

City of Garland Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019



CITY OF GARLAND, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019

CITY COUNCIL

Scott LeMay, Mayor
David Gibbons, District 1
Deborah Morris, District 2
Jerry Nickerson, District 3
Jim Bookhout, District 4
Rich Aubin, District 5
Robert Vera, District 6
Dylan Hedrick, District 7
Robert John Smith, Mayor Pro Tem, District 8

CITY MANAGER

Bryan Bradford

MANAGING DIRECTOR, FINANCIAL SERVICES

Matt Watson

Prepared by

Financial Services Department

**CITY OF GARLAND, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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GARLAND

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March 11, 2020

Citizens of the City of Garland
Garland, Texas

Dear Citizens:

The Comprehensive Annual Financial Report (CAFR) of the City of Garland, Texas (the City), for the year ended September 30, 2019 is hereby submitted. The report is published to provide detailed information concerning the financial condition of the City to our citizens and the financial community, as well as other interested parties. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

GENERAL INFORMATION – CITY OF GARLAND

The City of Garland is located northeast of Dallas and is one of the largest communities in the Dallas/Fort Worth Metroplex. As the 13th largest city in Texas, Garland covers 57 square miles and is bordered by three major freeways: Interstate 635, Interstate 30, and State Highway 190 (President George Bush Turnpike).

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's home rule Charter. The City was incorporated in 1891 and first adopted its Home Rule Charter in 1951. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Council members. The City Manager is the chief administrative officer for the City.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Garland as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; electric, water, and wastewater utility services; golf course facilities; storm water facilities, and sanitation collection services.

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Garland Housing Finance Corporation, the Garland Economic Development Authority, and the Garland Health Facilities Development Corporation are not included in the primary government. In accordance with GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34", the City determined that the Garland Health Facilities Development Corporation and the Garland Economic Development Authority, which were discretely presented as component units in the City's financial statements in prior years, are no longer necessary to be reported within the City's financial statements and have been excluded from the City's FY2019 Comprehensive Annual Financial Report. The Garland Independent School District is excluded from this report because it is a separate governmental entity with a separately elected board of trustees.

The Garland Foundation for Development (GFFD) was organized to promote economic development and other activities within the Garland Community. The City Council serves as the board members for GFFD and the City Manager is the Executive Director. GFFD is reported as a blended component unit of the non-major governmental fund.

The Garland Public Facility Corporation (GPFC) was created as a public facility corporation for the purpose of assisting the City in financing, refinancing, or providing public facilities. The Mayor and City Council serves as the board members of the GPFC. GPFC is reported as a blended component unit of the non-major governmental funds.

DEMOGRAPHICS

Garland's population totaled 226,876 in the 2010 census count with current estimates placing the population at approximately 239,684. Garland has an estimated 82,524 housing units and an employment base of approximately 125,188. Garland is diverse in ethnicity and education. Most recent estimates place the city's population at 59.8% white, 13.7% African American, 0.5% American Indian, 11.0% Asian, 3.9% two or more races, and 11.1% other race. An estimated 41.3% is Hispanic/Latino (of any race). More than 75% of the city's adult population is educated above the high school level, with more than 20% of the population possessing a bachelor's degree or higher. Per the Garland Economic Development Office, the 2019 estimated average household income in Garland was \$74,990. Per the Dallas Central Appraisal District, the average market value for detached single-family residences in Garland for 2019 is \$194,767.

LOCAL ECONOMY AND DEVELOPMENT

Garland is known for its economic and industrial base, which consists of more than 5,000 businesses including approximately 300 manufacturing companies. The City has been recognized as a manufacturing community since the 1940s, and numerous Fortune 500 corporations along with many others have selected Garland as home base for their strategic operations. The following is a partial list of companies that maintain operations in Garland:

<i>Arrow Fabrication Tubing</i>	<i>Kirchhoff Automotive</i>	<i>Plastipak Packaging</i>
<i>Batory Foods</i>	<i>Kraft Heinz Foods</i>	<i>Quest USA</i>
<i>Daisy Brands, Inc.</i>	<i>Mapei Corporation</i>	<i>RagingWire</i>
<i>Ecolab, Inc.</i>	<i>NutriBiotech USA</i>	<i>Resistol Hats</i>
<i>Epiroc Drilling Solutions</i>	<i>O'Neal Flat Rolled Metals</i>	<i>Sherwin-Williams</i>
<i>General Dynamics Corp.</i>	<i>Packaging Corp. of America</i>	<i>US Food Services</i>

The industrial sector continues to be strong and very active in Garland. The 90+ acre former Raytheon campus has been completely redeveloped and revitalized, including approximately 800,000 square feet of new Class A commercial flex space in three separate facilities, all of which are now occupied with new and expanded Garland companies. Canadian window manufacturer Quest Window Systems opened the company's first US manufacturing and distribution facility with over \$12 million invested in machinery and equipment and will create over 320 full-time jobs. NutriBiotech USA, a Garland-based nutritional supplement manufacturer, will expand its existing R&D and production facilities from 60,000 square feet to 685,000 square feet with a \$100+ million capital investment. Plastipak Packaging and Kirchhoff Automotive, both existing Garland manufacturing companies, will make significant investments in the acquisition and installation of new advanced machinery and equipment at their current locations.

In response to the rapidly-increasing data traffic and central location advantage, the DFW market is becoming one of the largest data center markets in the nation. RagingWire Data Centers opened a 200,000 square-foot facility in 2017 and will continue to expand with an additional 600,000 square feet. Additionally, Stream Data Centers' 138,000 square-foot hyperscale DFW VII data center is expected to be completed in the third quarter of 2019. Ultimately, the campus will total approximately 400,000 square feet on 22 acres. Digital Realty, the largest colocation provider in the world, is also increasing its investment in Garland with another \$500 million by adding 16 acres of development. The campus will total one million square feet on 64 acres.

The area along the George Bush Turnpike has also seen a tremendous amount of commercial development, such as data centers, mixed use, and other projects, totaling over \$3 billion in new investment. The city has a growing retail base with developments such as Firewheel Town Center – a lifestyle center featuring numerous department stores, specialty shops, restaurants, a hotel, and residential – as well as Bass Pro Shops on Lake Ray Hubbard.

In May 2019, Garland citizens approved a \$423.7 million Bond Program and the FY 2019-20 Adopted Budget included a 6.5- cent increase to the Debt Service Tax Rate to fund the program. Included in the 2019 Bond Program is \$46 million for economic development to promote and better support investment and revitalization across the city. The City continues to focus on increasing real estate values and enhancing quality of life for Garland citizens and businesses. The funding will allow the City to acquire and assemble larger parcels for significant reinvestment. Further, the voters also approved \$117.75 million in bond-funding for parks and recreation which will allow the City to construct and improve park systems and offer a much more pedestrian-friendly environment with new hike-and-bike trails. These projects will enhance and help promote greater investment in the area.

ECONOMIC CONDITIONS AND OUTLOOK

Revenue projections reflect the fourth straight year of exceptional growth in the tax base as well as continued financial success of the City's regional Landfill operation. Sales Tax revenue, the General Fund's second largest funding source, is projected to continue its recent trend of modest growth that is in-line with inflation. Detracting from revenue growth, fee and permit revenue generated by building activity is expected to decline as new construction slows from the elevated levels we have experienced over the past three years. Of most concern, however, are a number of actions taken by the 86th Texas Legislature that have eliminated several revenue streams for local governments and greatly limited revenue growth going forward. The FY 2019-20 Adopted Budget reflects the loss of approximately \$2.0 million in funding as a result of SB 1152 and HB 1631 that reduced certain franchise fees and eliminated SafeLight funding. Compounding the impact, beginning with the FY 2020-21 Budget, SB 2 is anticipated to go into

effect. This statute generally limits growth in property tax revenues to 3.5% and will further constrain the City's ability to maintain current service levels and respond to growing needs in the community. As a result of these legislative actions, we anticipate less annual growth in revenues for the foreseeable future.

To address the 2020 economic forecast, the City implemented the following goals for the 2019-20 adopted budget:

- Ensure debt service funding to implement the 2019 bond program.
- Recognize the budget impact of growing civil service retirement payouts.
- Provide necessary funding for public safety overtime needs.
- Supplement general fund revenues to help compensate for legislative actions.
- Establish reserves above the 30-day minimum in the general fund.

As previously mentioned, the adopted budget includes a 6.5-cent increase in the Debt Service Tax Rate to fund the \$423.7 million Bond Program approved by voters in May 2019. The budget also addresses the escalating financial cost of retirement payouts required for Police and Fire personnel under Civil Service statutes as well as funding needed overtime. To partially compensate for the legislative impact to revenues, the budget includes a 3.5% increase to GP&L's Return on Investment transfer to the General Fund, which is the first increase in over 10 years. Furthermore, since trash collection trucks are primarily responsible for the damage and wear to neighborhood alleys, a \$2.00 per ton Landfill Fee increase to Environmental Waste Services is included and helps compensate the General Fund for the major alley repair program now underway. Finally, to address the legislative restrictions placed on the City's ability to react to unexpected financial shortfalls or emergency needs, the approved budget establishes a \$5.25 million reserve above the 30-day requirement in the General Fund.

FINANCIAL INFORMATION

Accounting and Budgetary Controls

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis.

Budgetary control is maintained at the fund level, and encumbrances are entered at the time a purchase order is issued. Outstanding encumbrance's lapse at fiscal year-end and the subsequent year's budget is amended to reflect these outstanding encumbrances. Unspent and unencumbered appropriations lapse at the end of the fiscal year.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's revenue managers and the Budget Director. Expenditure budgets are then developed using a *target budgeting* approach. Departments base their initial budget submission on their allocated share of the projected resources, but they can make requests for additional items which the City Manager or City Council may choose to fund. This target budget methodology results in a balanced budget presented to Council. The Proposed Budget is reviewed extensively by the City Council, and the process includes a Charter-mandated public hearing and work sessions that are open to the public. The City Charter requires adoption of the City budget by no later than September 20th. Activities of the general, debt service, community development block grant, housing assistance, neighborhood services, police training, narcotic seizure, TIF, and internal service funds are included in the annual appropriated budget.

While the budget is developed and controlled at the departmental level, appropriations are set at the fund level. An ordinance establishes the budget for operating expenses, debt services payments, and interfund transfers, while a separate ordinance establishes the property tax rate.

Changes to approved expenditures are incorporated into the current year budget throughout the year in the form of budget amendments approved by Council. These amendments, as well as updated revenues and other revised expenses, become part of the Revised Budget that is presented to Council concurrent with the Proposed Budget.

During the course of the fiscal year, each department director monitors expenditure controls with overall review exercised by the Budget Director and the City Manager. Monthly expenditure reports are distributed based on the automated accounting system that provide year-to-date expenditure totals for each line item compared to the amount expended at that point in time in the prior year.

Constant review and oversight of revenue and expenditure trends is maintained with specific responsibility assigned to department directors, revenue managers, and the Budget Director. Recommendations for corrective action are made to the City Manager (and to the City Council, if appropriate) as needed to ensure the integrity of the Adopted Budget.

Management of the City is responsible for establishing and maintaining an internal control system designed to ensure that the City's assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed

the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial awards, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations relating to these programs. Internal controls are subject to periodic evaluation by management, the City's Internal Audit Department, and independent auditors.

As part of the City's single audit, the independent auditors make tests to determine the adequacy of the internal controls, including that portion related to Federal financial awards programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the single audit are published in a separate report to management.

Long-Term Financial Planning

In order to remain financially strong and provide a framework for prudent financial management, the following financial controls are maintained annually:

- A multi-year financial forecast is prepared projecting revenues and expenditures for all major operating funds.
- A multi-year debt service forecast is prepared to project the impact of future debt service payments on the tax rate.
- Rates, fees and charges for services are reviewed and adjusted as necessary to respond to changing financial circumstances.
- Insurance coverages are examined to ensure that policy limits are adequate and in compliance with revenue bond covenants.
- Debt is not used to fund current expenditures.
- Bonds are sold to finance long-term capital projects.
- Total tax-supported debt is maintained so as not to exceed five percent (5%) of the total assessed valuation of taxable property.
- An ending "fund balance" of 30 days of budget-based operating expenditures in the General Fund is maintained as a minimum.
- An ending "fund balance" of 45 days of budget-based operating expenditures is maintained in the Enterprise Funds as a minimum.

- Internal service funds are maintained to be fully self-supporting to the extent that any retained earnings deficit is recovered in the subsequent fiscal year through increased charges to benefiting departments.

OTHER INFORMATION

Independent Audit

According to Article IV, Section 7, of the City Charter, an annual audit to be performed by independent, certified public accountants, is required to be made of the financial records of the City. Weaver and Tidwell, LLP was selected in July 2014 by the City Council to perform the annual audits. In addition to meeting the requirements set forth in the Charter, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related Uniform Guidance. The independent auditor's report on the basic financial statements is included in the financial section of this report. The independent auditor's report related specifically to the single audit will be issued in a separate document.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garland for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2018. 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 governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

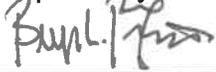
A Certificate of Achievement is valid for a one-year period. The City of Garland has received a Certificate of Achievement for the last thirty-seven consecutive years. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this Comprehensive Annual Financial Report was accomplished with the professional and dedicated efforts of the staff of the Financial Services Department. Appreciation is also extended to those individuals in other departments who contributed, directly or indirectly, to the development of this report.

In closing, we also want to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

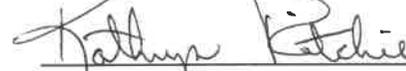
Respectfully submitted,



Bryan L. Bradford
City Manager



Matt Watson
Managing Director of Finance



Kathryn Ritchie
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Garland
Texas**

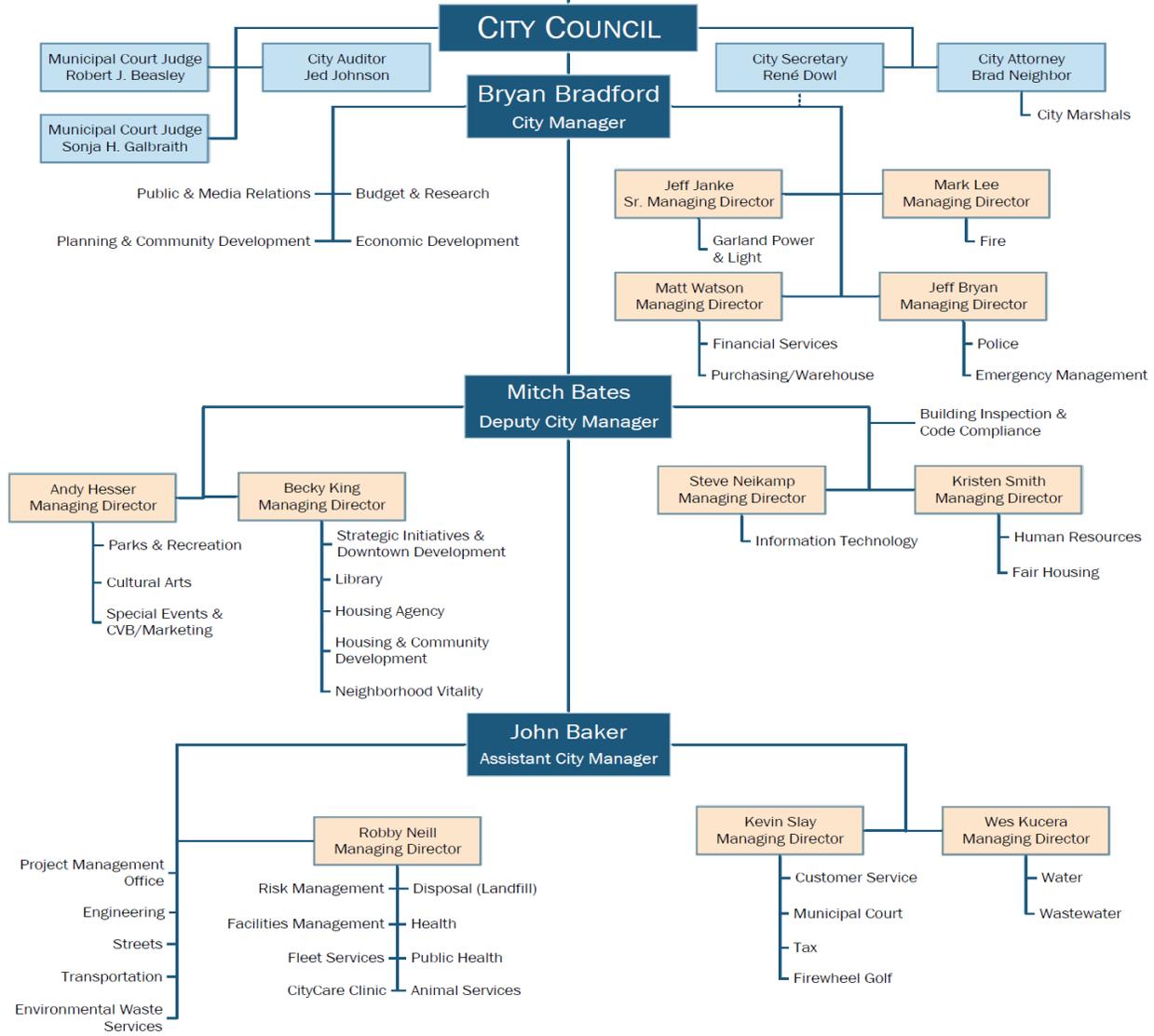
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

CITIZENS OF GARLAND





GARLAND

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Independent Auditor's Report

To the Honorable Mayor, Members of the City Council and City Manager
City of Garland, 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 Garland (the City) as of and for the year ended September 30, 2019, 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 did not audit the financial statements of Garland Housing Finance Corporation (GHFC), the discretely presented component unit of the City of Garland as of and for the year ended December 31, 2018. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the GHFC is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The Honorable Mayor, Members of the City Council and City Manager
City of Garland, Texas

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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I.D.11 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, 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.

The Honorable Mayor, Members of the City Council and City Manager
City of Garland, Texas

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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 accompanying combining and individual fund financial statements and schedules listed in the table of contents and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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 accompanying combining and individual fund financial statements and schedules listed in the foregoing table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 11, 2020



GARLAND

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City of Garland, Texas
Management's Discussion and Analysis
(Unaudited)

As management of the City of Garland, we offer readers of the City of Garland's financial statements this narrative overview and analysis of the financial activities of the City of Garland for the fiscal year ended September 30, 2019. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

- The assets and deferred outflows of the City of Garland (the City) exceeded its liabilities and deferred inflows at the close of the fiscal year by \$930,593,976. Ending net position for governmental activities amount to \$209,538,057 and the ending net position for the business type activities amount to \$721,055,919.
- Net position for the governmental activities increased \$21,695,646 and the net position for the business type activities increased \$64,292,986 for a total increase in the City's net position of \$85,988,632. Contributing factors related to the increase in governmental activities and in business type activities are discussed in the governmental activities and business type activities sections of this overview and analysis.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$100,666,783. Of the combined ending fund balances, \$4,222,510 is nonspendable, \$43,609,048 is restricted, \$17,858,023 is committed, \$11,934,005 is assigned, and \$23,043,197 is unassigned.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

The statement of net position presents information on all of the City's assets, deferred inflows/outflows, and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, landfill, economic development, and culture and recreation. The business-type activities of the City include electric, water, sewer, golf, heliport, storm water, parks performance, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate non-profit corporation for which the City is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 26-27 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. The City also maintains a fiduciary trust fund for the other post-employment benefits (OPEB).

Governmental funds

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

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

The City maintains thirteen individual governmental funds. The General Fund, the Debt Service Fund, and the Capital Projects Fund, are considered to be major funds. Major funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 28-31 of this report.

Proprietary funds

The City maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, golf, heliport, storm water management, parks performance, and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for group health, self-insurance, long-term disability insurance, fleet, vehicle replacement, information technology, facilities management, warehouse, and customer service operations. The internal service funds are allocated between the governmental and business-type activities based on the level of support each internal service provides to a governmental and business-type activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The electric, water, and sewer operations are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds can be found on pages 111-115 and for the internal service funds on pages 117-119.

The proprietary fund financial statements can be found on pages 32-36 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 37-38 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-96 of this report.

Other information

Required supplementary information concerning the General Fund schedule of revenues, expenditures, and changes in fund balances – budget and actual for the year ended September 30, 2019, the net pension liability schedules, and the City's Net Other Postemployment Benefits (OPEB) liability schedules, are presented on pages 97-103 of this report.

Government-wide Financial Analysis

Total assets and deferred outflows at fiscal year-end amount to \$2,443,459,965. Current and other assets comprise 32.22% and capital assets comprise 64.50% of the total assets and deferred outflows. Total assets and deferred outflows increased \$295,753,154 during the fiscal year primarily as a result of changes in investments, accounts receivable, building, improvements, equipment, systems, and deferred outflows related to pensions. Significant additions to fixed asset and construction in progress are described in the capital asset section of this overview and analysis.

Total liabilities and deferred inflows at the end of the fiscal year amount to \$1,512,865,989. Long-term liabilities comprise 89.67% and other liabilities comprise 9.79% of the total liabilities and deferred inflows. Total liabilities and deferred inflows increased \$209,764,522 during the fiscal year.

As mentioned earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$930,593,976 for the fiscal year ended September 30, 2019. The largest portion of the City's net position, \$616,869,424, represents 66.29% of the total net assets and reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and systems) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position, \$194,358,338, represents 20.89% of the total net assets and represents resources that are subject to external restrictions on how they may be used. These restrictions are detailed in revenue bond debt covenants, the City of Garland Charter, grant contracts, and state law. The remaining balance of unrestricted net position, \$119,366,214, represents 12.83% of total net position and may be used to meet the City's ongoing obligations to citizens and creditors.

A comparative schedule of condensed government-wide net position is presented on the following page.

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Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 224,094,763	\$ 203,273,618	\$ 563,290,874	\$ 442,168,944	\$ 787,385,637	\$ 645,442,562
Capital assets	471,976,910	433,234,674	1,104,088,968	1,038,060,107	1,576,065,878	1,471,294,781
Total assets	696,071,673	636,508,292	1,667,379,842	1,480,229,051	2,363,451,515	2,116,737,343
Total deferred outflows of resources	56,566,038	21,677,961	23,442,412	9,291,507	80,008,450	30,969,468
Long-term liabilities						
Outstanding	439,142,922	383,881,567	917,418,630	792,630,170	1,356,561,552	1,176,511,737
Other liabilities	97,763,499	65,640,272	50,374,244	32,386,451	148,137,743	98,026,723
Total liabilities	536,906,421	449,521,839	967,792,874	825,016,621	1,504,699,295	1,274,538,460
Total deferred inflows of resources	6,193,233	20,822,003	1,973,461	7,741,004	8,166,694	28,563,007
Net position:						
Net investment in capital assets	183,829,761	183,437,109	433,039,663	426,347,930	616,869,424	609,785,039
Restricted for:						
Debt Service	4,348,225	5,304,131	7,992,887	7,801,425	12,341,112	13,105,556
Construction	1,758,414	1,344,990	-	-	1,758,414	1,344,990
Rate Mitigation	-	-	173,892,697	156,551,361	173,892,697	156,551,361
Housing Assistance	1,898,867	2,113,317	-	-	1,898,867	2,113,317
Other Grant Programs	4,467,248	5,355,448	-	-	4,467,248	5,355,448
Unrestricted	13,235,542	(9,712,584)	106,130,672	66,062,217	119,366,214	56,349,633
Total net position	\$ 209,538,057	\$ 187,842,411	\$ 721,055,919	\$ 656,762,933	\$ 930,593,976	\$ 844,605,344

2019 beginning net position was restated due to the implementation of Governmental Accounting Standards Board (GASB) statement No. 83. See page 48 of the notes to the financial statements for more information.

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The total net position increased \$85,988,632 in the 2019 fiscal year. Governmental activities increased \$21,695,646 while the business-type activities increased this total by \$64,292,986. These increases are discussed in the governmental activities section and the business-type activities section of this overview and analysis.

Schedule of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 52,275,657	\$ 50,187,798	\$ 443,140,871	\$ 436,268,448	\$ 495,416,528	\$ 486,456,246
Operating grants and contributions	17,041,881	15,409,934	-	-	17,041,881	15,409,934
Capital grants and contributions	6,572,632	11,057,555	3,311,593	3,600,423	9,884,225	14,657,978
General Revenues:						
Property taxes	106,255,121	95,795,752	-	-	106,255,121	95,795,752
Sales taxes	31,035,747	30,129,008	-	-	31,035,747	30,129,008
Other taxes	10,567,493	10,845,365	-	-	10,567,493	10,845,365
Unrestricted interest earnings	6,072,790	2,313,130	8,233,512	3,216,278	14,306,302	5,529,408
Miscellaneous	833,032	34,151	15,493,423	2,100,389	16,326,455	2,134,540
Total Revenues	<u>230,654,353</u>	<u>215,772,693</u>	<u>470,179,399</u>	<u>445,185,538</u>	<u>700,833,752</u>	<u>660,958,231</u>
Expenses:						
General government	37,666,863	34,425,497	-	-	37,666,863	34,425,497
Public safety	120,253,380	108,420,934	-	-	120,253,380	108,420,934
Public works	46,038,188	42,764,067	-	-	46,038,188	42,764,067
Culture and recreation	28,281,367	24,323,627	-	-	28,281,367	24,323,627
Public health	5,144,733	4,405,451	-	-	5,144,733	4,405,451
Interest and fiscal charges	6,669,810	7,339,076	-	-	6,669,810	7,339,076
Electric	-	-	236,681,376	259,269,873	236,681,376	259,269,873
Water	-	-	65,530,161	64,111,798	65,530,161	64,111,798
Sewer	-	-	38,297,685	38,352,152	38,297,685	38,352,152
Golf	-	-	4,875,332	4,583,422	4,875,332	4,583,422
Heliport	-	-	19,060	5,315	19,060	5,315
Storm Water Management	-	-	4,206,675	4,292,213	4,206,675	4,292,213
Parks Performance	-	-	1,159,836	1,248,760	1,159,836	1,248,760
Sanitation	-	-	19,991,136	18,485,025	19,991,136	18,485,025
Total expenses	<u>244,054,341</u>	<u>221,678,652</u>	<u>370,761,261</u>	<u>390,348,558</u>	<u>614,815,602</u>	<u>612,027,210</u>
Change in net position before transfers	(13,399,988)	(5,905,959)	99,418,138	54,836,980	86,018,150	48,931,021
Transfers	<u>35,095,634</u>	<u>40,394,892</u>	<u>(35,095,634)</u>	<u>(40,394,892)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	21,695,646	34,488,933	64,322,504	14,442,088	86,018,150	48,931,021
Cumulative effect of change in acctg principle	-	(33,096,468)	(29,518)	(14,383,491)	(29,518)	(47,479,959)
Net change in net position	21,695,646	1,392,465	64,292,986	58,597	85,988,632	1,451,062
Net position - beginning	<u>187,842,411</u>	<u>186,449,946</u>	<u>656,762,933</u>	<u>656,704,336</u>	<u>844,605,344</u>	<u>843,154,282</u>
Net position - ending	<u><u>\$209,538,057</u></u>	<u><u>\$ 187,842,411</u></u>	<u><u>\$ 721,055,919</u></u>	<u><u>\$656,762,933</u></u>	<u><u>\$ 930,593,976</u></u>	<u><u>\$ 844,605,344</u></u>

Governmental activities

Governmental activities increased the City's net position by \$21,695,646 in fiscal year 2019. Key factors that contributed to this improvement are discussed below.

