

City of Glenn Heights *Glenn Heights, Texas*



Comprehensive Annual Financial Report

**Fiscal Year Ended
September 30, 2018**

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**CITY OF
GLENN HEIGHTS, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2018**

Prepared by:

The City's Finance Department

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CITY OF GLENN HEIGHTS, TEXAS
 Comprehensive Annual Financial Report
 September 30, 2018

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INTRODUCTORY SECTION

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March 29, 2019

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report of the City of Glenn Heights, Texas for the fiscal year ended September 30, 2018. This report was prepared through the cooperative efforts of the Finance Department and the City's independent auditor. It is published to provide the City Council, staff, citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government.

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

Management's discussion and analysis (MD&A) begins on page 3 and provides a narrative introduction, overview, and analysis of the City's basic financial statements. The MD&A also provides readers with management's viewpoint of the City's financial performance and should be read in conjunction with the financial statements.

CITY PROFILE

The City of Glenn Heights, Texas, a predominately residential community situated in Dallas and Ellis Counties, is a Texas municipality that incorporated in 1969 to operate as a general law city and currently operates as a home rule city. The City lies at the hub of Interstate 35E and Texas Farm-To-Market Road 664. Glenn Heights is a short drive from downtown Dallas and has an estimated population of 12,408 residents. The City operates under a council-manager form of government. The Council is comprised of seven officials including a mayor and six council members.

THE REPORTING ENTITY AND ITS SERVICES

Generally accepted accounting principles require that basic financial statements represent the City (the primary government) and its component units. The Council has the authority to enact legislature, appoint the City Manager, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Government Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity." The City is regulated by the Code of State Statutes of the State of Texas and is authorized to perform the following services: public safety (police and fire), development services (public works, planning, and inspections), economic development, sanitation, water and sewer utilities, storm drainage and general administrative services.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

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

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

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

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

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

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

During fiscal year 2010, the City refunded the 2003 certificates of obligation by obtaining a general obligation refunding bond in the amount of \$2,025,000.

The City also held a general obligation bond election in November 2015. In which the following propositions passed:

Proposition 1: \$3,500,000 for constructing, improving, renovating, expanding and equipping public safety facilities and the acquisition of land therefor.

Proposition 2: \$3,500,000 for acquiring, constructing, improving, expanding, renovating and equipping community centers and recreation facilities and the acquisition of land therefor.

Proposition 3: \$8,000,000 for constructing, reconstructing, improving, repairing, extending, and enhancing streets, thoroughfares, alleys, sidewalks, bridges, intersections and other public ways, including traffic signalization and monitoring equipment, street lighting, noise abatements, necessary and related storm drainage facilities and improvements and acquiring of needed rights of way therefor.

As a result of the three propositions the City obtained general obligation bonds in the amount of \$15,000,000 during fiscal year 2016.

The projects associated with the 2016 general obligation bonds are being planned by the City Council with anticipated start dates for construction to begin in the near future.

In fiscal year 2018, the City secured a SIB loan from the Texas Department of Transportation (TXDOT) in the amount of \$1,500,000 for the purpose of relocating the City's utility infrastructure due to the FM 664 Roadway expansion project. The project has commenced and expected to continue into fiscal year 2019.

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

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

City's ad valorem tax rate. All of the City's governmental funds as well as enterprise funds (water and sewer, and drainage) are included in the annual budgetary process.

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

AUDIT

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

We are proud to accept recommendations from our auditors, McConnell & Jones LLP, issued in the City's financial statements for fiscal year ended September 30, 2018.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Glenn Heights for its Comprehensive Annual Financial Report (CAFR) many times over. The award was most recently received for fiscal year ended 2017. 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.

CONCLUSION

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

Respectfully submitted,

Lakeita Sutton

Lakeita Sutton
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Glenn Heights
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF GLENN HEIGHTS, TEXAS

Principal Officials

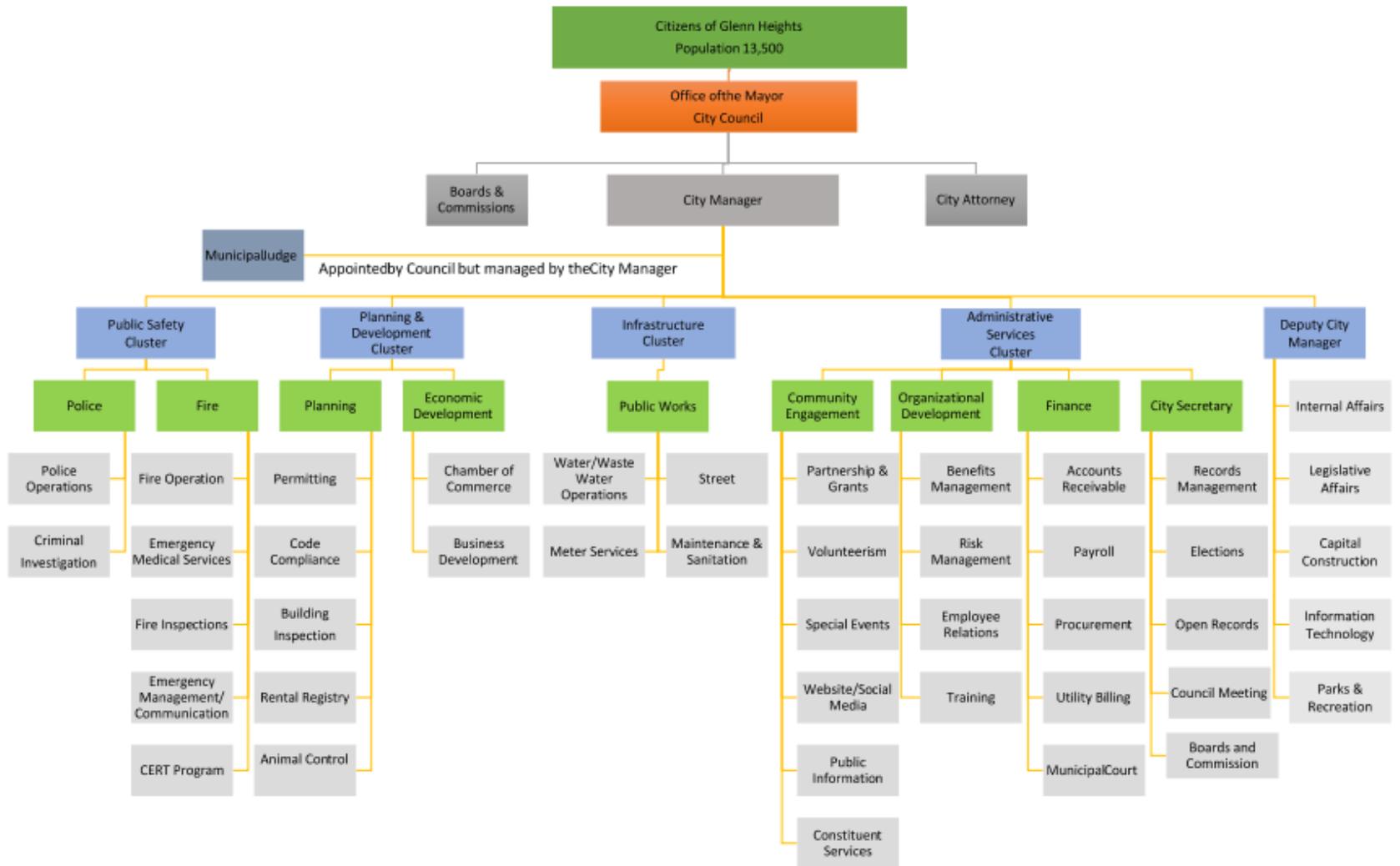
September 30, 2018

ELECTED OFFICIALS

Vacant	Mayor
Sonja A. Brown	Council Member, Place 1
Tony Bradley	Council Member, Place 2
Jeremy Woods	Council Member, Place 3
Ron Adams	Mayor Pro Tem, Place 4
Shaunte L. Allen	Council Member, Place 5
Machanta Newson	Council Member, Place 6

APPOINTED OFFICIALS

David Hall	City Manager
Cynthia Smith	Executive Assistant to City Manager
Lakeita Sutton	Director of Finance
Vacant	Director of Economic Development
Vernell Dooley	Deputy Chief of Police
Keith Moore	Deputy Fire Chief
Eddie Burns	Director of Public Safety
Juanita Willman	City Secretary
Vacant	Director of Organizational Development
Vacant	Director of Public Works & Infrastructure
Brian Lockley	Director, Planning & Development Services
Lauren Grey	Administrator of Community Engagement



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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3-9; the statements of revenues, expenditure, and changes in fund balance – budget and actual for the General Fund on page 39; and the pension plan schedules on pages 40 and 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The introductory section, the combining and individual fund schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Houston, Texas
March 29, 2019

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

CITY OF GLENN HEIGHTS, TEXAS
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2018

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

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2018, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$27,241,262 (net position). Of this amount, \$10,207,173 (or 37.47%) was unrestricted.
- For the fiscal year ended September 30, 2018, net position increased by \$4,428,670. In fiscal year 2017 the increase was \$731,079. The increase in fiscal year 2018 is primarily due to increased revenue for charges for services and property taxes.
- At fiscal year-end, the City's governmental funds reported combined ending fund balances of \$26,964,574, of which \$2,653,540 (or 9.84%) was available for spending at the City's discretion (unassigned and assigned).
- The City's long-term liabilities increased by \$448,340. During the year the City paid off the Series 2003 bonds and obtained \$1,500,000 of new loans.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

Both government-wide statements report the City's *net position* and how it has changed. Net position, the difference between the City's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position

CITY OF GLENN HEIGHTS, TEXAS
 Management’s Discussion and Analysis (Unaudited)
 Year Ended September 30, 2018

are an indicator of whether its financial health is improving or deteriorating, respectively.

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, public works, recreation, and economic development. The business-type activities of the City include the water and sewer system, as well as municipal drainage.

Fund Financial Statements

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

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

Figure A-1 summarizes the major features of the City’s financial statements, including the portion of the City government they cover, and the types of information they contain.

Figure A-1 – Major Features of the City’s Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Government-Wide	Fund Level	
		Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City’s government, except fiduciary funds	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private business: utilities
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, & Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, & Changes in Net Position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after year end; expenditures when goods or services have been received and payment is made during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time net position serves as a useful indicator of a government’s financial condition. As noted earlier, the City’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$27,241,262.

The largest portion of the City’s net position, \$13,858,370 or 50.87%, represents the City’s investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure) less any debt used to acquire assets still

CITY OF GLENN HEIGHTS, TEXAS
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2018

outstanding at year end. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the City's net position, \$3,175,719 or 11.66%, represents resources that are subject to external restrictions on how they may be used (i.e., debt service, public safety, capital improvements, etc.). The remaining portion, \$10,207,173 or 37.47%, may be used at the City's discretion to meet ongoing obligations to its citizens and creditors (unrestricted).

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

CITY'S NET POSITION
Government-Wide

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 28,520,531	\$ 25,785,035	\$ 3,923,618	\$ 1,606,394	\$ 32,444,149	\$ 27,391,429
Capital assets	6,380,974	6,321,868	8,988,131	8,311,124	15,369,105	14,632,992
Total assets	34,901,505	32,106,903	12,911,749	9,917,518	47,813,254	42,024,421
Deferred outflows of resources	273,825	397,736	79,827	103,847	353,652	501,583
Total outflows of resources	273,825	397,736	79,827	103,847	353,652	501,583
Current and other liabilities	534,169	378,928	712,152	660,043	1,246,321	1,038,971
Long-term liabilities	17,269,095	18,032,181	1,760,091	548,665	19,029,186	18,580,846
Total liabilities	17,803,264	18,411,109	2,472,243	1,208,708	20,275,507	19,619,817
Deferred inflows of resources	544,980	77,644	105,157	15,951	650,137	93,595
Total inflows of resources	544,980	77,644	105,157	15,951	650,137	93,595
Net position:						
Net investment in capital assets	5,936,599	5,204,571	7,921,771	7,855,594	13,858,370	13,060,165
Restricted	2,239,846	1,342,294	935,873	935,872	3,175,719	2,278,166
Unrestricted	8,650,641	7,469,021	1,556,532	5,240	10,207,173	7,474,261
Total net position	\$ 16,827,086	\$ 14,015,886	\$ 10,414,176	\$ 8,796,706	\$ 27,241,262	\$ 22,812,592

The following table provides a summary of the City's operations for the year ended September 30, 2018. Overall, the City had an increase in net position of \$4,428,670. This is attributable to an increase in the net position of governmental activities of \$2,811,200 and an increase in the net position of business-type activities of \$1,617,470. Revenues for business-type activities increased by \$1,404,636. Revenue associated with governmental activities increased by \$2,442,790. Significant variances in governmental activities revenues include the following:

- \$776,538 increase in property tax revenue;
- \$963,025 increase in revenues from charges for development services;

Total expenses for governmental activities increased by \$277,124, and total expenses for the City's business-type activities increased by \$377,631 when compared to fiscal year 2017. Variances in expenses for governmental activities and business-type activities in fiscal year 2018 compared to fiscal year 2017 are due to numerous factors. Expenses for governmental activities increased primarily because of a new compensation structure in Public Safety as well as support for aging infrastructure which resulted in an increase for public safety expenses. Expenses for business-type activities increased by 7.52% in comparison to fiscal year 2017 primarily due to an increase in expenditures for salaries and wages as well as protective equipment purchased.

