	(3,245)
Total Revenue	<u>4,299,742</u>	<u>4,024,091</u>	<u>(275,651)</u>
<b>Expenditures:</b>			
Current:			
Personnel & benefits	768,831	677,489	91,342
Supplies	214,606	133,792	80,814
Contractual services	507,650	474,124	33,526
Water purchases	752,500	676,225	76,275
Sewer treatment	1,104,950	1,417,362	(312,412)
Debt service:			
Principal	170,000	170,000	-
Interest	107,760	63,739	44,021
Loss on refunding	-	87,711	(87,711)
Capital outlay	-	192,257	(192,257)
Total Expenditures	<u>3,626,297</u>	<u>3,892,699</u>	<u>(266,402)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>673,445</u>	<u>131,392</u>	<u>(542,053)</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from capital leases	-	164,257	164,257
Transfer from debt service fund	-	13,167	13,167
Transfer to general fund administrative	(400,532)	(432,532)	32,000
Transfer to general fund in lieu of taxes	(200,000)	(200,000)	-
Total Other Financing Sources (Uses)	<u>(600,532)</u>	<u>(455,108)</u>	<u>45,167</u>
Net Change in Working Capital	72,913	(323,716)	(396,629)
Working Capital, Beginning of Year	125,669	331,169	205,500
Working Capital, End of Year	<u>\$ 198,582</u>	<u>\$ 7,453</u>	<u>\$ (191,129)</u>

**Reconciliation of the Water and Sewer Fund Budgetary Basis (Modified Accrual) to Change in Net Assets (GAAP Basis):**

Net Increase (Decrease) in Working Capital (modified accrual basis)	\$ (323,716)
Depreciation	(334,356)
Proceeds from Capital Leases	(164,257)
Capital Outlay	192,257
Debt Service Principal	170,000
Change in Net Assets (GAAP Basis)	<u>\$ (460,072)</u>

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# 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.

## Contents

### Financial Trends.....

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

### Revenue Capacity.....

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.....

Information presented in these schedules is 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 .....

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.....