Revenues by Source – Governmental Activities

Revenues by Source

	2019		2018		Amount Change	Percentage Change
	Amount	Percentage	Amount	Percentage		
Charges for services	\$ 52,275,657	22.70%	\$ 50,187,798	23.26%	\$ 2,087,859	4.16%
Operating grants and contributions	17,041,881	7.40%	15,409,934	7.14%	1,631,947	10.59%
Capital grants and contributions	6,572,632	2.69%	11,057,555	5.12%	(4,484,923)	-40.56%
Property taxes	106,255,121	46.14%	95,795,752	44.40%	10,459,369	10.92%
Sales taxes	31,035,747	13.48%	30,129,008	13.96%	906,739	3.01%
Other taxes	10,567,493	4.59%	10,845,365	5.03%	(277,872)	-2.56%
Unrestricted interest earnings	6,072,790	2.64%	2,313,130	1.07%	3,759,660	162.54%
Miscellaneous	833,032	0.36%	34,151	0.02%	798,881	2339.26%
Total Revenues	<u>\$ 230,654,353</u>		<u>\$ 215,772,693</u>		<u>\$14,881,660</u>	

Key changes in revenue by source included the following:

Charges for services revenue increased \$2,087,859 due to an increase in the landfill tipping fees to private commercial waste haulers and an increase in the building permit fees for new commercial building, commercial remodels, and multi-family residential remodels.

Property tax revenue increased \$10,459,369 due to an increase in the value of the tax base of 10.7% related to new construction in the City and increases in the existing tax base.

Unrestricted interest earnings increased \$3,759,660 as a result of higher yields earned on investments.

Capital grants and contributions decreased \$4,484,923 as a result of a decrease in recovery of expenditures related to shared infrastructure construction projects during FY19.

Expenses by Source - Governmental Activities

	Expenses by Source		
	2019	2018	Change
General government	\$ 37,666,863	\$ 34,425,497	\$ 3,241,366
Public safety	120,253,380	108,420,934	11,832,446
Public works	46,038,188	42,764,067	3,274,121
Culture and recreation	28,281,367	24,323,627	3,957,740
Public health	5,144,733	4,405,451	739,282
Interest and fiscal charges	6,669,810	7,339,076	(669,266)
Total Expense	<u>\$ 244,054,341</u>	<u>\$ 221,678,652</u>	<u>\$ 22,375,689</u>

Key changes in expenses by source for governmental activities are as follows:

General government expenses increased \$3,241,366 as a result of the following:

- Internal service costs allocation associated with general government increased \$1,844,640 due to increased costs in FY19 primarily associated with Information Technology projects and programs.
- The pension expense allocation increased \$1,430,872 primarily due to lower than anticipated investment returns in 2018.

Public safety expenses increased \$11,832,446 as a result of the following:

- Internal service costs allocation associated with public safety increased \$3,791,124 due to increased costs in FY19 primarily associated with Information Technology projects and programs.
- The pension expense allocation increased \$3,425,823 primarily due to lower than anticipated investment returns in 2018.
- Public safety expenditures increased due to additional positions to address public safety concerns. Additional expenditures relate to replacement of aging equipment and increased in medical supplies expense.

Public works expenses increased \$3,274,121 as a result of the following:

- Internal service costs allocation associated with public works increased \$1,138,114 due to increased costs in FY19 primarily associated with Information Technology projects and programs.
- The pension expense allocation increased \$1,451,052 primarily due to lower than anticipated investment returns in 2018.

Culture and recreation expenses increased \$3,957,740 as a result of the following:

- Internal service costs allocation associated with culture and recreation increased \$958,450 due to increased costs in FY19 primarily associated with Information Technology projects and programs.
- The pension expense allocation increased \$2,095,857 primarily due to lower than anticipated investment returns in 2018.

Business-type Activities

Business-type activities increased the City's net position by \$64,292,986. Key factors that contributed to the change are discussed below.

- The electric utility incurred a net income of \$52,614,034. The net income for the electric utility increased \$50,271,408 from the prior fiscal year as a result of the following:
 - Wholesale transmission revenue increased.
 - TMPA disbursement increased.
 - TMPA demand charges decreased.
- The water utility incurred a net income of \$6,962,398. The net income for the water utility decreased \$405,556 from the prior fiscal year as a result of the following:
 - Water consumption decreased from the previous year due to heavy rainfall during October 2018 and April thru June 2019. Overall consumption was down 11% from FY18. However, due to a 5% average rate increase and positive expenditure budget variance, the fund ended the year with a healthy increase to net position.

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- The sewer utility incurred a net income of \$5,109,604. The net income for the sewer utility increased \$4,182,159 from the prior fiscal year as a result of the following:
 - In March 2019, apartment complexes billing was changed to include a per unit base charge to stabilize revenues for the future.
 - Customer city services increased due to rainfall and inflow and infiltration sources.
 - During FY2019, the fund received a one-time rebate from the vehicle replacement fund related to interest and auction proceeds.

- The combined net income for non-major enterprise funds (golf, heliport, storm water management, parks performance, and sanitation) amounted to \$249,279.

Revenues by Source – Business-type Activities

	Charges for Service			Operating Grants and Contributions		
	2019	2018	Change	2019	2018	Change
Electric	\$ 291,458,932	\$ 287,169,337	\$ 4,289,595	\$ -	\$ -	\$ -
Water	75,578,798	76,184,876	(606,078)	-	-	-
Sewer	46,737,430	43,902,151	2,835,279	-	-	-
Non-major Enterprise	29,365,711	29,012,084	353,627	-	-	-
Total	\$ 443,140,871	\$ 436,268,448	\$ 6,872,423	\$ -	\$ -	\$ -

	Capital Grants and Contributions			Miscellaneous		
	2019	2018	Change	2019	2018	Change
Electric	\$ 186,570	\$ 108,784	\$ 77,786	\$14,812,152	\$ 1,353,744	\$ 13,458,408
Water	2,223,720	2,319,419	(95,699)	380,866	349,046	31,820
Sewer	901,303	1,172,220	(270,917)	99,928	105,850	(5,922)
Non-major Enterprise	-	-	-	200,477	291,749	(91,272)
Total	\$ 3,311,593	\$ 3,600,423	\$ (288,830)	\$15,493,423	\$ 2,100,389	\$13,393,034

Expenses by Source – Business-type Activities

	2019	2018	Amount Change	Percentage Change
Electric	\$236,681,376	\$ 259,269,873	\$(22,588,497)	-8.71%
Water	65,530,161	64,111,798	1,418,363	2.21%
Sewer	38,297,685	38,352,152	(54,467)	-0.14%
Non-Major	30,252,039	28,614,735	1,637,304	5.72%
	<u>\$370,761,261</u>	<u>\$ 390,348,558</u>	<u>\$(19,587,297)</u>	-5.02%

Fiduciary funds

In the 2009 fiscal year, the City established an Other Post Employment Benefit Trust Fund which allows the City to capture long-term returns to make progress towards reducing the unfunded liability of post-employment health care. A \$1,335,000 contribution in excess of the pay-as-you-go costs was made to the trust fund during the 2019 fiscal year. The City will make future contributions to the trust fund as economic conditions permit to lower the OPEB unfunded actuarial accrued liability and to ensure that funding is available for future retiree medical benefits.

Capital Asset and Debt Administration

Capital Assets

At the end of the 2019 fiscal year, the City had \$1,576,065,878 invested in a broad range of capital assets including police and fire equipment, buildings, park facilities, roads, bridges, an electric system, a water system, and a sewer system. This amount represents a net increase of \$104,771,097 or 7.12% increase from the prior fiscal year. Key elements of this change are as follows:

	Capital Assets at Fiscal Year-end (Net of Accumulated Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 100,635,047	\$ 99,348,015	\$ 43,504,033	\$ 42,089,765	\$ 144,139,080	\$ 141,437,780
Construction in Progress	54,945,571	30,726,128	77,583,883	35,501,905	132,529,454	66,228,033
Building, Improvements, equipment and systems	316,396,292	303,160,531	983,001,052	960,468,437	1,299,397,344	1,263,628,968
Total capital assets	<u>\$ 471,976,910</u>	<u>\$ 433,234,674</u>	<u>\$1,104,088,968</u>	<u>\$1,038,060,107</u>	<u>\$1,576,065,878</u>	<u>\$1,471,294,781</u>

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Major capital asset additions for the current fiscal year included (amounts rounded to the nearest thousand):

Description	Amount (000's)
GP&L Transmission Poles, OH Conductor Devices, and Fixtures	\$ 19,975
Citywide Street Improvements	14,548
GP&L Distribution Poles, Transformers, Towers, & US Conductors and Devices	13,351
GP&L Substation Transmission Equipment	6,825
Water Transmission Mains – up to 14 inch	4,190
Carver Center Renovation	3,147
Granger Recreation Center and Annex Renovation	3,073
Street and Drainage Improvements – Parkmont Drive	2,922
Street and Drainage Improvements – Oates Drive, Broadway to Rosehill	2,451
Landfill Equipment	2,391
CIPP Sewer Mains And Lateral Rehab	2,010
Rowlett Creek WWTP Biosolids Expansion & Odor Abatement	2,007
Water Distribution Line Replacement	1,469
Rowlett Creek WWTP Process Improvements	1,402
Street and Drainage Improvements – Broadway to SH 66	1,400
Ambulance Remounts	1,348
Sewer Collection Mains	1,208
GP&L Energy Trading Risk Management Software	1,137
Library Materials	1,051

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A few of the Capital Improvement Program projects under construction at the end of the current fiscal year included (amounts rounded to the nearest thousand):

<u>Description</u>	<u>Amount</u> <u>(000's)</u>
King Mountain Switch Upgrade	\$11,656
Shiloh Road: IH 635 to Kingsley	8,326
Dent Road Substation	6,986
Dent Road – Shelby 138 KV Transmission Line	6,488
Pleasant Valley Road – Richfield to Miles	6,152
GP&L Apollo Substation Rebuild	5,492
Rowlett Creek Operation Center Renovation	5,169
Relocation of Sewer Mains prior to paving	2,901
Water Transmission Mains – 16 inch & above	2,517
Duck Creek WWTP Process Improvements	2,472
Relocation of Water Mains prior to paving	2,341
GP&L Apollo – Lookout Transmission Line	2,337
GP&L King Mountain Transmission Line	2,202
Rowlett Creek Interceptor Rehab	2,078
Garland Road & Jupiter	1,832
Sewer Collection Mains	1,716
Broadway & Merrimac	1,629
Wilbow Public Improvements	1,628
Water Distribution Lines – up to 14 inch	1,535
Bridge Remediation	1,461
Sewer Infiltration Correction – various	1,415
Stroud Lane	1,366
Trail Development	1,276
Muirfield Road	1,115
DC WWTP Replacement Mods	1,068
Walnut Street Pedestrian Corridor	1,043
Miller Road	1,029

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Additional information on the City's capital assets can be found in note IV.C on pages 57-59 of this report.

Debt

Debt issues outstanding for the fiscal years 2019 and 2018 were as follows:

	Governmental Activities		Business-type Activities		Total		
	2019	2018	2019	2018	2019	2018	Change
Long-Term:							
General obligation bonds	\$ 150,670,000	\$ 161,905,000	\$ 10,430,000	\$ 18,105,000	\$ 161,100,000	\$ 180,010,000	\$ (18,910,000)
Certificates of obligation	98,660,000	98,400,000	141,425,000	156,320,000	240,085,000	254,720,000	(14,635,000)
Utility system revenue bonds	-	-	519,265,000	396,300,000	519,265,000	396,300,000	122,965,000
Commercial paper	-	-	100,500,000	159,440,000	100,500,000	159,440,000	(58,940,000)
Total Long-Term	<u>249,330,000</u>	<u>260,305,000</u>	<u>771,620,000</u>	<u>730,165,000</u>	<u>1,020,950,000</u>	<u>990,470,000</u>	<u>30,480,000</u>
Short-Term:							
Commercial Paper	23,500,000	6,000,000	-	-	23,500,000	6,000,000	17,500,000
Tax Note	22,280,000	12,195,000	-	-	22,280,000	12,195,000	10,085,000
Total Short-Term	<u>45,780,000</u>	<u>18,195,000</u>	<u>-</u>	<u>-</u>	<u>45,780,000</u>	<u>18,195,000</u>	<u>27,585,000</u>
Total outstanding debt	<u>\$ 295,110,000</u>	<u>\$ 278,500,000</u>	<u>\$ 771,620,000</u>	<u>\$ 730,165,000</u>	<u>\$ 1,066,730,000</u>	<u>\$ 1,008,665,000</u>	<u>\$ 58,065,000</u>

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During the fiscal year, the City issued the following debt:

Issue	Principal	Bond Ratings	
		Standard & Poor's	Fitch IBCA
Long-term			
Certificates of Obligation Bonds, Series 2019	\$ 25,125,000	AA+	AAA
General Obligation Refunding Bonds, Series 2018	47,270,000	AA+	AAA
Electric Utility System Revenue Refunding Bonds, New Series 2019	147,610,000	A+	AA-
Water and Sewer System Revenue Refunding Bonds, New Series 2018A	9,700,000	AA-	AA
Water and Sewer System Revenue Bonds, New Series 2019	6,670,000		
Short-term			
Tax Anticipation Note, Series 2019A	9,530,000		
Tax Anticipation Note, Series 2019B	12,750,000		
Total debt financing	<u>\$258,655,000</u>		

The proceeds of the Certificates of Obligation Bonds, Series 2019 will be used for the following:

- Constructing, equipping, and improving various facilities in the City,
- Acquiring equipment and vehicles for public safety, the environmental waste services department, the stormwater management department, and the municipal street department,
- Acquiring land for environmental waste services facilities,
- Street improvements and infrastructure improvements.

The proceeds of the General Obligation Bonds, Series 2018 were used to refund Certificates of Obligation Bonds, Series 2009 refund General Obligation Refunding Bonds, Series 2011A, and General Obligation Refunding Bonds, Series 2011B at the call date.

The proceeds of the Electric Utility System Revenue Refunding Bonds, New Series 2019 were used to refund Electric Utility System Revenue Bonds, Series 2009 at the call date and take out \$121,965,000 of Electric loan draw, and take out \$21,905,000 of commercial paper debt, Series 2015.

The proceeds of the Water and Sewer System Revenue Refunding Bonds, New Series 2018A were used to refund Water & Sewer Revenue Bonds, Series 2009 at the call date.

In fiscal year 2010, the City along with other TMPA member cities elected to issue bonds based on the percentage of their annual net energy load and placed the proceeds with TMPA. Since the proceeds from the issuance of this debt will benefit the City over future years the City has elected to record an other asset and a corresponding bonds payable liability, reoffering premium, interest and sinking fund deposit, underwriters discount and issuance cost to record this transaction. The other asset of \$138,252,850 is being amortized using a straight-line method over a period of 20 years based on the life of the economic benefit that the City is receiving from this transaction. During the current fiscal year, the City amortized \$6,912,643 of the asset resulting in a fiscal year-end balance in other assets of \$72,582,746. In September, 2018, the TMPA other asset became impaired and was recorded as a GASB 62 Regulatory Asset in Other Assets to be amortized through FY2030. On June 28, 2019, ERCOT was notified of the plan to move TMPA's generation plant, Gibbons Creek, to a status of decommissioned and retired. The official effective date was October 23, 2019. Further information related to the asset impairment and decommissioning liability is available on pages 84-87.

In 2015, the City elected to issue Combination Tax & Electric Utility System Surplus Revenue Refunding Bonds for the purpose of prepaying certain contractual obligations to TMPA. Since the proceeds of this debt issuance were placed with an escrow agent and the City received an economic benefit over a period of years, an Other Assets was recorded in the Electric Fund Statement of Net Position in the amount of \$59,270,000. The Other Asset was fully amortized at fiscal year-end 2017.

Additional information on the City's debt can be found in note IV.E of this report.

The City's Funds

At the close of the City's fiscal year, the governmental funds of the City reported a combined fund balance of \$100,666,783, a decrease of \$6,086,838 from the prior fiscal year.

The General Fund ended the fiscal year with a fund balance of \$35,821,503 which was an increase of \$888,166 from the prior fiscal year. The original budget projected a decrease in fund balance of \$3,296,249 which was later revised to a decrease of \$11,723,498 in fund balance to fund one-time capital and operating needs. Favorable budget variances were experienced for revenues as well as expenditures for the fiscal year. Actual revenues exceeded final budgeted revenues by \$2,303,113 and actual expenditures were under the final budget amount by \$9,263,427. However, \$6,072,243 of this positive budget variance is related to council approved street and infrastructure projects and other encumbrances related to unperformed contracts for goods or services (i.e. purchase orders). A budget amendment has been approved by City Council to roll the funding for these projects and encumbrances in the FY19-20 budget year. The remaining favorable budget variance was a result of better than anticipated service charges, and other operational expenditure savings across General Fund departments.

The Debt Service Fund ended the fiscal year with a fund balance of \$5,589,684 due to a net decrease in fund balance for the fiscal year of \$966,741.

The Capital Projects Fund ended the fiscal year with a fund balance of \$42,772,618 due to a net decrease in fund balance for the fiscal year of \$8,207,924.

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2019, the City Council amended the budget for the General Fund on multiple occasions. The amendments were comprised of supplemental appropriations and adjusted budgets. Appropriations are adjusted annually for open purchase orders and various grant awards. Budgets are reviewed and adjusted during the fiscal year to address changing operational and/or economic situations. These amendments amounted to increased appropriations of \$2,068,158.

Economic Factors and Next Year's Budgets and Rates

The City's unemployment rate at September 30, 2019 was 3.1% and the State of Texas unemployment rate was 3.5%. The City's estimated population of 239,684 (as estimated at January 1, 2019 by the City's Planning department) remained virtually unchanged from the prior year.

The primary focus of the FY 2018-19 Budget was to begin addressing items that were deferred during the recession and were negatively impacting core city services and quality of life in the Garland community.

- Maintain elevated funding for the street repair program.
- Address public safety staffing needs in police patrol and fire.
- Expand redevelopment focus.
- Bolster the City's ability to manage and complete capital projects.
- Elevate park maintenance and expand City-sponsored event venues.
- Enhance the care of animals at the City's shelter.

The budget goals for FY 2019-20 are primarily financial in nature and are designed to place the City's budget in a better position with respect to navigating post-legislative restrictions and coping with slowing local development. Legislative changes placed constraints which will limit growth in property tax revenues and reduced franchise tax revenues. Budget assumptions reflect flattening growth rates and declines in revenue generated from building activity that have been at elevated levels over the past three years.

The FY 2019-20 budget was developed keeping these factors in mind and the priorities include:

- Ensure debt service funding to implement the 2019 bond program.
- Recognize the budget impact of growing civil service retirement payouts.
- Provide necessary funding for public safety overtime needs.
- Supplement general fund revenues to help compensate for legislative actions.
- Establish reserves above the 30-day minimum in the general fund.

In May 2019, Garland voters approved a \$423.7 million bond program with a projected impact of 6.5 cents, assuming a seven to ten-year implementation. The FY2019-20 adopted budget includes a 6.5 cent increase to the debt service property tax rate. The increase in the debt service tax rate will establish the debt service capacity to implement and complete the 2019 and remaining 2004 bond program projects on schedule which providing routine tax-supported capital programs for facilities and equipment.

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 show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Department at the City of Garland, 200 North Fifth Street, Garland, TX 75040 or through the City's internet site www.garlandtx.gov.



GARLAND

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City of Garland, Texas
Statement of Net Position
September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	As of December 31, 2018
ASSETS				
Cash and cash equivalents	\$ 106,560,347	\$ 48,250,282	\$ 154,810,629	\$ 1,305,344
Investments	100,888,730	45,942,219	146,830,949	-
Accounts Receivable, net of allowance for uncollectibles	22,320,268	104,562,825	126,883,093	182,856
Due from other governments	486,318	-	486,318	-
Internal Balances	(21,147,906)	21,147,906	-	-
Inventories	6,075,206	5,653,620	11,728,826	-
Prepaid and other items	4,231,049	1,665,984	5,897,033	6,020
Restricted Assets:				
Cash and cash equivalents	2,058,560	93,342,372	95,400,932	-
Investments	1,352,320	118,431,893	119,784,213	-
Accrued interest	6,202	639,475	645,677	-
Assets held for resale	1,263,669	-	1,263,669	375,843
Capital Assets:				
Land	100,635,047	43,504,033	144,139,080	1,141,255
Construction in Progress	54,945,571	77,583,883	132,529,454	-
Buildings, Improvements, Equipment and System (net of accumulated depreciation)	316,396,292	983,001,052	1,299,397,344	-
Other Assets	-	123,374,631	123,374,631	-
Note Receivable	-	279,667	279,667	-
Total assets	<u>696,071,673</u>	<u>1,667,379,842</u>	<u>2,363,451,515</u>	<u>3,011,318</u>
DEFERRED OUTFLOWS OF RESOURCES				
Fair value of energy risk derivatives	-	1,484,088	1,484,088	-
Deferred charges on debt refunding	179,454	641,683	821,137	-
Deferred charges on pensions	49,096,522	18,344,135	67,440,657	-
Deferred charges on OPEB	7,290,062	2,551,756	9,841,818	-
Deferred charges on ARO	-	420,750	420,750	-
Total deferred outflows of resources	<u>56,566,038</u>	<u>23,442,412</u>	<u>80,008,450</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued liabilities	22,750,641	44,434,997	67,185,638	-
Escrow payable	671,799	142,310	814,109	-
Retainage payable	2,366,822	1,401,879	3,768,701	-
Accrued interest payable	1,629,991	2,962,021	4,592,012	-
Customer deposits	16,832,635	458,000	17,290,635	-
Tax Note Payable	22,280,000	-	22,280,000	-
Commercial Paper	23,500,000	-	23,500,000	-
Derivative instrument-energy risk management	-	1,484,088	1,484,088	-
Unearned revenue	7,731,611	975,037	8,706,648	1,348,885
Noncurrent Liabilities:				
Due within one year	45,386,953	58,658,352	104,045,305	-
Due in more than one year	393,755,969	857,276,190	1,251,032,159	-
Total liabilities	<u>536,906,421</u>	<u>967,792,874</u>	<u>1,504,699,295</u>	<u>1,348,885</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on debt refunding	677,339	9,945	687,284	-
Deferred charges on pensions	1,407,471	525,437	1,932,908	-
Deferred charges on OPEB	4,108,423	1,438,079	5,546,502	-
Total deferred inflows of resources	<u>6,193,233</u>	<u>1,973,461</u>	<u>8,166,694</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	183,829,761	433,039,663	616,869,424	1,141,255
Restricted for:				
Debt Service	4,348,225	7,992,887	12,341,112	-
Construction	1,758,414	-	1,758,414	-
Rate Mitigation	-	173,892,697	173,892,697	-
Housing	1,898,867	-	1,898,867	-
Other Grant Programs	4,467,248	-	4,467,248	-
Unrestricted net position	<u>13,235,542</u>	<u>106,130,672</u>	<u>119,366,214</u>	<u>521,178</u>
Total net position	<u>\$ 209,538,057</u>	<u>\$ 721,059,919</u>	<u>\$ 930,593,976</u>	<u>\$ 1,662,433</u>

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

**City of Garland, Texas
Statement of Activities
For the Year Ended September 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit as of 12/31/2018
	Expenses	Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 37,666,863	\$ 9,192,290	\$ 15,514,075	\$ -	\$ (12,960,498)	\$ -	\$ (12,960,498)	\$ -
Public safety	120,253,380	19,756,620	1,039,136	-	(99,457,624)	-	(99,457,624)	-
Public works	46,038,188	21,377,178	-	6,572,632	(18,088,378)	-	(18,088,378)	-
Culture and recreation	28,281,367	1,351,315	7,065	-	(26,922,987)	-	(26,922,987)	-
Public health	5,144,733	598,254	481,605	-	(4,064,874)	-	(4,064,874)	-
Interest and fiscal charges	6,669,810	-	-	-	(6,669,810)	-	(6,669,810)	-
Total governmental activities	<u>244,054,341</u>	<u>52,275,657</u>	<u>17,041,881</u>	<u>6,572,632</u>	<u>(168,164,171)</u>	<u>-</u>	<u>(168,164,171)</u>	<u>-</u>
Business type activities:								
Electric	236,681,376	291,458,932	-	186,570	-	54,964,126	54,964,126	-
Water	65,530,161	75,578,798	-	2,223,720	-	12,272,357	12,272,357	-
Sewer	38,297,685	46,737,430	-	901,303	-	9,341,048	9,341,048	-
Golf	4,875,332	3,770,352	-	-	-	(1,104,980)	(1,104,980)	-
Heliport	19,060	7,378	-	-	-	(11,682)	(11,682)	-
Storm Water Management	4,206,675	4,445,090	-	-	-	238,415	238,415	-
Parks Performance	1,159,836	1,168,863	-	-	-	9,027	9,027	-
Sanitation	19,991,136	19,974,028	-	-	-	(17,108)	(17,108)	-
Total business-type activities	<u>370,761,261</u>	<u>443,140,871</u>	<u>-</u>	<u>3,311,593</u>	<u>-</u>	<u>75,691,203</u>	<u>75,691,203</u>	<u>-</u>
Total primary government	<u>\$ 614,815,602</u>	<u>\$ 495,416,528</u>	<u>\$ 17,041,881</u>	<u>\$ 9,884,225</u>	<u>(168,164,171)</u>	<u>75,691,203</u>	<u>(92,472,968)</u>	<u>-</u>
Component units								
Garland Housing Finance Corp.	\$ 636,545	\$ 160,058	\$ -	\$ -				\$ (476,487)
	<u>\$ 636,545</u>	<u>\$ 160,058</u>	<u>\$ -</u>	<u>\$ -</u>				
General revenues:								
Sales taxes					31,035,747	-	31,035,747	-
Franchise fees based on gross receipts					8,510,877	-	8,510,877	-
Property taxes					106,255,121	-	106,255,121	-
Hotel/Motel taxes					1,525,983	-	1,525,983	-
Mixed drink taxes					423,577	-	423,577	-
Bingo taxes					107,056	-	107,056	-
Unrestricted investment earnings					6,072,790	8,233,512	14,306,302	17,719
Miscellaneous					833,032	15,493,423	16,326,455	22,642
Transfers					35,095,634	(35,095,634)	-	-
Total general revenues and transfers					<u>189,859,817</u>	<u>(11,368,699)</u>	<u>178,491,118</u>	<u>40,361</u>
Change in net position					21,695,646	64,322,504	86,018,150	(436,126)
Net position - beginning					187,842,411	656,762,933	844,605,344	2,098,559
Cumulative effect of change in accounting principle					-	(29,518)	(29,518)	-
Net position-beginning, as restated					<u>187,842,411</u>	<u>656,733,415</u>	<u>844,575,826</u>	<u>2,098,559</u>
Net position-ending					<u>\$ 209,538,057</u>	<u>\$ 721,055,919</u>	<u>\$ 930,593,976</u>	<u>\$ 1,662,433</u>