CITY OF GLENN HEIGHTS, TEXAS
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2018

CHANGES IN THE CITY'S NET POSITION
Government-wide

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 3,334,140	\$ 2,090,799	\$ 6,362,399	\$ 5,586,843	\$ 9,696,539	\$ 7,677,642
Operating grants & contributions	35,827	53,915	-	-	35,827	53,915
Capital grants & contributions	-	-	726,793	120,440	726,793	120,440
General revenues:						
Property taxes	5,358,784	4,582,246	-	-	5,358,784	4,582,246
Sales taxes	597,722	533,253	-	-	597,722	533,253
Franchise fees	658,609	635,443	-	-	658,609	635,443
Interest	283,646	145,931	27,589	2,991	311,235	148,922
Other	218,228	2,579	-	1,871	218,228	4,450
Total revenues	10,486,956	8,044,166	7,116,781	5,712,145	17,603,737	13,756,311
Expenses:						
General government	1,693,295	1,797,957	-	-	1,693,295	1,797,957
Public safety	3,906,025	3,507,497	-	-	3,906,025	3,507,497
Development services	1,869,192	1,828,117	-	-	1,869,192	1,828,117
Parks and recreation	275,791	289,891	-	-	275,791	289,891
Economic development	10,969	98,608	-	-	10,969	98,608
Interest and fiscal charges	527,847	483,925	-	-	527,847	483,925
Water, sewer, drainage	-	-	5,396,868	5,019,237	5,396,868	5,019,237
Total expenses	8,283,119	8,005,995	5,396,868	5,019,237	13,679,987	13,025,232
Change in net position before transfers	2,203,837	38,171	1,719,913	692,908	3,923,750	731,079
Gain on Sale	504,920	-	-	-	504,920	-
Transfers	102,443	4,271,557	(102,443)	(4,271,557)	-	-
Change in net position	2,811,200	4,309,728	1,617,470	(3,578,649)	4,428,670	731,079
Net position - beginning of year	14,015,886	9,706,158	8,796,706	12,375,355	22,812,592	22,081,513
Net position - end of year	<u>\$ 16,827,086</u>	<u>\$ 14,015,886</u>	<u>\$ 10,414,176</u>	<u>\$ 8,796,706</u>	<u>\$ 27,241,262</u>	<u>\$ 22,812,592</u>

FINANCIAL ANALYSIS AND BUDGETARY HIGHLIGHTS OF CITY FUNDS

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

GOVERNMENTAL FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26,964,574. Approximately 9.84% of the total amount constitutes assigned and unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,500,612, while total fund balance was \$2,510,999. As a measure of the General

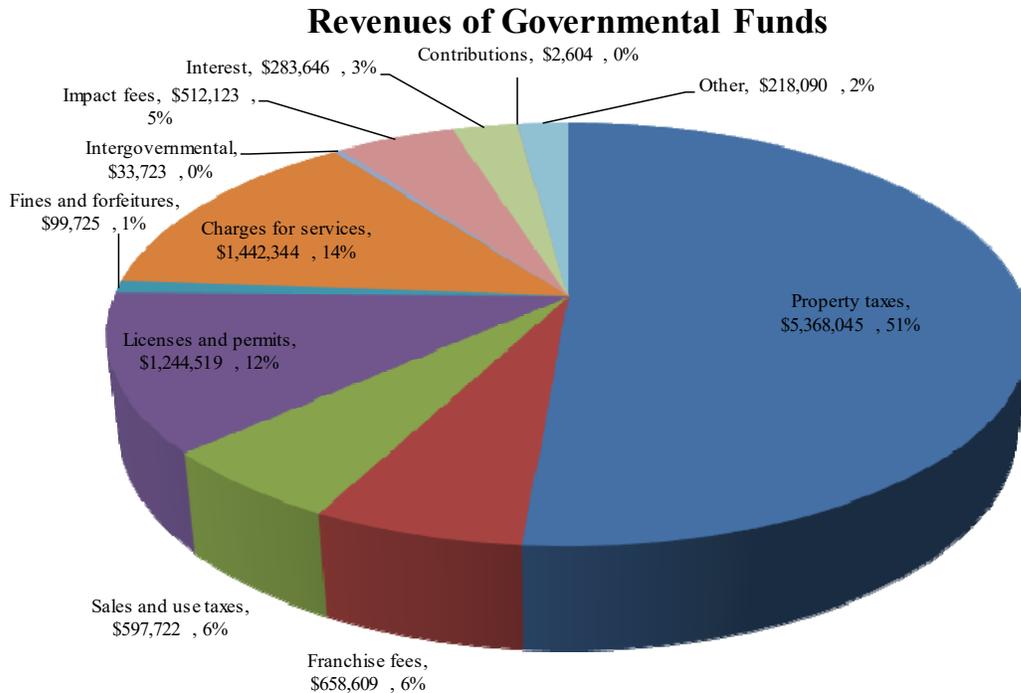
CITY OF GLENN HEIGHTS, TEXAS
 Management's Discussion and Analysis (Unaudited)
 Year Ended September 30, 2018

Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.04% of total General Fund expenditures, while total fund balance represents 34.18% of that same amount. The net increase in fund balance during the current year in the General Fund was \$1,003,779. An analysis of the General Fund operations in the current year is as follows:

- The City's property tax rate for maintenance and operations (M&O) decreased from \$0.682468 to \$0.670822 in the current fiscal year. The tax assessed values increased, therefore, M&O tax revenues increased by \$627,816 as compared against prior year.
- Licenses and permit fees increased by \$507,332, primarily due to an increase in building permit fees of \$445,666 in addition to a increase in plan review fees of \$174,647. Fiscal year 2018 licenses and permit fees increased activity is due to the activity from the development within the city.
- Sales and use taxes and fines and forfeitures were comparable to those of the prior year.
- General fund expenditures increased by \$777,143 due to an increase in public safety and development services. Public safety expenses increased due to salary increases and protective equipment. Development services expenses increased due to inspections related to utility relocation and development of the city.

The Debt Service Fund had a net increase of \$51,818. Property taxes increased from \$1,249,925 in 2017 to \$1,292,651 due to the increased property value. The debt service rate decreased from \$0.253062 to \$0.214612 in the current year.

The majority of revenues for the City's governmental funds are generated from taxes (57.03%), licenses and permits (11.90%), and charges for services (13.79%). The remainder (17.29%) is obtained from franchise fees, grants and contributions, fines and forfeitures, and other miscellaneous sources.



CITY OF GLENN HEIGHTS, TEXAS
 Management's Discussion and Analysis (Unaudited)
 Year Ended September 30, 2018

PROPRIETARY FUNDS

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

Unrestricted net position of the Water and Sewer and Drainage funds at the end of the year amounted to \$1,267,555 and \$288,977, respectively. The net position of the Water and Sewer fund increased by \$1,557,162 while the net position of the Drainage fund increased by \$60,308. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

City policy requires the General unassigned fund balance to reflect no less than 60 days of General Fund expenditures. At September 30, 2018, unassigned General fund balance reflected 123 days of total General Fund expenditures.

CAPITAL ASSETS

As of September 30, 2018, the City had invested \$27,328,905 in a broad range of capital assets, including infrastructure, equipment, buildings, and vehicles. More detailed information about the City's capital assets can be found in the notes to the financial statements on pages 29 and 30.

	CITY'S CAPITAL ASSETS					
	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 901,893	\$ 1,050,373	\$ 35,161	\$ 35,161	\$ 937,054	\$ 1,085,534
Construction in progress	-	75,366	1,004,286	100,000	1,004,286	175,366
Buildings	320,458	256,757	224,274	224,274	544,732	481,031
Improvements	813,492	813,492	-	-	813,492	813,492
Infrastructure	5,128,890	4,656,858	14,103,425	14,103,425	19,232,315	18,760,283
Vehicles and equipment	3,329,364	3,015,600	1,467,662	1,290,490	4,797,026	4,306,090
Total cost	<u>10,494,097</u>	<u>9,868,446</u>	<u>16,834,808</u>	<u>15,753,350</u>	<u>27,328,905</u>	<u>25,621,796</u>
Less: accumulated depreciation	<u>(4,113,123)</u>	<u>(3,546,578)</u>	<u>(7,846,677)</u>	<u>(7,442,226)</u>	<u>(11,959,800)</u>	<u>(10,988,804)</u>
Total capital assets, net	<u>\$ 6,380,974</u>	<u>\$ 6,321,868</u>	<u>\$ 8,988,131</u>	<u>\$ 8,311,124</u>	<u>\$ 15,369,105</u>	<u>\$ 14,632,992</u>

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

- Vehicles – Four police vehicles, 360 cameras, and radio, \$233,286
- Street and Street Improvements – Street rehabilitation and sidewalk construction, \$472,032

DEBT ADMINISTRATION

CITY OF GLENN HEIGHTS, TEXAS
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2018

At year-end, the City had \$19,029,186 in outstanding debt and other long-term liabilities, as shown below. More detailed information about the City's debt is presented in the notes to the financial statements on pages 31 through 32.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Certificates of obligation	\$ 1,890,000	\$ 2,260,000	\$ -	\$ -	\$ 1,890,000	\$ 2,260,000
General obligation bonds	15,235,395	15,576,250	238,818	505,727	15,474,213	16,081,977
Notes payable	-	-	1,500,000	-	1,500,000	-
Compensated absences payable	143,700	110,780	21,273	27,841	164,973	138,621
Net pension liability	-	85,151	-	15,097	-	100,248
Total government-wide long-term liabilities	\$ 17,269,095	\$ 18,032,181	\$ 1,760,091	\$ 548,665	\$ 19,029,186	\$ 18,580,846

Notes, and certificates of obligation decreased in the current year primarily due to annual payments made. The City's bond ratings are AA- as assigned by Standard & Poor's on June 30, 2018.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy continues to be strong for the City of Glenn Heights. The City is experiencing modest growth and remains optimistic that existing properties will appreciate. In fiscal year 2018, the City's net taxable property values increased approximately 19.35% from \$492,498,684 in fiscal year 2017 to \$587,783,231 in fiscal year 2018. The City's total property tax rate decreased from \$0.935530/100 to \$0.885434/100, the City's I&S tax decreased from \$0.253062/10 to \$0.214612/10, and the City's M&O tax rate decreased from \$0.682468/100 to \$0.670822/100.

In fiscal year 2019 the City's I&S rate is expected to increase from \$0.214612/100 to \$0.21574/100. This subtle increase is expected due to the issuance of new debt. Several capital projects are being planning with the Bond sale resulting from the November 2015 election. Some of the anticipated projects include the construction of a City Hall, Public Safety Facility, and Community Center.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

**BASIC
FINANCIAL STATEMENTS**

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CITY OF GLENN HEIGHTS, TEXAS

Statement of Net Position

September 30, 2018

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Glenn Heights Housing Finance Corporation</u>
ASSETS				
Cash and cash equivalents	\$ 27,088,559	\$ 383,624	\$ 27,472,183	\$ -
Restricted cash and cash equivalents	-	2,665,988	2,665,988	-
Receivables, net	737,855	887,949	1,625,804	-
Internal balances	121,252	(121,252)	-	-
Prepaid expenses	10,152	697	10,849	-
Net pension asset	562,713	106,612	669,325	-
Capital assets:				
Non-depreciable	901,893	1,039,447	1,941,340	653,400
Depreciable, net	5,479,081	7,948,684	13,427,765	-
Total assets	<u>34,901,505</u>	<u>12,911,749</u>	<u>47,813,254</u>	<u>653,400</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	4,525	4,525	-
Deferred outflows related to pensions	273,825	75,302	349,127	-
Total deferred outflows of resources	<u>273,825</u>	<u>79,827</u>	<u>353,652</u>	<u>-</u>
LIABILITIES				
Accounts payable	274,135	110,652	384,787	-
Accrued liabilities	158,729	27,776	186,505	-
Accrued interest	68,673	19,767	88,440	-
Unearned revenue	32,632	-	32,632	-
Customer deposits	-	553,957	553,957	-
Long-term liabilities:				
Due within one year	718,740	253,143	971,883	-
Due in more than one year	16,550,355	1,506,948	18,057,303	-
Total liabilities	<u>17,803,264</u>	<u>2,472,243</u>	<u>20,275,507</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	544,980	105,157	650,137	-
Total deferred inflows of resources	<u>544,980</u>	<u>105,157</u>	<u>650,137</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	5,936,599	7,921,771	13,858,370	653,400
Restricted for:				
Debt service	69,880	-	69,880	-
Street improvements	1,328,871	-	1,328,871	-
Public safety	183,600	-	183,600	-
Parks	657,495	-	657,495	-
Water and sewer improvements	-	935,873	935,873	-
Unrestricted	8,650,641	1,556,532	10,207,173	-
Total net position	<u>\$ 16,827,086</u>	<u>\$ 10,414,176</u>	<u>\$ 27,241,262</u>	<u>\$ 653,400</u>

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

CITY OF GLENN HEIGHTS, TEXAS
Statement of Activities
For the Year Ended September 30, 2018

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 1,693,295	\$ 921,172	\$ -	\$ -
Public safety	3,906,025	337,143	33,723	-
Development services	1,869,192	1,756,642	-	-
Parks and recreation	275,791	319,183	2,104	-
Economic development	10,969	-	-	-
Interest and fiscal charges	527,847	-	-	-
Total governmental activities	<u>8,283,119</u>	<u>3,334,140</u>	<u>35,827</u>	<u>-</u>
Business-type activities				
Water and sewer	5,175,140	6,064,621	-	726,793
Storm drainage	221,728	297,778	-	-
Total business-type activities	<u>5,396,868</u>	<u>6,362,399</u>	<u>-</u>	<u>726,793</u>
Total Primary Government	<u>\$ 13,679,987</u>	<u>\$ 9,696,539</u>	<u>\$ 35,827</u>	<u>\$ 726,793</u>
Component Unit:				
Glenn Heights Housing Finance Corporation	\$ -	\$ -	\$ -	\$ 653,400
Total component units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,400</u>

General Revenues:

- Property taxes
- Sales taxes
- Franchise fees based upon gross receipts
- Interest
- Miscellaneous
- Gain on Sale
- Transfers
- Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

(continued)

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Glenn Heights Housing Finance Corporation
\$ (772,123)	\$ -	\$ (772,123)	\$ -
(3,535,159)	-	(3,535,159)	-
(112,550)	-	(112,550)	-
45,496	-	45,496	-
(10,969)	-	(10,969)	-
(527,847)	-	(527,847)	-
<u>(4,913,152)</u>	<u>-</u>	<u>(4,913,152)</u>	<u>-</u>
-	1,616,274	1,616,274	-
-	76,050	76,050	-
-	<u>1,692,324</u>	<u>1,692,324</u>	-
(4,913,152)	1,692,324	(3,220,828)	-
			<u>653,400</u>
			<u>653,400</u>
5,358,784	-	5,358,784	-
597,722	-	597,722	-
658,609	-	658,609	-
283,646	27,589	311,235	-
218,228	-	218,228	-
504,920	-	504,920	-
102,443	(102,443)	-	-
<u>7,724,352</u>	<u>(74,854)</u>	<u>7,649,498</u>	<u>-</u>
2,811,200	1,617,470	4,428,670	653,400
<u>14,015,886</u>	<u>8,796,706</u>	<u>22,812,592</u>	<u>-</u>
<u>\$ 16,827,086</u>	<u>\$ 10,414,176</u>	<u>\$ 27,241,262</u>	<u>\$ 653,400</u>