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, Texas**  
**Net Assets by Component - Last Seven Fiscal Years**  
**(accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	343,060	\$ 400,712	\$ 556,500	\$ 390,564	\$ 517,255	\$ 507,320	\$ 777,007
Restricted	-	-	2,830,291	2,398,086	4,771,034	4,405,139	4,152,298
Unrestricted	1,197,864	1,418,240	(1,283,857)	(552,473)	(1,999,219)	(1,654,521)	(1,383,267)
<b>Total governmental activities net assets</b>	<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>	<u>3,257,938</u>	<u>3,546,038</u>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	7,076,788	7,095,083	7,294,045	7,810,544	7,864,160	7,957,585	7,812,387
Restricted	1,133,864	1,980,886	2,310,670	1,305,567	-	-	-
Unrestricted	899,685	1,107,200	777,620	551,394	335,206	575,731	260,857
<b>Total business-type activities net assets</b>	<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>	<u>8,533,316</u>	<u>8,073,245</u>
<b>Primary government</b>							
Invested in capital assets, net of related debt	7,419,848	7,495,795	7,850,545	8,201,108	8,381,415	8,464,905	8,589,394
Restricted	1,133,864	1,980,886	5,140,961	3,703,653	4,771,034	4,405,139	4,152,298
Unrestricted	2,097,549	2,525,440	(506,237)	(1,079)	(1,664,013)	(1,078,791)	(1,122,410)
<b>Total primary government net assets</b>	<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>	<u>\$ 11,791,253</u>	<u>\$ 11,619,282</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, Texas**  
**Changes in Net Assets, Last Seven Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>							
Governmental activities:							
General government	\$ 1,531,340	\$ 1,739,131	\$ 1,345,624	\$ 1,388,074	\$ 1,296,369	\$ 1,502,474	\$ 1,258,541
Public safety	1,669,352	1,633,635	1,759,196	1,797,862	2,209,801	2,538,381	2,704,675
Development services	213,485	229,172	474,440	1,725,213	822,832	531,970	863,457
Recreation	10,988	48,685	72,682	75,209	120,652	22,648	195,540
Interest and fiscal charges	49,576	44,491	127,136	136,846	153,125	232,764	205,557
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>	<u>4,828,237</u>	<u>5,227,770</u>
Business-type activities:							
Water and sewer	2,779,549	2,981,717	3,747,199	3,497,511	3,884,636	3,542,027	3,864,798
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>	<u>3,542,027</u>	<u>3,864,798</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>	<u>8,370,264</u>	<u>9,092,568</u>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General government	684,273	667,527	304,684	216,456	487,349	150,926	271,052
Public safety	505,071	414,965	504,991	391,834	97,959	465,020	485,701
Development services	-	-	-	-	275,961	357,155	162,009
Parks and recreation	-	-	-	-	31,032	72,454	34,162
Operating grants and contributions	150,378	16,487	55,335	2,650	-	-	98,593
Capital grants and contributions	166,200	168,336	123,321	272,691	54,000	-	177,120
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>	<u>1,045,555</u>	<u>1,218,637</u>
Business-type activities:							
Charges for services:							
Water and sewer	3,796,591	4,106,118	4,187,327	3,605,582	3,616,322	4,030,147	4,022,536
Capital grants and contributions	-	135,528	-	210,673	-	-	-
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>3,616,322</u>	<u>4,030,147</u>	<u>4,022,536</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>4,572,623</u>	<u>5,075,702</u>	<u>5,241,173</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (1,968,819)</u>	<u>\$ (2,427,779)</u>	<u>\$ (2,790,741)</u>	<u>\$ (4,239,575)</u>	<u>\$ (3,646,478)</u>	<u>\$ (3,782,682)</u>	<u>\$ (4,009,133)</u>
Business-type activities	1,017,042	1,259,929	440,128	318,744	(268,314)	488,120	157,738
Total primary government	<u>(951,777)</u>	<u>(1,167,850)</u>	<u>(2,350,613)</u>	<u>(3,920,831)</u>	<u>(3,914,792)</u>	<u>(3,294,562)</u>	<u>(3,851,395)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes							
Property taxes	1,632,545	1,844,789	2,117,724	2,551,558	2,837,191	2,983,953	3,065,690
Franchise taxes	211,275	209,035	259,258	271,848	306,367	325,120	341,930
Sales and use taxes	222,418	174,126	240,729	267,720	241,445	230,557	241,531
Interest income	2,789	8,386	40,764	83,112	97,880	52,966	28,717
Miscellaneous revenue	54,334	64,638	71,421	76,951	-	-	-
Casualty/loss on equipment	-	-	-	(6,848)	-	-	-
Transfers	277,103	404,833	344,827	1,118,477	(69,079)	158,954	619,365
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>	<u>3,751,550</u>	<u>4,297,233</u>
Business-type activities:							
Interest income	12,361	30,645	69,746	76,067	16,663	4,784	1,555
Miscellaneous revenue	40,440	187,091	34,119	8,636	-	-	-
Transfers	(277,103)	(404,833)	(344,827)	(1,118,477)	89,079	(158,954)	(619,365)
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>	<u>(154,170)</u>	<u>(617,810)</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>	<u>3,597,380</u>	<u>3,679,423</u>
<b>Change in Net Assets</b>	<u>431,645</u>	<u>278,028</u>	<u>283,962</u>	<u>133,243</u>	<u>(252,674)</u>	<u>(31,132)</u>	<u>288,100</u>
Governmental activities	792,740	1,072,832	199,166	(714,830)	(162,572)	333,950	(460,072)
Business-type activities	<u>1,224,385</u>	<u>1,350,860</u>	<u>483,148</u>	<u>(581,587)</u>	<u>(415,246)</u>	<u>302,818</u>	<u>(171,972)</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>	<u>\$ 302,818</u>	<u>\$ (171,972)</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, Texas**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund:</b>										
Reserved:										
Prepaid Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216	\$ -	\$ -
Unreserved, designated for:										
Construction	89,721	97,010	-	-	-	-	2,378,361	-	-	-
Unreserved and undesignated	441,002	405,787	632,395	809,173	840,039	1,131,955	1,425,435	1,113,269	1,095,345	1,107,017
Total General Fund	530,723	502,797	632,395	809,173	840,039	1,131,955	3,803,796	1,113,485	1,095,345	1,107,017
<b>All Other Governmental Funds:</b>										
Reserved:										
Debt service fund	-	-	-	-	-	-	-	39,465	42,648	159,014
Special revenue funds	-	-	-	-	-	-	-	-	59,935	124,927
Unreserved, reported in										
Special revenue funds	-	-	68,407	235,384	406,515	451,930	331,553	241,842	286,302	238,506
Capital project funds	-	-	-	-	-	-	2,066,533	4,489,727	4,043,171	3,635,068
Total all other governmental funds	-	-	68,407	235,384	406,515	451,930	2,398,086	4,771,034	4,432,056	4,157,515