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

**City of Garland, Texas
Governmental Funds
Balance Sheet
September 30, 2019**

	General	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 17,940,432	\$ 5,611,382	\$ 49,101,786	\$ 7,968,919	\$ 80,622,519
Investments	20,512,217	-	45,103,752	8,419,720	74,035,689
Receivables:					
Accounts, net	12,746,398	-	-	3,912,677	16,659,075
Taxes, net	565,959	446,160	-	-	1,012,119
Accrued interest	102,085	-	234,909	37,946	374,940
Assessments	16,032	-	-	-	16,032
Other	-	-	2,648,207	-	2,648,207
Due from other funds	1,940,442	-	-	-	1,940,442
Due from other governments	46,559	-	-	439,759	486,318
Prepaid items	42,686	-	4,173,778	6,046	4,222,510
Assets held for resale	-	-	-	1,263,669	1,263,669
Total Current Assets	<u>53,912,810</u>	<u>6,057,542</u>	<u>101,262,432</u>	<u>22,048,736</u>	<u>183,281,520</u>
Restricted assets:					
Cash and cash equivalents	-	-	-	785,223	785,223
Total Assets	<u>\$ 53,912,810</u>	<u>\$ 6,057,542</u>	<u>\$ 101,262,432</u>	<u>\$ 22,833,959</u>	<u>\$ 184,066,743</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 11,676,228	\$ 1,662	\$ 6,154,303	\$ 515,852	\$ 18,348,045
Accrued interest-CO's	-	-	-	7,117	7,117
Escrow payable	-	77,664	161,832	432,303	671,799
Due to other funds	2,640	-	40,377	190,802	233,819
Unearned revenues	645,359	-	1,905,541	5,180,711	7,731,611
Retainage payable	302,268	-	2,016,904	24,196	2,343,368
Tax note payable	-	-	22,280,000	-	22,280,000
Commercial paper	-	-	23,500,000	-	23,500,000
Total Liabilities	<u>12,626,495</u>	<u>79,326</u>	<u>56,058,957</u>	<u>6,350,981</u>	<u>75,115,759</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,464,812</u>	<u>388,532</u>	<u>2,430,857</u>	<u>-</u>	<u>8,284,201</u>
FUND BALANCES					
Fund balances:					
Nonspendable	42,686	-	4,173,778	6,046	4,222,510
Restricted	1,758,414	5,589,684	29,894,835	6,366,115	43,609,048
Committed	7,650,641	-	-	10,207,382	17,858,023
Assigned	3,230,000	-	8,704,005	-	11,934,005
Unassigned	23,139,762	-	-	(96,565)	23,043,197
Total Fund Balances	<u>35,821,503</u>	<u>5,589,684</u>	<u>42,772,618</u>	<u>16,482,978</u>	<u>100,666,783</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 53,912,810</u>	<u>\$ 6,057,542</u>	<u>\$ 101,262,432</u>	<u>\$ 22,833,959</u>	<u>\$ 184,066,743</u>

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

**City of Garland, Texas
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2019**

Total fund balances - governmental funds	\$	100,666,783
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		412,588,296
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.		8,284,201
Deferred outflows related to pensions.		42,662,781
Deferred outflows related to OPEB.		6,100,834
Bond interest is not accrued at the fund level.		(1,499,775)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of:		
Bonds payable		(229,235,000)
Landfill closure costs		(14,650,334)
Compensated absences		(22,616,942)
Unamortized premium on refunding		(16,885,587)
Other Post Employment Benefits liability payable		(47,180,192)
Deferred loss on debt refunding		132,523
Deferred gain on debt refunding		(634,126)
Net pension liability		(55,572,639)
Deferred inflows related to pensions		(1,222,963)
Deferred inflows related to OPEB.		(3,438,228)
Internal service funds net position adjustment excluding assets and liabilities included in the adjustments listed above. Internal service funds are used by management to charge the costs of various services to individual funds. Certain assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.		32,038,425
Total net position - governmental activities	\$	209,538,057

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

City of Garland, Texas
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2019

	General	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 90,105,187	\$ 46,219,806	\$ -	\$ 2,812,226	\$ 139,137,219
Franchise fees	8,510,877	-	-	-	8,510,877
Service charges	30,359,398	-	-	-	30,359,398
Licenses and permits	4,869,605	-	-	-	4,869,605
Earnings on investments	1,630,332	306,599	2,031,243	453,567	4,421,741
Intergovernmental	488,670	-	141,349	16,292,282	16,922,301
Charges for services	10,126,440	-	-	-	10,126,440
Fines and forfeits	6,724,195	-	-	-	6,724,195
Rents and concessions	754,648	-	-	-	754,648
Assessments	-	-	48,442	-	48,442
Impact fees	-	-	-	1,769,149	1,769,149
Program income	-	-	-	517,753	517,753
Court awarded seizures	-	-	-	237,120	237,120
Miscellaneous and other	-	(36)	3,005,367	57,616	3,062,947
Total revenues	<u>153,569,352</u>	<u>46,526,369</u>	<u>5,226,401</u>	<u>22,139,713</u>	<u>227,461,835</u>
EXPENDITURES					
Current:					
General government	12,075,043	-	271,616	-	12,346,659
Public safety	100,113,212	-	-	-	100,113,212
Public works	18,680,546	-	-	-	18,680,546
Culture and recreation	17,562,268	-	-	-	17,562,268
Public health	4,003,801	-	-	-	4,003,801
Nondepartmental	26,718,604	-	-	-	26,718,604
Operations	-	-	-	17,966,870	17,966,870
Capital outlay	18,809,006	-	44,460,958	1,314,904	64,584,868
Debt service:					
Principal	-	26,720,000	-	220,000	26,940,000
Interest	-	9,013,745	-	464,954	9,478,699
Issue costs on issuance of debt	-	291,431	-	-	291,431
Other and fiscal expenditures	-	163,715	302,246	-	465,961
Total expenditures	<u>197,962,480</u>	<u>36,188,891</u>	<u>45,034,820</u>	<u>19,966,728</u>	<u>299,152,919</u>
Excess (deficiency) of revenues over (under) expenditures	(44,393,128)	10,337,478	(39,808,419)	2,172,985	(71,691,084)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	551,890	-	639,000	-	1,190,890
Transfers in	47,320,450	685,589	17,237,492	286,676	65,530,207
Transfers out	(2,591,046)	(12,281,239)	(11,243,000)	(260,000)	(26,375,285)
Issuance of debt	-	-	21,775,000	-	21,775,000
Premium on issuance of debt	-	4,266,654	3,192,003	-	7,458,657
Issuance of refunding bonds	-	34,905,000	-	-	34,905,000
Payment to refunded bonds escrow agent	-	(38,880,223)	-	-	(38,880,223)
Total other financing sources (uses)	<u>45,281,294</u>	<u>(11,304,219)</u>	<u>31,600,495</u>	<u>26,676</u>	<u>65,604,246</u>
Net change in fund balance	888,166	(966,741)	(8,207,924)	2,199,661	(6,086,838)
Fund balances - beginning	34,933,337	6,556,425	50,980,542	14,283,317	106,753,621
Fund balances - ending	<u>\$ 35,821,503</u>	<u>\$ 5,589,684</u>	<u>\$ 42,772,618</u>	<u>\$ 16,482,978</u>	<u>\$ 100,666,783</u>

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

**City of Garland, Texas
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance to the Statement of Activities
For the Year Ended September 30, 2019**

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

Net change in fund balances - total governmental funds	\$ (6,086,838)
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.	36,772,024
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,087,852
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,181,203
Other long-term liabilities related to pension expense and contributions, are not due and payable in the current period and therefore, are not reported in governmental funds.	(10,756,615)
Other Post Employment Benefits liability is accrued in the government wide financial statements but not at the fund level.	423,994
Interest is accrued in the government wide financial statements but not at the fund level. This represents the change in the accrual during the period.	(55,354)
Internal service funds are used by management to charge the costs of vehicle services, building services, printing services, and insurance services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(4,870,620)</u>
Net change in net position-total governmental activities	<u><u>\$ 21,695,646</u></u>

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

City of Garland, Texas
Proprietary Funds
Statement of Net Position
September 30, 2019

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 28,061,057	\$ 8,062,905	\$ 9,720,224	\$ 2,406,096	\$ 48,250,282	\$ 25,937,828
Investments	24,525,152	8,546,314	10,322,269	2,548,484	45,942,219	26,853,042
Receivable, net of allowance	85,447,562	10,873,574	5,430,083	2,603,100	104,354,319	1,483,010
Accrued interest	114,302	36,610	46,313	11,281	208,506	126,885
Due from other funds	2,640	-	-	-	2,640	-
Inventories	5,583,010	-	-	70,610	5,653,620	6,075,206
Prepaid expense	1,292,346	1,298	-	372,340	1,665,984	8,539
Total current assets	<u>145,026,069</u>	<u>27,520,701</u>	<u>25,518,889</u>	<u>8,011,911</u>	<u>206,077,570</u>	<u>60,484,510</u>
Noncurrent Assets:						
Restricted assets						
Revenue bond reserve fund:						
Cash and cash equivalents	-	3,473,868	4,519,019	-	7,992,887	-
Total revenue bond reserve fund	<u>-</u>	<u>3,473,868</u>	<u>4,519,019</u>	<u>-</u>	<u>7,992,887</u>	<u>-</u>
Rate mitigation:						
Cash and cash equivalents	59,388,588	-	-	-	59,388,588	-
Investments	113,885,829	-	-	-	113,885,829	-
Accrued interest	618,280	-	-	-	618,280	-
Total rate mitigation	<u>173,892,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,892,697</u>	<u>-</u>
Construction funds:						
Cash and cash equivalents	6,698,329	11,532,067	7,312,212	418,289	25,960,897	1,273,336
Investments	713,342	586,346	2,812,802	433,574	4,546,064	1,352,320
Accrued interest	3,336	2,702	13,222	1,935	21,195	6,202
Total construction funds	<u>7,415,007</u>	<u>12,121,115</u>	<u>10,138,236</u>	<u>853,798</u>	<u>30,528,156</u>	<u>2,631,858</u>
Capital Assets:						
Land	27,901,661	1,807,965	2,338,807	11,455,600	43,504,033	358,759
Buildings, improvements, equipment and systems	768,090,816	311,500,689	492,940,091	49,020,512	1,621,552,108	124,279,192
Construction in progress	45,593,581	9,621,285	21,971,238	397,779	77,583,883	9,282,810
Less accumulated depreciation	<u>(227,282,345)</u>	<u>(124,120,256)</u>	<u>(258,747,529)</u>	<u>(28,400,926)</u>	<u>(638,551,056)</u>	<u>(74,532,147)</u>
Net capital assets	<u>614,303,713</u>	<u>198,809,683</u>	<u>258,502,607</u>	<u>32,472,965</u>	<u>1,104,088,968</u>	<u>59,388,614</u>
Other Assets	123,374,631	-	-	-	123,374,631	-
Advance to other funds	3,896,269	-	-	-	3,896,269	-
Note Receivable	279,667	-	-	-	279,667	-
Total noncurrent assets	<u>923,161,984</u>	<u>214,404,666</u>	<u>273,159,862</u>	<u>33,326,763</u>	<u>1,444,053,275</u>	<u>62,020,472</u>
Total Assets	<u>1,068,188,053</u>	<u>241,925,367</u>	<u>298,678,751</u>	<u>41,338,674</u>	<u>1,650,130,845</u>	<u>122,504,982</u>
Deferred Outflows of Resources						
Deferred charges on debt refundings	217,058	151,115	273,421	89	641,683	46,931
Deferred charges on pensions	10,844,450	1,949,110	2,650,556	2,900,019	18,344,135	6,433,741
Deferred charges on OPEB	1,175,212	304,338	477,576	594,630	2,551,756	1,189,228
Deferred charges on derivatives	1,484,088	-	-	-	1,484,088	-
Deferred charges on ARO	420,750	-	-	-	420,750	-
Total deferred outflows	<u>14,141,558</u>	<u>2,404,563</u>	<u>3,401,553</u>	<u>3,494,738</u>	<u>23,442,412</u>	<u>7,669,900</u>

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

City of Garland, Texas
Proprietary Funds
Statement of Net Position
September 30, 2019

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES						
Current liabilities:						
<i>Payable from current assets</i>						
Accounts payable and accrued liabilities	\$ 26,867,484	\$ 4,191,203	\$ 1,201,413	\$ 700,960	\$ 32,961,060	\$ 4,221,823
Due to other funds	-	-	-	-	-	1,709,263
Insurance claims payable	-	-	-	-	-	5,798,357
Accrued interest payable:						
General obligation bonds	37,183	6,676	22,681	83	66,623	104,638
Certificates of obligation	826,051	-	-	72,175	898,226	18,461
Revenue bonds	1,280,350	349,276	367,546	-	1,997,172	-
Customer deposits	458,000	-	-	-	458,000	16,832,635
General obligation bonds	4,595,000	410,000	1,745,000	-	6,750,000	1,470,000
Certificates of obligation	15,545,000	-	-	3,045,000	18,590,000	250,000
Revenue bonds	14,195,000	7,215,000	9,275,000	-	30,685,000	-
Compensated absences	1,608,106	280,891	407,192	337,163	2,633,352	877,855
Derivative instruments-energy risk management	968,234	-	-	-	968,234	-
Total current liabilities	<u>66,380,408</u>	<u>12,453,046</u>	<u>13,018,832</u>	<u>4,155,381</u>	<u>96,007,667</u>	<u>31,283,032</u>
Long-term liabilities:						
<i>Payable from restricted assets</i>						
Accounts payable	9,904,827	587,204	981,906	-	11,473,937	180,773
Retainage payable	856,818	14,124	530,937	-	1,401,879	23,454
Escrow payable	140,710	1,600	-	-	142,310	-
Total payable from restricted assets	<u>10,902,355</u>	<u>602,928</u>	<u>1,512,843</u>	<u>-</u>	<u>13,018,126</u>	<u>204,227</u>
Advances from other funds	-	-	-	-	-	3,896,269
Revenue bonds payable (net of unamortized premium)	340,489,501	97,964,698	91,492,980	-	529,947,179	-
Certificates of obligation (net of unamortized premium)	118,034,328	-	-	9,742,222	127,776,550	3,499,604
General obligation bonds (net of unamortized premium and defeased bond costs)	1,338,187	674,262	1,918,814	16,653	3,947,916	17,064,641
Commercial paper	68,000,000	12,500,000	20,000,000	-	100,500,000	-
Unearned revenue	-	975,037	-	-	975,037	-
Insurance claims payable	-	-	-	-	-	6,349,054
Asset retirement obligations	480,322	-	-	-	480,322	-
TMPA decommissioning liability	50,328,348	-	-	-	50,328,348	-
Net OPEB liability	9,088,433	2,353,578	3,693,307	4,598,530	19,733,848	9,197,058
Compensated absences	478,250	24,705	118,459	45,958	667,372	114,961
Net pension liability	14,125,957	2,538,807	3,452,426	3,777,465	23,894,655	8,380,698
Derivative instruments-energy risk management	515,854	-	-	-	515,854	-
Total other liabilities	<u>602,879,180</u>	<u>117,031,087</u>	<u>120,675,986</u>	<u>18,180,828</u>	<u>858,767,081</u>	<u>48,502,285</u>
Total non-current liabilities	<u>613,781,535</u>	<u>117,634,015</u>	<u>122,188,829</u>	<u>18,180,828</u>	<u>871,785,207</u>	<u>48,706,512</u>
Total Liabilities	<u>680,161,943</u>	<u>130,087,061</u>	<u>135,207,661</u>	<u>22,336,209</u>	<u>967,792,874</u>	<u>79,989,544</u>
Deferred Inflows of Resources						
Deferred charges on debt refundings	2,782	1,047	6,116	-	9,945	43,213
Deferred charges on pensions	310,820	55,776	75,807	83,034	525,437	184,508
Deferred charges on OPEB	662,308	171,514	269,145	335,112	1,438,079	670,195
Total deferred inflows of resources	<u>975,910</u>	<u>228,337</u>	<u>351,068</u>	<u>418,146</u>	<u>1,973,461</u>	<u>897,916</u>
NET POSITION						
Net investment in capital assets	178,255,059	91,565,510	142,696,206	20,522,888	433,039,663	39,532,000
Restricted for:						
Debt service	-	3,473,868	4,519,019	-	7,992,887	-
Rate mitigation	173,892,697	-	-	-	173,892,697	-
Unrestricted	49,044,002	18,975,154	19,306,350	1,556,169	88,881,675	9,755,422
Total net position	<u>\$ 401,191,758</u>	<u>\$ 114,014,532</u>	<u>\$ 166,521,575</u>	<u>\$ 22,079,057</u>	<u>703,806,922</u>	<u>\$ 49,287,422</u>

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.

Net position of business type activities

17,248,997
\$ 721,055,919

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

City of Garland, Texas
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2019

	Business-type Activities					Governmental
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:						
Charges for services	\$ 291,458,932	\$ 75,578,798	\$ 46,737,430	\$ 29,365,711	\$ 443,140,871	\$ 52,597,387
Insurance premiums	-	-	-	-	-	36,465,042
Other	10,224,577	380,866	99,928	200,477	10,905,848	2,362,191
Total Operating Revenues	301,683,509	75,959,664	46,837,358	29,566,188	454,046,719	91,424,620
OPERATING EXPENSES:						
Salaries and benefits	26,790,512	5,464,752	9,784,179	11,314,968	53,354,411	24,148,523
TMPA decommissioning expense	3,418,543	-	-	-	3,418,543	-
Amortization of other assets	6,942,696	-	-	-	6,942,696	-
Energy and fuel purchases	124,592,375	-	-	-	124,592,375	-
Water purchases	-	38,752,328	-	-	38,752,328	-
Landfill fees	-	-	-	3,216,833	3,216,833	-
Maintenance, repairs, and other	12,598,455	4,814,592	8,362,569	8,136,520	33,912,136	21,766,483
Insurance and other expenses	3,737,113	547,217	601,726	656,173	5,542,229	-
General and administrative	13,504,901	4,460,874	4,277,222	2,419,682	24,662,679	6,322,105
Capitalized general and administrative	-	(213,751)	(429,366)	-	(643,117)	-
Premiums	-	-	-	-	-	7,549,838
Claims	276,896	68,849	109,666	117,246	572,657	25,568,465
Administrative services	-	-	-	-	-	680,285
Depreciation	18,719,093	8,270,168	12,799,073	4,541,023	44,329,357	8,581,783
Total Operating Expenses	210,580,584	62,165,029	35,505,069	30,402,445	338,653,127	94,617,482
Total Operating Income (Loss)	\$ 91,102,925	\$ 13,794,635	\$ 11,332,289	\$ (836,257)	\$ 115,393,592	\$ (3,192,862)
NONOPERATING REVENUES (EXPENSES)						
Gain (loss) on disposal of capital assets	\$ (3,384,928)	\$ 2,311	\$ 17,650	\$ 381,320	\$ (2,983,647)	\$ 667,788
Loss on derivative instruments	(5,467,256)	-	-	-	(5,467,256)	-
Other	4,587,575	-	-	-	4,587,575	-
Investment income	6,690,944	542,853	837,756	161,959	8,233,512	1,651,049
Interest expense	(16,863,256)	(3,256,602)	(2,745,460)	(179,102)	(23,044,420)	(550,118)
Income (loss) before transfers and contributions	76,666,004	11,083,197	9,442,235	(472,080)	96,719,356	(1,424,143)
Capital contributions	186,570	2,223,720	901,303	-	3,311,593	-
TRANSFERS						
Transfers in	1,348,056	742,630	870,910	1,889,277	4,850,873	686,347
Transfers out	(25,586,596)	(7,087,149)	(6,104,844)	(1,167,918)	(39,946,507)	(4,745,635)
Net transfers	(24,238,540)	(6,344,519)	(5,233,934)	721,359	(35,095,634)	(4,059,288)
NET INCOME (LOSS)	52,614,034	6,962,398	5,109,604	249,279	64,935,315	(5,483,431)
Net position, beginning of year	348,607,242	107,052,134	161,411,971	21,829,778	638,901,125	54,770,853
Cumulative effect of change in accounting principle	(29,518)	-	-	-	(29,518)	-
Net position, beginning of year, restated	348,577,724	107,052,134	161,411,971	21,829,778	638,871,607	54,770,853
Net position, end of year	\$ 401,191,758	\$ 114,014,532	\$ 166,521,575	\$ 22,079,057	703,806,922	\$ 49,267,422

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business type activities

(612,811)

Change in net position of business-type activities

\$ 64,322,504

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

**City of Garland, Texas
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2019**

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds		Internal Service Funds
				Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:						
Cash received from customers	\$ 263,377,551	\$ 73,946,759	\$ 47,138,341	\$ 29,424,619	\$ 413,887,270	\$ 89,348,449
Cash received for customer deposit	94,035	-	-	-	94,035	934,890
Cash paid to suppliers	(149,726,337)	(47,724,774)	(12,373,262)	(14,793,536)	(224,617,909)	(60,762,973)
Cash paid to employees for services	(23,901,854)	(4,940,945)	(9,061,521)	(10,586,803)	(48,491,123)	(22,494,336)
Cash from other sources	4,587,575	-	-	-	4,587,575	-
Other operating revenues	10,224,577	380,866	99,928	200,477	10,905,848	2,362,191
Net cash provided by operations	104,655,547	21,661,906	25,803,486	4,244,757	156,365,696	9,388,221
Cash flows from noncapital financing activities:						
Due from other funds decrease	-	15,562	12,598	952,385	980,545	5,197
Due to other funds decrease	(2,452)	-	-	-	(2,452)	(116,858)
Due from other governments increase	(2,640)	-	-	-	(2,640)	-
Intergovernmental	-	975,037	-	-	975,037	-
Transfers in	1,348,056	742,630	870,910	1,889,277	4,850,873	686,347
Transfers out	(25,586,596)	(7,087,149)	(6,104,844)	(1,167,918)	(39,946,507)	(4,745,635)
Net cash provided by (used for) noncapital financing activities	(24,243,632)	(5,353,920)	(5,221,336)	1,673,744	(33,145,144)	(4,170,949)
Cash flows from capital and related financing activities:						
Proceeds from sales of:						
Certificates of obligation	-	-	-	2,595,000	2,595,000	755,000
Revenue bonds	-	6,670,000	-	-	6,670,000	-
Refunding bonds	147,610,000	3,190,000	6,510,000	-	157,310,000	12,365,000
Premium on issuance of debt	15,361,321	332,718	735,955	378,459	16,808,453	1,836,564
Commercial paper	225,870,000	12,500,000	20,000,000	-	258,370,000	-
Acquisition and construction of capital assets	(61,831,355)	(10,553,465)	(21,152,365)	(8,687,857)	(102,225,042)	(10,549,190)
Principal paid on:						
Revenue bonds	(11,150,000)	(6,360,000)	(8,750,000)	-	(26,260,000)	-
Certificates of obligation	(14,040,000)	-	-	(3,450,000)	(17,490,000)	(1,270,000)
General obligation bonds	(5,115,000)	(615,000)	(1,945,000)	-	(7,675,000)	(725,000)
Payment to escrow agent	(4,336,268)	(3,503,435)	(7,206,927)	-	(15,046,630)	(13,958,215)
Commercial paper	(317,310,000)	-	-	-	(317,310,000)	-
Interest paid on:						
Revenue bonds	(12,717,763)	(4,544,934)	(4,860,186)	-	(22,122,883)	-
Certificates of obligation	(6,815,750)	-	-	(536,820)	(7,352,570)	(135,355)
General obligation bonds	(418,876)	(67,025)	(225,524)	(650)	(712,075)	(866,860)
Commercial paper	(2,591,127)	(275,961)	(299,315)	-	(3,166,403)	-
Bond issue expense	101,151	49,278	101,116	-	251,545	239,255
Loss on derivative instruments	(5,467,256)	-	-	-	(5,467,256)	-
Contributions	-	148,151	152,910	-	301,061	-
Proceeds from sales of assets	58,355	2,311	17,650	662,701	741,017	857,077
Net cash used for capital and related financing activities	(52,792,568)	(3,027,362)	(16,921,686)	(9,039,167)	(81,780,783)	(11,451,724)

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

**City of Garland, Texas
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2019**

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor		Internal Service Funds
				Enterprise Funds	Total Enterprise Funds	
Cash flows from investing activities:						
Purchase of investment securities	(113,419,409)	(7,172,754)	(10,403,558)	(2,378,635)	(133,374,356)	(20,410,903)
Proceeds from sale and maturities of investment securities	65,643,561	4,278,915	9,741,967	3,109,131	82,773,574	17,442,466
Interest received on investments	6,278,687	521,801	818,507	158,841	7,777,836	1,589,559
Net cash provided by (used for) investing activities	(41,497,161)	(2,372,038)	156,916	889,337	(42,822,946)	(1,378,878)
Net increase (decrease) in cash and cash equivalents	(13,877,814)	10,908,586	3,817,380	(2,231,329)	(1,383,177)	(7,613,330)
Cash and cash equivalents at beginning of the year	108,025,788	12,160,254	17,734,075	5,055,714	142,975,831	34,824,494
Cash and cash equivalents at end of the year	\$ 94,147,974	\$ 23,068,840	\$ 21,551,455	\$ 2,824,385	\$ 141,592,654	\$ 27,211,164
Reconciliation to Statement of Net Position						
Cash and cash equivalents	\$ 28,061,057	\$ 8,062,905	\$ 9,720,224	\$ 2,406,096	\$ 48,250,282	\$ 25,937,828
Revenue bond cash and cash equivalents	-	3,473,868	4,519,019	-	7,992,887	-
Rate mitigation cash and cash equivalents	59,388,588	-	-	-	59,388,588	-
Construction fund cash and cash equivalents	6,698,329	11,532,067	7,312,212	418,289	25,960,897	1,273,336
Total cash and cash equivalents	<u>\$ 94,147,974</u>	<u>\$ 23,068,840</u>	<u>\$ 21,551,455</u>	<u>\$ 2,824,385</u>	<u>\$ 141,592,654</u>	<u>\$ 27,211,164</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities						
Operating income (loss)	\$ 91,102,925	\$ 13,794,635	\$ 11,332,289	\$ (836,258)	\$ 115,393,591	\$ (3,192,862)
Adjustments:						
Depreciation expense	18,719,093	8,270,168	12,799,073	4,541,023	44,329,357	8,581,783
Amortization of other assets	6,942,696	-	-	-	6,942,696	-
Miscellaneous nonoperating income	4,587,575	-	-	-	4,587,575	-
Change in allowance for uncollectible accounts	338,498	4,640	1,213	12,530	356,881	-
Change in assets and liabilities						
Increase in pension related deferred outflows	(7,566,754)	(1,360,507)	(1,850,367)	(2,023,983)	(12,801,611)	(4,488,549)
Increase in OPEB related deferred outflows	(132,894)	(34,415)	(54,004)	(67,241)	(288,554)	(134,452)
(Increase) decrease in accounts receivable	(28,140,212)	(1,636,679)	399,698	46,378	(29,330,815)	286,019
(Increase) decrease in notes receivable	(279,667)	-	-	-	(279,667)	-
(Increase) decrease in inventory	(1,192,958)	-	-	9,935	(1,183,023)	356,270
Decrease in net pension assets	241,113	43,299	58,863	64,442	407,717	143,090
Decrease in other assets	444,044	-	-	-	444,044	-
Increase in net pension liability	14,125,957	2,538,807	3,452,426	3,777,465	23,894,655	8,380,697
(Increase) decrease in other prepaid expense	337,293	(1,298)	-	(372,340)	(36,345)	10,260
Increase in accounts payable	8,925,295	726,184	581,745	156,650	10,389,874	530,313
Increase in escrow payable	-	1,600	-	-	1,600	-
Increase in compensated absences	124,409	32,435	54,478	(2,960)	208,362	31,989
Increase in customer deposits	94,035	-	-	-	94,035	934,890
Decrease in OPEB liability	(467,050)	(120,949)	(189,797)	(236,316)	(1,014,112)	(472,634)
Increase in insurance claims payable	-	-	-	-	-	310,016
Decrease in pension related deferred inflows	(4,066,120)	(730,227)	(992,742)	(1,086,799)	(6,875,888)	(2,413,044)
Increase in OPEB related deferred inflows	518,269	134,213	210,611	262,231	1,125,324	524,435
Total adjustments	13,552,622	7,867,271	14,471,197	5,081,015	40,972,105	12,581,083
Net cash provided by operating activities	\$ 104,655,547	\$ 21,661,906	\$ 25,803,486	\$ 4,244,757	\$ 156,365,696	\$ 9,388,221
Noncash investing, capital and financing activities:						
Contributions from developers	186,570	2,075,569	748,393	-	3,010,532	-
Increase in fair market value of investments	1,826,818	128,180	186,143	42,015	2,183,156	396,226
Change in restricted accounts payable	6,920,537	(117,885)	(184,006)	-	6,618,646	168,641

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

City of Garland, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2019

	Other Post Employment Benefits Trust Fund
Assets	
Investments:	
Equity mutual funds	\$ 3,529,780
Fixed income mutual funds	3,549,688
Money market fund	294,210
Total investments	7,373,678
Total assets	\$ 7,373,678
Net Position	
Held in trust for other post employment benefits and other purposes	7,373,678
Total net position	\$ 7,373,678

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

City of Garland, Texas
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2019

	Other Post Employment Benefits Trust Fund
Additions	
Earnings from investments	\$ 413,963
Employer contributions	6,632,455
Total additions	7,046,418
 Deductions	
Administrative expenses	34,804
Payments to beneficiaries	5,297,455
Total deductions	5,332,259
Change in net position	1,714,159
Net position, beginning of year	5,659,519
Net position, end of year	\$ 7,373,678

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

City of Garland, Texas
Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and eight-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Discretely Presented Component Unit

The Garland Housing Finance Corporation (GHFC) was organized to finance the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at affordable prices. GHFC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. GHFC is reported as a proprietary entity and maintains their accounts on an accrual basis of accounting. On October 1, 2012, GHFC hired an outside accounting firm to conduct their bookkeeping and accounting. The financial information for GHFC is included in the statements for the period of January 1, 2018 through December 31, 2018. Complete separate December 31, 2018 financial statements for GHFC may be obtained from the City.