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

CITY OF GLENN HEIGHTS, TEXAS

Balance Sheet – Governmental Funds

September 30, 2018

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,489,697	\$ 22,157,325	\$ 109,004	\$ 2,332,533	\$ 27,088,559
Receivables:					
Taxes	170,572	-	15,024	-	185,596
Accounts	165,645	-	-	-	165,645
Court fines	386,614	-	-	-	386,614
Due from other funds	106,645	3,320	14,525	20,955	145,445
Prepaid items	10,152	-	-	-	10,152
Total assets	<u>3,329,325</u>	<u>22,160,645</u>	<u>138,553</u>	<u>2,353,488</u>	<u>27,982,011</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable	119,966	153,753	-	416	274,135
Accrued liabilities	158,729	-	-	-	158,729
Due to other funds	20,589	-	-	3,604	24,193
Unearned revenue	5,823	-	-	26,809	32,632
Total liabilities	<u>305,107</u>	<u>153,753</u>	<u>-</u>	<u>30,829</u>	<u>489,689</u>
Deferred Inflows of Resources					
Unavailable:					
Property taxes	54,517	-	14,529	-	69,046
Court fines	386,614	-	-	-	386,614
Ambulance	72,088	-	-	-	72,088
Total deferred inflows of resources	<u>513,219</u>	<u>-</u>	<u>14,529</u>	<u>-</u>	<u>527,748</u>
Fund Balance					
Nonspendable - prepaid items	10,152	-	-	-	10,152
Restricted for:					
Public safety	-	-	-	183,600	183,600
Debt service	-	-	124,024	-	124,024
Capital projects	-	22,006,892	-	-	22,006,892
Street improvements	-	-	-	1,328,871	1,328,871
Park improvements	235	-	-	657,260	657,495
Assigned for:					
Vehicle replacement	-	-	-	2,505	2,505
Disaster recovery	-	-	-	154,027	154,027
Unassigned	2,500,612	-	-	(3,604)	2,497,008
Total fund balances	<u>2,510,999</u>	<u>22,006,892</u>	<u>124,024</u>	<u>2,322,659</u>	<u>26,964,574</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,329,325</u>	<u>\$ 22,160,645</u>	<u>\$ 138,553</u>	<u>\$ 2,353,488</u>	<u>\$ 27,982,011</u>

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

CITY OF GLENN HEIGHTS, TEXAS
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 September 30, 2018

Total Fund Balances - Governmental Funds	\$ 26,964,574
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	6,380,974
Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	(15,850,000)
Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	(143,700)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.	(68,673)
Premiums on bond issuances are recorded as other financing sources and uses when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.	(1,275,395)
Receivables from property taxes, court fines and fees, and ambulance fees are not available soon enough to pay for the current period's expenditures and are, therefore, unavailable in the fund financial statements.	527,748
Included in the items related to debt is the recognition of the City's net pension asset in the amount of \$562,713, a deferred outflow of resources of \$273,825 and a deferred inflow of resources of \$544,980. The net effect is to increase net position.	<u>291,558</u>
Net Position of Governmental Activities	<u><u>\$ 16,827,086</u></u>

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

CITY OF GLENN HEIGHTS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Year Ended September 30, 2018

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 4,075,394	\$ -	\$ 1,292,651	\$ -	\$ 5,368,045
Franchise fees	658,609	-	-	-	658,609
Sales and use taxes	597,722	-	-	-	597,722
Licenses and permits	1,244,519	-	-	-	1,244,519
Fines and forfeitures	95,136	-	-	4,589	99,725
Charges for services	1,050,716	-	-	391,628	1,442,344
Intergovernmental	31,938	-	-	1,785	33,723
Impact fees	-	-	-	512,123	512,123
Interest	44,069	237,111	91	2,375	283,646
Contributions	2,604	-	-	-	2,604
Other	13,917	204,173	-	-	218,090
Total revenues	<u>7,814,624</u>	<u>441,284</u>	<u>1,292,742</u>	<u>912,500</u>	<u>10,461,150</u>
EXPENDITURES					
Current:					
General government	1,600,099	18,216	-	-	1,618,315
Public safety	3,638,963	-	-	4,104	3,643,067
Development services	1,643,774	33,303	-	3,070	1,680,147
Parks and recreation	201,094	-	-	-	201,094
Economic development	10,205	-	-	-	10,205
Capital outlay	252,153	456,262	-	125,312	833,727
Debt service:					
Principal	-	-	640,000	-	640,000
Interest and other charges	-	-	600,924	-	600,924
Total expenditures	<u>7,346,288</u>	<u>507,781</u>	<u>1,240,924</u>	<u>132,486</u>	<u>9,227,479</u>
Excess (Deficiency) of Revenue Over (Under)					
Expenditures	<u>468,336</u>	<u>(66,497)</u>	<u>51,818</u>	<u>780,014</u>	<u>1,233,671</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	653,400	-	-	-	653,400
Transfers in	435,443	453,400	-	100,000	988,843
Transfers out	(553,400)	-	-	(333,000)	(886,400)
Total other financing sources (uses)	<u>535,443</u>	<u>453,400</u>	<u>-</u>	<u>(233,000)</u>	<u>755,843</u>
Net change in fund balances	1,003,779	386,903	51,818	547,014	1,989,514
Fund balances, beginning	<u>1,507,220</u>	<u>21,619,989</u>	<u>72,206</u>	<u>1,775,645</u>	<u>24,975,060</u>
Fund balances, ending	<u>\$ 2,510,999</u>	<u>\$ 22,006,892</u>	<u>\$ 124,024</u>	<u>\$ 2,322,659</u>	<u>\$ 26,964,574</u>

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

CITY OF GLENN HEIGHTS, TEXAS
 Reconciliation of Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statements of Activities
 For the Year Ended September 30, 2018

Net Change in Fund Balances - Governmental Funds \$ 1,989,514

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 and reported as depreciation expense. This is the amount by which capital outlay (\$833,727) exceeds depreciation expense (\$566,545) and deletions (\$208,076). 59,106

Revenues from property taxes, court fines and fees, and ambulance fees are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements. The effect of recognizing current year unavailable revenues of \$527,748 and removing prior year's unavailable revenues recognized of \$501,942 is to increase net position. 25,806

Principal payments on bonds payable are expenditures or other financing uses in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements. 640,000

Premiums are amortized over the life of the bonds in the government-wide financial statements. This is the current year amortization. 70,855

Additions to liabilities for compensated absences are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position. (32,920)

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The increase in interest accrual increases net position. 2,222

Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Changes in the net pension liability caused changes in net position to increase in the amount of \$647,864. The City's unrecognized deferred inflows and outflows as of the measurement date must be amortized and the City's pension expense must be recognized. These cause the change in net position to decrease in the amount of \$591,247. The net effect is an increase in net position. 56,617

Change in Net Position of Governmental Activities \$ 2,811,200

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

CITY OF GLENN HEIGHTS, TEXAS
Statement of Net Position – Proprietary Funds
September 30, 2018

	Enterprise Funds		
	Water and Sewer	Drainage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 98,969	\$ 284,655	\$ 383,624
Cash and cash equivalents- restricted	2,665,988	-	2,665,988
Accounts receivable, net	845,001	42,948	887,949
Prepaid items	697	-	697
Total current assets	3,610,655	327,603	3,938,258
Noncurrent assets:			
Net pension asset	91,557	15,055	106,612
Capital assets:			
Non-depreciable	1,039,447	-	1,039,447
Depreciable, net	7,709,514	239,170	7,948,684
Total noncurrent assets	8,840,518	254,225	9,094,743
Total assets	12,451,173	581,828	13,033,001
DEFERRED OUTFLOWS/(INFLOWS) OF RESOURCES			
Deferred charge on refunding	4,525	-	4,525
Deferred outflows/(inflows) related to resources	75,302	-	75,302
Total deferred outflows of resources	79,827	-	79,827
LIABILITIES			
Current liabilities:			
Accounts payable	108,404	2,248	110,652
Accrued liabilities	25,541	2,235	27,776
Accrued interest	19,685	82	19,767
Due to other funds	86,993	34,259	121,252
Compensated absences	4,072	183	4,255
Notes payable	133,888	-	133,888
Bonds payable	115,000	-	115,000
Payable from restricted assets:			
Customer deposits	553,957	-	553,957
Total current liabilities	1,047,540	39,007	1,086,547
Noncurrent liabilities:			
Compensated absences	16,286	732	17,018
Notes payable	1,366,112	-	1,366,112
Bonds payable	123,818	-	123,818
Total noncurrent liabilities	1,506,216	732	1,506,948
Total liabilities	2,553,756	39,739	2,593,495
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	91,215	13,942	105,157
Total deferred inflows of resources	91,215	13,942	105,157
NET POSITION			
Net investment in capital assets	7,682,601	239,170	7,921,771
Restricted for water and sewer improvements	935,873	-	935,873
Unrestricted	1,267,555	288,977	1,556,532
Total net position	\$ 9,886,029	\$ 528,147	\$ 10,414,176

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

CITY OF GLENN HEIGHTS, TEXAS
Statement of Revenues, Expenses, and Changes
in Fund Net Position – Proprietary Funds
For the Year Ended September 30, 2018

	Enterprise Funds		
	Water and Sewer	Drainage	Total
OPERATING REVENUES			
Water	\$ 2,589,587	\$ -	\$ 2,589,587
Sewer	2,814,125	-	2,814,125
Drainage	-	297,778	297,778
Service charges	278,231	-	278,231
Water and sewer connections	48,891	-	48,891
Other	333,787	-	333,787
Total operating revenues	<u>6,064,621</u>	<u>297,778</u>	<u>6,362,399</u>
OPERATING EXPENSES			
Personnel services	697,423	152,403	849,826
Supplies	193,543	5,880	199,423
Contractual services	2,108,309	14,684	2,122,993
Waste water treatment	816,318	-	816,318
Water purchases	956,363	-	956,363
Depreciation and amortization	355,690	48,761	404,451
Total operating expenses	<u>5,127,646</u>	<u>221,728</u>	<u>5,349,374</u>
OPERATING INCOME	<u>936,975</u>	<u>76,050</u>	<u>1,013,025</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	27,556	33	27,589
Interest and other expenses	(47,494)	-	(47,494)
Total non-operating revenues (expenses)	<u>(19,938)</u>	<u>33</u>	<u>(19,905)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS			
	917,037	76,083	993,120
Impact fees	726,793	-	726,793
Transfers in	300,000	-	300,000
Transfers out	(386,668)	(15,775)	(402,443)
CHANGE IN NET POSITION	1,557,162	60,308	1,617,470
NET POSITION BEGINNING	<u>8,328,867</u>	<u>467,839</u>	<u>8,796,706</u>
NET POSITION, ENDING	<u>\$ 9,886,029</u>	<u>\$ 528,147</u>	<u>\$ 10,414,176</u>

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

CITY OF GLENN HEIGHTS, TEXAS
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2018

	Enterprise Funds		Total Enterprise Funds
	Water and Sewer Fund	Stormwater Drainage Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 5,924,647	\$ 294,200	\$ 6,218,847
Payments to suppliers	(4,054,459)	(21,339)	(4,075,798)
Payments to employees	(711,893)	(157,007)	(868,900)
Net cash provided by operating activities	<u>1,158,295</u>	<u>115,854</u>	<u>1,274,149</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash due to other funds	(814,418)	14,953	(799,465)
Transfers out to other funds	300,000	-	300,000
Transfers out to other funds	(386,668)	(15,775)	(402,443)
Net cash used by noncapital financing activities	<u>(901,086)</u>	<u>(822)</u>	<u>(901,908)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Capital contributions	726,793	-	726,793
Acquisition and construction of capital assets	(977,900)	(103,558)	(1,081,458)
Principal paid on long-term debt	(265,000)	-	(265,000)
Interest and other charges paid	(29,925)	-	(29,925)
Loan Proceeds	1,500,000	-	1,500,000
Net cash provided (used) by capital and related financing activities	<u>953,968</u>	<u>(103,558)</u>	<u>850,410</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received	27,556	33	27,589
Net cash provided by investing activities	<u>27,556</u>	<u>33</u>	<u>27,589</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,238,733	11,507	1,250,240
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,526,224</u>	<u>273,148</u>	<u>1,799,372</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2,764,957</u>	<u>\$ 284,655</u>	<u>\$ 3,049,612</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 936,975	\$ 76,050	\$ 1,013,025
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	355,690	48,761	404,451
(Increase) decrease in accounts receivable	(157,329)	(3,578)	(160,907)
Decrease in deferred outflows related to pensions	20,233	1,524	21,757
(Increase) decrease in net pension asset	(91,557)	(15,055)	(106,612)
Increase (decrease) in accounts payable	20,074	(775)	19,299
Increase (decrease) in accrued liabilities	1,312	(3,072)	(1,760)
Increase (decrease) in customer deposits	17,355	-	17,355
Increase (decrease) in compensated absences	(6,572)	4	(6,568)
Increase in deferred inflows related to pensions	76,030	13,176	89,206
Decrease in net pension liability	(13,916)	(1,181)	(15,097)
Total adjustments	<u>221,320</u>	<u>39,804</u>	<u>261,124</u>
Net cash provided by operating activities	<u>\$ 1,158,295</u>	<u>\$ 115,854</u>	<u>\$ 1,274,149</u>
Reconciliation of cash and cash equivalents to the statement of net position:			
Cash and cash equivalents	98,969	284,655	383,624
Restricted cash and cash equivalents	2,665,988	-	2,665,988
Total cash and cash equivalents	<u>2,764,957</u>	<u>284,655</u>	<u>3,049,612</u>

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

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

Note 1: Summary of Significant Accounting Policies

Reporting Entity

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

The City prepares its financial statements and component unit 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.

Discretely presented component units. Glenn Heights Housing Finance Corporation was created in 2016 by state law for the purpose of benefiting and accomplishing public purposes of, and on behalf of the City by financing the cost of residential ownership and development that will provide decent, safe, and sanitary housing for residents of the City at prices they can afford. The Corporation is created as a housing finance corporation pursuant to Chapter 394 of the Texas Local Government Code and shall be a governmental unit within the meaning of Subdivision (2), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, Section 101.001, et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the all the powers authorized in Chapter 394 of the Texas Local Government Code, including those enumerated in Section 394.032 of the Texas Local Government Code. The entity does not issue separate financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on activities of the primary government and its component units. 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 significant extent on fees and charges for support.

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

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

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

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements For the Year Ended September 30, 2018

between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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

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

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government.