**City of Glenn Heights, Texas**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>										
Taxes										
Property	\$ 1,232,041	\$ 1,376,952	\$ 1,530,286	\$ 1,637,312	\$ 1,827,781	\$ 2,115,175	\$ 2,528,489	\$ 2,828,754	\$ 2,986,439	\$ 3,069,758
Franchise	190,956	205,329	203,947	211,275	209,035	259,258	271,848	306,367	325,120	341,930
Sales and use	146,679	153,680	182,906	222,418	174,126	240,729	267,720	241,445	230,557	241,531
Permits and fees	61,607	84,257	120,389	236,930	260,449	233,551	170,578	84,896	154,923	182,009
Fines and forfeitures	129,504	216,139	190,419	426,441	337,764	422,937	286,463	322,636	346,149	455,701
Service fees			350,249	412,967	78,409	77,873	111,590	127,966	111,590	139,586
Park fees			68,363	166,200	168,336	123,321	67,396	31,032	56,760	34,162
Donations										151
Impact fees				2,789	8,386	40,764	93,112	191,066	201,320	142,120
Interest	98,077	160,033	46,021					55,829	52,966	28,717
Intergovernmental	113,778	131,914	166,930	380,983	152,206	201,534	372,328	97,880	-	133,593
Miscellaneous			2,509,261	3,634,937	3,551,050	3,715,678	4,135,807	142,776	174,813	131,309
Total Revenue	<u>1,972,942</u>	<u>2,328,304</u>	<u>2,509,261</u>	<u>3,634,937</u>	<u>3,551,050</u>	<u>3,715,678</u>	<u>4,135,807</u>	<u>4,430,747</u>	<u>4,640,638</u>	<u>4,900,567</u>
<b>Expenditures:</b>										
Current:										
Administration	386,235	330,130	259,518	383,492	424,526	403,018	322,498	466,680	412,869	385,369
City manager	106,311	112,462	98,441	159,186	159,080	121,730	101,359	147,387	312,058	365,166
Finance	70,411	73,057	73,288	82,106	75,088	80,712	97,055	151,421	163,940	166,811
City secretary/tax office	74,085	77,729	83,859	85,158	123,296	109,067	116,527	110,067	121,119	127,055
Public works	323,044	207,486	193,210	205,208	200,552	322,307	326,055	669,369	462,293	430,239
Police	725,949	751,947	819,492	1,043,750	1,081,419	1,178,736	1,133,652	1,306,039	1,672,701	1,799,688
Human resources	59,316	64,928	62,941	67,172	84,400	79,212	80,313	111,058	144,106	-
Municipal court	50,129	51,324	59,541	89,921	104,822	109,424	119,710	144,106	160,249	173,629
Fire	292,141	374,358	376,407	478,229	431,742	442,572	560,813	680,325	740,191	789,274
Code enforcement	50,363	52,132	73,834	60,140	60,874	60,235	70,235	73,527	-	-
Warehouse/shop	64,515	62,348	69,408	64,902	70,497	65,323	74,348	-	-	-
Parks and recreation	22,841	41,360	10,587	10,711	41,313	53,069	64,185	100,209	22,648	128,822
Animal control	11,4646	120,614	48,352	52,264	47,422	44,119	62,984	82,986	-	-
Planning			9,831	90,025	39,117	58,889	91,997	67,726	33,506	120,937
Economic development			2,730	276,139	343,408	103,464	101,689	63,093	-	-
Sanitation				21,452	101,660	103,464	9,452	73,813	-	-
Building inspection				175,871	143,301	437,129	1,715,476	1,074,940	286,292	614,076
Community development	272,698	201,409	857,196							
Capital Outlay										
Debt Service:										
Principal retirement	88,835	131,023	109,495	168,712	121,537	128,348	168,157	257,541	305,311	346,580
Interest and service charges	2,701,499	2,687,464	3,209,372	3,648,393	3,775,825	3,940,881	5,452,541	5,810,837	5,201,881	5,949,459
Total Expenditures	<u>(728,557)</u>	<u>(339,160)</u>	<u>(700,111)</u>	<u>(13,799)</u>	<u>(224,775)</u>	<u>(225,213)</u>	<u>(1,316,734)</u>	<u>(1,380,080)</u>	<u>(561,243)</u>	<u>(1,048,892)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures										
<b>Other Financing Sources (Uses):</b>										
Issuance of long-term debt			750,000	80,448	21,939	61,078	5,017	2,050,000	45,170	166,658
Capital Lease										
Other financial sources (uses)										
Transfers In	534,442	466,784	300,000	434,768	545,000	485,000	1,241,280	190,000	961,217	959,394
Transfers Out	(91,760)	(140,729)	(157,665)	(124,124)	(140,167)	(140,173)	(122,803)	(279,079)	(802,263)	(340,029)
Total Other Financing Sources (Uses)	<u>715,381</u>	<u>384,653</u>	<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>204,123</u>	<u>786,023</u>
Net change in fund balances	<u>\$ (13,176)</u>	<u>\$ 25,493</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>	<u>\$ (357,120)</u>	<u>\$ (262,869)</u>
Debt service as percentage of noncapital expenditures	3.8%	6.8%	6.0%	6.7%	4.8%	6.1%	10.4%	9.9%	12.4%	11.5%