Blended Component Unit

The Garland Foundation for Development (GFFD) was organized to promote economic development within the City of Garland. The City Council serves as the board members for GFFD and the Assistant City Manager is the Executive Director. GFFD is reported as a blended component unit of the non-major governmental funds.

In 2018, the City of Garland created the Garland Public Facility Corporation (GPFC) as a public facility corporation under Chapter 303 of the Texas Local Development Code. The GPFC was organized exclusively for the purpose of assisting the City in financing, refinancing, or providing public facilities. The Mayor and City Council serves as the board members of the GPFC. GPFC is reported as a blended component unit of the non-major governmental funds.

B. 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 all of the nonfiduciary 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 a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

City of Garland, Texas
Notes to the Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers sales tax revenue to be available if they are collected within 30 days of the end of the current fiscal period and all other revenues available if they are collected within 60 days of the end of the annual fiscal year. 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, actuarially determined pension and OPEB expenses, and claims and judgments, are recorded only when payment is due. Grant revenues are recognized as revenues when all eligibility requirements are met.

Property taxes, franchise fees, licenses, mowing liens, sales taxes, EMS fees, court fines, and earnings on investments 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 to the extent they are available as defined above. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

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

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

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

City of Garland, Texas
Notes to the Financial Statements (Continued)

The City reports the following major proprietary funds:

The Electric Fund accounts for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide electric service for the residents of the City.

The Water Fund accounts for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide water service for the residents of the City.

The Sewer Fund accounts for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide wastewater treatment service for the residents of the City.

Additionally, the City reports the following fund categories:

Special revenue funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. These specific revenue sources are Community Development Block Grants, Housing Assistance Grants, Neighborhood Services Grants and Funding, Hotel/Motel Tax, Impact Fees, Landfill Closure Funding, Police Training, Substandard Perimeter Road Funding, Narcotic Seizure Funding, Tax Increment Finance funds, and GFFD.

The City's nonmajor enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that costs of providing goods and services to the general public on a continuing basis will be financed or recovered through user charges. These funds are the Golf Fund, the Heliport Fund, the Storm Water Management Fund, the Parks Performance Fund, and the Sanitation Fund.

Internal service funds account for group health, self-insurance, long-term disability, fleet services, vehicle replacement, information technology, facilities management, warehouse, and customer services to other departments of the City on a cost reimbursement basis.

The Other Post-Employment Benefits trust fund accounts for the activities of the trust fund which accumulates resources for OPEB related benefits, and is excluded from the government-wide financial statements.

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

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

City of Garland, Texas
Notes to the Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating 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 City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer systems. Operating expenses for enterprise funds and internal service 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net position or equity

1. *Deposits and investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and the City Council approved investment policy authorize the City to invest in obligations of the Agencies and Instrumentalities of the U.S. Treasury, commercial paper, FDIC insured Certificates of Deposit, repurchase agreements, reverse repurchase agreements, SEC registered no-load money market mutual funds, and investment pools.

The deposits and investments of the OPEB trust fund are held separately from those of other City funds by an outside trustee appointed by the City.

Investments for the primary government, as well as for its component units, are reported at fair value. The Texpool and TexStar investment pools operate in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

City of Garland, Texas Notes to the Financial Statements (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible accounts for utility billing is estimated based on collection experience. All other allowance for uncollectible accounts is based on accounts outstanding in excess of 360 days of the invoice date and collection experience. The property tax receivable allowance is based on the average collection rate of delinquent taxes over the last five years.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established by the Dallas Central Appraisal District at 100% of estimated market value. Property taxes attach an enforceable lien on property as of January 1. Taxes are due immediately following the October 1 levy date and are considered delinquent after January 31 of the following year. Penalty and interest are charged at 7% on delinquent taxes beginning February 1 and increases each month to 18% on July 1. After all collection efforts have failed, the City files suit to collect the delinquent taxes.

In Texas, countywide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews by the appraisal district through various appeals and, if necessary, legal action. Under this system the City sets tax rates on property within the City. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

3. Inventories and prepaid items

All inventories are valued at average cost and consist of expendable supplies held for consumption or the construction of plant and equipment. Inventories are accounted for under the consumption method.

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.

4. Restricted assets

Certain proceeds of the City's general obligation bonds, certificates of obligation, and revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet or statement of net position because their use is limited by applicable bond covenants or they are maintained in separate bank accounts due to City Charter requirements. The "rate mitigation" account is used to report resources set aside to subsidize potential deficiencies from Electric Fund operations that could adversely affect rates that are charged to customers. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction of assets.

City of Garland, Texas
Notes to the Financial Statements (Continued)

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the City as tangible or intangible assets used in operations with an initial useful life in excess of one year. Capital asset values are established on a department by department basis where the initial asset cost is \$5,000 and above.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value for buildings excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond 40 years. The reported value for infrastructure includes all upgrades and is depreciated over a useful life of 15-50 years. In the case of contributed assets, the City values these capital assets at the acquisition value of the item at the date of its contribution.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capital value of the assets constructed. The total interest expense by the City during the current year was \$33,073,237. Of this amount, \$1,758,451 was included as part of the cost of capital assets under construction in connection with electric, water, and sewer construction projects.

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

<u>Assets</u>	<u>Years</u>
Buildings	15 – 40
Improvements other than buildings	5 – 15
Equipment	2 – 10
Systems and Infrastructure	15 – 50

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Employees are reimbursed upon termination for accumulated vacation and only non-exempt employees are reimbursed for compensatory time. Employees are not reimbursed upon termination for accumulated sick leave except for police and firefighters who are reimbursed up to a maximum of 90 days accumulated sick leave. The liabilities for these amounts are accrued as they are incurred in the government-wide and proprietary fund financial statements.

City of Garland, Texas
Notes to the Financial Statements (Continued)

7. Long-term obligations

In the government-wide financial statements, and proprietary funds 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 interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

8. Classifications of Fund balance

Fund balances for governmental funds are reported in classifications that demonstrate the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The governmental fund classifications are as follows:

Nonspendable – The portion of fund balance that cannot be spent because it is either (a) not in spendable form, such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact.

Restricted – The portion of fund balance that is restricted for specific purposes due to constraints imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – The portion of fund balance that can only be used for specific purposes by the City's highest level of decision-making authority, the City Council, and are imposed by the City Council through an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until an ordinance is imposed to remove or revise the limitation.

Assigned – The portion of the fund balance that is constrained by the City's intent for specific purposes, but are not restricted or committed. In fund balance policy, the City Council delegates authority to the Director of Finance or the Director of Finance's designee to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned – The portion of the fund balance that is not restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned funds balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, if expenditures incurred for specific purposes exceed the amounts that are not restricted, committed, or assigned to this purpose, it may be necessary to report a negative fund balance in that fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

City of Garland, Texas
Notes to the Financial Statements (Continued)

In order to remain financially strong and provide a framework for prudent financial management, the City maintains a minimum unassigned fund balance goal in the General fund of 30 days of budget-based operating expenditures.

Fund balances for governmental activities as of September 30, 2019 are:

<i>Fund Balance</i>	<i>General Fund</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Other Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Nonspendable:					
General government	\$ 42,686	\$ -	\$ -	\$ 3,017	\$ 45,703
Public Safety	-	-	4,173,778	-	4,173,778
Housing Assistance	-	-	-	3,029	3,029
Total Nonspendable	42,686	-	4,173,778	6,046	4,222,510
Restricted:					
General government	\$ 1,758,414	\$ -	\$ -	\$ 4,188,943	\$ 5,947,357
Debt service	-	5,589,684	-	-	5,589,684
Parks construction	-	-	918,946	-	918,946
Public facilities	-	-	28,975,889	-	28,975,889
Housing assistance	-	-	-	1,898,867	1,898,867
Public safety	-	-	-	278,305	278,305
Total Restricted	1,758,414	5,589,684	29,894,835	6,366,115	43,609,048
Committed:					
General government	2,445,765	-	-	-	2,445,765
Public works and infrastructure	5,204,876	-	-	10,207,382	15,412,258
Total Committed	7,650,641	-	-	10,207,382	17,858,023
Assigned:					
General government	3,230,000	-	8,704,005	-	11,934,005
Total Assigned	3,230,000	-	8,704,005	-	11,934,005
Unassigned	23,139,762	-	-	(96,565)	23,043,197
Total fund balance	\$ 35,821,503	\$ 5,589,684	\$ 42,772,618	\$ 16,482,978	\$ 100,666,783

9. Fund net position

In the fund financial statements, proprietary funds report restricted net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

City of Garland, Texas
Notes to the Financial Statements (Continued)

10. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refunding – The deferred charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or the refunded debt.
- Pension and OPEB contributions subsequent to measurement date – The deferred charges result from contributions made after the measurement date of the plans to the current fiscal year end. These charges will be recognized in the subsequent fiscal year end.
- Difference in projected and actual earnings – The difference is deferred and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Difference in assumption changes – The difference is deferred and amortized over estimated average remaining lives of all members determined as of measurement date.
- Deferred charges on asset retirement obligation – The deferred charge will be recognized as an outflow of resources over the remaining estimated useful life of the asset.

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

- Fair value of energy risk derivatives – The deferred charge represents fuel swap hedging activity and is calculated as the difference between the closing futures price at the end of the reporting period, and the futures price at the time the positions were established.
- Deferred charges on refunding – The deferred charge results from the difference in carry value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or the refunded debt.
- Difference in expected and actual economic experience – The difference is deferred and will be amortized as a component of pension and OPEB expense over the estimated average remaining lives of all members determined as of measurement date.

11. New accounting principles

The City implemented the following new GASB standards during the fiscal year ended September 30, 2019:

The GASB has issued Statement No. 83, "*Certain Asset Retirement Obligations*" ("GASB 83"), is effective in fiscal year 2019. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

City of Garland, Texas
Notes to the Financial Statements (Continued)

With the implementation of Statement No. 83, the City's proprietary fund financial statement were restated to reflect the beginning net ARO liability, deferred outflow resources and the recognition of ARO expense made between the start of the measurement period and the City's prior fiscal year. The restatement to beginning net position is noted below and reflected on the statements:

	Government-wide		Fund Level	
	Governmental Activities	Business-type Activities	Statement of Revenues, Expense and Changes in Net Position – Proprietary Funds	
			Business-type	Internal Services
Net position at 10/01/18	\$ 187,842,411	\$ 656,762,933	\$ 638,901,125	\$ 54,770,853
Change in reporting for ARO	-	(29,518)	(29,518)	-
Net position restated at 10/01/18	<u>\$ 187,842,411</u>	<u>\$ 656,733,415</u>	<u>\$ 638,871,607</u>	<u>\$ 54,770,853</u>

The GASB has issued Statement No. 88, “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*” (“GASB 88”), is effective in fiscal year 2019. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of Statement No. 88 had no impact on the City's financial statements.

GASB issued the following new accounting standards that are expected to be implemented by the City in future years:

The GASB has issued Statement No. 84, “*Fiduciary Activities*” (“GASB 84”), which will be effective in fiscal year 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 87 “*Leases*” (GASB 87), which will be effective in fiscal year 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance of consistency of information about governments' leasing activities. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period*” (“GASB 89”), which will be effective in fiscal year 2020. The objective of this statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This City is currently evaluating the impact of this statement.

City of Garland, Texas
Notes to the Financial Statements (Continued)

The GASB has issued Statement No. 90, *“Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61”* (“GASB 90”), which will be effective in fiscal year 2020. The objective of this statement is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 91, *“Conduit Debt Obligations”* (“GASB 91”), which will be effective in fiscal year 2021. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 92, *“Omnibus 2020”* (“GASB 92”), which will be effective in fiscal year 2021. The objectives of this statement are to enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB statements. The City has not yet evaluated the impact of the implementation of this standard.

City of Garland, Texas
Notes to the Financial Statements (Continued)

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$229,235,000 difference is as follows:

General Obligation bonds – General Government portion	\$134,030,000
Certificates of Obligation – General Government portion	<u>95,205,000</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at net position – governmental activities	<u>\$229,235,000</u>

The portion of Certificates of Obligation amounting to \$3,455,000 and a portion of General Obligation amounting to \$16,640,000 was issued for Internal Service fund projects.

City of Garland, Texas
Notes to the Financial Statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between *net changes in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$4,181,203 difference are as follows:

Debt issued or incurred:	
Issuance of certificate of obligation – Governmental Funds	\$ (21,775,000)
Issuance of general obligation bonds – Governmental Funds	(34,905,000)
Net premium on issuance of bonds	(7,458,657)
Principal repayments:	
General obligation debt	19,625,000
Certificates of obligation	7,315,000
Refunded debt of general obligation debt	38,880,223
Amortization of bond premium	4,171,753
Change in landfill closure liability	(1,186,115)
Change in compensated absences liability	(486,001)
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 4,181,203

City of Garland, Texas
Notes to the Financial Statements (Continued)

Another element of that reconciliation states that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.” The details of this \$36,772,024 difference are as follows:

Capital outlays	\$ 64,584,868
Developers contributions	2,421,914
General Fund expense outlays	2,692,075
Depreciation expense	(32,611,041)
Proceeds from disposal of assets	(1,190,890)
Gain on disposals of assets	875,098
	<u>36,772,024</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 36,772,024</u>

III. Stewardship, compliance, and accountability

Deficit fund equity

The Landfill Closure Fund deficit of \$96,565 is due to an accrual of expenditures associated with the ongoing closure cost at the Castle Landfill. This deficit will be eliminated during budget year 2020.

The Self-Insurance Fund deficit of \$1,420,261 is a result of an accrual of claims incurred but not reported of \$6,500,950. This accrual was made on the basis of an actuarial analysis completed in 2018 and will be funded in future periods as the payments become due.

The Long-Term Disability Insurance Fund deficit of \$1,206,610 is the result of an accrual of claims incurred but not reported of \$3,112,604. This accrual was made on the basis of an actuarial analysis completed in 2018 and will be funded in future periods as the payments become due.

The Fleet Services Fund deficit of \$489,029 was created due to the recognition of the actuarially determined net pension liability and other postemployment benefits liability. This deficit will be eliminated by the support service allocation charge to other operating funds in future years.

The Facilities Management Fund deficit of \$768,907 was created due to the recognition of the actuarially determined net pension liability and other postemployment benefits liability. This deficit will be eliminated by the support service allocation charge to other operating funds in future years.

The Warehouse Fund deficit of \$327,502 was created due to the recognition of the actuarially determined net pension liability and other postemployment benefits liability. This deficit will be eliminated by the support service allocation charge to other operating funds in future years.

City of Garland, Texas
Notes to the Financial Statements (Continued)

IV. Detailed notes on all funds

A. Deposits and investments

Deposits. Consistent with the requirements of State law and the City's investment policy, the City requires all bank and savings bank deposits to be federally insured, fully secured through an FHLB standby letter of credit ("LOC") or collateralized with eligible securities in accordance with Texas Government Code Chapter 2257. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2019. Collateral was held by the Federal Reserve Bank in the City name under a joint safekeeping agreement with JP Morgan Chase Bank. The market value of the collateral at the close of the fiscal year was \$2,201,647.

As of September 30, 2019, the carrying amount of the City's deposits was \$2,182,440 and the bank balance was \$2,197,509. These balances include the City's blended component unit (Garland Foundation for Development). On September 30, 2019, the City's bank balance and the balance for GFFD was fully collateralized. Bank balances for the City's discretely presented component unit (Garland Housing Finance Corporation) were fully collateralized and the carrying value of the component unit's deposits was \$1,305,344.

Investments. State statutes, the City's Investment Policy, and the City Statement of Investment Strategies govern the investments of the City. The City is authorized to invest in obligations of the U.S. Government and its agencies and instrumentalities, federal agency discount-amortizing notes, federal agency coupon securities, managed pool accounts and Certificates of Deposit.

As of September 30, 2019, the City had the following cash equivalents and investments:

<u>Investment Type</u>	<u>Fair Value</u>		<u>% of portfolio</u>	<u>WAM</u>	<u>Rating</u>	<u>Rating Agency</u>
	<u>Book Value</u>	<u>Level 2</u>				
Federal Farm Credit Bank	\$ 122,093,672	\$ 123,335,410	23.82%	622	AA+/Aaa	S&P/Moody's
Federal Home Loan Bank	78,760,038	79,312,334	15.37%	475	AA+/Aaa	S&P/Moody's
Federal Home Loan Mortgage Corp	30,729,849	30,767,863	6.00%	460	AA+/Aaa	S&P/Moody's
Federal National Mortgage Association	24,930,189	25,035,843	4.86%	432	AA+/Aaa	S&P/Moody's
Federal Agriculture Mortgage Corp	8,003,183	8,163,712	1.56%	851	AA+/Aaa	S&P/Moody's
Certificates of Deposit	6,080,200	-	1.19%	1	N/A	N/A
Investment Pools	241,948,921	-	47.20%	1	AAAm	S&P
Total investment fair value	<u>\$ 512,546,052</u>	<u>\$ 266,615,162</u>	<u>100.00%</u>	283		

Weighted average maturity (WAM) of the portfolio by investment type categories reflected in the previous table is stated in days. The rating agency acronyms are defined as follows: S&P-Standard & Poor's rating agency and Moody's-Moody's Investor Service.

City of Garland, Texas Notes to the Financial Statements (Continued)

Fair Value Measurement. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets and liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are inputs (other than quoted prices within Level 1) that are observable for an asset and liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. For the City, all of the U.S. Government Agency securities and Municipal obligations are classified in Level 2 of the fair value hierarchy and are valued based on their relationship to benchmark quoted prices. Investment Pools and Certificates of Deposit are measured at amortized cost or net asset value and are exempt from fair value reporting.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less than five years and a WAM of three years or less. As of September 30, 2019, the WAM for all cash equivalents and investments was 283 days.

Credit risk. The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating organization. The City's investments in U. S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service as of September 30, 2019.

The City invests in Texpool and TexStar to meet its daily liquidity needs. Texpool and TexStar are local government investment pools (LGIPs) that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. These pools qualify to be valued at amortized cost and have no limitations or restrictions on withdrawals. Texpool and TexStar are funds that allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. Texpool and TexStar are all rated AAAm and must maintain a dollar weighted average maturity not to exceed a 60 day limit. The City considers the holdings in these funds to have a WAM of one day, due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The City invests in Certificates of Deposit. The City has entered into custody services agreement with Stone Castle Cash Management to act as authorized agent to purchase and manage Certificates of Deposit (CDs) in depository banks. The CDs held at each bank are in the City's name and the CD cannot exceed the FDIC insurance amount. Money can be withdrawn from Stone Castle Cash Management with one day notice. The City considers the holding in these CDs to have a weighted average maturity of one day, due to the fact that these funds can be withdrawn with one day notice.

State law limits investments in commercial paper to the top two ratings issued by at least two nationally recognized credit rating agencies. It is the City's policy to limit its investments in these investment types to the top rating issued by national recognized credit rating agencies. As of September 30, 2019, the City held no direct investments in commercial paper.

City of Garland, Texas
Notes to the Financial Statements (Continued)

As of September 30, 2019, the City had the following cash equivalents and investments held by the trust agency Public Agency Retirement Services (PARS) for the OPEB trust fund:

<u>Investment Type</u>	<u>Fair Value</u>
Equity Mutual Funds	\$ 3,529,780
Fixed Income Mutual Funds	3,549,688
Money Market Fund	<u>294,210</u>
 Total investment fair value	 <u>\$ 7,373,678</u>

B. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Other Funds</u>	<u>Total</u>
Receivables:								
Interest	\$ 102,085	\$ -	\$ 234,909	\$ 114,302	\$ 36,610	\$ 46,313	\$ 176,112	\$ 710,331
Taxes	1,222,659	963,853	-	-	-	-	-	2,186,512
Utility Accounts	240,237	-	-	22,705,140	9,667,414	5,319,674	3,401,209	41,333,674
Mowing Liens	838,578	-	-	-	-	-	-	838,578
EMS Accounts	1,815,052	-	-	-	-	-	-	1,815,052
Franchise Fee	1,499,940	-	-	-	-	-	-	1,499,940
Sales Tax	5,213,773	-	-	-	-	-	-	5,213,773
Wholesale & Other Accts	4,307,195	-	2,648,207	63,645,436	1,323,504	172,960	4,721,878	76,819,180
Assessments	16,032	-	-	-	-	-	-	16,032
Gross Receivables	15,255,551	963,853	2,883,116	86,464,878	11,027,528	5,538,947	8,299,199	130,433,072
Less: allowance for uncollectibles	(1,825,077)	(517,693)	-	(903,014)	(117,344)	(62,551)	(124,300)	(3,549,979)
Net total receivables	<u>\$13,430,474</u>	<u>\$ 446,160</u>	<u>\$ 2,883,116</u>	<u>\$ 85,561,864</u>	<u>\$ 10,910,184</u>	<u>\$ 5,476,396</u>	<u>\$ 8,174,899</u>	<u>\$126,883,093</u>

City of Garland, Texas
Notes to the Financial Statements (Continued)

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* in the governmental funds were as follows:

	Unearned
Parks service charges for future events	\$ 468,231
Faulkner receivable	177,129
Grant drawdowns prior to meeting all eligibility requirements	4,365
Homeowner assistance	5,176,346
Other receivables related to capital projects	1,905,540
	\$ 7,731,611

Governmental funds defer revenue recognition in connection with resources that have been earned, but not yet available. These amounts are reported as deferred inflows of resources. At the end of the current fiscal year, the various components of deferred inflows of resources in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable (general fund)	\$ 492,857
Delinquent property taxes receivable (debt service fund)	388,532
Sales tax, mowing liens, EMS, & other receivables (general fund)	4,971,955
Other receivables related to capital projects	2,430,857
	\$ 8,284,201

City of Garland, Texas
Notes to the Financial Statements (Continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

Primary government

	Balance at Oct. 1, 2018	Increases	Decreases	Balance at Sept. 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 98,989,256	\$ 6,721,213	\$ (5,434,181)	\$100,276,288
Internal service land	358,759	-	-	358,759
Construction in progress	25,611,959	45,529,209	(25,478,407)	45,662,761
Internal service construction in progress	5,114,169	5,247,974	(1,079,333)	9,282,810
Total capital assets, not being depreciated	<u>130,074,143</u>	<u>57,498,396</u>	<u>(31,991,921)</u>	<u>155,580,618</u>
Capital assets, being depreciated:				
Buildings	127,038,909	8,409,695	-	135,448,604
Improvements other than buildings	534,199,760	30,322,723	(10,841,333)	553,681,150
Machinery and equipment	101,933,466	9,628,603	(5,716,922)	105,845,147
Internal service buildings, improvements, and equipment	122,138,912	6,572,644	(4,432,364)	124,279,192
Total capital assets being depreciated	<u>885,311,047</u>	<u>54,933,665</u>	<u>(20,990,619)</u>	<u>919,254,093</u>
Less accumulated depreciation for:				
Buildings	(51,189,825)	(3,238,666)	-	(54,428,491)
Improvements other than buildings	(392,257,945)	(20,364,355)	10,841,335	(401,780,965)
Machinery, furniture, and equipment	(68,509,308)	(9,008,020)	5,401,130	(72,116,198)
Internal service buildings, improvements, and equipment	(70,193,438)	(8,581,783)	4,243,074	(74,532,147)
Total accumulated depreciation	<u>(582,150,516)</u>	<u>(41,192,824)</u>	<u>20,485,539</u>	<u>(602,857,801)</u>
Total capital assets, being depreciated, net	<u>303,160,531</u>	<u>13,740,841</u>	<u>(505,080)</u>	<u>316,396,292</u>
Governmental activities capital assets, net	<u>\$ 433,234,674</u>	<u>\$ 71,239,237</u>	<u>\$ (32,497,001)</u>	<u>\$471,976,910</u>

City of Garland, Texas
Notes to the Financial Statements (Continued)

	Balance at Oct. 1, 2018	Increases	Decreases	Balance at Sept. 30, 2019
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 42,089,765	\$ 1,414,268	\$ -	\$ 43,504,033
Construction in progress	35,501,905	110,973,995	(68,892,017)	77,583,883
Total capital assets, not being depreciated	<u>77,591,670</u>	<u>112,388,263</u>	<u>(68,892,017)</u>	<u>121,087,916</u>
Capital assets, being depreciated:				
Utility buildings, improvements, and equipment	1,571,802,102	70,586,633	(20,836,627)	1,621,552,108
Total capital assets being depreciated	<u>1,571,802,102</u>	<u>70,586,633</u>	<u>(20,836,627)</u>	<u>1,621,552,108</u>
Less accumulated depreciation for:				
Utility buildings, improvements, and equipment	(611,333,665)	(44,329,357)	17,111,966	(638,551,056)
Total accumulated depreciation	<u>(611,333,665)</u>	<u>(44,329,357)</u>	<u>17,111,966</u>	<u>(638,551,056)</u>
Total capital assets, being depreciated, net	<u>960,468,437</u>	<u>26,257,276</u>	<u>(3,724,661)</u>	<u>983,001,052</u>
Business-type activities capital assets, net	<u>\$1,038,060,107</u>	<u>\$138,645,539</u>	<u>\$ (72,616,678)</u>	<u>\$ 1,104,088,968</u>

City of Garland, Texas
Notes to the Financial Statements (Continued)

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

Governmental activities:	
General government	\$ 2,051,607
Public safety	3,992,670
Public works	22,888,417
Culture and recreation	3,590,641
Public health	87,706
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	8,581,783
Total depreciation expense – governmental activities	\$ 41,192,824
Business-type activities:	
Electric	\$ 18,719,093
Water	8,270,168
Sewer	12,799,073
Other non-major business-type activities	4,541,023
Total depreciation expense – business-type activities	\$ 44,329,357

The City has identified intangible assets related to right of way easements. These assets have been classified as non-depreciating assets and reported in the same method as land assets.