Restricted Assets

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

Interfund Receivables/Payables

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

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as in the proprietary fund statement of net position. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

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

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

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

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements

For the Year Ended September 30, 2018

<u>Asset Type</u>	<u>Number of Years</u>
Buildings	10 - 40
Infrastructure	10 - 50
Improvements	5 - 30
Equipment	3 - 10
Vehicles	2 - 10

Prepaid Items

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

Pensions

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

Compensated Absences

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

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They include

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements For the Year Ended September 30, 2018

deferred charges on bond refunding reported in the government-wide statement of net position, as well as deferred outflows related to the City's pension with TMRS.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item arising only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and EMS accounts receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows reported in the statement of net position related to the City's pension with TMRS.

Fund Balance

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws of regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purposes unless the City removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts intended to be used by the City for specific purposes. The City Council has designated the City Manager or his/her designee as the official authorized person to assign fund balance. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. At September 30, 2018, the City had assigned fund balances for specific purposes including vehicle replacement and disaster recovery in the amount of \$156,532.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

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

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

Net Position

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

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

Use of Estimates

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

Effect of New Authoritative Guidance

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – For plans that do not have formal trusts, GASB Statement No. 75 requires state and local government employers to recognize the total OPEB liability (TOL) and the related OPEB expense on their financial statements along with the related deferred outflows and inflows of resources. In addition to the deferred outflows/inflows associated with plan experience and assumption changes, the standard required the benefits payments and administrative costs incurred subsequent to the measurement date and before the end of the employer's reporting period to be reported as a deferred outflow of resources. The required actuarial evaluation complying with the requirements of the standard was performed as of December 31, 2017 with a measurement date of December 31, 2017. The City does not have postemployment benefits other than pensions and are therefore not affected by GASB 75.

Recent Accounting Pronouncements

Statement No. 84, *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will become effective for the Town in fiscal year 2020. Management is currently evaluating the impact, if any, this statement will have on the Town's financial statements.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the Town in fiscal year 2021. Management is currently evaluating the impact, if any, this statement will have on the Town's financial statements.

Note 2: Stewardship, Compliance, and Accountability

Expenditures in Excess of Budget

Actual expenditures exceeded budgeted amounts for the Municipal Court Technology Fund by \$2,402. These expenditures are due to the budget being based on projected payments that were altered when the bond sale was finalized.

Actual expenditures exceeded budgeted amounts for the Grants Fund by \$1,534. There were no expenditures budgeted for the grants fund. The expenditures were for safety training.

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

Deficit Fund Balance

As of year-end, the Municipal Court Technology Fund had a deficit fund balance of \$509. The court fees restricted for municipal court technology expenditures will continue to reduce the deficit in the subsequent fiscal year. The Veterans Memorial Fund also had a deficit fund balance of \$3,095. The deficit will be covered by a transfer from the General Fund.

Note 3: Deposits and Investments

The City may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

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

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

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

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

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

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

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the City's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. It is the City's policy to not allow for a concentration of credit risk. Investments

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

issued by the U. S. Government and investments in investment pools are excluded from the 5 percent (5%) disclosure requirement. The City is not exposed to concentration of credit risk.

Note 4: Receivables

The City's receivables as of September 30, 2018 consist of the following:

	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Water and Sewer Fund</u>	<u>Drainage Fund</u>	<u>Total</u>
Property taxes	\$ 93,514	\$ 22,599	\$ -	\$ -	\$ 116,113
Sales taxes	113,731	-	-	-	113,731
Ambulance	274,905	-	-	-	274,905
Garbage	141,440	-	-	-	141,440
Utility fees	-	-	999,063	46,635	1,045,698
Court fines	470,904	-	-	-	470,904
Other	<u>(16,369)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,369)</u>
Gross receivables	1,078,124	22,599	999,063	46,635	2,146,421
Less: allowance for uncollectible accounts	<u>(355,293)</u>	<u>(7,575)</u>	<u>(154,062)</u>	<u>(3,687)</u>	<u>(520,617)</u>
Net receivables	<u>\$ 722,831</u>	<u>\$ 15,024</u>	<u>\$ 845,001</u>	<u>\$ 42,948</u>	<u>\$ 1,625,804</u>

Property taxes are based on the appraised values provided by the Dallas County and Ellis County Appraisal Districts, as applicable. Taxes are levied by October 1 of each year, and are due in full with no discounts granted. Unpaid property taxes become delinquent on February 1 of the following year. Penalty is calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City. The City's current policy is to write-off uncollectible personal property taxes after four years.

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

Note 5: Interfund Balances and Transfers

The compositions of interfund balances as of September 30, 2018 are as follows:

Due To Fund	Due From Fund	Amount	Purpose
Capital Projects Fund	General Fund	\$ 3,320	Short-term loans
Nonmajor Governmental	General Fund	17,269	Short-term loans
Debt Service Fund	Water and Sewer	14,525	Short-term loans
General Fund	Water and Sewer	72,386	Short-term loans
Nonmajor Governmental	Water and Sewer	82	Short-term loans
General Fund	Municipal Drainage	34,259	Short-term loans
Nonmajor Governmental	Nonmajor Governmental	3,604	Short-term loans
		<u>\$ 145,445</u>	

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

Interfund activity for the year ended September 30, 2018 is as follows:

Transfer From	Transfer To	Amount	Purpose
Drainage Fund	General Fund	15,775	Administrative
General Fund	Nonmajor Governmental	100,000	Debt service
Nonmajor Governmental	General Fund	33,000	Administrative
Water and Sewer Fund	General Fund	386,668	Administrative
General Fund	Capital Projects Fund	453,400	Capital outlay
Nonmajor Governmental	Water and Sewer Fund	300,000	Capital outlay
		<u>\$ 1,288,843</u>	

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

Note 6: Capital Assets

Capital asset activity for the year ended September 30, 2018 is as follows:

	Balance, October 1, 2017	Increases	Transfer	Decreases/ Reclassifications	Balance, September 30, 2018
<u>Governmental activities:</u>					
Capital assets not being depreciated:					
Land	\$ 1,050,373	\$ -	\$ -	\$ (148,480)	\$ 901,893
Construction in progress	75,366	-	(15,770)	(59,596)	-
Total capital assets not being depreciated	<u>1,125,739</u>	<u>-</u>	<u>(15,770)</u>	<u>(208,076)</u>	<u>901,893</u>
Capital assets being depreciated:					
Building	256,757	63,701	-	-	320,458
Parks and improvements	813,492	-	-	-	813,492
Infrastructure - streets	4,656,858	456,262	15,770	-	5,128,890
Vehicles	1,843,473	233,286	-	-	2,076,759
Equipment	1,172,127	80,478	-	-	1,252,605
Total capital assets being depreciated	<u>8,742,707</u>	<u>833,727</u>	<u>15,770</u>	<u>-</u>	<u>9,592,204</u>
Less accumulated depreciation for:					
Buildings	(104,002)	(13,022)	-	-	(117,024)
Parks and improvements	(670,335)	(63,605)	-	-	(733,940)
Infrastructure - streets	(949,700)	(177,458)	-	-	(1,127,158)
Vehicles	(1,111,128)	(189,566)	-	-	(1,300,694)
Equipment	(711,413)	(122,894)	-	-	(834,307)
Total accumulated depreciation	<u>(3,546,578)</u>	<u>(566,545)</u>	<u>-</u>	<u>-</u>	<u>(4,113,123)</u>
Total capital assets being depreciated, net	<u>5,196,129</u>	<u>267,182</u>	<u>15,770</u>	<u>-</u>	<u>5,479,081</u>
Governmental activities capital assets, net	<u>\$ 6,321,868</u>	<u>\$ 267,182</u>	<u>\$ -</u>	<u>\$ (208,076)</u>	<u>\$ 6,380,974</u>

The decrease in land for \$148,480 is from a sale between the City and the Glenn Heights Housing Finance Corporation (Component Unit). The selling price of the land was \$653,400, leading to a gain on sale of land in the amount of \$504,920. The land was used in a joint venture project between the City and Palladium USA Inc. for the development of a multifamily housing unit project called Palladium Glenn Heights.

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

	Balance, October 1, 2017	Increases	Transfer	Decreases/ Reclassifications	Balance, September 30, 2018
<u>Business-type activities:</u>					
Capital assets not being depreciated:					
Land	\$ 35,161	\$ -	\$ -	\$ -	\$ 35,161
Construction in progress	100,000	904,286	-	-	1,004,286
Total capital assets, not being depreciated	<u>135,161</u>	<u>904,286</u>	<u>-</u>	<u>-</u>	<u>1,039,447</u>
Capital assets being depreciated:					
Buildings	224,274	-	-	-	224,274
Infrastructure - water	8,065,050	-	-	-	8,065,050
Infrastructure - sewer	5,842,307	-	-	-	5,842,307
Infrastructure - drainage	196,068	-	-	-	196,068
Vehicles	446,522	76,893	-	-	523,415
Equipment	843,968	100,279	-	-	944,247
Total capital assets being depreciated	<u>15,618,189</u>	<u>177,172</u>	<u>-</u>	<u>-</u>	<u>15,795,361</u>
Less accumulated depreciation for:					
Buildings	(152,232)	(12,355)	-	-	(164,587)
Infrastructure - water	(4,213,304)	(170,978)	-	-	(4,384,282)
Infrastructure - sewer	(1,949,450)	(116,952)	-	-	(2,066,402)
Infrastructure - drainage	(78,689)	(14,780)	-	-	(93,469)
Vehicles	(419,390)	(22,660)	-	-	(442,050)
Equipment	(629,161)	(66,726)	-	-	(695,887)
Total accumulated depreciation	<u>(7,442,226)</u>	<u>(404,451)</u>	<u>-</u>	<u>-</u>	<u>(7,846,677)</u>
Total capital assets being depreciated, net	<u>8,175,963</u>	<u>(227,279)</u>	<u>-</u>	<u>-</u>	<u>7,948,684</u>
Business-type activities capital assets, net	<u>\$ 8,311,124</u>	<u>\$ 677,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,988,131</u>

Depreciation expense for the year ended September 30, 2018 was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 22,388
Public safety	273,077
Development services	194,972
Parks and recreation	76,110
Total	<u>\$ 566,547</u>
Business-type activities:	
Water and sewer	\$ 355,690
Drainage	48,761
Total	<u>\$ 404,451</u>

CITY OF GLENN HEIGHTS, TEXAS
Notes to the Financial Statements
For the Year Ended September 30, 2018

Note 7: Long-term Obligations

Long-term liability activity for the year ended September 30, 2018 is as follows:

	Balance 10/1/2017	Increases	Decreases	Balance 9/30/2018	Amount Due Within one Year
<u>Governmental Activities:</u>					
Certificates of obligation	\$ 2,260,000	\$ -	\$ (370,000)	\$ 1,890,000	\$ 315,000
General obligation & refunding bonds	14,230,000	-	(270,000)	13,960,000	375,000
Bond issuance premium	1,346,250	-	(70,855)	1,275,395	-
Compensated absences	110,780	186,393	(153,473)	143,700	28,740
Net pension (asset) liability	85,151	-	(85,151)	-	-
Total governmental activities	18,032,181	186,393	(949,479)	17,269,095	718,740
<u>Business-type Activities:</u>					
General obligation refunding bonds	500,000	-	(265,000)	235,000	115,000
Bond issuance discount	5,727	-	(1,909)	3,818	-
Notes payable	-	1,500,000	-	1,500,000	133,888
Compensated absences	27,841	21,364	(27,932)	21,273	4,255
Net pension (asset) liability	15,097	-	(15,097)	-	-
Total business-type activities	548,665	1,521,364	(309,938)	1,760,091	253,143
 Total Primary Government	 <u>\$ 18,580,846</u>	 <u>\$ 1,707,757</u>	 <u>\$ (1,259,417)</u>	 <u>\$ 19,029,186</u>	 <u>\$ 971,883</u>

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

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

Bonds Payable

Bonds payable at September 30, 2018 are comprised of the following issues:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2003 Certificates of Obligation, original issue \$750,000, dated September 1, 2003, due in annual installments through September 1, 2018, at 4.65% interest. Paid off in the current year	\$ -	\$ -	\$ -
2006 Certificates of Obligation, original issue \$2,535,000, dated September 1, 2006, due in annual installments through September 30, 2021, at 4.20% interest.	655,000	-	655,000
2008 Certificates of Obligation, original issue \$2,050,000, dated September 1, 2008, due in annual installments through February 15, 2028, at 4.04% interest.	1,235,000	-	1,235,000
2010 General Obligation Refunding Bonds, original issue \$20,250,000, dated July 1, 2010, due in annual installments through February 15, 2020, at 2.56% interest.	-	235,000	235,000
2015 Certificates of Obligation, original issue \$725,000, dated September 10, 2015, due in annual installments through September 30, 2025, at 2.37% interest.	655,000	-	655,000
2016 General Obligation Refunding Bonds, original issue \$13,820,000, dated August 23, 2016, due in annual installments through February 15, 2036, at 3.65% interest.	13,305,000	-	13,305,000
2017 State Infrastructure Bank Loan Agreement, original issue \$1,500,000, dated September 25, 2017, due in annual installments through October 02, 2027, at 2.50% interest.	-	1,500,000	1,500,000
	<u>\$ 15,850,000</u>	<u>\$ 1,735,000</u>	<u>\$ 17,585,000</u>

The annual requirements to amortize the combined bonded debt outstanding as of September 30, 2018 are as follows:

Year Ended September 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Total Principal	Total Interest	Total Obligation
	Principal	Interest	Principal	Interest			
2019	690,000	569,437	248,888	24,225	938,888	593,662	1,532,550
2020	735,000	543,551	257,235	37,701	992,235	581,252	1,573,487
2021	795,000	511,060	140,666	32,437	935,666	543,497	1,479,163
2022	855,000	476,345	144,183	28,964	999,183	505,309	1,504,492
2023	880,000	440,101	147,787	21,753	1,027,787	461,854	1,489,641
2024-2028	4,480,000	1,644,155	796,241	50,748	5,276,241	1,694,903	6,971,144
2029-2033	4,360,000	948,200	-	-	4,360,000	948,200	5,308,200
2034-2036	3,055,000	186,100	-	-	3,055,000	186,100	3,241,100
Total	<u>15,850,000</u>	<u>5,318,949</u>	<u>1,735,000</u>	<u>195,828</u>	<u>17,585,000</u>	<u>5,514,777</u>	<u>23,099,777</u>

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

Note 8: Defined Benefit Pension Plan

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.TMRS.org.