**City of Glenn Heights, Texas**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Tax Year	Business			Residential Property	Less: Exempt Property	Total	Total Direct Tax Rate
	Commercial Property	Personal Property	Property				
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	
2009	\$ 47,851,242	14,663,740	387,220,116	(40,626,368)	409,108,730	0.73932	
2010	\$ 64,223,492	13,413,630	368,262,990	(46,918,965)	398,981,147	0.79500	

Source: Dallas and Ellis County Appraisal Districts

**City of Glenn Heights, Texas**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Year	City Direct Rates			Overlapping Rates							
	General Fund	Debt Service Fund	Total	DeSoto ISD	Red Oak ISD	Ellis County	Ellis County Lateral Road	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
2001	0.635390	0.093010	0.728400	1.680000	1.530000	0.320202	0.049400	0.196000	0.254000	0.060000	0.005525
2002	0.624100	0.085800	0.709900	1.710000	1.545000	0.310170	0.041230	0.196000	0.254000	0.060000	0.005500
2003	0.582410	0.113350	0.695760	1.710000	1.570000	0.314644	0.036656	0.203900	0.254000	0.077800	0.005460
2004	0.559670	0.093430	0.653100	1.740000	1.640000	0.315993	0.034006	0.203900	0.254000	0.080300	0.005460
2005	0.575430	0.077670	0.653100	1.790000	1.640000	0.318906	0.031093	0.213900	0.254000	0.081600	0.005500
2006	0.574420	0.121750	0.696170	1.760000	1.510000	0.320491	0.029009	0.213900	0.254000	0.081000	0.005034
2007	0.567470	0.116570	0.684040	1.490000	1.300000	0.364598	0.029009	0.228100	0.254000	0.080400	0.004714
2008	0.567470	0.126890	0.694360	1.510000	1.500000	0.360091	0.033508	0.228100	0.254000	0.089400	0.004928
2009	0.597352	0.141970	0.739322	1.490000	1.540000	0.360091	0.033508	0.228100	0.274000	0.094900	0.005212
2010	0.651400	0.143600	0.795000	1.490000	1.540000	0.360091	0.033508	0.243100	0.271000	0.099230	0.010000