Construction commitments

The City has active construction projects as of September 30, 2019. At year-end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Water System	\$ 11,100,503	\$ 2,934,395
Sewer System	7,239,519	2,383,170
Electric System	17,136,355	3,885,847
Parks & Recreation	1,167,661	1,100,642
Streets and Drainage	39,481,655	17,932,671
Buildings	6,447,015	15,174
Total	\$ 82,572,708	\$ 28,251,899

City of Garland, Texas
Notes to the Financial Statements (Continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2019, is as follows:

Interfund Payable	General Fund	Electric	Total
General Fund	\$ -	\$ 2,640	\$ 2,640
Capital Project Fund	40,377	-	40,377
Internal Service Funds	1,709,263	-	1,709,263
Non-Major Governmental	190,802	-	190,802
	\$ 1,940,442	\$ 2,640	\$ 1,943,082

Interfund balances are created by short-term deficiencies in cash position in individual funds and it is anticipated that these balances will be repaid within one year or less.

The composition of advances to/from at September 30, 2019, is as follows:

Advance Payable	Electric	Total
Internal Service	\$ 3,896,269	\$ 3,896,269

Advances are created by long-term deficiencies in cash position in individual funds. It is not anticipated that these balances will be repaid within one year or less.

City of Garland, Texas
Notes to the Financial Statements (Continued)

During the year, funds were transferred from one fund to support expenditures of another fund in accordance with the authority established for the individual fund. A summary of interfund transfers by fund type is as follows:

	Transfers In									
	General Fund	Debt Service Fund	Capital Project Fund	Non-major Governmental Funds	Electric	Water	Sewer	Non-major Business-Type Funds	Internal Service Funds	Total Transfers
General	\$ -	\$ -	\$ 1,914,762	\$ 280,213	\$ 1,071	\$ -	\$ -	\$ 395,000	\$ -	\$ 2,591,046
Debt Service	-	-	12,195,000	-	-	-	-	-	86,239	12,281,239
Capital Project	10,618,000	-	-	-	-	-	-	625,000	-	11,243,000
Non-major Governmental	260,000	-	-	-	-	-	-	-	-	260,000
Electric	20,815,636	230,470	3,127,730	-	-	440,305	374,408	-	598,047	25,586,596
Water	6,955,345	131,804	-	-	-	-	-	-	-	7,087,149
Sewer	5,968,862	133,921	-	-	-	-	-	-	2,061	6,104,844
Non-major Business-Type	990,293	172,455	-	5,170	-	-	-	-	-	1,167,918
Internal Service	1,712,314	16,939	-	1,293	1,346,985	302,325	496,502	869,277	-	4,745,635
	<u>\$47,320,450</u>	<u>\$685,589</u>	<u>\$17,237,492</u>	<u>\$ 286,676</u>	<u>\$1,348,056</u>	<u>\$ 742,630</u>	<u>\$ 870,910</u>	<u>\$1,889,277</u>	<u>\$686,347</u>	<u>\$71,067,427</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations; in-lieu-of franchise fees and ad valorem taxes transferred to the General Fund by Water, Wastewater, and Solid Waste; return on investment transferred to the General Fund from the Electric Fund; debt service transfers for payment of principal and interest as these payments are due; and other miscellaneous transfers in accordance with budgetary authorizations.

City of Garland, Texas
Notes to the Financial Statements (Continued)

E. Long-term liabilities

A summary of long-term liabilities, including current portion, for the year ended September 30, 2019, is as follows:

	Balance at Oct. 1, 2018	Increased	Retired	Balance at Sept. 30, 2019	Due within one year
<u>Governmental activities:</u>					
General obligation bonds	\$ 161,905,000	\$ 47,270,000	\$ (58,505,000)	\$ 150,670,000	\$ 20,765,000
Certificates of obligation	98,400,000	22,530,000	(22,270,000)	98,660,000	8,650,000
Unamortized premium and defeased debt costs	15,908,737	9,295,219	(6,129,124)	19,074,832	-
Landfill post closure cost	13,464,219	1,186,115	-	14,650,334	-
Compensated absences	23,091,768	3,051,520	(2,533,530)	23,609,758	10,173,596
Insurance claims payable	11,837,395	310,016	-	12,147,411	5,798,357
OPEB liability	59,274,448	339,602	(3,236,800)	56,377,250	-
Net pension liability	-	63,953,337	-	63,953,337	-
Governmental activities Long-term debt	<u>\$ 383,881,567</u>	<u>\$ 147,935,809</u>	<u>\$ (92,674,454)</u>	<u>\$ 439,142,922</u>	<u>\$ 45,386,953</u>
<u>Business-type activities:</u>					
Utility System revenue bonds	\$ 396,300,000	\$ 163,980,000	\$ (41,015,000)	\$ 519,265,000	\$ 30,685,000
General obligation bonds	18,105,000	-	(7,675,000)	10,430,000	6,750,000
Certificates of obligation	156,320,000	2,595,000	(17,490,000)	141,425,000	18,590,000
Unamortized premium and defeased debt costs	37,963,656	16,875,944	(8,262,955)	46,576,645	-
Commercial Paper	159,440,000	258,370,000	(317,310,000)	100,500,000	-
Compensated absences	3,092,362	685,489	(477,127)	3,300,724	2,633,352
TMPA decommissioning liability	-	50,328,348	-	50,328,348	-
OPEB liability	20,747,960	118,871	(1,132,983)	19,733,848	-
Net pension liability	-	23,894,655	-	23,894,655	-
Asset retirement obligations	-	480,322	-	480,322	-
Business-type activities Long-term debt	<u>\$ 791,968,978</u>	<u>\$ 517,328,629</u>	<u>\$ (393,363,065)</u>	<u>\$ 915,934,542</u>	<u>\$ 58,658,352</u>

City of Garland, Texas
Notes to the Financial Statements (Continued)

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year-end \$16,640,000 of general obligation bond debt, \$3,455,000 of certificates of obligation, \$992,816 of compensated absences, \$2,189,245 of unamortized premium costs, \$9,197,058 of OPEB liabilities, and \$8,380,698 of net pension liabilities from the Internal Service Funds are included in the governmental activities general obligation bonds, certificates of obligation, compensated absences, and OPEB, liabilities. Also, for the governmental activities, compensated absences, net pension liabilities, and OPEB claims payable are generally liquidated by the General Fund.

The proceeds of \$22,530,000 from the sale of certificates of obligation and \$47,270,000 of refunded general obligation bonds for governmental activities are reported as follows:

<u>Fund</u>	<u>Certificates of Obligation</u>	<u>General Obligation Debt</u>	<u>Total Bonded Debt</u>
Capital Project Fund – proceeds from issuance of debt	\$ 21,775,000	\$ -	\$ 21,775,000
Internal Service Fund statement of cash flows – proceeds from sale	755,000	12,365,000	13,120,000
Debt Service Fund – issuance of refunding bonds	-	34,905,000	34,905,000
Total	<u>\$ 22,530,000</u>	<u>\$ 47,270,000</u>	<u>\$ 69,800,000</u>

A summary of short-term debt transactions for the year ended September 30, 2019, is as follows:

	Balance at October 1, 2018	Increased	Retired	Balance at September 30, 2019
<u>Governmental activities:</u>				
Commercial Paper	\$ 6,000,000	\$ 23,500,000	\$ 6,000,000	\$ 23,500,000
Governmental activities short-term debt	<u>\$ 6,000,000</u>	<u>\$ 23,500,000</u>	<u>\$ 6,000,000</u>	<u>\$ 23,500,000</u>

Commercial paper notes (CP) are short-term instruments that have maturities ranging from 1 to 270 days. Interest is paid at maturity but principal is rolled forward by issuing new CP. This process continues, typically for three years, until general obligation bonds (GOs) are issued to refinance outstanding CP. Only after GOs are issued do principal payments begin. The combined amortization of the CP and the GOs is set to not exceed 20 years. Utilization of CP enables the City to lower overall debt payments due to the deferral of principal payments and by taking advantage of lower interest rates. CP is only issued as the funds are required throughout the year. Only projects that have been approved as part of a bond referendum may be funded by GO commercial paper.

City of Garland, Texas
Notes to the Financial Statements (Continued)

Long-term debt at September 30, 2019, includes the following individual issues (not including the unamortized premium costs of \$65,651,477):

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Cumulative Retirement	Outstanding
General obligation bonds:						
2011A Refunding	2.00 – 4.00	11/01/2011	2/15/2024	\$ 17,995,000	\$ 17,995,000	\$ -
2011B Refunding	2.00 – 5.00	11/01/2011	2/15/2028	41,360,000	41,360,000	-
2013 Refunding	2.00 – 4.00	6/06/2013	2/15/2019	12,280,000	12,280,000	-
2014 Refunding	2.00 – 3.00	2/20/2014	2/15/2022	18,450,000	11,940,000	6,510,000
2014A Refunding	3.00 – 5.00	11/20/2014	2/15/2020	34,215,000	29,020,000	5,195,000
2015A Refunding	2.00 – 5.00	2/19/2015	2/15/2035	22,695,000	2,765,000	19,930,000
2015B Refunding	2.00 – 2.55	2/19/2015	2/15/2025	22,490,000	1,800,000	20,690,000
2016 Refunding	5.00 -- 5.00	12/14/2016	2/15/2027	42,040,000	16,470,000	25,570,000
2017 Refunding	2.00 – 5.00	6/13/2017	2/15/2035	41,140,000	4,380,000	36,760,000
2018 Refunding	5.00 -- 5.00	12/20/2018	2/15/2029	47,270,000	825,000	46,445,000
				<u>\$ 299,935,000</u>	<u>\$ 138,835,000</u>	<u>\$ 161,100,000</u>
Certificates of Obligation:						
2009 Various purpose	3.00 – 5.25	5/15/2009	2/15/2029	\$ 22,985,000	\$ 22,985,000	\$ -
2010 Electric utility	2.00 – 5.00	3/01/2010	2/15/2030	126,885,000	9,250,000	117,635,000
2010 Various purpose	2.00 – 4.50	4/15/2010	2/15/2030	3,205,000	1,755,000	1,450,000
2011 Various purpose	2.00 – 4.25	6/15/2011	2/15/2031	4,260,000	2,740,000	1,520,000
2012 Various purpose	2.00 – 3.375	6/01/2012	2/15/2032	6,755,000	4,450,000	2,305,000
2013 Various purpose	2.00 – 4.00	6/06/2013	2/15/2033	12,725,000	6,630,000	6,095,000
2014 Various purpose	2.00 – 4.00	6/19/2014	2/15/2034	13,475,000	8,355,000	5,120,000
2015 Various purpose	2.50 – 5.00	6/30/2015	2/15/2035	18,205,000	6,385,000	11,820,000
2015 Electric utility	5.00 – 5.00	8/27/2015	2/15/2020	53,870,000	42,010,000	11,860,000
2016 Various purpose	2.00 – 5.00	6/01/2016	2/15/2036	20,210,000	5,715,000	14,495,000
2017 Various purpose	2.00 – 5.00	6/13/2017	2/15/2037	18,140,000	3,295,000	14,845,000
2018 Various purpose	3.375 – 5.00	6/26/2018	2/15/2038	29,955,000	2,140,000	27,815,000
2019 Various purpose	3.00 – 5.00	6/19/2019	2/15/2039	25,125,000	-	25,125,000
				<u>\$ 355,795,000</u>	<u>\$ 115,710,000</u>	<u>\$ 240,085,000</u>

City of Garland, Texas
Notes to the Financial Statements (Continued)

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Cumulative Retirement	Outstanding
Utility system revenue bonds:						
2009 Electric Utility	3.25 – 5.25	5/15/2009	3/01/2029	\$ 11,760,000	\$ 11,760,000	\$ -
2009 Water & Sewer	2.00 – 4.75	5/15/2009	3/01/2029	18,090,000	18,090,000	-
2010 Water & Sewer	2.00 – 4.75	4/15/2010	3/01/2030	21,270,000	7,230,000	14,040,000
2011 Electric Utility	2.00 – 5.00	6/15/2011	3/01/2031	7,185,000	1,420,000	5,765,000
2011 Water & Sewer	2.00 – 5.00	6/15/2011	3/01/2031	19,205,000	3,680,000	15,525,000
2011A Electric Utility	3.00 – 5.00	11/01/2011	3/01/2024	20,830,000	11,365,000	9,465,000
2011A Water & Sewer	3.00 – 5.00	11/01/2011	3/01/2024	30,150,000	16,310,000	13,840,000
2012 Water & Sewer	2.00 – 4.00	6/01/2012	3/01/2032	8,415,000	2,475,000	5,940,000
2013 Electric Utility	2.00 – 2.25	6/06/2013	3/01/2025	11,790,000	4,430,000	7,360,000
2013 Water & Sewer	3.00 – 3.375	6/06/2013	3/01/2033	29,925,000	10,410,000	19,515,000
2014 Electric Utility	2.00 – 5.00	6/30/2014	3/01/2034	85,305,000	13,525,000	71,780,000
2014 Water & Sewer	3.00 – 3.375	6/19/2014	3/01/2034	38,175,000	12,230,000	25,945,000
2015 Electric Utility	2.00 – 5.00	2/19/2015	3/01/2025	15,355,000	6,025,000	9,330,000
2016A Electric Utility	2.00 – 5.00	12/14/2016	3/01/2026	12,055,000	2,260,000	9,795,000
2016B Electric Utility	4.00 – 5.00	12/14/2016	3/01/2037	36,875,000	2,270,000	34,605,000
2016 Water & Sewer	3.00 – 5.00	12/14/2016	3/01/2027	16,715,000	2,785,000	13,930,000
2017 Water & Sewer	4.00 – 5.00	6/13/2017	3/01/2028	21,430,000	1,820,000	19,610,000
2018 Electric Utility Ref	3.625 – 5.00	6/12/2018	3/01/2048	31,985,000	505,000	31,480,000
2018 Water & Sewer Ref	3.50 – 5.00	6/12/2018	3/01/2038	48,310,000	950,000	47,360,000
2018A Water & Sewer Ref	3.00 – 5.00	12/20/2018	3/01/2029	9,700,000	-	9,700,000
2019 Electric Utility Ref	4.00 – 5.00	2/26/2019	3/01/2049	147,610,000	-	147,610,000
2019 Water & Sewer	.17 – .89	8/02/2019	3/01/2034	6,670,000	-	6,670,000
				<u>\$ 648,805,000</u>	<u>\$ 129,540,000</u>	<u>\$ 519,265,000</u>

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
Tax anticipation notes						
2018 Tax anticipation	2.23	9/28/2018	2/15/2019	\$ 12,195,000	\$ 12,195,000	\$ -
2019A Tax anticipation	2.32	6/12/2019	8/15/2020*	9,530,000	-	9,530,000
2019B Tax anticipation	1.77	9/26/2019	11/15/2020*	12,750,000	-	12,750,000
				<u>\$ 34,475,000</u>	<u>\$ 12,195,000</u>	<u>\$ 22,280,000</u>

*The City considers this short-term. The notes were called and final payment was made on February 15, 2020.

City of Garland, Texas
Notes to the Financial Statements (Continued)

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
Commercial Paper						
2015 GO Commercial Paper Issue	1.36	8/15/2019	10/17/2019	\$ 16,000,000	\$ -	\$ 16,000,000
2015 GO Commercial Paper Issue	1.52	9/25/2019	12/03/2019	7,500,000	-	7,500,000
2016 Electric Commercial Paper Issue	1.096	9/29/2016	02/26/2019	133,870,000	133,870,000	-
2018 Electric Commercial Paper Issue	1.35	8/28/2019	11/01/2019	8,500,000	-	8,500,000
2018 Electric Commercial Paper Issue	1.35	9/04/2019	11/01/2019	52,000,000	-	52,000,000
2018 Electric Commercial Paper Issue	1.48	9/25/2019	12/03/2019	7,500,000	-	7,500,000
2015 Water/Sewer Commercial Paper Issue	1.35	8/22/2019	10/28/2019	5,000,000	-	5,000,000
2015 Water/Sewer Commercial Paper Issue	1.37	8/30/2019	10/28/2019	17,500,000	-	17,500,000
2015 Water/Sewer Commercial Paper Issue	1.40	9/25/2019	12/03/2019	10,000,000	-	10,000,000
				<u>\$ 257,870,000</u>	<u>\$ 133,870,000</u>	<u>\$ 124,000,000</u>

Commercial paper notes (CP) related to the enterprise funds are considered long-term instruments. Interest is paid at maturity but principal is rolled forward by issuing new CP. This process continues, typically for three years, until revenue bonds are issued to refinance outstanding CP. Only after revenue bonds are issued do principal payments begin. The combined amortization of the electric revenue bonds is set to not exceed 30 years. The combined amortization of the water and sewer revenue bonds is set to not exceed 20 years. Utilization of CP enables the City to lower overall debt payments due to the deferral of principal payments and by taking advantage of lower interest rates. CP is only issued as the funds are required throughout the year. Only projects that have been approved as part of a bond referendum may be revenue commercial paper.

City of Garland, Texas
Notes to the Financial Statements (Continued)

The annual requirements to amortize outstanding debt as of September 30, 2019, including interest payments of \$351,206,686 are summarized in the table below. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable, and are excluded from the summary:

Governmental Activities				
Years Ending September 30,	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2020	\$ 20,765,000	\$ 6,078,377	\$ 8,650,000	\$ 4,226,167
2021	20,110,000	5,199,378	9,085,000	3,674,987
2022	19,270,000	4,362,378	9,010,000	3,273,337
2023	16,780,000	3,582,471	8,815,000	2,879,687
2024	16,565,000	2,839,453	8,165,000	2,504,472
2025-2029	44,255,000	6,043,788	31,685,000	7,601,398
2030-2034	10,600,000	1,210,403	16,615,000	2,611,678
2035-2039	2,325,000	36,197	6,635,000	462,666
Total	\$150,670,000	\$ 29,352,445	\$ 98,660,000	\$ 27,234,392

Business-type Activities						
Years Ending September 30,	Revenue Bonds		General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 30,685,000	\$ 23,311,394	\$ 6,750,000	\$ 352,650	\$ 18,590,000	\$ 6,586,173
2021	32,035,000	21,932,188	2,990,000	109,150	10,685,000	5,844,950
2022	33,455,000	20,447,912	675,000	17,525	11,645,000	5,296,675
2023	35,015,000	18,864,626	-	650	11,520,000	4,721,250
2024	34,130,000	17,310,595	-	650	11,250,000	4,154,875
2025-2029	121,960,000	67,838,538	15,000	1,025	63,300,000	11,767,750
2030-2034	95,780,000	42,333,908	-	-	14,340,000	377,700
2035-2039	52,140,000	24,252,156	-	-	95,000	7,425
2040-2044	38,075,000	14,344,834	-	-	-	-
2045-2049	45,990,000	4,745,250	-	-	-	-
Total	\$519,265,000	\$255,381,401	\$ 10,430,000	\$ 481,650	\$141,425,000	\$ 38,756,798

City of Garland, Texas
Notes to the Financial Statements (Continued)

At September 30, 2019, the City has authorized but unissued general obligation bonds and general obligation commercial paper in the amount of \$510,561,586 as follows:

	Balance at Oct. 1, 2018	2019 General Obligation Bonds Authorized	General Obligation Bonds Issued	GO Commercial Paper Issued	Balance at Sept. 30, 2019
Streets Improvements	\$ 71,872,399	\$ 122,250,000	\$ -	\$ 14,358,793	\$ 179,763,606
Park Improvements	16,482,073	117,750,000	-	2,760,443	131,471,630
Drainage Improvements	9,623,650	47,350,000	-	2,737,643	54,236,007
Municipal Facilities	7,759,622	6,000,000	-	905,380	12,854,242
Library Improvements	26,138	21,000,000	-	10,213	21,015,925
Public Safety	1,232,863	51,350,000	-	52,398	52,530,465
Animal Shelter	-	12,000,000	-	150,712	11,849,288
Economic Development	3,364,841	46,000,000	-	2,524,418	46,840,423
	<u>\$ 110,361,586</u>	<u>\$ 423,700,000</u>	<u>\$ -</u>	<u>\$ 23,500,000</u>	<u>\$ 510,561,586</u>

A reconciliation was performed in FY2019 to the authorized but unissued general obligation bonds and it was determined that corrections were necessary. The beginning balances have been restated to correctly reflect the outstanding balances.

General Obligation Refunding Bonds do not impact the authorized but unissued General Obligation bonds. The City intends to retire all general long-term debt, plus interest, from ad valorem taxes and other current revenues. Revenue Bonds, applicable Certificates of Obligation and applicable General Obligation Bonds are reflected in the appropriate Proprietary Fund operation. Current requirements for principal and interest expenses are accounted for in the appropriate Proprietary Fund operation.

The City has pledged future Electric, Water and Sewer utility revenues, net of specified operating expenses, to repay \$524,388,153 in outstanding Electric Utility System Revenue Bonds and \$250,258,248 in outstanding Water & Sewer Utility System Revenue Bonds. Proceeds from the revenue bonds provide financing for the acquisition and construction of various Electric, Water and Sewer assets. The bonds are payable solely from Electric net revenues and are payable through 2049. Water and Sewer bonds are payable solely from net revenues from Water and Sewer and are payable through 2038. Principal paid and interest incurred for the current year was as follows:

Utility Revenue Bonds	Principal	Interest	Total	Pledged Revenue
Electric	\$ 11,150,000	\$ 12,717,763	\$ 23,867,763	\$ 116,512,962
Water & Sewer	15,110,000	9,405,120	24,515,120	47,576,774

Certificates of Obligation and General Obligation Bonds applicable to Proprietary Fund operations are reflected in the appropriate Enterprise and Internal Service Funds and current requirements for principal and interest expenses are accounted for in the applicable fund. These requirements will be met by current revenues.

City of Garland, Texas
Notes to the Financial Statements (Continued)

Debt issues for the year are as follows:

Issue	Principal	Purpose
		Constructing, equipping, and improving municipal park and recreation facilities, municipal landfill/transfer stations facilities, and information management services systems; constructing and improving streets, including drainage, landscaping, retaining walls, curbs, gutters, sidewalks, signage, traffic signalization and street noise abatement incidental thereto, and the acquisition of land and rights-of-way therefor; acquiring public safety, environmental waste services, streets and stormwater maintenance equipment; acquiring, constructing, renovating, improving and equipping existing municipal buildings, including HVAC replacement upgrade, roof replacement and safety upgrades; constructing drainage improvements, including bridge remediation; acquiring land for environmental waste services facilities and professional services rendered in connection therewith.
Certificates of Obligation, Series 2019	\$ 25,125,000	
General Obligation Refunding Bonds, Series 2018	47,270,000	CO and GO bond refunding
Electric Utility System Revenue Refunding Bonds, New Series 2019	147,610,000	Bond and commercial paper refunding
Water & Sewer System Revenue Refunding Bonds, New Series 2018A	9,700,000	Revenue bond refunding
Water & Sewer System Revenue Bonds, New Series 2019	6,670,000	Constructing improvement and extensions of the water system
Tax Anticipation Note, Series 2019A	9,530,000	Short term capital projects
Tax Anticipation Note, Series 2019B	12,750,000	Short term capital projects

On December 20, 2018, the City issued \$47,270,000 in General Obligation Refunding Bonds, Series 2018 to refund \$13,685,000 of outstanding Certificates of Obligations Bonds, Series 2009; refund \$5,705,000 of outstanding General Obligation Refunding Bonds, Series 2011A; and refund \$32,450,000 of outstanding General Obligation Refunding Bonds, Series 2011B. An amount of \$52,838,438 was placed with an escrow agent to provide for debt service payments on the refunded bonds at the call date. The refunded bonds are considered defeased and the liability for those bonds have been removed from the City's financial statements. As a result of the refunding, the City decreased its total debt service payments over the next ten years by \$6,230,685, and obtained an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$5,472,602.

City of Garland, Texas
Notes to the Financial Statements (Continued)

On December 20, 2018, the City issued \$9,700,000 in Water & Sewer Revenue Refunding Bonds, New Series 2018A to refund \$10,530,000 of outstanding Water & Sewer System Revenue Bonds, Series 2009. An amount of \$10,710,362 was placed with an escrow agent to provide for debt service payments on the refunded bonds at the call date. The refunded bonds are considered defeased and the liability for those bonds have been removed from the City's financial statements. As a result of the refunding, the City decreased its total debt service payments over the next ten years by \$905,350, and obtained an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$834,423.

On February 26, 2019, the City issued \$3,740,000 in Electric Utility System Revenue Refunding Bonds, New Series 2019 to refund \$4,225,000 of outstanding Electric Utility System Revenue Bonds, Series 2009. An amount of \$4,336,268 was placed with an escrow agent to provide for debt service payments on the refunded bonds at the call date. The refunded bonds are considered defeased and the liability for those bonds have been removed from the City's financial statements. As a result of the refunding, the City decreased its total debt service payments over the next ten years by \$790,009, and obtained an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$639,824.

TMPA Decommissioning liability

On June 28, 2019, ERCOT was notified of the plan to move TMPA's Gibbons Creek power plant to a status of decommissioned and retired. The official date is October 23, 2019. These actions triggered TMPA to record a decommissioning liability and a corresponding discounted receivable from the TMPA Member Cities, as they are obligated to pay all associated costs. The City recorded a liability to TMPA for its percentage share of the decommissioning liabilities as of September 30, 2019.

	Balance at Oct. 1, 2018	Increased	Reductions	Balance at Sept. 30, 2019
TMPA decommissioning liability	\$ -	\$ 50,328,348	\$ -	\$ 50,328,348

City of Garland, Texas
Notes to the Financial Statements (Continued)

F. Retirement Plans

Plan Description

The City participates as one of 887 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.com.

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 credit with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credit for service since the plan began are 200% of the employee's accumulated contributions. In addition, the City granted another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his/her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required to vesting	5
Service retirement eligibility	age 60 with five or more years of service or with 20 years of service regardless of age

City of Garland, Texas
Notes to the Financial Statements (Continued)

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,422
Inactive employees entitled to but not yet receiving benefits	656
Active employees	<u>2,037</u>
	4,115

Contributions

The contribution rate 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 of the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.26% and 11.00% in calendar years 2018 and 2019, respectively. The City’s contributions to TMRS for fiscal year 2019, were \$17,281,423, and were equal to the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on service-related table. Mortality rates for active members, retirees, and beneficiaries were based on gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

City of Garland, Texas
Notes to the Financial Statements (Continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over a four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 thru 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5 %	4.30 %
International Equity	17.5	6.10
Core Fixed Income	10.0	1.00
Non-Core Fixed Income	20.0	3.39
Real Return	10.0	3.78
Real Estate	10.0	4.44
Absolute Return	10.0	3.56
Private Equity	5.0	7.75
Total	100.0 %	

Discount Rate

The discount rate used to measure the Total Pension Liability 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 benefits payments to current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

City of Garland, Texas
Notes to the Financial Statements (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at December 31, 2017	\$947,949,285	\$949,448,720	\$ (1,499,435)
Changes for the year:			
Service Cost	23,370,261		23,370,261
Interest (on the total pension liability)	63,285,856		63,285,856
Difference between expected and actual experience	892,041		892,041
Benefit payments, including refunds of employee contributions	(44,132,351)	(44,132,351)	-
Contributions-employer		16,662,812	(16,662,812)
Contributions – employee		10,546,061	(10,546,061)
Net investment income		(28,429,765)	28,429,765
Administrative expense		(549,660)	549,660
Other		(28,717)	28,717
Net changes	<u>43,415,807</u>	<u>(45,931,620)</u>	<u>89,347,427</u>
Balance at December 31, 2018	<u>\$991,365,092</u>	<u>\$903,517,100</u>	<u>\$ 87,847,992</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability 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 5.75%	Current Single Rate Assumption 6.75%	1 % Increase 7.75%
<u>\$ 208,613,246</u>	<u>\$ 87,847,992</u>	<u>\$ (13,487,029)</u>

City of Garland, Texas
Notes to the Financial Statements (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$33,968,103.