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

Benefits Provided

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

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

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

Employee deposit rate	6%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service requirement eligibility	60/5, 20/0
Updated service credit	100% repeating, Transfers
Annuity increase to retirees	70% of CPI

At the December 31, 2017 valuation and measurement date, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	88
Active employees	73
Total	<u>211</u>

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The City did not change its employee contribution rate during the year. The contribution rates for the City were 3.74% and 3.73% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$146,684, and were equal to the required contributions.

Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) (NPL/NPA) was measured as of December 31, 2017, and the Total Pension Liability (Asset) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

The Total Pension Liability (Asset) in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the Gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the Gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2017 valuation were based on the results of actuarial experience studies performed by TMRS. The most recent experience study was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. As a result of this study, several assumption changes were adopted, including a reduction of the inflation assumption from 3.00% to 2.50% and the investment return assumption from 7.00% to 6.75%. Assumptions are reviewed annually. No other significant changes were made for the actuarial valuation performed on December 31, 2017.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	<u>100.00%</u>	

The discount rate used to measure the Total Pension Liability (Asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability (Asset).

Changes in the Net Pension Liability (Asset) are summarized in the following table:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at 12/31/2016	\$ 8,097,804	\$ 7,997,556	\$ 100,248
Changes for the year:			
Service Cost	364,021	-	364,021
Interest	544,744	-	544,744
Difference between expected and actual experience	(215,283)	-	(215,283)
Changes of assumptions	-	-	-
Contributions - employer	-	134,627	(134,627)
Contributions - employee	-	225,633	(225,633)
Net investment income	-	1,108,830	(1,108,830)
Benefit payments, including refunds of employee contributions	(419,079)	(419,079)	-
Administrative expense	-	(5,744)	5,744
Other changes	-	(291)	291
Net changes	274,403	1,043,976	(769,573)
Balance at 12/31/2017	<u>\$ 8,372,207</u>	<u>\$ 9,041,532</u>	<u>\$ (669,325)</u>

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$ 692,362	\$ (669,325)	\$ (1,757,905)

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained electronically at www.TMRS.org.

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

For the year ended September 30, 2018, the City recognized pension expense of \$69,919.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 193,967
Changes in actuarial assumptions	8,818	-
Difference between projected and actual investment earnings	219,712	456,170
Contributions subsequent to the measurement date	120,597	-
Total	<u>\$ 349,127</u>	<u>\$ 650,137</u>

\$120,597 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2018	\$ (87,096)
2019	(92,050)
2020	(128,662)
2021	(113,799)
2022	-
Total	<u>\$ (421,607)</u>

Note 9: Other Postemployment Benefits

The City also participates in the cost-sharing multiple employer defined benefit group-term life insurance plan operated by the 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

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

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

The City's contributions to the TMRS SDBF for the years ended September 30, 2016, 2017, and 2018 were \$5,373, \$5,895, and \$5,502, respectively, which equaled the required contributions.

Note 10: Risk Management

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

Note 11: Water and Sewer Contracts

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

Payments during fiscal year 2018 for the purchase of treated water from DUS were \$956,363 and payments made for the transportation, treatment, and disposal of wastewater by TRA were \$2,288,388. If the City were unable to fulfill its obligations under the contracts, the only liability for future payment would be its proportionate share of debt service requirements. In addition, the City does not retain an ongoing financial interest in TRA and has no representation on the TRA Board of Directors; therefore, the TRA contracts are not considered to be joint venture agreements.

Note 12: Contingencies

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

CITY OF GLENN HEIGHTS, TEXAS

Notes to the Financial Statements
For the Year Ended September 30, 2018

Note 13: Commitments

Encumbrances are commitments related to unperformed contracts for goods or services (i.e. purchase orders). At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year in the General Fund were \$95,000.

Note 14: Subsequent Events

Management has evaluated subsequent events through March 29, 2019, the date the financial statements were available to be issued. No changes were made, or are necessary to be made, to the financial statements as a result of this evaluation.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF GLENN HEIGHTS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund
For the Year Ended September 30, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
REVENUES:				
Property taxes	\$ 3,903,549	\$ 3,990,165	\$ 4,075,394	\$ 85,229
Sales and use taxes	516,789	565,418	597,722	32,304
Franchise fees	633,273	424,241	658,609	234,368
Licenses and permits	996,628	1,048,014	1,244,519	196,505
Fines and forfeitures	238,100	107,738	95,136	(12,602)
Charges for services	1,013,679	26,010	1,050,716	1,024,706
Intergovernmental	-	-	31,938	31,938
Interest	24,012	-	44,069	44,069
Contributions	350	350	2,604	2,254
Other	9,400	669,665	13,917	(655,748)
Total revenues	7,335,780	6,831,601	7,814,624	983,023
EXPENDITURES:				
Current:				
General government	898,785	1,733,808	1,600,099	133,709
Public safety	500,981	3,544,574	3,638,963	(94,389)
Development services	1,307,881	961,338	1,643,774	(682,436)
Parks and recreation	97,575	234,746	201,094	33,652
Economic development	21,675	21,511	10,205	11,306
Capital outlay	179,304	252,000	252,153	(153)
Total expenditures	3,006,201	6,747,977	7,346,288	(598,311)
Excess (deficiency) of revenues over (under) expenditures	4,329,579	83,624	468,336	384,712
OTHER FINANCING SOURCES (USES):				
Sale of capital asset	-	-	653,400	653,400
Transfers in	527,432	358,993	435,443	76,450
Transfers out	-	-	(553,400)	553,400
Total other financing sources (uses)	527,432	358,993	535,443	1,283,250
Net change in fund balance	4,857,011	442,617	1,003,779	561,162
Fund balance, beginning	1,507,220	1,507,220	1,507,220	-
Fund balance, ending	<u>\$ 6,364,231</u>	<u>\$ 1,949,837</u>	<u>\$ 2,510,999</u>	<u>\$ 561,162</u>

CITY OF GLENN HEIGHTS, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
For the Year Ended September 30, 2018

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Total Pension Liability				
Service cost	\$ 364,021	\$ 336,567	\$ 288,738	\$ 256,970
Interest on total pension liability	544,744	517,152	493,227	456,404
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(215,283)	(97,859)	(55,716)	(14,257)
Change of assumptions	-	-	100,033	-
Benefit payments/refunds of contributions	(419,079)	(302,573)	(166,992)	(210,935)
Net change in total pension liability	<u>274,403</u>	<u>453,287</u>	<u>659,290</u>	<u>488,182</u>
Total pension liability, beginning	<u>8,097,804</u>	<u>7,644,517</u>	<u>6,985,227</u>	<u>6,497,045</u>
Total pension liability, ending (a)	<u>\$ 8,372,207</u>	<u>\$ 8,097,804</u>	<u>\$ 7,644,517</u>	<u>\$ 6,985,227</u>
Fiduciary Net Position				
Contributions - Employer	\$ 134,627	\$ 112,560	\$ 100,120	\$ 96,517
Contributions - Employee	225,633	211,914	185,485	180,931
Net investment income	1,108,830	505,424	10,852	394,578
Benefit payments/refunds of contributions	(419,079)	(302,573)	(166,992)	(210,935)
Administrative expenses	(5,744)	(5,706)	(6,609)	(4,119)
Other	(291)	(307)	(328)	(339)
Net change in fiduciary net position	<u>1,043,976</u>	<u>521,312</u>	<u>122,528</u>	<u>456,633</u>
Fiduciary net position, beginning	<u>7,997,556</u>	<u>7,476,244</u>	<u>7,353,716</u>	<u>6,897,083</u>
Fiduciary net position, ending (b)	<u>\$ 9,041,532</u>	<u>\$ 7,997,556</u>	<u>\$ 7,476,244</u>	<u>\$ 7,353,716</u>
Net pension liability / (asset), ending = (a) - (b)	<u>(669,325)</u>	<u>100,248</u>	<u>168,273</u>	<u>(368,489)</u>
Fiduciary net position as a percentage of total pension liability	107.99%	98.76%	97.80%	105.28%
Covered payroll	\$ 3,760,543	\$ 3,516,894	\$ 3,091,411	\$ 3,015,520
Net pension liability as a percentage of covered payroll	-17.80%	2.85%	5.44%	-12.22%

This schedule is intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

CITY OF GLENN HEIGHTS, TEXAS
Schedule of Employer Contributions
Texas Municipal Retirement System
For the Year Ended September 30, 2018

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contributions as a Percentage of Covered- employee Payroll</u>
2018	\$ 147,381	\$ 146,684	\$ 697	\$ 3,951,234	3.71%
2017	127,656	133,216	(5,560)	3,799,274	3.51%
2016	117,195	115,952	1,243	3,487,950	3.32%
2015	99,077	99,077	-	3,075,330	3.22%
2014	88,118	88,118	-	2,789,600	3.16%

This schedule is intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Note A: Budgetary Procedures

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

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

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

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

Note B: Net Pension Liability – Texas Municipal Retirement System

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	28 years
Asset valuation method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.50%, including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City’s plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

There were no changes of assumptions during the measurement period.

**COMBINING AND INDIVIDUAL
FUND SCHEDULES**

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CITY OF GLENN HEIGHTS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Debt Service Fund
For the Year Ended September 30, 2018

	Debt Service Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
REVENUES:				
Property taxes	\$ -	\$ 1,461,523	\$ 1,292,651	\$ (168,872)
Interest	-	-	91	91
Total revenues	-	1,461,523	1,292,742	(168,781)
EXPENDITURES:				
Debt service:				
Principal	-	641,000	640,000	1,000
Interest and other charges	-	600,724	600,924	(200)
Total expenditures	-	1,241,724	1,240,924	800
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	219,799	51,818	(167,981)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	219,799	51,818	(167,981)
Fund balance, beginning	72,206	72,206	72,206	-
Fund balance, ending	\$ 72,206	\$ 292,005	\$ 124,024	\$ (167,981)

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CITY OF GLENN HEIGHTS, TEXAS
Combining and Individual Nonmajor Fund Schedules
For the Year Ended September 30, 2018

NONMAJOR GOVERNMENTAL FUNDS

MUNICIPAL COURT TECHNOLOGY FUND – To account for municipal court fees collected through the court to enhance existing operations through technology.

MUNICIPAL COURT SECURITY FUND – To account for municipal court fees collected through the court to provide for various municipal court security features.

911 WIRELESS FUND – To account for 911 wireless revenue collected to enhance the 911 network within the City.

POLICE SEIZURE FUND – To account for the revenue and expenditures related to the award of monies or property by the courts or federal government to the police department. The funds are expended for specified department purposes.

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

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

PARK DEVELOPMENT FUND – To account for the acquisition of capital assets or construction of major capital projects being financed by park development fees.

STREET IMPACT FEE FUND – To account for the acquisition of capital assets or construction of major capital projects being financed by street impact fees.

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

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

CITY OF GLENN HEIGHTS, TEXAS
Combining Balance Sheet –
Nonmajor Governmental Funds
September 30, 2018

	Municipal Court Technology	Municipal Court Security	911 Wireless	Police Seizure
ASSETS				
Cash and cash equivalents	\$ -	\$ 33,025	\$ 134,432	\$ 10,549
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Court fines	-	-	-	-
Due from other funds	-	3,604	-	-
Total assets	<u>-</u>	<u>36,629</u>	<u>134,432</u>	<u>10,549</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts payable	-	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	509	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>509</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable:				
Property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Restricted for:				
Public safety	-	36,629	134,432	10,549
Street improvements	-	-	-	-
Park improvements	-	-	-	-
Assigned for:				
Vehicle replacement	-	-	-	-
Disaster recovery	-	-	-	-
Unassigned	(509)	-	-	-
Total fund balances	<u>(509)</u>	<u>36,629</u>	<u>134,432</u>	<u>10,549</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 36,629</u>	<u>\$ 134,432</u>	<u>\$ 10,549</u>

<u>Disaster Recovery Fund</u>	<u>Grants</u>	<u>Park Development</u>	<u>Street Impact Fee</u>	<u>Vehicle Replacement</u>	<u>Veterans Memorial</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 154,027	\$ 3,107	\$ 667,300	\$ 1,327,588	\$ 2,505	\$ -	\$ 2,332,533
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	16,068	1,283	-	-	20,955
<u>154,027</u>	<u>3,107</u>	<u>683,368</u>	<u>1,328,871</u>	<u>2,505</u>	<u>-</u>	<u>2,353,488</u>
-	416	-	-	-	-	416
-	-	-	-	-	-	-
-	-	-	-	-	3,095	3,604
-	701	26,108	-	-	-	26,809
-	<u>1,117</u>	<u>26,108</u>	-	-	<u>3,095</u>	<u>30,829</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,990	-	-	-	-	183,600
-	-	-	1,328,871	-	-	1,328,871
-	-	657,260	-	-	-	657,260
-	-	-	-	2,505	-	2,505
154,027	-	-	-	-	-	154,027
-	-	-	-	-	(3,095)	(3,604)
<u>154,027</u>	<u>1,990</u>	<u>657,260</u>	<u>1,328,871</u>	<u>2,505</u>	<u>(3,095)</u>	<u>2,322,659</u>
<u>\$ 154,027</u>	<u>\$ 3,107</u>	<u>\$ 683,368</u>	<u>\$ 1,328,871</u>	<u>\$ 2,505</u>	<u>\$ -</u>	<u>\$ 2,353,488</u>

CITY OF GLENN HEIGHTS, TEXAS
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Municipal Court Technology	Municipal Court Security	911 Wireless	Police Seizure
REVENUES				
Fines and forfeitures	\$ 2,622	\$ 1,967	\$ -	\$ -
Charges for services	-	-	74,595	-
Intergovernmental	-	-	-	-
Impact fees	-	-	-	-
Interest	-	332	6	170
Total revenues	<u>2,622</u>	<u>2,299</u>	<u>74,601</u>	<u>170</u>
EXPENDITURES				
Current:				
Public safety	2,402	-	-	168
Development services	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>2,402</u>	<u>-</u>	<u>-</u>	<u>168</u>
Excess (Deficiency) of Revenue Over (Under)				
Expenditures	<u>\$ 220</u>	<u>\$ 2,299</u>	<u>\$ 74,601</u>	<u>\$ 2</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(33,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(33,000)</u>	<u>-</u>
Net change in fund balances	220	2,299	41,601	2
Fund balances, beginning	<u>(729)</u>	<u>34,330</u>	<u>92,831</u>	<u>10,547</u>
Fund balances, ending	<u>\$ (509)</u>	<u>\$ 36,629</u>	<u>\$ 134,432</u>	<u>\$ 10,549</u>