Source: Dallas County and Ellis County Tax Offices

**City of Glenn Heights, Texas  
Principal Property Tax Payers  
Current and One Year Ago**

Taxpayer	2010		Percentage of Total Assessed Valuation		2009		Percentage of Total Assessed Valuation	
	Taxable Assessed Valuation	Rank	Assessed Valuation	Rank	Taxable Assessed Valuation	Rank	Assessed Valuation	Rank
ONCOR Electric Delivery	\$ 9,105,290	1		1	9,528,760	1		3.10%
Oso Grande LP/RMHS LP	2,850,000	2		2	2,500,000	2		0.81%
Town & Country Park LTD	2,030,420	3		3	-			
Anew Properties	1,994,900	4		4	1,821,750	5		0.59%
Mahs Inc.	1,738,210	5		5	2,096,610	3		0.68%
Continental Homes TX LP	1,600,790	6		6	1,915,610	4		0.62%
Stanford, David L. & Verla	1,520,420	7		7	1,539,050	7		0.50%
Abrams Plaza LTD	1,493,470	8		8	1,576,440	6		0.51%
Sullivan Builders	1,452,570	9		9	1,487,800	10		0.48%
BCSS LP	1,407,090	10		10	-			
Dee-Lee Development 1 LTD					1,512,500	8		0.49%
Sumeer Homes INC					1,492,340	9		0.48%
Total	\$ 25,193,160				\$ 25,470,860			8.26%

Note:

(1) Source - Dallas County Tax Office

**City of Glenn Heights, Texas**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy Collected		Amount	Percentage of Levy
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%	130,681	2,571,759	99.47%
2008	2,672,863	2,658,460	99.46%	181,992	2,824,785	105.68%
2009	2,937,878	2,838,397	96.61%	92,414	2,930,811	99.76%
2010	3,171,900	2,967,353	93.55%	-	2,967,353	93.55%

Sources: DeSoto Joint Tax Office and City records

NA: Information not available at the time of publication

**City of Glenn Heights, Texas**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business - Type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Obligation	Notes Payable	Capital Leases	Water & Sewer Obligation Bonds	General Obligation Refunding Bonds	Certificates of Obligation	Capital Leases				
2001	\$ 100,000	-	\$ -	\$ 390,247	\$ -	\$ 2,000,000	\$ 1,455,000	\$ 37,973	\$	3,983,220	1.47	506
2002	70,000	-	-	335,923	-	1,825,000	1,410,000	89,036		3,729,959	1.29	437
2003	35,000	-	-	249,502	-	1,740,000	1,360,000	57,815		3,442,317	1.10	375
2004	-	715,000	-	231,238	-	1,650,000	1,310,000	24,864		3,931,102	1.12	399
2005	-	680,000	-	166,639	-	1,520,000	1,255,000	27,627		3,649,266	0.93	348
2006	-	3,175,000	-	139,369	-	1,390,000	1,200,000	7,622		5,911,991	NA	563
2007	-	3,050,000	-	96,212	-	1,305,000	1,140,000			5,591,212	NA	488
2008	-	4,925,000	-	188,271	-	1,215,000	1,080,000	61,519		7,469,790	NA	641
2009	-	4,695,000	-	158,130	-	1,115,000	1,015,000	102,834		7,085,964	NA	628
2010	-	4,435,000	-	238,208	-	2,025,000	-	210,933		6,909,141	NA	611

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

(1) See the Schedule of Demographic and Economic Statistics on page 96 for personal income and population data

NA Data not available at the time of this publication.

**City of Glenn Heights, Texas**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Percentage of	
				Estimated Actual Taxable Value of Property (1)	Per Capita
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
2009	-	4,695,000	4,695,000	1.1476%	416
2010	2,025,000	4,435,000	6,460,000	1.6191%	572

Notes: 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 86 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 96 for population data.