At September 30, 2019, 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
Difference between expected and actual economic experience	\$ 1,327,894	\$ (1,932,908)
Difference in assumption changes	4,057,838	-
Difference between projected and actual investment earnings on pension plan investments	49,130,346	-
Employer contributions subsequent to the measurement date	12,924,579	-
	\$ 67,440,657	\$ (1,932,908)

Deferred outflows of resources of \$12,924,579 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, 2020. Other amounts reported as deferred outflows and inflows or resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2020	\$ 19,551,599
2021	7,498,504
2022	6,796,651
2023	18,717,212
2024	19,204
Total	\$ 52,583,170

City of Garland, Texas
Notes to the Financial Statements (Continued)

G. Other postemployment benefits

City of Garland other postemployment benefit plan

Plan Description

The City makes available health care benefits to all employees who work for the City of Garland a minimum of five years, meet the Texas Municipal Retirement System (TMRS) criteria listed on page 70, and elect coverage at the time of retirement and maintain continuous, uninterrupted coverage. Benefit provisions are established by management and funding is approved by City Council annually, during the budget process.

In 2008, the City established an irrevocable trust fund in an effort to begin funding the actuarial determined OPEB unfunded liability and to ensure that funding is available in the future for retiree medical benefits. In 2019, the City Council approved a transfer of \$1,335,000 to the trust, and a long-term funding strategy was implemented to increase the annual contribution to this trust with a goal of fully funding the annual OPEB obligation after ten years.

The OPEB trust investments are held in the Public Agencies Retirement Services (PARS) Post-retirement Health Care Plan Trust by its trustee, US Bank. US Bank has delegated investment management responsibilities to HighMark Capital Management, Inc. (Investment Manager), a SEC-registered investment advisor. The Trust investment guideline mandates a diversified portfolio designed to generate long-term returns that, when combined with contributions, will result in sufficient assets to pay future obligation associated with the retiree health plan.

Benefits Provided

The City of Garland provides insurance to eligible pre-65 retirees, their spouses and dependents through the City's self-insured group health plan. Post-65 retirees are offered a fully insured Medicare Supplement Plan through Hartford, who assumes all claims risk liability on this group of retirees. The City makes contributions towards retiree health care benefits. However, the City reduces its liability and risk by capping the annual increase to the City contribution to a maximum of 3% per year. For FY2019, the monthly City contribution per participant for the retiree group as a whole was \$473.

As of December 31, 2017 biennial actuarial valuation, the Plan's membership consisted of the following:

<u>Number of plan members</u>	<u>Medical</u>
Retirees and dependents currently receiving benefits	310
Inactive members entitled to benefits, but not yet receiving them	441
Active members	<u>1,871</u>
Total	<u><u>2,622</u></u>

City of Garland, Texas
Notes to the Financial Statements (Continued)

Contributions and Funding Policy

The City has the authority to establish and amend the Plan contributions. The City makes an annual contribution to the Trust fund; the funding is established and approved by City Council as part of the City budget process. For the year ended September 30, 2019, the City's average contribution rate was 4.24 percent of the covered payroll. Monthly retiree premiums are utilized to fund current medical claims and are based on the benefit election of the Plan member.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date, which was rolled forward using standard update procedures to determine the September 30, 2019, net OPEB liability.

Actuarial assumptions

Actuarial Valuation Date	12/31/2018
Actuarial Cost Method	Entry Age Normal
Asset valuation method	Market value
Inflation	2.50%
Projected salary increase	3.00%
Discount rate	4.63%
Healthcare cost trend rates	All years capped at 3.0%
Mortality	Combined RP-2014 Dynamic table projected using MP-2017 representative rates per thousand for the RP-2014 mortality table

City of Garland, Texas
Notes to the Financial Statements (Continued)

Rate of Return

The long-term expected rate of return on OPEB plan investments will be managed on a total return basis which takes into consideration both investment income and capital appreciation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Large Cap Core	26.50 %	7.30 %
Mid Cap Core	5.00	7.60
Small Cap Core	7.50	8.30
Real Estate	1.75	6.50
International	6.00	7.60
Emerging Markets	3.25	7.60
Short Term Bond	10.00	3.90
Intermediate Term Bond	33.50	4.70
High Yield	1.50	6.70
Cash	5.00	3.00
Total	100.00 %	

The long-term expected rate of return is 6.51%. The expected return is determined through a combination of historical rates of return, valuation projections, and economic expectations.

Discount rate

The discount rate used to measure the Total OPEB Liability was 4.63%. 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 OPEB plan's Fiduciary Net Position was projected to be available to make all projected future benefits payments to current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all period of projected benefit payments to determine the total OPEB liability.

The discount rate for the 12/31/2018 measurement was 4.63% which caused an actuarial gain. The discount rate for the 12/31/2017 measurement was 4.14%. The discount rate incorporates a municipal bond rate of 3.71%, sourced from the Fidelity Municipal GO AA 20 year index.

City of Garland, Texas
Notes to the Financial Statements (Continued)

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balance at December 31, 2017	\$78,381,460	\$ 5,523,532	\$ 72,857,928
Changes for the year:			
Service Cost	2,220,788	-	2,220,788
Interest (on the total OPEB liability)	3,291,786	-	3,291,786
Difference between expected and actual experience	917,146	-	917,146
Change in assumptions	(5,723,188)	-	(5,723,188)
Benefit payments, including refunds of employee contributions	(4,039,931)	(4,039,931)	-
Contributions-employer	-	5,374,931	(5,374,931)
Net investment income	-	(266,098)	266,098
Administrative expense	-	(32,518)	32,518
Net changes	<u>(3,333,399)</u>	<u>1,036,384</u>	<u>(4,369,783)</u>
Balance at December 31, 2018	<u>\$75,048,061</u>	<u>\$ 6,559,916</u>	<u>\$ 68,488,145</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.63%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.63%) or 1-percentage-point higher (5.63%) than the current rate:

1% Decrease 3.63%	Current Single Rate Assumption 4.63%	1 % Increase 5.63%
<u>\$ 82,158,352</u>	<u>\$ 68,488,145</u>	<u>\$ 57,928,422</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.14%, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate

1% Decrease 2.0%	Current Single Rate Assumption 3.0%	1 % Increase 4.0%
<u>\$ 58,018,482</u>	<u>\$ 68,488,145</u>	<u>\$ 81,809,654</u>

City of Garland, Texas
Notes to the Financial Statements (Continued)

OPEB Plan Fiduciary Net Position

The Plan is a single-employer plan and does not issue a publicly available financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$5,391,362.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 710,282	\$ (715,537)
Difference in assumption changes	3,852,015	(4,432,312)
Difference between projected and actual investment earnings on pension plan investments	395,444	-
Employer contributions subsequent to the measurement date	4,050,249	-
	\$ 9,007,990	\$ (5,147,849)

Deferred outflows of resources of \$4,050,249 related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows or resources related to pensions will be recognized in OPEB expense as follows:

Year ended	
September 30,	
2020	\$ 291,397
2021	291,397
2022	(438,653)
2023	(334,249)
Total	\$ (190,108)

City of Garland, Texas
Notes to the Financial Statements (Continued)

Supplemental Death Benefits Plan (SDBF)

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members and retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (pay as you go plan). The retiree portion of the SDBF is considered to be a single-employer, defined benefit OPEB plan.

Detail information about the SDBF OPEB plan is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmr.com.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employee's entire careers. The SDBF contribution rate for retirees is .04%.

As of December 31, 2018, membership in the plan consisted of the following:

Inactive employees currently receiving benefits	1,090
Inactive members entitled to benefits, but not yet receiving them	194
Active members	<u>2,037</u>
Total	<u>3,321</u>

The City's OPEB liability is measured as of December 31, 2018, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2018.

City of Garland, Texas
Notes to the Financial Statements (Continued)

Actuarial Assumptions

Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.71%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	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.
Mortality rates-disabled retirees	RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to a 3% floor.

Discount rate: For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of measurement date. The municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA index").

Changes in Total OPEB Liability

Beginning at December 31, 2017	\$ 7,164,480
Service Cost	255,989
Interest on the total OPEB liability	240,384
Differences between expected and actual experience	497,210
Change in assumptions	(474,877)
Benefit payments	(60,233)
Net change in total OPEB liability	<u>458,473</u>
Ending at December 31, 2018	<u>\$ 7,622,953</u>

City of Garland, Texas
Notes to the Financial Statements (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

1% Decrease 2.71%	Current Discount Rate Assumption 3.71%	1 % Increase 4.71%
\$ 8,901,131	\$ 7,622,953	\$ 6,614,672

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$587,077.

At September 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 417,401	\$ -
Difference in assumption changes	368,514	(398,653)
Employer contributions subsequent to the measurement date	47,913	-
	\$ 833,828	\$ (398,653)

Deferred outflows of resources of \$47,913 related to OPEB resulting from retiree contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows or resources related to pensions will be recognized in OPEB expense as follows:

Year ended September 30,	
2020	\$ 90,704
2021	90,704
2022	90,704
2023	90,704
2024	23,623
Thereafter	823
Total	\$ 387,262

City of Garland, Texas
Notes to the Financial Statements (Continued)

H. Self-Insurance

Self-insurance for general and auto liability exposure and workers' compensation is maintained in the Self-Insurance Fund of the Internal Service Fund. A private insurance company administers workers' compensation claims and losses for the City. Self-insurance premiums of \$5,499,276 were collected from funds that participate in these. Claims settlement and loss expenses are accrued in the Self-Insurance Fund for the estimated settlement value of claims reported and incurred but not reported arising from incidents during the period. A liability, insurance claims payable, has been established. The reported liability includes actuarially determined present value projected losses for general, auto, and workers' compensation exposure. In determining projected losses, coverages with material incurred losses were compared to expected industry loss levels for prior periods. Based on this comparison, an experience modifier was selected and applied to current indicated industry premiums per exposure unit to obtain expected losses as of September 30, 2018, at the selected per occurrence limits. Based on a current independent actuarial analysis completed in December 2018 claims payable as of September 30, 2019 was estimated at \$6,500,950.

Long-Term Disability (LTD) claims are paid from the LTD Insurance Fund, which is funded with City and employee contributions. A private company administers the long-term disability claims and losses for the City. Based on a current independent actuarial analysis, an actuarially determined liability of \$3,112,604 has been established for projected future claims.

Group medical benefits are paid from the Group Health Fund, which has an annually negotiated stop loss provision. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage. At September 30, 2019, a short-term liability of \$2,533,857 was recognized for open claims and claims incurred but not reported. The claims incurred but not reported are calculated based on a monthly average for claims paid during the current fiscal year.

There were no significant reductions in insurance coverage in the current year from coverage in the prior year, nor have there been any settlements that have exceeded insurance coverage for each of the past three fiscal years.

Changes in the self-insurance, long-term disability and group health insurance claims payable in fiscal years 2018 and 2019 were:

Internal Service Fund	Beginning of Fiscal Year Liability	Current Year Claims	Changes in Estimates	Claim Payments	Balance at Fiscal Year – End	Current Portion
Self-Insurance – 2018	\$ 7,262,640	\$ 4,052,123	\$ (761,690)	\$ 4,052,123	\$ 6,500,950	\$ 2,774,500
Self-Insurance – 2019	6,500,950	914,694	-	914,694	6,500,950	2,774,500
Long-Term Disability – 2018	2,875,700	175,051	236,904	175,051	3,112,604	490,000
Long-Term Disability – 2019	3,112,604	327,047	-	327,047	3,112,604	490,000
Group Health – 2018	1,663,888	21,174,363	559,953	21,174,363	2,223,841	2,223,841
Group Health – 2019	2,223,841	23,789,343	310,016	23,789,343	2,533,857	2,533,857

City of Garland, Texas
Notes to the Financial Statements (Continued)

I. Texas Municipal Power Agency

The Texas Municipal Power Agency (TMPA) was created in 1975 pursuant to legislation that was passed by the 64th Legislative Session. TMPA, a municipal corporation, is governed by a Board of Directors, where each member city appoints two representatives to the Board. In 1976, the City along with the cities of Bryan, Denton, and Greenville (collectively “the Cities”) entered into identical Power Sales Contracts with TMPA. Under the Power Sales Contracts each member city is required to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at rates set to cover TMPA’s operating cost and retirement of debt. In the event that revenues are insufficient to cover all costs to retire the outstanding debt, each of the member cities has guaranteed a portion of the unpaid debt based on a percentage. The City’s percentage requirement was 47%. On September 1, 2018, TMPA made the final debt service payment on its generation debt, which extinguished the City’s obligation with respect to such debt. With the extinguishment of TMPA’s generation debt and the election of the Cities to not extend the Power Sales Contract beyond September 30, 2018, the Power Sales Contract expired. Each of the Cities has the right to enter into a new power sales contract with TMPA; however, none of the Cities have exercised this right.

TMPA and the Cities entered into a Joint Operating Agreement (JOA) effective September 1, 2016. The JOA represents the post-Power Sales Contract plans for TMPA and the Cities. The JOA divides TMPA assets and operations into three business categories – generation, transmission, and mining.

The City pays TMPA their portion of the TMPA’s decommissioning and reclamation costs. During FY2019, the City paid TMPA \$3,418,543 for these charges for the year. It is anticipated that the City will pay \$7,552,319 for these charges during FY2020.

Total debt of TMPA at September 30, 2019, amounted to \$210,325,000 of which \$4,360,000 represented the current portion. TMPA’s outstanding long-term debt and short-term debt obligations are all associated with TMPA’s transmission system and are payable from and secured by TMPA’s transmission net revenues.

TMPA
 Outstanding Debt Amounts
 September 30, 2019
 (reported in thousands)

	Long-Term	Current	Total
Revenue Bonds	\$ 182,565	\$ 4,360	\$ 186,925
Tax Exempt Commercial Paper	23,400	-	23,400
	\$ 205,965	\$ 4,360	\$ 210,325

City of Garland, Texas
Notes to the Financial Statements (Continued)

Prepaid Energy Costs, Impairment of Prepaid Energy Costs, and Regulatory Assets

On March 1, 2010, the City issued Combination Tax & Electric Utility System Revenue Refunding Bonds, Series 2010 with a maturity of 20 years for the purpose of prepaying certain contractual obligations to TMPA. The principal amount of the bonds was \$126,885,000 with a reoffering premium and other bond issuance costs of \$11,367,850 for a total of \$138,252,850. Since the proceeds of this debt issuance were placed with TMPA and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of \$138,252,850. The City is amortizing the Other Asset over a period of 20 years with a half year convention.

On September 30, 2017, the City impaired 37.9% of the generation portion of the Other Assets, for a total of \$50,045,780. The impaired portion was recorded as a GASB 62 Regulatory Asset in Others Assets to be amortized through FY2030.

On September 30, 2018, the City impaired the remaining portion of the Other Asset when ERCOT was notified of the plan to suspend operations indefinitely. This notification was submitted to ERCOT on December 21, 2018. The impaired portion was recorded as a GASB 62 Regulatory Asset in Other Assets to be amortized through FY2030.

On June 28, 2019, ERCOT was notified of the plan to move TMPA's generation plant, Gibbons Creek, to a status of decommissioned and retired. The official effective date was October 23, 2019. These actions triggered TMPA to record a decommissioning liability and corresponding discounted receivable from the member cities. As of September 30, 2019, the recorded discounted receivable was \$106,402,427 of which each member city is responsible for its share. The City's allocated share of TMPA's decommissioning liability is 47.3%. On September 30, 2019, the City recorded a Regulatory Asset in the amount of \$50,328,348. Of this amount, \$39,096,963 is associated with the decommissioning obligation and \$11,231,385 is associated with the ongoing maintenance. Decommissioning is estimated to take 5 years and the related maintenance is estimated to be completed after 30 years. A liability was recognized at September 30, 2019. The Regulatory Asset will be amortized in future period when its costs as included in electric rates. See page 70 for further information regarding the liability due to TMPA.

To qualify to utilize GASB 62, the following must apply:

- The regulated business-type activity's rate for regulated services provided to its customers are established by or are subject to approval of an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.
- The regulated rates are designed to recover the specific regulated business-type activity's costs of providing the regulated services.
- In view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the regulated business-type activity's costs can be charged to and collected from customers. This criterion requires consideration of anticipated changes in levels of demand or competition during the recovery period for any capitalized costs.

The City of Garland qualifies to utilize GASB 62 due to:

- State and local statutes empower the City of Garland City Council to establish retail rates.
- The City of Garland specific costs are recovered through City of Garland retail rates.
- Current and projected customer demand support the recovery of City of Garland cost of service.

City of Garland, Texas
Notes to the Financial Statements (Continued)

	Transmission	GASB 62 TMPA PPD Demand Regulatory Asset	GASB 62 Decommissioning Regulatory Asset	Total Other Asset
Balance Sept. 30, 2018	\$ 5,332,761	\$ 74,162,628	\$ -	\$ 79,495,389
Other asset amortization	(463,718)	(6,448,924)	-	(6,912,642)
	4,869,043	67,713,704	-	72,582,747
GASB 62 regulatory asset	-	-	50,328,348	50,328,348
TMPA Decommissioning	-	-	50,328,348	50,328,348
Balance Sept 30, 2019	\$ 4,869,043	\$ 67,713,704	\$ 50,328,348	\$ 122,911,095

Financial statements for TMPA are available from the TMPA website texasmpa.org or through the City of Garland Financial Services Department.

J. Deferred Compensation Plan

The City offers its employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all permanent City employees, permits participants to contribute annually the amount per IRS limitations on a tax-deferred basis up to the annual contribution limit allowed by the IRS. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under this plan, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries. Therefore, the Deferred Compensation Investments are no longer reported in the City's financial statements.

K. Conduit Debt Information

The discrete component unit was created to issue revenue bonds to provide financial assistance to qualified homeowners. Even though the bonds are outstanding, there is no liability to the City or the component unit (no commitment debt), as all liability transfers to the trustee of the bond issue. A summary of outstanding conduit bonds at December 31, 2018, is as follows:

Series	Garland Housing Finance Corporation	Total
2005	\$ 11,859,052	\$ 11,859,052
	\$ 11,859,052	\$ 11,859,052

City of Garland, Texas
Notes to the Financial Statements (Continued)

L. Business-Type Blended Component Unit

The Garland Foundation for Development (GFFD) was organized to promote economic development within the City of Garland. In FY19, GFFD is reported as a blended component unit of the non-major enterprise golf fund and the non-major governmental fund. The portion of the component unit related to the non-major enterprise golf fund was closed out and transferred to the non-major governmental fund. A summary of the condensed combining information related to the non-major enterprise fund at September 30, 2019, is as follows:

Golf Fund Condensed Statement of Net Position

	Golf	GFFD	Eliminating Entries	Total
Current Assets	\$ 754,114	\$ -	\$ -	\$ 754,114
Other Assets	202,189	-	-	202,189
Capital Assets	15,312,850	-	-	15,312,850
Total Assets	<u>16,269,153</u>	-	-	<u>16,269,153</u>
Deferred outflow of resources-pensions	384,506	-	-	384,506
Deferred outflow of resources-OPEB	74,914	-	-	74,914
Total deferred outflow	<u>459,420</u>	-	-	<u>459,420</u>
Current Liabilities	263,574	-	-	263,574
Other Liabilities	1,126,034	-	-	1,126,034
Total Liabilities	<u>1,389,608</u>	-	-	<u>1,389,608</u>
Deferred inflow of resources-pensions	10,911	-	-	10,911
Deferred inflow of resources-OPEB	42,219	-	-	42,219
Total deferred inflow	<u>53,130</u>	-	-	<u>53,130</u>
Net Investment in Capital Assets	15,515,039	-	-	15,515,039
Unrestricted Net Position	<u>(229,204)</u>	-	-	<u>(229,204)</u>
Net Position	<u>\$ 15,285,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,285,835</u>

City of Garland, Texas
Notes to the Financial Statements (Continued)

Golf Fund Condensed Statement of
Revenues, expenses, and changes in
Net Position

	Golf	GFFD	Eliminating Entries	Total
Operating Revenues	\$ 3,796,231	\$ -	\$ -	\$ 3,796,231
Operating expenses before depreciation	(4,056,967)	-	-	(4,056,967)
Depreciation	(939,162)	-	-	(939,162)
Total Operating Loss	(1,199,898)	-	-	(1,199,898)
Gain on disposal of capital assets	129,262	-	-	129,262
Earnings on investments	11,185	-	-	11,185
Net transfers	1,028,376	(5,170)	-	1,023,206
Change in Net Position	(31,075)	(5,170)	-	(36,245)
Net Position, beginning of year	15,316,910	5,170	-	15,322,080
Net Position, end of year	<u>\$ 15,285,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,285,835</u>

Golf Fund Condensed Statement of Cash Flows

	Golf	GFFD	Eliminating Entries	Total
Net cash provided by (used for) operations	\$ (125,104)	\$ -	\$ -	\$ (125,104)
Net cash provided by noncapital financing activities	1,028,376	(5,170)	-	1,023,206
Net cash used for capital and related activities	(697,261)	-	-	(697,261)
Net cash used for investing activities	(153,806)	-	-	(153,806)
Net increase (decrease) in cash and cash equivalents	52,205	(5,170)	-	47,035
Cash and cash equivalents at beginning of year	333,769	5,170	-	338,939
Cash and cash equivalents at end of year	<u>\$ 385,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,974</u>

The Garland Public Facility Corporation (GPFC) was organized for the purpose of assisting the City in financing, refinancing, or providing public facilities. GPFC is reported as a blended component unit in the non-major governmental fund. As of September 30, 2019, the condensed combining information for GPFC is \$3,521,016 for contributed land reported in governmental activities on the government wide statement of net position and statement of activities.

The Garland Foundation for Development (GFFD) was organized to promote economic development within the City of Garland. GFFD is reported as a blended component unit in the non-major governmental fund. As of September 30, 2019, the condensed combining information for GFFD is \$8,689,295 for contributed land reported in governmental activities on the government wide statement of net position and statement of activities.

City of Garland, Texas
Notes to the Financial Statements (Continued)

M. Landfill Closure and Postclosure Care Cost

As of September 30, 2019, the total estimated landfill closure/postclosure cost for the City's Castle Drive landfill, Hinton landfill, and transfer station is \$2,206,178, \$39,115,914 and \$36,052 respectively. The \$14,650,334 reported as landfill closure and postclosure care liability represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Castle landfill, 33.77% use of the Hinton landfill, 100% of the closure cost for the transfer station, less post closure expenditures to date of \$803,177. The City will recognize the remaining estimated closure and postclosure care costs of \$25,904,633 as the percentage of capacity depletion increases. These amounts are based on an engineering study performed in 1996 and updated in 2015, which estimated cost to perform all closure and postclosure care. In addition, the closure and postclosure care cost were adjusted for inflation annually based on the most recent Implicit Price Deflator for Gross National Product published by the United States Department of Commerce. Actual cost may differ from the estimate due to inflation, changes in technology, or regulatory changes. The Hinton landfill has an estimated remaining useful life of 28 years.

Since the City's Landfill operation is a general government function, a special revenue fund was established to account for actual landfill closure and postclosure care funding sources and expenditures as they are incurred. Based on the City's current landfill closure financial strategy, \$2.4 million in Certificates of Obligation will be issued to finance the one time closure cost and the on-going post closure care will be paid from operating funds.

N. Economic Incentives and Tax Abatements

The City enters into economic development and tax abatement agreements in order to spur commercial activity, generate additional sales tax revenue, enhance the property tax base, and provide increased economic vitality to the City. All abatement projects meet a minimum threshold point total based on full-time jobs, annual payroll, value of new or remodeled facilities, value of machinery and equipment, value of inventory, annual sales tax generated, or Garland Power & Light electric usage. All abatements must be approved on a case-by-case basis negotiated by City staff and approved by the City Council. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases and bringing targeted businesses to the City. Recipients are largely required to meet and maintain minimum thresholds of real and personal property values, full time employees, number of tenants or other provisions specific to an individual recipient. Agreements are generally made for a minimum of five years and generally contain recapture provisions which may require repayment or termination if a recipient fails to meet the required provisions.

The City has two categories of economic development agreements:

Tax Abatements – Under Chapter 312 of the Texas Tax Code the City is allowed to designate tax reinvestment zones and negotiate tax abatement agreements with applicants within these zones. The abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. A summary of Chapter 312 Tax Abatements for the year ended September 30, 2019, is as follows:

<u>Abatement Type</u>	<u>Active Agreements</u>	<u>Total Taxes Abated FY19</u>
Ad Valorem Tax	4	\$ -
Business Personal Property Tax	7	36,532

City of Garland, Texas
Notes to the Financial Statements (Continued)

Tax Rebates – Under Chapter 380 of the Texas Local Government Code, the City is allowed to enter into agreements in order to stimulate economic activity. These agreements may rebate a flat amount or percentage of real property, personal property or sales taxes received by the City. A summary of Chapter 380 tax rebates for the year ended September 30, 2019 is as follows:

<u>Abatement Type</u>	<u>Active Agreements</u>	<u>Total Taxes abated FY19</u>
Ad Valorem Tax	4	\$ 379,220
Business Personal Property Tax	4	71,793
Sales Tax	7	1,289,848

O. Commitments and Contingent Liabilities

The City has been named as a defendant or co-defendant in a number of personal injury cases. While the outcome of these cases is not known at this time, the City attorney and City management are of the opinion that any awards to injured parties which must be paid in excess of amounts covered by insurance will not be material to the financial position of the City.

A number of other claims against the City, as well as certain other matters of litigation, are pending with respect to various matters arising in the normal course of the City's operations. The City attorney and City management are of the opinion that the settlement of these other claims and pending litigation will not have a material adverse impact on the City's financial position.

The City participates in a number of State and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

On December 19, 2013, the City entered into a twenty (20) year energy purchase power agreement with Spinning Spur Wind Three, LLC. The agreement extends from the start hour 1:00 of the Commercial Operation Date and ends at the completion of hour 24:00 of the day immediately preceding the twentieth (20) anniversary. The City purchases 26% of the output from the 194MW facility. Commercial Operations began September 28, 2015.

On August 28, 2014, the City entered into a twenty-five (25) year energy purchase power agreement with Los Vientos Windpower V, LLC. The agreement extends from the start of hour 1:00 of the Commercial Operation Date and ends at the completion of hour 24:00 of the day immediately preceding the twenty-fifth (25) anniversary. The City purchases 45.96% of the output from the 110MW facility. Commercial Operations began December 23, 2015.

On June 12, 2015, the City entered into a fourteen (14) year energy purchase power agreement with Salt Fork Wind, LLC. The agreement extends from the start of hour 1:00 (CPT) of the Commercial Operation Date and ends at the completion of hour 24:00 (CPT) of the day immediately preceding the fourteenth (14th) anniversary. The City purchases up to 150MW from the facility. The City has contracts to sell 77% of this energy downstream. Commercial Operations began December 1, 2016.

City of Garland, Texas Notes to the Financial Statements (Continued)

On October 27, 2015, the City entered into a twenty (20) year energy purchase power agreement with Albercas Wind Energy II, LLC. From the effective date, the agreement extends until 23:59:59 (CPT) on the day prior to the 20th anniversary of the Commercial Operation Date. The City purchases up to 96MW from the facility. The City has contracts to sell 74% of this energy downstream. Commercial Operations began November 13, 2016.