Disaster Recovery Fund	Grants	Park Development	Street Impact Fee	Vehicle Replacement	Veterans Memorial	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	4,589
-	-	317,033	-	-	-	391,628
-	1,785	-	-	-	-	1,785
-	-	-	512,123	-	-	512,123
-	-	975	892	-	-	2,375
-	-	-	-	-	-	-
-	<u>1,785</u>	<u>318,008</u>	<u>513,015</u>	<u>-</u>	<u>-</u>	<u>912,500</u>
-	-	-	-	-	-	-
-	1,534	-	-	-	-	4,104
-	-	3,070	-	-	-	3,070
-	-	-	-	-	-	-
-	-	27,513	-	97,799	-	125,312
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>1,534</u>	<u>30,583</u>	<u>-</u>	<u>97,799</u>	<u>-</u>	<u>132,486</u>
\$ -	\$ 251	\$ 287,425	\$ 513,015	\$ (97,799)	\$ -	\$ 780,014
-	-	-	-	100,000	-	100,000
(300,000)	-	-	-	-	-	(333,000)
(300,000)	-	-	-	100,000	-	(233,000)
(300,000)	251	287,425	513,015	2,201	-	547,014
454,027	1,739	369,835	815,856	304	(3,095)	1,775,645
\$ 154,027	\$ 1,990	\$ 657,260	\$ 1,328,871	\$ 2,505	\$ (3,095)	\$ 2,322,659

CITY OF GLENN HEIGHTS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Municipal Court Technology Fund
For the Year Ended September 30, 2018

	<u>Municipal Court Technology</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 2,622	\$ 2,622
Total revenues	<u>-</u>	<u>-</u>	<u>2,622</u>	<u>2,622</u>
EXPENDITURES:				
Current:				
Public safety	<u>-</u>	<u>-</u>	<u>2,402</u>	<u>(2,402)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>2,402</u>	<u>(2,402)</u>
Net change in fund balance	-	-	220	220
Fund balance, beginning	<u>(729)</u>	<u>(729)</u>	<u>(729)</u>	<u>-</u>
Fund balance, ending	<u><u>\$ (729)</u></u>	<u><u>\$ (729)</u></u>	<u><u>\$ (509)</u></u>	<u><u>\$ 220</u></u>

CITY OF GLENN HEIGHTS, TEXAS
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –
 Budget and Actual – Municipal Court Security Fund
 For the Year Ended September 30, 2018

	Municipal Court Security			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 1,967	\$ 1,967
Interest	-	-	332	332
Total revenues	-	-	2,299	2,299
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	2,299	2,299
Fund balance, beginning	34,330	34,330	34,330	-
Fund balance, ending	\$ 34,330	\$ 34,330	\$ 36,629	\$ 2,299

CITY OF GLENN HEIGHTS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – 911 Wireless Fund
For the Year Ended September 30, 2018

	911 Wireless			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
REVENUES:				
Charges for services	\$ 81,000	\$ 59,000	\$ 74,595	\$ 15,595
Interest	600	-	6	6
	<u>81,600</u>	<u>59,000</u>	<u>74,601</u>	<u>15,601</u>
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>81,600</u>	<u>59,000</u>	<u>74,601</u>	<u>15,601</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(33,000)	(33,000)
	<u>-</u>	<u>-</u>	<u>(33,000)</u>	<u>(33,000)</u>
Net change in fund balance	<u>81,600</u>	<u>59,000</u>	<u>41,601</u>	<u>(17,399)</u>
Fund balance, beginning	<u>92,831</u>	<u>92,831</u>	<u>92,831</u>	<u>-</u>
Fund balance, ending	<u>\$ 174,431</u>	<u>\$ 151,831</u>	<u>\$ 134,432</u>	<u>\$ (17,399)</u>

CITY OF GLENN HEIGHTS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Grants Fund
For the Year Ended September 30, 2018

	<u>Grants Fund</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
REVENUES:				
Intergovernmental	\$ -	\$ 4,568	\$ 1,785	\$ (2,783)
Total revenues	<u>-</u>	<u>4,568</u>	<u>1,785</u>	<u>(2,783)</u>
EXPENDITURES:				
Current:				
Public safety	<u>-</u>	<u>-</u>	<u>1,534</u>	<u>(1,534)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>1,534</u>	<u>(1,534)</u>
Net change in fund balance	-	4,568	251	(4,317)
Fund balance, beginning	<u>1,739</u>	<u>1,739</u>	<u>1,739</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,739</u>	<u>\$ 6,307</u>	<u>\$ 1,990</u>	<u>\$ (4,317)</u>

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STATISTICAL SECTION

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CITY OF GLENN HEIGHTS, TEXAS
Statistical Section (Unaudited)
Year Ended September 30, 2018

This section of the City of Glenn Heights, Texas's 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 City's overall financial health.

Contents	Page
Financial Trends	54
These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	
Revenue Capacity	66
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its electric utility, sales tax, and property tax revenues.	
Debt Capacity	72
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information	78
These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	81
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Source: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

CITY OF GLENN HEIGHTS, TEXAS

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 507,320	\$ 777,007	\$ 3,019,534	\$ 3,101,367
Restricted	4,405,139	4,152,298	841,581	911,058
Unrestricted	(1,654,521)	(1,383,267)	1,506,647	1,513,501
Total governmental activities net position	<u>\$ 3,257,938</u>	<u>\$ 3,546,038</u>	<u>\$ 5,367,762</u>	<u>\$ 5,525,926</u>
Business-type activities				
Net investment in capital assets	\$ 7,957,585	\$ 7,812,387	\$ 7,876,598	\$ 8,011,639
Restricted	-	-	684,813	561,058
Unrestricted	575,731	260,857	1,117,324	1,613,419
Total business-type activities net position	<u>\$ 8,533,316</u>	<u>\$ 8,073,244</u>	<u>\$ 9,678,735</u>	<u>\$10,186,116</u>
Primary government				
Net investment in capital assets	\$ 8,464,905	\$ 8,589,394	\$10,896,132	\$11,113,006
Restricted	4,405,139	4,152,298	1,526,394	1,472,116
Unrestricted	(1,078,790)	(1,122,410)	2,623,971	3,126,920
Total primary government net position	<u>\$11,791,254</u>	<u>\$11,619,282</u>	<u>\$15,046,497</u>	<u>\$15,712,042</u>

Source: City financial statements

(continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 2,985,184	\$ 3,057,623	\$ 3,420,929	\$ 4,562,272	\$ 5,204,571	\$ 5,936,599
711,864	822,641	1,044,381	1,425,617	1,342,294	2,239,846
2,313,476	2,635,490	3,142,610	3,718,269	7,469,021	8,650,641
<u>\$ 6,010,524</u>	<u>\$ 6,515,754</u>	<u>\$ 7,607,920</u>	<u>\$ 9,706,158</u>	<u>\$14,015,886</u>	<u>\$16,827,086</u>
\$ 7,914,978	\$ 7,796,457	\$ 7,964,475	\$ 7,968,336	\$ 7,855,594	\$ 7,921,771
471,623	361,759	455,065	1,029,083	935,872	935,873
2,977,448	3,728,781	4,330,408	3,377,936	5,240	1,556,532
<u>\$11,364,049</u>	<u>\$11,886,997</u>	<u>\$12,749,948</u>	<u>\$12,375,355</u>	<u>\$ 8,796,706</u>	<u>\$10,414,176</u>
\$10,900,162	\$10,854,080	\$11,385,404	\$12,530,608	\$13,060,165	\$13,858,370
1,183,487	1,184,400	1,499,446	2,454,700	2,278,166	3,175,719
5,290,924	6,364,271	7,473,018	7,096,205	7,474,261	10,207,173
<u>\$17,374,573</u>	<u>\$18,402,751</u>	<u>\$20,357,868</u>	<u>\$22,081,513</u>	<u>\$22,812,592</u>	<u>\$27,241,262</u>

CITY OF GLENN HEIGHTS, TEXAS

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(unaudited)

Expenses	Fiscal Year		
	2009	2010	2011
Governmental activities:			
General government	\$ 1,502,474	\$ 1,258,541	\$ 1,136,770
Public safety	2,538,381	2,704,675	2,910,502
Development services	531,970	863,457	478,843
Parks and recreation	22,648	195,540	259,338
Economic development	-	-	34,966
Interest and fiscal charges	232,764	205,557	207,118
Total governmental activities expenses	4,828,237	5,227,770	5,027,537
Business-type activities:			
Water and sewer	3,542,027	3,864,798	4,048,691
Drainage	-	-	152,964
Total business-type activities expenses	3,542,027	3,864,798	4,201,655
Total primary government expenses	8,370,264	9,092,568	9,229,192
Program Revenues			
Governmental activities:			
Charges for services:			
General government	150,926	271,052	154,948
Public safety	465,020	455,701	764,189
Development services	357,155	182,009	152,957
Parks and recreation	72,454	34,162	-
Economic development	-	-	12,743
Operating grants and contributions	-	98,593	115,774
Capital grants and contributions	-	177,120	1,910,756
Total governmental activities program revenues	1,045,555	1,218,637	3,111,367
Business-type activities:			
Charges for services:			
Water and sewer	4,030,147	4,022,536	4,868,627
Drainage	-	-	248,126
Capital grants and contributions	-	-	137,981
Total business-type activities program revenues	4,030,147	4,022,536	5,254,734
Total primary government program revenues	5,075,702	5,241,173	8,366,101
Net (expense) revenue			
Governmental activities	(3,782,682)	(4,009,133)	(1,916,170)
Business-type activities	488,120	157,738	1,053,079
Total primary government net expense	\$ (3,294,562)	\$ (3,851,395)	\$ (863,091)

(continued)

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ 1,014,655	\$ 866,969	\$ 872,399	\$ 1,074,430	\$ 1,423,332	\$ 1,797,957	\$ 1,693,295
3,059,521	2,908,130	3,166,101	3,075,807	3,433,775	3,507,497	3,906,025
611,556	531,646	530,798	718,798	1,242,726	1,828,117	1,869,192
268,638	260,362	256,306	295,728	229,493	289,891	275,791
100,897	97,097	-	225	-	98,608	10,969
188,226	170,437	150,154	150,994	435,848	483,925	527,847
<u>5,243,493</u>	<u>4,834,641</u>	<u>4,975,758</u>	<u>5,315,982</u>	<u>6,765,174</u>	<u>8,005,995</u>	<u>8,283,119</u>
4,077,224	3,703,399	3,927,273	4,366,961	5,405,054	4,837,014	5,175,140
137,246	166,464	177,381	107,722	96,708	182,223	221,728
<u>4,214,470</u>	<u>3,869,863</u>	<u>4,104,654</u>	<u>4,474,683</u>	<u>5,501,762</u>	<u>5,019,237</u>	<u>5,396,868</u>
9,457,963	8,704,504	9,080,412	9,790,665	12,266,936	13,025,232	13,679,987
147,104	157,837	161,555	128,996	\$ 268,221	\$ 874,769	\$ 921,172
496,191	569,758	494,104	510,150	667,125	391,651	337,143
111,229	104,212	110,784	566,052	1,622,519	793,617	1,756,642
-	-	18,794	73,559	178,490	30,762	319,183
19,390	19,496	-	-	-	-	-
275,541	285,933	128,248	105,567	133,417	53,915	35,827
104,799	4,526	-	-	-	-	-
<u>1,154,254</u>	<u>1,141,762</u>	<u>913,485</u>	<u>1,384,324</u>	<u>2,869,772</u>	<u>2,144,714</u>	<u>3,369,967</u>
4,650,370	4,675,400	4,656,527	4,868,772	5,366,787	5,292,082	6,064,621
248,790	252,293	255,740	264,976	279,460	294,761	297,778
174,407	58,772	51,428	278,367	730,490	120,440	726,793
<u>5,073,567</u>	<u>4,986,465</u>	<u>4,963,695</u>	<u>5,412,115</u>	<u>6,376,737</u>	<u>5,707,283</u>	<u>7,089,192</u>
6,227,821	6,128,227	5,877,180	6,796,439	9,246,509	7,851,997	10,459,159
(4,089,239)	(3,692,879)	(4,062,273)	(3,931,658)	(3,895,402)	(5,861,281)	(4,913,152)
859,097	1,116,602	859,041	937,432	874,975	688,046	1,692,324
<u>\$ (3,230,142)</u>	<u>\$ (2,576,277)</u>	<u>\$ (3,203,232)</u>	<u>\$ (2,994,226)</u>	<u>\$ (3,020,427)</u>	<u>\$ (5,173,235)</u>	<u>\$ (3,220,828)</u>

CITY OF GLENN HEIGHTS, TEXAS
Changes in Net Position *(continued)*
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

General Revenues and Other Changes in Net Assets	Fiscal Year		
	2009	2010	2011
Governmental activities:			
Taxes			
Property	2,983,953	3,065,690	3,255,045
Franchise	325,120	341,930	417,009
Sales and use	230,557	241,531	353,784
Interest	52,966	28,717	11,681
Miscellaneous	-	-	32,902
Gain on sale	-	-	-
Transfers	158,954	619,365	562,512
Total governmental activities	<u>3,751,550</u>	<u>4,297,233</u>	<u>4,632,933</u>
Business-type activities:			
Interest	4,784	1,555	7,879
Miscellaneous	-	-	-
Transfers	(158,954)	(619,365)	(562,512)
Total business-type activities	<u>(154,170)</u>	<u>(617,810)</u>	<u>(554,633)</u>
 Total primary government	 <u>3,597,380</u>	 <u>3,679,423</u>	 <u>4,078,300</u>
 Change in Net Position			
Governmental activities	(31,132)	288,100	2,716,763
Business-type activities	333,950	(460,072)	498,446
Total primary government	<u>\$ 302,818</u>	<u>\$ (171,972)</u>	<u>\$ 3,215,209</u>

(continued)