**City of Glenn Heights, Texas**  
**Computation of Direct and Overlapping Debt**  
**September 30, 2010**

Governmental Unit	Debt Outstanding	Estimated Percent Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
DeSoto Independent School District	141,236,131	11.40%	16,100,919
Red Oak Independent School District	116,432,143	9.60%	11,177,486
Dallas County	121,176,552	0.14%	169,647
Dallas County Community College District	416,040,000	0.14%	582,456
Dallas County Hospital District	705,000,000	0.14%	987,000
Ellis County	62,646,262	1.13%	707,903
Subtotal, overlapping debt			29,725,411
City of Glenn Heights direct debt			<u>6,460,000</u>
Total direct and overlapping debt			<u>\$ 36,185,411</u>

\* Source - Municipal Advisory Council of Texas

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.

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

**City of Glenn Heights, Texas**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(Amounts expressed in thousands)**  
**Year ended September 30, 2010**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual debt requirement limit	\$ 3,994,198	4,819,455	5,365,084	5,816,238	7,019,104	8,080,542	9,284,726	10,175,695	10,594,042	9,974,529
Total net debt applicable to limit	338,327	333,788	39,445	104,790	68,248	71,620	301,442	327,083	475,287	664,660
Legal debt margin	<u>\$ 3,655,871</u>	<u>4,485,667</u>	<u>5,325,639</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>	<u>10,118,755</u>	<u>9,309,869</u>
Total net debt applicable to the limit as a percentage of debt limit	8.47%	6.93%	0.74%	1.80%	0.97%	0.89%	3.25%	3.21%	4.49%	

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed value	\$ 398,981,147
Annual debt limit (\$2.50 per \$100 of assessed value)	\$ 9,974,529
Annual debt requirement applicable to limit:	
General Obligation refunding Bonds	209,050
Certificates of Obligation	<u>455,610</u>
Legal debt margin	<u>\$ 9,309,869</u>

**City of Glenn Heights, Texas**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

Year	Estimated Population (1)	Total Personal Income (Amounts expressed in thousands)	Per Capita Personal Income (2)	Median Age (3)	DeSoto ISD School Enrollments	Red Oak ISD School Enrollments	Unemployment Rate (%) (2)
2000	7,224	245,370	33,966	31.1	6,956	4,407	3.6%
2001	7,632	270,061	34,276	NA	7,161	4,515	4.7%
2002	8,040	289,524	33,926	NA	6,806	4,650	6.5%
2003	8,448	313,538	34,121	NA	6,806	4,752	6.6%
2004	8,856	349,669	35,521	NA	7,299	4,751	5.8%
2005	9,264	390,657	37,209	NA	7,915	4,794	5.2%
2006	9,672	NA	NA	NA	7,898	5,022	4.8%
2007	10,080	NA	NA	NA	8,867	5,130	4.8%
2008	10,488	NA	NA	NA	8,505	5,178	5.8%
2009	11,278	NA	NA	NA	9,023	NA	9.4%
2010	11,300	227,571	20,139	30.91	9,031	NA	7.9%

Sources: (1) Estimated populationm - 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 publication

**City of Glenn Heights, Texas  
Principal Employers in Surrounding Area  
Current Year**

<u>Employer</u>	<u>County</u>	<u>Employees</u>	<u>Rank</u>	<u>Industry</u>
Veterans Administration North Texas	Dallas	2,500	1	Health Care
US Army and Air Force Exchange	Dallas	2,500	2	Government
Walgreen's Distribution Center	Ellis	838	3	Warehouse
DART Container Corporation	Ellis	829	4	Manufacturing
Wal-Mart Super Center	Ellis	436	5	Retail
Owens-Corning Fiberglass	Ellis	426	6	Manufacturing
Baylor Medical - Ellis County	Ellis	397	7	Health Care
US Aluminum	Ellis	300	8	Manufacturing
Cardinal Glass	Ellis	280	9	Manufacturing
International Extrusion	Ellis	261	10	Manufacturing

Sources: North Central Texas Council of Governments

Note: The City of Glenn Heights is located in Dallas County. Some of the listed employers are located in close proximity to the City of Glenn Heights. Data for the period nine years prior to the current period is unavailable as of the date of this publication.