On December 28, 2015, the City entered into a fifteen (15) year energy purchase power agreement with BNB Lemesa Solar LLC. The agreement extends from the start of hour 1:00 (CPT) of the Commercial Operation Date and ends at the completion of hour 24:00 (CPT) of the day immediately preceding the fifteenth (15th) anniversary. The Commercial Operation Date is anticipated to be no later than March 31, 2017. The City will purchase 102 MW from the facility. The City has contracts to sell 49% of this energy downstream. Commercial Operations began April 27, 2017.

On November 20, 2018, the City entered into renewable purchase power agreement with Engie Long Draw Solar LLC. The agreement extends fifteen (15) years following the Commercial Operation Date. The Commercial Operation Date is anticipated to be no later than June 30, 2021. The City will purchase up to 25 MW from the facility

On December 11, 2018, the City entered into a renewable purchase power agreement with Concho Bluff LLC. The agreement extends fifteen (15) years following the Commercial Date. The Commercial Operation Date is anticipated to be no later than December 21, 2021. The City will purchase up to 50 MW from the facility.

On April 12, 2019, the City entered into renewable purchase power agreement with Samson Solar Energy, LLC. The agreement extends fifteen (15) years following the Commercial Date. The Commercial Operation Date is anticipated to be no later than December 21, 2021. The City will purchase up to 50MW from the facility.

The City executed confirmations through December 31, 2026, under its International Swaps and Derivatives Association Inc. (ISDA) Master Agreement to purchase electricity under specific terms and conditions. Management believes the purchase of electricity under the specific terms and conditions of the confirmation were for normal purchases/normal sales and non-speculative in nature.

P. Derivative Instruments

In an effort to mitigate the financial and market risk associated with the purchase of natural gas, energy, and congestion price volatility, the City has established a Risk Management Program. This program was authorized by the City Council and is led by the Risk Oversight Committee. Under this program, the City enters into forward contracts for natural gas and energy for the purpose of reducing exposure to natural gas and energy price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity. These contracts may be settled in cash or delivery of certain commodities. The City typically settles these contracts by delivery of certain commodities.

The City applies GASB Statement No 53 – *Accounting and Financial Reporting for Derivative Instruments*, (“GASB 53”), which addresses the recognition, measurement, and disclosures related to derivative instruments. The City utilizes natural gas commodity swaps to hedge its exposure to fluctuating fuel prices. Since these derivatives are entered into for risk mitigation purposes, the instruments are considered potential hedging derivative instruments under GASB 53. The City evaluated all potential hedging derivative instruments for effectiveness utilizing the consistent critical terms method as of September 30, 2019, and as of September 30, 2018, and determined the derivatives to be effective in substantially offsetting the change in cash flows of the hedgeable items. These derivatives act as cash flow hedges.

City of Garland, Texas
Notes to the Financial Statements (Continued)

The City evaluated a potential financial energy hedging derivative entered into on August 16, 2019, and settling on August 16, 2019. The instrument was for 600 MWhs for the hours 07 through 22 at \$752 per MW to be settled against the ERCOT North Hub real time prices. The City was looking to hedge the ERCOT real time market for hours 16 and 17, but due to the volatile market could not find a counterparty that offered that product. It was determined that for hours other than 16 and 17 hedge accounting could not be applied as there was no hedgeable item in existence. Therefore, a loss on derivative instrument of \$5,467,256 was reported as an Investment Derivative Instrument in Nonoperating Revenue (Expenses) as a loss on derivative instruments for these hours. For hours 16 and 17, the City used regression analysis to test effectiveness and determined the derivative to be effective in substantially offsetting the change in cash flows of the hedgeable item. A net gain of \$71,218 was reports as fuel and energy purchases.

At September 30, 2019, the total fair value of outstanding hedge instruments was a net liability of \$1,484,088. Fuel hedging instruments with a fair value of \$968,234 are classified on the Statement of Net Position as a current liability. Long-term fuel hedges with a fair value of \$515,854 are classified on the Statement of Net Position as a non-current liability. As of September 30, 2018, the total fair value of outstanding hedge instruments was a net liability of \$661,192. Fuel hedging instruments with a fair value of \$110,238 are classified on the Statement of Net Position as a current asset. Long-term fuel hedges with a fair value of \$550,954 are classified as a component of long-term liabilities. Changes in fair value as of September 30, 2019, of \$933,134 are reflected in deferred inflows. The following information details the City Electric Fund's hedging derivative instruments below:

Derivative transactions as of September 2019:

Type	Terms	Notional Amount (MMBtu)	Purchase Dates	Maturity Dates	Referenced Index	Fair Value
Commodity Swaps	City pays prices of \$2.55 - \$3.54	4,230,114	May 2015- Jan 2019	Oct 2019- Dec 2021	NYMEX	\$(1,484,088)
		4,230,114				\$(1,484,088)

Derivative transactions as of September 2018:

Type	Terms	Notional Amount (MMBtu)	Purchase Dates	Maturity Dates	Referenced Index	Fair Value
Commodity Swaps	City pays prices of \$2.67 - \$3.62	4,261,811	Feb 2015- Feb 2018	Oct 2018- Dec 2021	NYMEX	\$(661,192)
		4,261,811				\$(661,192)

At September 30, 2019, the City had thirteen wholesale customers to provide power supply and/or qualified scheduling entity services. The contract terms extend up to December 31, 2027. For the power supply customers, the City charges an energy charge which is based on the quantity of power supplied multiplied by a fixed price, or multiplied by a fixed heat rate and a fuel index price. In order to hedge the City's risk, the City has entered into corresponding power supply agreements with counterparties to hedge against energy price or heat rate fluctuation in the market.

City of Garland, Texas Notes to the Financial Statements (Continued)

Congestion Revenue Rights

Pre-assigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow the City to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. At September 30, 2019, the City held CRRs with a cost and fair market value of \$1,693,424, that the City expects to use in normal operations, which is recorded as prepaid expense in the Electric fund.

Risks

Credit Risk. The City's over-the-counter agreements for natural gas and energy expose the City to credit risk. In the event of default, the City's operations will not be materially affected. However, the City does not expect the counterparties to fail to meet their obligations. The City maintains contracts with contractual provisions under the ISDA, EEI (Edison Electric Institute), and NAESB (North American Energy Standards Board) agreements. As of September 30, 2019, the City had outstanding forward purchase contracts extending through December 31, 2027, which are expected to be settled through physical delivery.

The City monitors the credit ratings of all of its counterparties to adhere to the City's Risk Management Policy. Any counterparty that does not have at least a BBB- credit rating must be approved by the Risk Oversight Committee.

The congestion revenue rights expose the City to custodial credit risk in the event of default or nonperformance by ERCOT. In the event of default or nonperformance, the City's operations will not be materially affected. However, the City does not expect ERCOT to fail in meeting their obligations as they are a regulatory entity of the State of Texas.

Basis Risk. The City could be exposed to basis risk on its fuel hedges if the expected commodity purchases being hedged will price based on a delivery point (WAHA/Katy/HSC) different than that at which the financial hedging contracts are expected to settle NYMEX (Henry Hub).

Termination Risk. Termination risk is the risk that a derivative will terminate prior to its scheduled maturity date due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. The City's exposure to termination risk for over-the-counter agreements is minimal due to the high credit rating of the counterparties, and the contractual provisions under the ISDA, EEI, and NAESB agreements applied to these contracts. Termination risk is associated with all of the City's derivatives up to their fair value of the instrument.

Close-out Netting Arrangements. The City enters into close-out netting arrangements whenever it has entered into more than one derivative transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and set off the transaction's fair values so that a single sum will be owed by or owed to the non-defaulting party.

City of Garland, Texas
Notes to the Financial Statements (Continued)

Q. Asset Retirement Obligation

The City operates the Ray Olinger Power Plant. The 400-megawatt, gas-fired plant consists of four power generating units: three stream boilers and one turbine. In 2019, the City hired an outside engineering firm to assess the environmental obligations and closure requirements in the event of a plant closure. It was determined that the four evaporation ponds and the above ground storage tank at the Olinger Power Plant are considered to be industrial solid waste management units subject to TCEQ closure requirements. The total cost was estimated to be \$480,322. The City is estimating the life of the plant to be 15 years.

	Balance at Oct. 1, 2018	Additions	Amortization	Balance at Sept. 30, 2019
ARO Deferred Outflow	\$ -	\$ 450,804	\$ 30,054	\$ 420,750
	Balance at Oct. 1, 2018	Additions	Reductions	Balance at Sept. 30, 2019
ARO Liability	\$ -	\$ 480,322	\$ -	\$ 480,322

City of Garland, Texas
Notes to the Financial Statements (Continued)

R. Subsequent Events

On December 3, 2019, the City issued \$22,390,000 General Obligation Refunding Bonds, Series 2019 to refund \$1,345,000 of outstanding General Obligation Refunding Bonds, Series 2010 and to refund \$21,220,000 of outstanding General Obligation Commercial Paper notes, Series 2015. These bonds were refunded to lower the overall debt service requirements of the City and to pay the cost associated with the issuance of the Bonds. The transaction was a current refunding of outstanding debt.

On December 3, 2019, the City issued \$140,790,000 Electric Utility System Revenue Refunding Bonds, New Series 2019A to refund \$121,495,000 of outstanding Electric Utility System Revenue Bonds, Series 2010 and Electric Utility System Revenue Bonds, Series 2011A, and to refund \$36,765,000 of outstanding Electric Commercial Paper notes, Series 2018. These bonds were refunded to lower the overall debt service requirements of the City and to pay the cost associated with the issuance of the Bonds. The transaction was a current refunding of outstanding debt.

On December 3, 2019, the City issued \$50,865,000 Water & Sewer System Revenue Refunding Bonds, New Series 2019A refund \$24,170,000 of outstanding Water & Sewer System Revenue Bonds, Series 2010 and Water & Sewer System Refunding Bonds, Series 2011A, and to refund \$29,680,000 of outstanding Water & Sewer Commercial Paper notes, Series 2015. These bonds were refunded to lower the overall debt service requirements of the City and to pay the cost associated with the issuance of the Bonds. The transaction was a current refunding of outstanding debt.

On January 14, 2020, the City approved an ordinance to call \$22,280,000 of Tax Anticipation Note, Series 2019A and 2019B to be called on February 15, 2020.

City of Garland, Texas
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019
(unaudited)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 89,143,667	\$ 89,615,284	\$ 90,105,187	\$ 489,903
Franchise fees	8,888,705	8,541,648	8,510,877	(30,771)
Service charges	26,564,535	29,015,243	30,359,398	1,344,155
Licenses and permits	4,689,817	4,564,376	4,869,605	305,229
Earnings on investments	840,500	1,415,869	1,630,332	214,463
Intergovernmental	481,929	481,929	488,670	6,741
Charges for services	10,126,442	10,126,442	10,126,440	(2)
Fines and forfeits	6,694,830	6,719,442	6,724,195	4,753
Rents and concessions	816,777	786,006	754,648	(31,358)
Total revenues	<u>148,247,202</u>	<u>151,266,239</u>	<u>153,569,352</u>	<u>2,303,113</u>
Expenditures:				
Current:				
General government	11,517,096	12,915,473	12,075,043	840,430
Public safety	98,910,361	101,537,904	100,113,212	1,424,692
Public works	33,153,910	43,335,313	37,489,552	5,845,761
Culture and recreation	17,770,600	18,592,453	17,562,268	1,030,185
Public health	3,983,192	4,109,639	4,003,801	105,838
Nondepartmental	29,302,316	26,735,125	26,718,604	16,521
Total expenditures	<u>194,637,475</u>	<u>207,225,907</u>	<u>197,962,480</u>	<u>9,263,427</u>
Excess (deficit) of revenues over (under) expenditures	<u>(46,390,273)</u>	<u>(55,959,668)</u>	<u>(44,393,128)</u>	<u>11,566,540</u>
Other financing sources (uses):				
Sale of capital assets	663,653	473,829	551,890	78,061
Transfer in	45,030,206	46,352,316	47,320,450	968,134
Transfers out	<u>(2,599,835)</u>	<u>(2,589,975)</u>	<u>(2,591,046)</u>	<u>(1,071)</u>
Total other financing sources (uses)	<u>43,094,024</u>	<u>44,236,170</u>	<u>45,281,294</u>	<u>1,045,124</u>
Net Change in fund balances	(3,296,249)	(11,723,498)	888,166	12,611,664
Fund balance, beginning of year	34,933,337	34,933,337	34,933,337	-
Fund balance, end of year	<u>\$ 31,637,088</u>	<u>\$ 23,209,839</u>	<u>\$ 35,821,503</u>	<u>\$ 12,611,664</u>

See notes to required supplementary information.

City of Garland, Texas
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Five Calendar Years
(unaudited)

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 19,196,960	\$ 20,067,678	\$ 21,522,671	\$ 22,270,032	\$ 23,370,261
Interest	54,497,988	56,833,734	57,958,342	60,506,232	63,285,856
Difference between expected and actual experience	(3,135,740)	(6,147,278)	84,986	928,620	892,041
Change of assumptions	-	15,651,656	-	-	-
Benefit payments, including refunds of employee contributions	(36,818,136)	(38,435,413)	(42,367,920)	(42,018,404)	(44,132,351)
Net Change in Total Pension Liability	33,741,072	47,970,377	37,198,079	41,686,480	43,415,807
Total Pension Liability - Beginning	787,353,277	821,094,349	869,064,726	906,262,805	947,949,285
Total Pension Liability - Ending	<u>\$ 821,094,349</u>	<u>\$ 869,064,726</u>	<u>\$ 906,262,805</u>	<u>\$ 947,949,285</u>	<u>\$ 991,365,092</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 14,502,416	\$ 14,462,360	\$ 14,265,404	\$ 15,640,715	\$ 16,662,812
Contributions - Employee	9,056,479	9,304,889	9,694,895	10,035,625	10,546,061
Net Investment Income	45,500,705	1,220,504	54,933,203	117,621,308	(28,429,765)
Benefit payments, including refunds of employee contributions	(36,818,136)	(38,435,413)	(42,367,920)	(42,018,404)	(44,132,351)
Administrative Expense	(475,082)	(743,428)	(620,477)	(609,672)	(549,660)
Other	(39,061)	(36,717)	(33,430)	(30,898)	(28,717)
Net Change in Plan Fiduciary Net Position	31,727,321	(14,227,805)	35,871,675	100,638,674	(45,931,620)
Plan Fiduciary Net Position - Beginning	795,438,855	827,166,176	812,938,371	848,810,046	949,448,720
Plan Fiduciary Net Position - Ending	<u>\$ 827,166,176</u>	<u>\$ 812,938,371</u>	<u>\$ 848,810,046</u>	<u>\$ 949,448,720</u>	<u>\$ 903,517,100</u>
Net Pension Liability (Asset)	\$ (6,071,827)	\$ 56,126,355	\$ 57,452,759	\$ (1,499,435)	\$ 87,847,992
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.74%	93.54%	93.66%	100.16%	91.14%
Covered Payroll	\$ 129,267,431	\$ 132,898,533	\$ 138,498,528	\$ 143,307,799	\$ 150,581,579
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(4.70%)	42.23%	41.48%	(1.05%)	58.34%

Measurement date December 31

The City of Garland implemented Statement 68 in FY2015 and a full ten-year trend is not yet available.

City of Garland, Texas
Required Supplementary Information
TMRS Schedule of Contributions
Last Five Fiscal Years
(unaudited)

	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 14,703,510	\$ 15,134,606	\$ 15,568,576	\$ 16,665,242	\$ 17,281,423
Contributions in relation to the actuarially determined contribution	<u>14,703,510</u>	<u>15,134,606</u>	<u>15,568,576</u>	<u>16,665,242</u>	<u>17,281,423</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 132,016,898	\$ 142,253,130	\$ 141,938,528	\$ 148,461,246	\$ 156,242,087
Contributions as a percentage of covered payroll	11.14%	10.64%	10.97%	11.23%	11.06%

Notes to Schedule of Contributions

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 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 the experience study of the period 2010 - 2014.
Mortality	RP2000 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.

Other Information:

Notes: There were no benefit changes during the year.

The City of Garland implemented Statement 68 in FY2015 and a full ten-year trend is not yet available.

City of Garland, Texas
 Required Supplementary Information
 City of Garland other postemployment plan
 Schedule of Changes in OPEB Liability and Related Ratios
 Last Two Calendar Years
 (unaudited)

	2017	2018
Total OPEB Liability		
Service Cost	\$ 2,260,181	\$ 2,220,788
Interest	3,284,435	3,291,786
Difference between expected and actual experience	(1,303,593)	917,146
Change of assumptions	7,017,755	(5,723,188)
Benefit payments, including refunds of employee contributions	(3,529,580)	(4,039,931)
Net Change in Total OPEB Liability	7,729,198	(3,333,399)
Total OPEB Liability - Beginning	70,652,262	78,381,460
Total OPEB Liability - Ending	\$ 78,381,460	\$ 75,048,061
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 4,779,579	\$ 5,374,931
Net Investment Income	527,289	(266,098)
Benefit payments, including refunds of employee contributions	(3,529,580)	(4,039,931)
Administrative Expense	(21,120)	(32,518)
Net Change in Plan Fiduciary Net Position	1,756,168	1,036,384
Plan Fiduciary Net Position - Beginning	3,767,364	5,523,532
Plan Fiduciary Net Position - Ending	\$ 5,523,532	\$ 6,559,916
 Net OPEB Liability	\$ 72,857,928	\$ 68,488,145
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	7.00%	8.70%
 Covered Payroll	\$ 177,921,683	\$ 178,663,144
 Net OPEB Liability as a Percentage of Covered Payroll	40.95%	38.33%

Measurement date December 31

The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

Notes to Schedule:

Changes in assumptions. The initial discount rate for the 12/31/16 measurement was 4.75%.

2017-2018: The discount rate was decreased from 4.75% to 4.14%.

2018-2019: The discount rate was increased from 4.14% to 4.63%.

City of Garland, Texas
Required Supplementary Information
City of Garland other postemployment plan
OPEB Schedule of Contributions
Last Two Fiscal Years
(unaudited)

	2018	2019
Actuarially Determined Contribution	\$ 6,502,862	\$ 5,391,362
Contributions in relation to the actuarially determined contribution	5,024,715	6,632,454
Contribution deficiency (excess)	\$ 1,478,147	\$ (1,241,092)
Covered payroll	\$ 148,461,246	\$ 156,242,087
Contributions as a percentage of covered payroll	3.38%	4.24%

Notes to Schedule of Contributions

Valuation Date: The Actuarially Determined Contribution is the sum of the current year's normal cost plus an amount necessary to amortize the unfunded liability over a closed 19-year period. Actuarial valuation has been performed as of December 31.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 Years
Asset Valuation Method	Market value
Inflation	2.5%
Salary Increases	3.0%
Discount Rate	4.63%
Healthcare cost trend rates	Capped at 3.0%
Mortality	Combined RP-2014 Dynamic Table projected using MP-2017 representative rates per thousand for the RP-2014 mortality table. The mortality rates improve each year based on the mortality improvement scale MP-2017.

Other Information:

Notes

The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

City of Garland, Texas
 Required Supplementary Information
 TMRS Supplemental Death Benefit
 Schedule of Changes in OPEB liability and Related Ratios
 Last Two Calendar Year
 (unaudited)

	2017	2018
Total OPEB Liability		
Service Cost	\$ 214,962	\$ 255,989
Interest	238,314	240,384
Difference between expected and actual experience	-	497,210
Change of assumptions	542,752	(474,877)
Benefit payments	(57,323)	(60,233)
Net Change in Total OPEB Liability	938,705	458,473
Total OPEB Liability - Beginning	6,225,775	7,164,480
Total OPEB Liability - Ending	\$ 7,164,480	\$ 7,622,953
Covered Payroll	\$ 143,307,799	\$ 150,581,579
Net OPEB Liability as a Percentage of Covered Payroll	5.00%	5.06%

Measurement date December 31

The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

Notes to Schedule:

Changes in assumptions . The initial discount rate for the 12/31/16 measurement was 3.81%.

The discount rate for the 12/31/17 measurement was 3.31%.

The discount rate for the 12/31/18 measurement was 3.71%.

City of Garland, Texas

Notes to Required Supplementary Information

Budgets and Budgetary Accounting

Annual appropriations for the General Fund are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

The City Charter contains the following requirements, which are adhered to by the City Council and management, regarding preparation of the annual Budget:

1. Prior to August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted prior to September 15 to obtain taxpayer comments.
3. Prior to September 20, annual appropriations are approved through the passage of an ordinance. If the Council takes no action on or prior to such day, the budget, as submitted by the City Manager, is deemed to have been adopted by the City Council.
4. The level of control (level at which expenditures may not exceed budget) is the fund. The City Manager is authorized to transfer unexpended balances within each fund. The City Council, however, must approve any revisions in fund appropriations.



GARLAND

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City of Garland, Texas Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The City's funds accounted for as Special Revenue Funds are as follows:

Community Development Block Grant Fund (CDBG) – This fund is used to account for Federal grant revenues provided through the Department of Housing and Urban Development for the development of environmental and economic opportunities, principally for persons of low and moderate income.

Housing Assistance Program Fund – This fund is used to account for Federal revenues provided through the Department of Housing and Urban Development for housing assistance payments for low income tenants.

Neighborhood Services Fund – This fund is used to account for Federal, state, and local revenues to improve neighborhoods in low income areas.

Hotel/Motel Tax Fund – This fund is used to account for the receipt of hotel/motel occupancy taxes.

Impact Fees Fund – This fund is used to account for street and water impact fees charged to develop property.

Landfill Closure Fund – This fund is used to account for expenditures related to the landfill closure and postclosure care.

Police Training Fund – This fund is used to account for grant funding of police training.

Substandard Perimeter Road Fund – This fund is used to account for revenue received pending the construction of substandard perimeter roads and streets.

Narcotic Seizure Fund – This fund is used to account for awards and expenditures from assets acquired through narcotics arrests. The expenditures are restricted to law enforcement activities by state law.

TIF Fund – This fund is used to account for the Downtown Tax Increment Finance Fund, TIF Zone No. 1, and the Interstate 30 Corridor Tax Increment Finance Fund, TIF Zone No. 2. These funds are used to account for revenues and expenditures incurred in administering the tax increment financing programs.

Garland Foundation for Development (GFFD) – This fund is used to account for expenses related to the promotion of economic development with the City.

City of Garland, Texas
Nonmajor Governmental Funds
Balance Sheet
September 30, 2019

	CDBG	Housing Assistance	Neighborhood Services	Hotel/Motel Tax	Impact Fees	Landfill Closure	Police Training	Substandard Perimeter Road	Narcotic Seizure	TIF	GFFD	Total Other Governmental Funds
Assets												
Cash and cash equivalents	\$ 243,546	\$ -	\$ 406,773	\$ 1,465,877	\$ 4,343,903	\$ -	\$ -	\$ 748,243	\$ 168,425	\$ 588,994	\$ 3,158	\$ 7,968,919
Investments	258,805	(1,162)	430,648	1,554,320	4,615,233	(196)	(835)	792,843	147,894	622,170	-	8,419,720
Receivables:												
Accrued interest	18	-	1,988	7,203	21,021	6	-	3,663	746	3,301	-	37,946
Accounts, net	840,451	-	3,072,226	-	-	-	-	-	-	-	-	3,912,677
Due from other governments	258,944	-	125,849	-	-	-	54,966	-	-	-	-	439,759
Prepaid items	-	45	2,984	379	-	-	-	-	-	2,638	-	6,046
Assets held for resale	171,607	-	1,092,062	-	-	-	-	-	-	-	-	1,263,669
Total Current Assets	1,773,371	(1,117)	5,132,530	3,027,779	8,980,157	(190)	54,131	1,544,749	317,065	1,217,103	3,158	22,048,736
Restricted assets:												
Cash and cash equivalents	-	716,051	-	-	-	-	4,206	-	64,966	-	-	785,223
Total Restricted Assets	-	716,051	-	-	-	-	4,206	-	64,966	-	-	785,223
Total Assets	\$ 1,773,371	\$ 714,934	\$ 5,132,530	\$ 3,027,779	\$ 8,980,157	\$ (190)	\$ 58,337	\$ 1,544,749	\$ 382,031	\$ 1,217,103	\$ 3,158	\$ 22,833,959
LIABILITIES												
Current liabilities:												
Accounts payable and accrued liabilities	\$ 112,139	\$ 121,959	\$ 163,880	\$ 11,985	\$ -	\$ 67,114	\$ -	\$ -	\$ 4,955	\$ 33,820	\$ -	\$ 515,852
Retainage Payable	24,196	-	-	-	-	-	-	-	-	-	-	24,196
Accrued interest-COs	-	-	-	-	-	-	-	-	-	7,117	-	7,117
Due to other funds	-	-	120,419	-	-	29,261	41,122	-	-	-	-	190,802
Escrow payable	-	-	-	-	320,682	-	-	-	111,621	-	-	432,303
Unearned revenues	1,012,058	-	4,164,288	-	-	-	4,365	-	-	-	-	5,180,711
Total Liabilities	1,148,393	121,959	4,448,587	11,985	320,682	96,375	45,487	-	116,576	40,937	-	6,350,981
FUND BALANCES												
Fund balances:												
Nonspendable	-	45	2,984	379	-	-	-	-	-	2,638	-	6,046
Restricted	624,978	592,930	680,959	3,015,415	-	-	12,850	-	265,455	1,173,528	-	6,366,115
Committed	-	-	-	-	8,659,475	-	-	1,544,749	-	-	3,158	10,207,382
Unassigned	-	-	-	-	-	(96,565)	-	-	-	-	-	(96,565)
Total fund balances	624,978	592,975	683,943	3,015,794	8,659,475	(96,565)	12,850	1,544,749	265,455	1,176,166	3,158	16,482,978
Total Liabilities and Fund Balances	\$ 1,773,371	\$ 714,934	\$ 5,132,530	\$ 3,027,779	\$ 8,980,157	\$ (190)	\$ 58,337	\$ 1,544,749	\$ 382,031	\$ 1,217,103	\$ 3,158	\$ 22,833,959

City of Garland, Texas
 Nonmajor Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Year Ended September 30, 2019

	CDBG	Housing Assistance	Neighborhood Services	Hotel/Motel Tax	Impact Fees	Landfill Closure	Police Training	Substandard Perimeter Road	Narcotic Seizure	TIF	GFFD	Total Other Governmental Funds
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ 1,525,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,286,243	\$ -	\$ 2,812,226
Earnings on investments	3,661	19,886	22,234	81,876	235,583	1,682	1,138	43,555	10,145	33,807	-	453,567
Intergovernmental	1,983,202	12,090,715	1,418,524	-	-	-	768,841	-	-	-	31,000	16,292,282
Impact Fees	-	-	-	-	1,769,149	-	-	-	-	-	-	1,769,149
Program income	58,391	-	459,362	-	-	-	-	-	-	-	-	517,753
Awards	-	-	-	-	-	-	-	-	237,120	-	-	237,120
Miscellaneous and other	-	21,634	-	-	-	-	33,175	-	760	-	2,047	57,616
Total Revenues	2,045,254	12,132,235	1,900,120	1,607,859	2,004,732	1,682	803,154	43,555	248,025	1,320,050	33,047	22,139,713
EXPENDITURES												
Current:												
Operations	1,313,284	12,316,590	1,984,447	1,134,521	-	224,677	420,376	-	188,320	384,655	-	17,966,870
Capital outlay	786,985	18,320	-	-	-	-	394,380	-	80,160	-	35,059	1,314,904
Debt service												
Principal	-	-	-	-	-	-	-	-	-	220,000	-	220,000
Interest	-	-	-	-	-	-	-	-	-	464,954	-	464,954
Total Expenditures	2,100,269	12,334,910	1,984,447	1,134,521	-	224,677	814,756	-	268,480	1,069,609	35,059	19,966,728
Excess (deficiency) of revenues over (under) expenditures	(55,015)	(202,675)	(84,327)	473,338	2,004,732	(222,995)	(11,602)	43,555	(20,455)	250,441	(2,012)	2,172,985
OTHER FINANCING SOURCES (USES)												
Transfers in	-	1,293	129,303	-	-	150,910	-	-	-	-	5,170	286,676
Transfers out	-	-	-	(260,000)	-	-	-	-	-	-	-	(260,000)
Total other financing sources (uses)	-	1,293	129,303	(260,000)	-	150,910	-	-	-	-	5,170	26,676
Net change in fund balances	(55,015)	(201,382)	44,976	213,338	2,004,732	(72,085)	(11,602)	43,555	(20,455)	250,441	3,158	2,199,661
Fund balances - beginning	679,993	794,357	638,967	2,802,456	6,654,743	(24,480)	24,452	1,501,194	285,910	925,725	-	14,283,317
Fund balances - ending	\$ 624,978	\$ 592,975	\$ 683,943	\$ 3,015,794	\$ 8,659,475	\$ (96,565)	\$ 12,850	\$ 1,544,749	\$ 265,455	\$ 1,176,166	\$ 3,158	\$ 16,482,978