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
3,113,736	3,100,573	3,206,127	3,237,608	3,544,884	4,582,246	5,358,784
371,361	334,731	574,502	678,807	521,335	533,253	597,722
370,598	416,161	457,443	515,847	597,531	635,443	658,609
10,017	14,102	18,396	21,763	30,614	145,931	283,646
26,087	13,817	20,035	21,239	43,393	2,579	218,228
-	-	-	-	-	-	504,920
355,604	298,093	309,032	162,079	1,255,883	4,271,557	102,443
4,247,403	4,177,477	4,585,535	4,637,343	5,993,640	10,171,009	7,724,352
3,888	2,864	2,705	2,194	2,390	2,991	27,589
-	356,560	5,637	567	3,925	1,871	-
(355,604)	(298,093)	(309,032)	(162,079)	(1,255,883)	(4,271,557)	(102,443)
(351,716)	61,331	(300,690)	(159,318)	(1,249,568)	(4,266,695)	(74,854)
3,895,687	4,238,808	4,284,845	4,478,025	4,744,072	5,904,314	7,649,498
158,164	484,598	523,262	705,685	2,098,238	4,309,728	2,811,200
507,381	1,177,933	558,351	778,114	(374,593)	(3,578,649)	1,617,470
\$ 665,545	\$ 1,662,531	\$ 1,081,613	\$ 1,483,799	\$ 1,723,645	\$ 731,079	\$ 4,428,670

CITY OF GLENN HEIGHTS, TEXAS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year		
	2009	2010	2011
General Fund			
Reserved:			
Prepaid expense	\$ -	\$ -	\$ -
Unreserved, designated for:			
Construction	1,095,345	1,107,017	-
Nonspendable	-	-	50,545
Restricted	-	-	196,564
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	1,152,237
Total general fund	<u>\$ 1,095,345</u>	<u>\$ 1,107,017</u>	<u>\$ 1,399,346</u>
All other governmental funds			
Reserved:			
Debt service	\$ 42,648	\$ 159,014	\$ -
Special revenue funds	59,935	124,927	-
Unreserved, reported in:			
Special revenue funds	286,302	238,506	-
Capital projects funds	4,043,171	3,635,068	-
Nonspendable	-	-	-
Assigned	-	-	-
Restricted	-	-	1,986,551
Unassigned	-	-	-
Total all other governmental funds	<u>\$ 4,432,056</u>	<u>\$ 4,157,515</u>	<u>\$ 1,986,551</u>

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

(continued)

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
66,264	58,494	44,973	66,974	49,735	10,984	10,152
-	-	-	-	235	235	235
83,000	166,000	-	-	-	-	-
-	203,658	318,026	187,501	-	-	-
<u>1,150,334</u>	<u>1,714,295</u>	<u>1,944,377</u>	<u>1,987,611</u>	<u>2,321,019</u>	<u>1,496,001</u>	<u>2,500,612</u>
<u>\$ 1,299,598</u>	<u>\$ 2,142,447</u>	<u>\$ 2,307,376</u>	<u>\$ 2,242,086</u>	<u>\$ 2,370,989</u>	<u>\$ 1,507,220</u>	<u>\$ 2,510,999</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
554	554	-	1,508	-	-	-
-	-	100,000	264,929	615,072	454,331	156,532
2,129,016	1,596,438	1,445,675	2,376,278	18,635,138	23,017,333	24,300,647
-	-	-	(2,012)	(2,692)	(3,824)	(3,604)
<u>\$ 2,129,570</u>	<u>\$ 1,596,992</u>	<u>\$ 1,545,675</u>	<u>\$ 2,640,703</u>	<u>\$ 19,247,518</u>	<u>\$ 23,467,840</u>	<u>\$ 24,453,575</u>

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

	Fiscal Year		
	2009	2010	2011
Revenues			
Taxes			
Property	\$ 2,986,439	\$ 3,069,758	\$ 3,247,283
Franchise	325,120	341,930	417,009
Sales and use	230,557	241,531	353,784
Licenses and permits	154,923	182,009	140,104
Fines and forfeitures	346,149	455,701	468,811
Charges for services	111,590	139,586	235,975
Park fees	56,760	34,162	-
Donations	-	151	-
Intergovernmental	-	133,593	135,688
Impact fees	201,320	142,120	43,808
Interest	52,966	28,717	11,681
Contributions	-	-	-
Other	174,813	131,309	65,864
Total Revenues	<u>4,640,637</u>	<u>4,900,567</u>	<u>5,120,007</u>
Expenditures			
Current:			
General Government	-	-	1,123,343
Public safety	-	-	2,822,704
Development services	-	-	460,437
Administration	412,869	385,369	-
City manager	312,058	365,166	-
Finance	163,940	166,811	-
City secretary/tax office	121,119	127,055	-
Public works	462,293	430,239	-
Police	1,672,701	1,799,688	-
Human resources	-	-	-
Municipal court	160,249	173,629	-
Fire	740,191	789,274	-
Code enforcement	-	-	-
Warehouse/shop	-	-	-
Parks and recreation	22,648	128,822	188,164
Animal control	-	-	-
Planning	271,495	296,207	-
Economic development	33,506	120,937	34,966
Building inspection	-	-	-
Community development	-	-	-
Capital outlay	286,292	614,076	1,357,640
Debt service			
Principal retirement	305,311	346,580	355,221
Interest and service charges	237,208	205,606	202,255
Total Expenditures	<u>5,201,880</u>	<u>5,949,459</u>	<u>6,544,730</u>
Excess of revenues over (under) expenditures	<u>(561,243)</u>	<u>(1,048,892)</u>	<u>(1,424,723)</u>

(continued)

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ 3,186,014	\$ 3,126,324	\$ 3,138,192	\$ 3,249,251	\$ 3,555,770	\$ 4,651,017	\$ 5,368,045
371,361	334,731	574,502	678,807	597,531	635,443	658,609
370,598	416,161	457,443	515,847	521,335	533,253	597,722
105,502	113,420	119,470	428,824	1,260,105	737,187	1,244,519
386,720	295,963	225,951	233,543	234,595	187,737	99,725
189,572	424,585	405,045	470,664	637,856	1,121,789	1,442,344
-	-	-	-	-	-	-
-	-	-	-	-	-	-
273,861	290,459	124,971	98,011	32,613	50,361	33,723
26,933	21,803	19,238	137,228	362,414	56,430	512,123
10,017	14,102	18,396	21,763	30,614	145,931	283,646
-	-	-	-	101,655	3,854	2,604
53,761	49,048	16,223	15,824	43,005	2,954	218,090
<u>4,974,339</u>	<u>5,086,596</u>	<u>5,099,431</u>	<u>5,849,762</u>	<u>7,377,493</u>	<u>8,125,956</u>	<u>10,461,150</u>
1,015,733	736,360	860,443	1,069,237	1,400,013	1,758,337	1,618,315
2,890,204	2,802,869	3,037,662	3,015,649	3,252,763	3,231,304	3,643,067
456,429	374,000	363,567	540,501	1,048,121	1,631,342	1,680,147
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
176,094	168,992	168,320	213,359	146,799	207,139	201,094
-	-	-	-	-	-	-
-	-	-	-	-	-	-
100,897	98,755	-	225	-	96,641	10,205
-	-	-	-	-	-	-
-	-	-	-	-	-	-
239,604	361,519	313,096	369,066	563,515	904,059	833,727
409,496	402,115	405,652	359,649	355,000	645,000	640,000
182,382	172,862	155,246	152,535	368,553	567,138	600,924
<u>5,470,839</u>	<u>5,117,472</u>	<u>5,303,986</u>	<u>5,720,221</u>	<u>7,134,764</u>	<u>9,040,960</u>	<u>9,227,479</u>
<u>(496,500)</u>	<u>(30,876)</u>	<u>(204,555)</u>	<u>129,541</u>	<u>242,729</u>	<u>(915,004)</u>	<u>1,233,671</u>

CITY OF GLENN HEIGHTS, TEXAS
 Changes in Fund Balances of Governmental Funds *(continued)*
 Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year		
	2009	2010	2011
Other financing sources (uses)			
Insurance proceeds	-	-	-
Issuance of long-term debt	-	-	-
Bond premium	-	-	-
Issuance of capital lease	45,170	166,658	28,395
Sale of capital assets	-	-	-
Transfers in	961,217	959,394	413,032
Transfers out	(802,263)	(340,029)	-
Total other financing sources (uses)	<u>204,124</u>	<u>786,023</u>	<u>441,427</u>
Net change in fund balances	<u>\$ (357,119)</u>	<u>\$ (262,869)</u>	<u>\$ (983,296)</u>
Debt service as a percentage of noncapital expenditures	<u>11.0%</u>	<u>10.3%</u>	<u>10.7%</u>

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

(continued)

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
8,275	43,064	9,135	13,118	-	-	-
-	-	-	-	13,820,000	-	-
-	-	-	-	1,417,106	-	-
175,592	-	-	725,000	-	-	-
-	-	-	-	-	-	653,400
716,260	616,991	454,652	430,073	2,124,087	5,876,493	988,843
(360,656)	(318,898)	(145,620)	(267,994)	(868,204)	(1,604,936)	(886,400)
539,471	341,157	318,167	900,197	16,492,989	4,271,557	755,843
<u>\$ 42,971</u>	<u>\$ 310,281</u>	<u>\$ 113,612</u>	<u>\$ 1,029,738</u>	<u>\$ 16,735,718</u>	<u>\$ 3,356,553</u>	<u>\$ 1,989,514</u>
<u>11.3%</u>	<u>12.1%</u>	<u>11.2%</u>	<u>9.6%</u>	<u>11.0%</u>	<u>14.9%</u>	<u>14.8%</u>

CITY OF GLENN HEIGHTS, TEXAS
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
(unaudited)

Tax Year	Fiscal Year End	Real Property Residential	Real Property Commercial	Real and Tangible Personal Utilities
2008	2009	407,869,663	18,051,850	13,110,380
2009	2010	395,406,006	18,275,310	13,279,770
2010	2011	385,394,092	19,071,780	12,215,220
2011	2012	384,260,965	19,646,850	12,039,420
2012	2013	389,484,865	19,826,492	12,113,060
2013	2014	402,729,705	25,911,420	12,645,220
2014	2015	386,358,856	41,024,850	13,061,980
2015	2016	417,562,366	43,292,680	13,624,820
2016	2017	462,526,664	49,856,550	14,025,820
2017	2018	544,884,075	62,342,513	13,581,900

(continued)

Tangible Personal Property	Inventory	Less: Exempt Property	Total	Total Direct Tax Rate
9,559,826	33,710	(24,863,741)	423,761,688	68.40%
7,257,110	9,150	(25,118,616)	409,108,730	73.93%
5,294,110	2,707,890	(25,689,399)	398,993,693	79.50%
5,674,640	1,658,790	(26,600,522)	396,680,143	79.50%
5,654,020	1,634,710	(29,943,136)	398,770,011	79.50%
3,577,040	1,999,820	(20,636,060)	426,227,145	79.50%
4,480,220	2,584,020	(39,463,493)	408,046,433	79.50%
4,632,438	2,122,890	(35,690,224)	445,544,970	79.50%
5,178,510	2,589,660	(41,678,520)	492,498,684	93.55%
8,458,221	6,338,260	(56,821,738)	578,783,231	88.54%

CITY OF GLENN HEIGHTS, TEXAS
 Direct and Overlapping Property Tax Rates
 (per \$100 of assessed value)
 Last Ten Fiscal Years
 (unaudited)

City Direct Rates					Overlapping Rates		
Tax Year	Fiscal Year	General	Debt Service	Total Direct	DeSoto ISD	Red Oak ISD	Ellis County
2008	2009	0.567470	0.126890	0.694360	1.510000	1.500000	0.360091
2009	2010	0.597352	0.141970	0.738705	1.490000	1.540000	0.360091
2010	2011	0.651400	0.143600	0.795000	1.490000	1.540000	0.360091
2011	2012	0.631400	0.163600	0.795000	1.440000	1.540000	0.380091
2012	2013	0.679065	0.115935	0.795000	1.440000	1.540000	0.380091
2013	2014	0.678914	0.116086	0.795000	1.470000	1.540000	0.380091
2014	2015	0.683390	0.111610	0.795000	1.470000	1.540000	0.380091
2015	2016	0.682474	0.110926	0.793400	1.460000	1.540000	0.380091
2016	2017	0.682468	0.253062	0.935530	1.490000	1.540000	0.380091
2017	2018	0.670822	0.214612	0.885434	1.490000	1.540000	0.359713

Source: Dallas County and Ellis County Appraisal Districts

(continued)

Overlapping Rates

Ellis County Lateral Road	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
0.033508	0.228100	0.254000	0.089400	0.004928
0.033508	0.228100	0.274000	0.094900	0.005212
0.033508	0.243100	0.271000	0.099230	0.010000
0.033508	0.243100	0.271000	0.099670	0.010000
0.033508	0.243100	0.271000	0.119375	0.009937
0.033508	0.243100	0.286000	0.124775	0.010000
0.033508	0.243100	0.286000	0.124775	0.010000
0.033508	0.243100	0.286000	0.123650	0.010000
0.033508	0.226000	0.261400	0.104000	0.010000
0.033508	0.243100	0.279400	0.124238	0.010000

CITY OF GLENN HEIGHTS, TEXAS

Principal Property Taxpayers
Fiscal Year End 2018 and 2011
(unaudited)

Taxpayer	2018			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Oncor Electric Delivery Co	\$ 8,687,050	1	1.94%	\$9,105,290	1	2.28%
Glenn Heights Bargain Storage	3,018,870	2	0.67%			
Hilco Electric Cooperative Inc	2,925,070	3	0.65%			
Glenn Heights Community LLC	2,850,000	4	0.64%			
Margeaux Bear Creek	2,117,760	5	0.47%			
Malek Amal & Merviett S	1,774,930	6	0.40%			
MAHS Inc	1,602,200	7	0.36%			
DMJ Properties LTD	1,533,742	8	0.34%	1,738,210	5	0.44%
Atmos Energy	1,131,110	9	0.25%			
Hilco Electric Cooperative Inc	1,017,000	10	0.23%			
OSO Grande, LP				2,850,000	2	0.71%
Town & Country Park Ltd				2,030,420	3	0.51%
Anew Properties				1,994,900	4	0.50%
Continental Homes TX, LP				1,600,790	6	0.40%
Stanford David L & Verla				1,520,420	7	0.38%
Abrams Plaza LTD				1,493,470	8	0.37%
Sullivan Builders				1,452,570	9	0.36%
BCSS LP				1,407,090	10	0.35%
Totals	<u>\$ 26,657,732</u>		<u>5.95%</u>	<u>\$ 25,193,160</u>		<u>6.30%</u>

Source: Dallas County Tax Assessor/ Collector

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

CITY OF GLENN HEIGHTS, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended	Total Tax Levy	Fiscal Year of the Levy		Collections in Subsequent Years¹	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy¹
2009	2,937,878	2,838,397	96.61%	93,235	2,931,632	99.79%
2010	3,027,427	3,018,042	99.69%	1,754	3,019,796	99.75%
2011	3,172,000	3,153,285	99.41%	14,119	3,167,404	99.86%
2012	3,144,019	3,067,748	97.57%	69,648	3,137,396	99.79%
2013	3,084,308	3,034,752	98.39%	42,085	3,076,837	99.76%
2014	3,267,947	3,107,304	95.08%	148,231	3,255,535	99.62%
2015	3,243,969	3,195,631	98.51%	31,975	3,227,606	99.50%
2016	3,543,567	3,498,190	98.72%	9,842	3,508,032	99.00%
2017	4,614,413	4,566,499	98.96%	-	4,566,499	98.96%
2018	5,356,530	5,333,377	99.57%	-	5,333,377	99.57%

Source: Dallas County Tax Assessor/Collector

¹ Collections in subsequent years include refunds.