**City of Glenn Heights, Texas**  
**Employees by Function**  
**Last Five Fiscal Years**

FUNCTION	2005	2006	2007	2008	2009	2010
Administrative Services	4	4	3	4	4	4
Community Services	0	1	1	1	1	1
Development Services	2	2	2	4	3	3
Police	24	24	26	26	26	26
Fire	10	10	9	9	9	9
Financial Services	3	3	3	3	4	4
Municipal Services	7	6	6	2	1	1
Total General Fund	50	50	50	49	48	48
Utility Administration	3	3	3	3	3	3
Water Services	7	8	8	9	9	9
Wastewater Services	4	4	4	6	6	6
Total Utility Fund	14	15	15	18	18	18
Total All Funds	<u>64</u>	<u>65</u>	<u>65</u>	<u>67</u>	<u>66</u>	<u>66</u>

Note: Prior fiscal years 2000 to 2004 not available at the time of this publication.

Source of information: City budget document

**City of Glenn Heights, Texas  
Operating Indicators by Function  
Last Five Fiscal Years**

FUNCTION	2006	2007	2008	2009	2010
Community services:					
Parks and recreation:					
Total acreage maintained city parks	44	44	44	40	40
Development services:					
Planning:					
Zoning cases	4	4	28	20	17
Plats/replats	4	5	31	17	7
Development contacts	15	12	105	247	998
Building inspections:					
Permits issued	NA	127	167	448	374
Inspections	NA	762	992	1,208	1,907
Emergency services:					
Police administration:					
Administrative calls	145	200	883	879	910
Reports prepared	700	700	2,161	2,531	2,508
Community relations programs initiated	5	10	19	21	16
Fire administration:					
Fire calls	NA	NA	18	19	29
EMS calls	NA	NA	61	71	66
Code enforcement:					
Vehicle related violations:	278	636	529	437	278
Nuisance violations	400	492	497	1,096	704
Environmental violations	8	11	22	22	63
Sign violations	435	504	802	601	396
Other ordinance violations	100	288	308	307	416
Court summons/citations	123	245	97	118	70
Animal control:					
Animals impounded	318	300	344	288	283
Animal registrations	253	108	326	264	168
Calls for service	976	648	748	1,022	762
Court summons/citations	59	84	128	108	89
Financial services					
Finance:					
Accounts payable invoices processed	1,800	2,400	2,147	2,106	2,566
Payrolls processed	26	26	26	26	26
Annual budget document	1	1	1	1	1
Monthly financial reports	12	12	12	12	12
(continued)					
Municipal court:					
New cases filed	2,533	4,558	5,090	4,452	4,829
Warrants issued	1,119	2,644	1,332	3,892	2,612
Completed cases	1,439	2,500	3,926	3,685	3,948
Warrants cleared	690	1,559	414	1,544	2,065
Utility administration:					
Customers serviced	55,200	60,816	60,000	49,292	50,159
Late notices	10,000	NA	NA	15,185	10,014
Cut-offs	2,000	2,400	1,819	1,483	636
Municipal services:					
Streets:					
Days of street paving or re-paving	15	25	25	15	33
Days of ROW maintenance	21	21	21	22	25
Days of pothole repairs	52	52	52	80	51
Water services:					
Cut-offs	2,500	3,000	821	569	636
Wastewater services:					
Maintain lift stations (weekly checks)	52	52	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, Texas**  
**Capital Asset Statistics by Function**  
**Last Five Fiscal Years**

FUNCTION	2006	2007	2008	2009	2010
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	1	1	1	1	1
Public works					
Streets-paved (miles)	45	47	47	47	47
Parks and recreation					
Parks	1	1	1	2	2
Playgrounds	1	1	1	2	2
Water and Sewer					
Water mains (miles)	55	57	57	57	57
Overhead storage tanks	1	1	1	1	1
Ground storage tanks	3	3	3	3	3
Sanitary sewers (miles)	40	43	43	43	43
Number of lift stations	3	3	3	3	3

Source: City departments

Notes: Prior fiscal years 2000 - 2005 data not available at the time of this publication.