CITY OF GLENN HEIGHTS, TEXAS

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(unaudited)

Fiscal Year	Governmental Activities			Business Type Activities	
	General Obligation Bonds ²	Certificates of Obligation	Capital Leases	General Obligation Refunding Bonds	Certificates of Obligation
2009	-	4,695,000	158,130	1,115,000	1,015,000
2010	-	4,435,000	238,208	2,025,000	-
2011	-	4,160,000	186,382	1,865,000	-
2012	-	3,875,000	237,478	1,712,170	-
2013	-	3,580,000	130,363	1,480,000	-
2014	-	3,270,000	34,649	1,256,453	-
2015	-	3,670,000	-	1,005,000	-
2016	13,107,894	3,315,000	-	755,000	-
2017	12,883,750	2,260,000	-	500,000	-
2018	15,235,395	1,890,000	-	235,000	-

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

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

² The General Obligation Bonds are net of applicable premium.

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

(continued)

Business Type Activities

Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita¹
-	102,834	7,085,964	N/A	641
112,685	98,248	6,909,141	N/A	613
97,514	86,132	6,395,028	N/A	556
81,591	49,965	5,956,204	N/A	526
63,186	105,900	5,359,449	N/A	470
47,336	72,444	4,680,882	N/A	398
-	67,735	4,742,735	N/A	406
-	-	17,177,894	N/A	1,471
-	-	15,643,750	N/A	1,268
1,500,000	-	18,860,395	N/A	1,529

CITY OF GLENN HEIGHTS, TEXAS
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

Fiscal Year	General Bonded Debt Outstanding			Less: Amount Available for Debt Service ³	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property ¹	Per Capita ²
	General Obligation Bonds ⁴	Certificates of Obligation	Total				
2009	\$ -	4,695,000	4,695,000	42,648	4,652,352	49.11%	425
2010	2,025,000	4,435,000	6,460,000	159,014	6,300,986	89.02%	573
2011	1,865,000	4,160,000	6,025,000	290,457	5,734,543	113.81%	524
2012	1,712,170	3,875,000	5,587,170	290,457	5,296,713	98.46%	493
2013	1,480,000	3,580,000	5,060,000	290,786	4,769,214	89.49%	443
2014	1,256,453	3,270,000	4,526,453	22,422	4,504,031	126.54%	385
2015	1,005,000	3,670,000	4,675,000	23,390	4,651,610	104.35%	400
2016	13,862,894	3,315,000	17,177,894	34,378	17,143,516	370.82%	1,471
2017	13,383,750	2,260,000	15,643,750	110,852	15,532,898	302.09%	1,268
2018	15,470,395	1,890,000	17,360,395	124,024	17,236,371	205.25%	1,407

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

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

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

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

⁴ This amount is net of applicable premium.

CITY OF GLENN HEIGHTS, TEXAS
 Computation of Direct and Overlapping Debt
 As of September 30, 2018
(unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
DeSoto Independent School District	\$ 143,109,614	13.58%	\$ 19,434,286
Red Oak Independent School District	102,922,585	9.02%	9,283,617
Dallas Independent School District	2,903,920,000	**	**
Dallas County	199,545,000	0.17%	339,227
Dallas County Schools	53,495,000	0.17%	90,942
Dallas County Community College District	263,140,000	0.17%	447,338
Dallas County Hospital District	703,770,000	0.17%	1,196,409
Ellis County	37,859,914	1.17%	442,961
Subtotal - overlapping debt	<u>\$ 4,407,762,113</u>		<u>\$ 31,234,779</u>
City of Glenn Height's direct debt	\$ 17,360,395	100%	<u>17,360,395</u>
Total direct and overlapping debt			<u><u>\$ 48,595,174</u></u>
Total direct and overlapping debt as % of Assessed Value			8.40%
Total direct and overlapping debt per Capita			\$ 3,714

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

Source: Municipal Advisory Council of Texas

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

CITY OF GLENN HEIGHTS, TEXAS

Tax Rate Information

Last Ten Fiscal Years

(rates rounded to 3 places)

(unaudited)

	Fiscal Year		
	2009	2010	2011
Tax Rate Limit	\$ 1.50	\$ 1.50	\$ 1.50
Debt Service Rate	<u>0.127</u>	<u>0.142</u>	<u>0.144</u>
Available Tax Rate	<u>\$ 1.37</u>	<u>\$ 1.36</u>	<u>\$ 1.36</u>
Percentage of allowable levy used	7.77%	8.46%	9.46%

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal and interest on all ad valorem tax within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of \$2.50 per \$100 taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service,

(continued)

							Fiscal Year	
2012	2013	2014	2015	2016	2017	2018		
\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$	1.50
<u>0.164</u>	<u>0.116</u>	<u>0.116</u>	<u>0.112</u>	<u>\$ 0.250</u>	<u>\$ 0.253</u>	<u>\$</u>	<u>0.215</u>	
<u>\$ 1.34</u>	<u>\$ 1.38</u>	<u>\$ 1.38</u>	<u>\$ 1.39</u>	<u>\$ 1.25</u>	<u>\$ 1.25</u>	<u>\$</u>	<u>1.29</u>	
9.57%	10.91%	7.73%	7.74%	7.44%	16.87%		14.31%	

Economic Debt Margin Calculation for Fiscal Year 2018

Assessed Value	\$ 447,702,068
Economic debt limit indicator (5% of assessed value)	22,385,103
Annual debt requirement applicable to limit:	
General obligation refunding bonds	15,470,395
Certificates of obligation	1,890,000
Less Debt Service Fund Balance	<u>124,024</u>
Economic debt margin	<u>\$ 4,900,684</u>

CITY OF GLENN HEIGHTS, TEXAS
Demographic and Economic Statistics
Last Ten Fiscal Years
(unaudited)

Calendar Year	Estimated Population ¹	Total Income (Amounts Expressed in Thousands)	Per Capita Personal Income ²	Median Age ³	School Enrollment ⁴		Unemployment Rate ²
					DeSoto ISD	Red Oak ISD	
2009	11,052	N/A	N/A	N/A	8,916	5,343	9.4%
2010	11,278	225,898	20,030	30.91	9,045	5,389	13.2%
2011 ³	11,504	236,407	20,550	29.80	9,165	5,494	8.3%
2012	11,330	N/A	N/A	29.40	9,019	5,601	N/A
2013	11,410	N/A	N/A	29.40	N/A	N/A	6.9%
2014	11,763	N/A	N/A	29.40	N/A	N/A	5.5%
2015	11,680	723,961	61,983	31.90	9,600	5,800	3.9%
2016	11,680	N/A	N/A	31.90	9,296	5,600	3.7%
2017	12,336	N/A	24,346	32.80	9,872	5,800	4.1%
2018	12,336	N/A	23,346	33.70	10,152	5,985	4.3%

¹North Texas Council of Governments unless otherwise denoted.

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

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

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

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

CITY OF GLENN HEIGHTS, TEXAS

Principal Employers
Fiscal Years 2018 and 2011
(unaudited)

2018

Employer	County	Employees	Rank	Industry
Methodist Medical Center - Dallas	Dallas	2500-4999	N/A	Health Care
VA North Texas Healthcare System	Dallas	2500-4999	N/A	Health Care
Army & Air Force Exchange Service	Dallas	2500-4999	N/A	Transportation/ warehousing
Quality Cabinets	Dallas	1000-2499	N/A	Manufacturing
Gerdau Manufacturing	Ellis	1000-2499	N/A	Manufacturing
Owens-Corning Fiberglass	Ellis	250-499	N/A	Manufacturing
Wal-Mart Super Center	Dallas	250-499	N/A	Retail
Fashion Glass & Mirror	Dallas	250-499	N/A	Manufacturing
Quality Doors (Texwood)	Dallas	500-999	N/A	Manufacturing
Walgreen's Distribution Center	Ellis	500-999	N/A	Transportation/ warehousing

2011

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

Source: North Central Texas Council of Governments

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

Data from the period nine years ago is not available.

CITY OF GLENN HEIGHTS, TEXAS
 Employees by Function/Program
 Last Ten Fiscal Years
(unaudited)

Function/Program	Fiscal Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administrative services	4	4	6	6	6	6	7	7	7	7
Community services	1	1	1	2	2	2	1	1	1	1
Development services	3	3	4	3	3	2	2	2	2	2
Police	26	26	27	27	26	26	27	27	22	24
Fire	9	9	18	21	25	26	25	26	32	36
Financial services	4	4	3	2	2	2	2	2	3	3
Municipal services	1	1	1	1	1	1	1	1	1	1
Total General Fund	<u>48</u>	<u>48</u>	<u>60</u>	<u>62</u>	<u>65</u>	<u>65</u>	<u>65</u>	<u>66</u>	<u>68</u>	<u>74</u>
Utility administration	3	3	3	3	3	3	3	3	3	3
Water services	9	9	10	10	10	10	11	11	14	14
Wastewater services	6	6	3	3	3	3	2	2	3	3
Stormwater drainage	6	6	1	1	1	1	3	3	10	10
Total Utility Funds	<u>24</u>	<u>24</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>19</u>	<u>19</u>	<u>30</u>	<u>30</u>
Total All Funds	<u><u>72</u></u>	<u><u>72</u></u>	<u><u>77</u></u>	<u><u>79</u></u>	<u><u>82</u></u>	<u><u>82</u></u>	<u><u>84</u></u>	<u><u>85</u></u>	<u><u>98</u></u>	<u><u>104</u></u>

Source: City of Glenn Heights Human Resource Department

CITY OF GLENN HEIGHTS, TEXAS
Operating Indicators by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Community services:										
Parks and recreation:										
Total acreage maintained city parks	44	44	57	57	57	57	57	57	57	57
Development services:										
Planning:										
Zoning cases	20	17	6	5	5	4	4	4	4	6
Plats/replats	17	7	2	2	2	5	5	5	5	7
Development contacts	247	998	N/A	15	N/A	9	9	9	9	11
Building inspections:										
Permits issued	448	374	217	221	440	731	1,358	604	604	616
Inspections	1,208	1,907	1,437	1,086	1,336	1,319	1,302	414	414	422
Emergency services:										
Police administration:										
Administrative calls	879	910	917	895	1,049	840	920	1,011	1,011	1,031
Reports prepared	2,531	2,508	2,994	3,129	2,606	2,452	2,522	2,682	2,682	2,736
Community relations programs initiated	21	16	22	22	9	27	15	15	15	7
Fire administration:										
Fire calls	827	1,077	463	175	194	222	233	329	329	N/A
EMS calls	851	862	852	768	9	961	961	931	931	N/A
Code enforcement:										
Vehicle related violations	437	278	454	330	202	235	N/A	N/A	N/A	N/A
Nuisance violations	1,096	704	620	788	611	691	N/A	N/A	N/A	N/A
Environmental violations	22	63	687	60	21	20	N/A	N/A	N/A	N/A
Sign violations	601	396	539	771	152	114	N/A	N/A	N/A	N/A
Other ordinance violations	307	416	134	171	227	132	N/A	N/A	N/A	N/A
Court summons/citations	118	70	86	70	51	80	69	N/A	N/A	N/A
Animal control:										
Animals impounded	288	283	274	214	160	119	174	337	337	N/A
Animal registrations	264	168	137	100	14	9	9	58	58	N/A
Calls for service	1,022	762	796	602	524	476	520	625	625	N/A
Court summons/citations	108	89	71	88	42	7	7	81	81	N/A

(continued)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Financial services:										
Finance:										
Accounts payable										
invoices processed	3,131	3,279	3,601	3,822	3,834	3,824	3,321	2,080	2,080	2,080
Payrolls processed	26	26	26	26	26	26	26	26	26	26
Annual budget document	1	1	1	1	1	1	1	1	1	1
Monthly financial reports	12	12	12	12	12	12	12	12	12	12
Municipal court:										
New cases filed	4,452	4,829	5,493	3,309	2,165	1,824	2,098	1,850	1,850	N/A
Warrants issued	3,892	2,612	2,822	2,324	1,587	1,043	1,232	1,150	1,150	N/A
Completed cases	3,685	3,948	4,732	3,915	3,042	1,515	971	777	777	N/A
Warrants cleared	1,544	2,065	1,924	2,148	2,550	897	886	840	840	N/A
Utility administration:										
Customers serviced	49,292	50,159	62,739	50,780	51,129	52,038	53,991	57,492	57,492	58,642
Late notices	15,185	10,014	12,405	12,703	12,595	12,499	12,513	12,548	12,548	12,799
Cut-offs	1,483	636	1,662	494	1,353	1,612	1,648	1,150	1,150	1,173
Municipal services:										
Streets:										
Days of street										
paving or re-paving	15	33	25	26	29	29	29	29	29	29
Days of ROW maintenance	22	25	25	30	27	30	30	30	30	30
Days of pothole repairs	80	51	50	48	47	50	50	50	50	50
Wastewater services:										
Maintain lift										
stations (weekly checks)	52	52	52	52	52	52	52	52	52	52

Source: Various City Departments

CITY OF GLENN HEIGHTS, TEXAS
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets - paved (miles)	47	47	47	47	47	47	47	47	47	47
Parks and recreation:										
Parks	2	2	3	3	3	3	3	3	3	3
Playgrounds	2	2	2	2	2	2	2	2	2	2
Water and sewer:										
Water mains (miles)	57	57	57	57	57	57	57	57	57	57
Overhead storage tanks	1	1	1	1	1	1	1	1	1	1
Ground storage tanks	3	3	3	3	3	3	3	3	3	3
Sanitary sewers (miles)	43	43	43	43	43	43	43	43	43	43
Number of lift stations	3	3	3	3	3	3	3	3	3	3

Source: Various City Departments