City of Garland, Texas
 Budgetary Comparison Schedule - Community Development Grant Fund
 For the year ended September 30, 2019

	Community Development Block Grant Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Earnings on investments	\$ -	\$ -	\$ 3,661	\$ 3,661
Intergovernmental	2,135,002	2,135,002	1,983,202	(151,800)
Program income	55,000	55,000	58,391	3,391
Total revenues	2,190,002	2,190,002	2,045,254	(144,748)
Expenditures:				
Current:				
Operations	2,190,002	2,190,002	1,313,284	876,718
Capital	-	-	786,985	(786,985)
Total expenditures	2,190,002	2,190,002	2,100,269	89,733
Excess (deficiency) of revenues over (under) expenditures	-	-	(55,015)	(55,015)
Net change in fund balances	-	-	(55,015)	(55,015)
Fund balances, beginning of year	679,993	679,993	679,993	-
Fund balances end of year	\$ 679,993	\$ 679,993	\$ 624,978	\$ (55,015)

City of Garland, Texas
 Budgetary Comparison Schedule - Housing Assistance Fund
 For the year ended September 30, 2019

	Housing Assistance Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Earnings on investments	\$ -	\$ -	\$ 19,886	\$ 19,886
Intergovernmental	11,008,017	11,942,184	12,090,715	148,531
Miscellaneous	74,600	8,861	21,634	12,773
Total revenues	<u>11,082,617</u>	<u>11,951,045</u>	<u>12,132,235</u>	<u>181,190</u>
Expenditures:				
Current:				
Operations	11,318,646	12,252,813	12,316,590	(63,777)
Capital	-	-	18,320	(18,320)
Total expenditures	<u>11,318,646</u>	<u>12,252,813</u>	<u>12,334,910</u>	<u>(82,097)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(236,029)</u>	<u>(301,768)</u>	<u>(202,675)</u>	<u>99,093</u>
Other financing sources (uses):				
Transfers in	-	-	1,293	1,293
Transfers out	(110,000)	(110,000)	-	110,000
Total other financing sources (uses)	<u>(110,000)</u>	<u>(110,000)</u>	<u>1,293</u>	<u>111,293</u>
Net change in fund balances	(346,029)	(411,768)	(201,382)	210,386
Fund balances, beginning of year	794,357	794,357	794,357	-
Fund balances end of year	<u>\$ 448,328</u>	<u>\$ 382,589</u>	<u>\$ 592,975</u>	<u>\$ 210,386</u>

City of Garland, Texas
 Budgetary Comparison Schedule - Neighborhood Services Funds
 For the year ended September 30, 2019

	HOME Grant Fund				Summer Nutrition Fund				CASA Fund				Fair Housing Grant Fund				Total Neighborhood Services			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:																				
Earnings on investments	\$ -	\$ 8,420	\$ 16,053	\$ 7,633	\$ -	\$ -	\$ 1,091	\$ 1,091	\$ 3,500	\$ 4,860	\$ 5,039	\$ 179	\$ -	\$ -	\$ 51	\$ 51	\$ 3,500	\$ 13,280	\$ 22,234	\$ 8,954
Intergovernmental	1,655,932	1,100,000	1,230,340	130,340	325,000	-	-	-	-	-	-	-	269,035	209,835	188,184	(21,651)	2,249,967	1,309,835	1,418,524	108,689
Program income	500,000	500,000	454,636	(45,364)	-	-	-	-	25,000	25,000	4,726	(20,274)	-	-	-	-	525,000	525,000	459,362	(65,638)
Miscellaneous	-	-	-	-	-	1,370	-	(1,370)	-	-	-	-	-	-	-	-	-	1,370	-	(1,370)
Total revenues	<u>2,155,932</u>	<u>1,608,420</u>	<u>1,701,029</u>	<u>92,609</u>	<u>325,000</u>	<u>1,370</u>	<u>1,091</u>	<u>(279)</u>	<u>28,500</u>	<u>29,860</u>	<u>9,765</u>	<u>(20,095)</u>	<u>269,035</u>	<u>209,835</u>	<u>188,235</u>	<u>(21,600)</u>	<u>2,778,467</u>	<u>1,849,485</u>	<u>1,900,120</u>	<u>50,635</u>
Expenditures:																				
Current:																				
Operations	1,248,755	1,600,000	1,643,681	(43,681)	337,362	13,388	10,585	2,803	105,000	105,000	3,582	101,418	307,546	352,546	326,599	25,947	1,998,663	2,070,934	1,984,447	86,487
Total expenditures	<u>1,248,755</u>	<u>1,600,000</u>	<u>1,643,681</u>	<u>(43,681)</u>	<u>337,362</u>	<u>13,388</u>	<u>10,585</u>	<u>2,803</u>	<u>105,000</u>	<u>105,000</u>	<u>3,582</u>	<u>101,418</u>	<u>307,546</u>	<u>352,546</u>	<u>326,599</u>	<u>25,947</u>	<u>1,998,663</u>	<u>2,070,934</u>	<u>1,984,447</u>	<u>86,487</u>
Excess (deficiency) of revenues over (under) expenditures	<u>907,177</u>	<u>8,420</u>	<u>57,348</u>	<u>48,928</u>	<u>(12,362)</u>	<u>(12,018)</u>	<u>(9,494)</u>	<u>2,524</u>	<u>(76,500)</u>	<u>(75,140)</u>	<u>6,183</u>	<u>81,323</u>	<u>(38,511)</u>	<u>(142,711)</u>	<u>(138,364)</u>	<u>4,347</u>	<u>779,804</u>	<u>(221,449)</u>	<u>(84,327)</u>	<u>137,122</u>
Other financing sources (uses):																				
Transfers in	-	-	-	-	30,000	1,016	1,016	-	-	-	-	-	39,045	128,287	128,287	-	69,045	129,303	129,303	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>1,016</u>	<u>1,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,045</u>	<u>128,287</u>	<u>128,287</u>	<u>-</u>	<u>69,045</u>	<u>129,303</u>	<u>129,303</u>	<u>-</u>
Net change in fund balances	907,177	8,420	57,348	48,928	17,638	(11,002)	(8,478)	2,524	(76,500)	(75,140)	6,183	81,323	534	(14,424)	(10,077)	4,347	848,849	(92,146)	44,976	137,122
Fund balances,																				
beginning of year	382,803	382,803	382,803	-	11,002	11,002	11,002	-	230,738	230,738	230,738	-	14,424	14,424	14,424	-	638,967	638,967	638,967	-
Fund balances end of year	<u>\$ 1,289,980</u>	<u>\$ 391,223</u>	<u>\$ 440,151</u>	<u>\$ 48,928</u>	<u>\$ 28,640</u>	<u>\$ -</u>	<u>\$ 2,524</u>	<u>\$ 2,524</u>	<u>\$ 154,238</u>	<u>\$ 155,598</u>	<u>\$ 236,921</u>	<u>\$ 81,323</u>	<u>\$ 14,958</u>	<u>\$ -</u>	<u>\$ 4,347</u>	<u>\$ 4,347</u>	<u>\$ 1,487,816</u>	<u>\$ 546,821</u>	<u>\$ 683,943</u>	<u>\$ 137,122</u>

City of Garland, Texas
Budgetary Comparison Schedule - Hotel/Motel Tax Fund
For the Year Ended September 30, 2019

	Hotel/Motel Tax			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Occupancy taxes	\$ 1,509,000	\$ 1,502,000	\$ 1,525,983	\$ 23,983
Earnings on investments	-	-	81,876	81,876
Special event income	35,500	55,580	-	(55,580)
Total revenues	<u>1,544,500</u>	<u>1,557,580</u>	<u>1,607,859</u>	<u>50,279</u>
Expenditures:				
Current:				
Operations	1,630,628	1,675,188	1,134,521	540,667
Capital	-	-	-	-
Total expenditures	<u>1,630,628</u>	<u>1,675,188</u>	<u>1,134,521</u>	<u>540,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(86,128)</u>	<u>(117,608)</u>	<u>473,338</u>	<u>590,946</u>
Other financing sources (uses):				
Transfers out	<u>(275,400)</u>	<u>(260,000)</u>	<u>(260,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(275,400)</u>	<u>(260,000)</u>	<u>(260,000)</u>	<u>-</u>
Net change in fund balances	(361,528)	(377,608)	213,338	590,946
Fund balances, beginning of year	2,802,456	2,802,456	2,802,456	-
Fund balances end of year	<u>\$ 2,440,928</u>	<u>\$ 2,424,848</u>	<u>\$ 3,015,794</u>	<u>\$ 590,946</u>

City of Garland, Texas
 Budgetary Comparison Schedule - Police Training Grant Fund
 For the year ended September 30, 2019

	Police Training Grant Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Earnings on investments	\$ 2,100	\$ -	\$ 1,138	\$ 1,138
Intergovernmental	575,800	641,009	768,841	127,832
Miscellaneous	-	-	33,175	33,175
Total revenues	<u>577,900</u>	<u>641,009</u>	<u>803,154</u>	<u>162,145</u>
Expenditures:				
Current:				
Operations	472,422	471,204	420,376	50,828
Capital	132,226	423,293	394,380	28,913
Total expenditures	<u>604,648</u>	<u>894,497</u>	<u>814,756</u>	<u>79,741</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,748)</u>	<u>(253,488)</u>	<u>(11,602)</u>	<u>241,886</u>
Net change in fund balances	(26,748)	(253,488)	(11,602)	241,886
Fund balances, beginning of year	24,452	24,452	24,452	-
Fund balances end of year	<u>\$ (2,296)</u>	<u>\$ (229,036)</u>	<u>\$ 12,850</u>	<u>\$ 241,886</u>

City of Garland, Texas
 Budgetary Comparison Schedule - Narcotic Seizure Fund
 For the year ended September 30, 2019

	Narcotic Seizure			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Earnings on investments	\$ 8,400	\$ 6,680	\$ 10,145	\$ 3,465
Awards	-	187,180	237,120	49,940
Miscellaneous	-	-	760	760
Total revenues	<u>8,400</u>	<u>193,860</u>	<u>248,025</u>	<u>54,165</u>
Expenditures:				
Current:				
Operations	196,675	219,175	188,320	30,855
Capital	80,160	80,395	80,160	235
Total expenditures	<u>276,835</u>	<u>299,570</u>	<u>268,480</u>	<u>31,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(268,435)</u>	<u>(105,710)</u>	<u>(20,455)</u>	<u>85,255</u>
Net change in fund balances	(268,435)	(105,710)	(20,455)	85,255
Fund balances, beginning of year	285,910	285,910	285,910	-
Fund balances end of year	<u>\$ 17,475</u>	<u>\$ 180,200</u>	<u>\$ 265,455</u>	<u>\$ 85,255</u>

City of Garland, Texas
 Budgetary Comparison Schedule - Tax Increment Financing Zones
 For the year ended September 30, 2019

	Interstate Highway 30 TIF Fund				Downtown TIF Fund				Total TIF funds			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:												
Occupancy taxes	\$ 449,328	\$ 471,840	\$ 471,840	\$ -	\$ 787,386	\$ 814,403	\$ 814,403	\$ -	\$ 1,236,714	\$ 1,286,243	\$ 1,286,243	\$ -
Earnings on investments	-	3,871	2,284	(1,587)	9,024	18,970	22,767	3,797	9,024	22,841	25,051	2,210
Total revenues	<u>449,328</u>	<u>475,711</u>	<u>474,124</u>	<u>(1,587)</u>	<u>796,410</u>	<u>833,373</u>	<u>837,170</u>	<u>3,797</u>	<u>1,245,738</u>	<u>1,309,084</u>	<u>1,311,294</u>	<u>2,210</u>
Expenditures:												
Current:												
Operations	55,578	67,697	67,696	(1)	632,148	560,308	293,266	267,042	687,726	628,005	360,962	267,043
Capital	-	-	-	-	282,500	287,500	-	287,500	282,500	287,500	-	287,500
Total expenditures	<u>55,578</u>	<u>67,697</u>	<u>67,696</u>	<u>(1)</u>	<u>914,648</u>	<u>847,808</u>	<u>293,266</u>	<u>554,542</u>	<u>970,226</u>	<u>915,505</u>	<u>360,962</u>	<u>554,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>393,750</u>	<u>408,014</u>	<u>406,428</u>	<u>(1,586)</u>	<u>(118,238)</u>	<u>(14,435)</u>	<u>543,904</u>	<u>558,339</u>	<u>275,512</u>	<u>393,579</u>	<u>950,332</u>	<u>556,753</u>
Other financing sources (uses):												
Transfers out	(394,088)	(408,571)	(405,978)	2,593	(280,100)	(280,100)	(280,100)	-	(674,188)	(688,671)	(686,078)	2,593
Total other financing sources (uses)	<u>(394,088)</u>	<u>(408,571)</u>	<u>(405,978)</u>	<u>2,593</u>	<u>(280,100)</u>	<u>(280,100)</u>	<u>(280,100)</u>	<u>-</u>	<u>(674,188)</u>	<u>(688,671)</u>	<u>(686,078)</u>	<u>2,593</u>
Net change in fund balances	(338)	(557)	450	1,007	(398,338)	(294,535)	263,804	558,339	(398,676)	(295,092)	264,254	559,346
Fund balances, beginning of year	556	556	556	-	939,131	939,131	939,131	-	939,687	939,687	939,687	-
Fund balances end of year	<u>\$ 218</u>	<u>\$ (1)</u>	<u>\$ 1,006</u>	<u>\$ 1,007</u>	<u>\$ 540,793</u>	<u>\$ 644,596</u>	<u>\$ 1,202,935</u>	<u>\$ 558,339</u>	<u>\$ 541,011</u>	<u>\$ 644,595</u>	<u>\$ 1,203,941</u>	<u>\$ 559,346</u>

City of Garland, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
General property taxes	\$ 45,811,563	\$ 45,775,233	\$ 46,219,806	\$ 444,573
Earnings on investments	250,000	380,000	306,599	(73,401)
Miscellaneous	-	-	(36)	(36)
Total Revenues	<u>46,061,563</u>	<u>46,155,233</u>	<u>46,526,369</u>	<u>371,136</u>
Expenditures:				
Principal retirement	26,720,000	26,720,000	26,720,000	-
Interest	9,248,567	9,157,400	9,013,745	143,655
Issuer Contribution	-	-	291,431	(291,431)
Fiscal charges	50,000	50,000	163,715	(113,715)
Total Expenditures	<u>36,018,567</u>	<u>35,927,400</u>	<u>36,188,891</u>	<u>(261,491)</u>
Excess of revenues over expenditures	<u>10,042,996</u>	<u>10,227,833</u>	<u>10,337,478</u>	<u>109,645</u>
Other financing sources (uses):				
Proceeds of general obligation refunding bonds	-	-	34,905,000	34,905,000
Payment to general obligation refunded bond escrow agent	-	-	(38,880,223)	(38,880,223)
Premium on issuance of debt	-	-	4,266,654	4,266,654
Transfers in	685,589	685,589	685,589	-
Transfers out	<u>(12,281,395)</u>	<u>(12,281,239)</u>	<u>(12,281,239)</u>	<u>-</u>
Total other financing sources (uses)	<u>(11,595,806)</u>	<u>(11,595,650)</u>	<u>(11,304,219)</u>	<u>291,431</u>
Net change in fund balances	(1,552,810)	(1,367,817)	(966,741)	401,076
Fund balance, beginning of year	<u>6,556,425</u>	<u>6,556,425</u>	<u>6,556,425</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,003,615</u>	<u>\$ 5,188,608</u>	<u>\$ 5,589,684</u>	<u>\$ 401,076</u>

City of Garland, Texas Nonmajor Enterprise Funds

Nonmajor Enterprise Funds

The Nonmajor Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that costs of providing goods and services to the general public on a continuing basis will be financed or recovered through user charges.

Golf Fund – This fund is used to account for the resources and expense associated with a public golf course, administered by a golf professional under the direct supervision of the City Manager.

Heliport Fund – This fund is used to account for the resources and expenses associated with the operations of a heliport.

Storm Water Management Fund – This fund is used to account for the resources and expenses associated with controlling the quality of storm water discharges into lakes and streams.

Parks Performance Fund – This fund is used to account for the resources and expense associated with the operation of recreation activities that receive revenues from user fees.

Sanitation Fund – This fund is used to account for the resources and expenses associated with the collection and recycling of residential and commercial waste.

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Net Position
September 30, 2019

	Business-Type Activities - Enterprise Funds					Total Other Enterprise Funds
	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	
ASSETS						
Current assets						
<i>Unrestricted</i>						
Cash and cash equivalents	\$ 287,781	\$ 93,228	\$ 756,300	\$ 20,132	\$ 1,248,655	\$ 2,406,096
Investments	304,528	98,793	802,229	20,383	1,322,551	2,548,484
Receivable, net of allowance	90,369	-	405,872	240	2,106,619	2,603,100
Accrued interest	826	476	3,767	96	6,116	11,281
Prepaid expense	-	-	50	194,979	177,311	372,340
Inventories	70,610	-	-	-	-	70,610
Total current assets	754,114	192,497	1,968,218	235,830	4,861,252	8,011,911
Noncurrent assets						
<i>Restricted assets</i>						
Construction funds:						
Cash and cash equivalents	98,193	-	25,907	-	294,189	418,289
Investments	103,500	-	26,495	-	303,579	433,574
Accrued interest	496	-	-	-	1,439	1,935
Total construction funds	202,189	-	52,402	-	599,207	853,798
Capital Assets						
Land	9,111,400	1,776,208	-	-	567,992	11,455,600
System	17,085,296	746,069	5,110,911	260,925	25,817,311	49,020,512
Construction in progress	372,728	-	25,051	-	-	397,779
Less accumulated depreciation	(11,256,574)	(710,026)	(2,971,205)	(254,571)	(13,208,550)	(28,400,926)
Net capital assets	15,312,850	1,812,251	2,164,757	6,354	13,176,753	32,472,965
Total noncurrent assets	15,515,039	1,812,251	2,217,159	6,354	13,775,960	33,326,763
Total assets	\$ 16,269,153	\$ 2,004,748	\$ 4,185,377	\$ 242,184	\$ 18,637,212	\$ 41,338,674
Deferred charges on debt refundings	-	-	-	-	89	89
Deferred charges on pensions	384,506	-	586,767	-	1,928,746	2,900,019
Deferred charges on OPEB	74,914	-	112,371	-	407,345	594,630
Total deferred outflows	\$ 459,420	\$ -	\$ 699,138	\$ -	\$ 2,336,180	\$ 3,494,738

**City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Net Position
September 30, 2019**

	Business-Type Activities - Enterprise Funds					Total Other Enterprise Funds
	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	
LIABILITIES						
Current Liabilities						
<i>Payable from current assets:</i>						
Accounts payable and accrued liabilities	\$ 196,120	\$ -	\$ 120,961	\$ 30,503	\$ 353,376	\$ 700,960
Accrued general obligation interest	-	-	-	-	83	83
Accrued certificates of obligation interest	-	-	9,813	-	62,362	72,175
Certificates of obligation	-	-	420,000	-	2,625,000	3,045,000
Compensated absences	67,454	-	60,547	-	209,162	337,163
<i>Total current liabilities</i>	<u>263,574</u>	<u>-</u>	<u>611,321</u>	<u>30,503</u>	<u>3,249,983</u>	<u>4,155,381</u>
Long-term Liabilities						
General obligation bonds (net of unamortized premium)	-	-	-	-	16,653	16,653
Certificates of obligation (net of unamortized premium)	-	-	1,332,128	-	8,410,094	9,742,222
Net OPEB liability	579,342	-	869,014	-	3,150,174	4,598,530
Compensated absences	45,958	-	-	-	-	45,958
Net pension liability	500,734	-	764,278	-	2,512,453	3,777,465
Total long-term liabilities	<u>1,126,034</u>	<u>-</u>	<u>2,965,420</u>	<u>-</u>	<u>14,089,374</u>	<u>18,180,828</u>
Total Liabilities	<u>1,389,608</u>	<u>-</u>	<u>3,576,741</u>	<u>30,503</u>	<u>17,339,357</u>	<u>22,336,209</u>
Deferred inflow of resources-pensions	10,911	-	16,778	-	55,345	83,034
Deferred inflow of resources-OPEB	42,219	-	63,328	-	229,565	335,112
Total deferred inflows	<u>53,130</u>	<u>-</u>	<u>80,106</u>	<u>-</u>	<u>284,910</u>	<u>418,146</u>
NET POSITION						
Net investment in capital assets	15,515,039	1,812,251	465,031	6,354	2,724,213	20,522,888
Unrestricted (deficit)	(229,204)	192,497	762,637	205,327	624,912	1,556,169
Total net position	<u>\$ 15,285,835</u>	<u>\$ 2,004,748</u>	<u>\$ 1,227,668</u>	<u>\$ 211,681</u>	<u>\$ 3,349,125</u>	<u>\$ 22,079,057</u>

**City of Garland
Nonmajor Enterprise Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2019**

	Business-Type Activities - Enterprise Funds					Total Other Enterprise Funds
	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	
OPERATING REVENUES						
Charges for services	\$ 3,770,352	\$ 7,378	\$ 4,445,090	\$ 1,168,863	\$ 19,974,028	\$ 29,365,711
Other	25,879	-	8,626	123,393	42,579	200,477
Total Operating Revenues	3,796,231	7,378	4,453,716	1,292,256	20,016,607	29,566,188
OPERATING EXPENSES						
Salaries and benefits	2,173,685	-	2,307,163	259,535	6,574,585	11,314,968
Landfill fees	-	-	-	-	3,216,833	3,216,833
Maintenance, repairs, and supplies	1,817,650	13,667	1,068,550	865,782	4,370,871	8,136,520
Insurance and other expenses	60,154	-	92,298	-	503,721	656,173
General and administrative	10,684	-	387,438	25,592	1,995,968	2,419,682
Claims	(5,206)	-	26,476	-	95,976	117,246
Depreciation	939,162	5,361	402,107	6,966	3,187,427	4,541,023
Total Operating Expenses	4,996,129	19,028	4,284,032	1,157,875	19,945,381	30,402,445
Total Operating Income (Loss)	(1,199,898)	(11,650)	169,684	134,381	71,226	(836,257)
NONOPERATING REVENUES (EXPENSES)						
Gain (loss) on sale of capital assets	129,262	-	117,700	-	134,358	381,320
Investment income	11,185	5,617	39,899	1,364	103,894	161,959
Interest expense	-	-	(33,029)	-	(146,073)	(179,102)
Income (loss) before transfers	(1,059,451)	(6,033)	294,254	135,745	163,405	(472,080)
TRANSFERS						
Transfers in	1,028,376	-	20,802	19,685	820,414	1,889,277
Transfers out	(5,170)	-	(5,928)	(100,000)	(1,056,820)	(1,167,918)
Total transfers	1,023,206	-	14,874	(80,315)	(236,406)	721,359
NET INCOME (LOSS)	(36,245)	(6,033)	309,128	55,430	(73,001)	249,279
Net position, beginning of year	15,322,080	2,010,781	918,540	156,251	3,422,126	21,829,778
Net position, end of year	\$ 15,285,835	\$ 2,004,748	\$ 1,227,668	\$ 211,681	\$ 3,349,125	\$ 22,079,057

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Cash Flows
For the Year Ended September 30, 2019

	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total Other Enterprise Funds
Cash flows from operating activities:						
Cash received from customers	\$ 3,750,291	\$ 7,378	\$ 4,455,488	\$ 1,168,863	\$ 20,042,599	\$ 29,424,619
Cash payments for goods and services	(1,842,304)	(13,667)	(1,532,968)	(1,092,490)	(10,312,107)	(14,793,536)
Cash payments to employees for services	(2,058,970)	-	(2,156,862)	(259,535)	(6,111,436)	(10,586,803)
Other operating revenues	25,879	-	8,626	123,393	42,579	200,477
Net cash provided by (used for) operating activities	<u>(125,104)</u>	<u>(6,289)</u>	<u>774,284</u>	<u>(59,769)</u>	<u>3,661,635</u>	<u>4,244,757</u>
Cash flows from non-capital financing activities:						
Due from other funds - decrease	-	-	952,385	-	-	952,385
Transfers in	1,028,376	-	20,802	19,685	820,414	1,889,277
Transfers out	(5,170)	-	(5,928)	(100,000)	(1,056,820)	(1,167,918)
Net cash provided by (used for) non-capital financing activities	<u>1,023,206</u>	<u>-</u>	<u>967,259</u>	<u>(80,315)</u>	<u>(236,406)</u>	<u>1,673,744</u>
Cash flows from capital and related financing activities:						
Certificate of obligation issues	-	-	50,000	-	2,545,000	2,595,000
Premium on issuance of debt	-	-	4,484	-	373,975	378,459
Acquisition of capital assets	(910,261)	-	(997,198)	-	(6,780,398)	(8,687,857)
Principal paid on certificates of obligation	-	-	(390,000)	-	(3,060,000)	(3,450,000)
Interest paid on certificates of obligation	-	-	(90,563)	-	(446,257)	(536,820)
Interest paid on general obligation bonds	-	-	-	-	(650)	(650)
Proceeds from sale of capital assets	213,000	-	117,700	-	332,001	662,701
Net cash used for capital and related financing activities	<u>(697,261)</u>	<u>-</u>	<u>(1,305,577)</u>	<u>-</u>	<u>(7,036,329)</u>	<u>(9,039,167)</u>
Cash flows from investing activities:						
Purchase of investment securities	(389,920)	(70,695)	(733,046)	(15,265)	(1,169,709)	(2,378,635)
Proceeds from the sale and maturity of investment securities	225,901	53,637	384,989	70,504	2,374,100	3,109,131
Interest received on investments	10,213	5,373	37,406	1,499	104,350	158,841
Net cash provided by (used for) investing activities	<u>(153,806)</u>	<u>(11,685)</u>	<u>(310,651)</u>	<u>56,738</u>	<u>1,308,741</u>	<u>889,337</u>
Net increase (decrease) in cash and cash equivalents	47,035	(17,974)	125,315	(83,346)	(2,302,359)	(2,231,329)
Cash and cash equivalents at beginning of year	338,939	111,202	656,892	103,478	3,845,203	5,055,714
Cash and cash equivalents at end of year	<u>\$ 385,974</u>	<u>\$ 93,228</u>	<u>\$ 782,207</u>	<u>\$ 20,132</u>	<u>\$ 1,542,844</u>	<u>\$ 2,824,385</u>
Reconciliation to Statement of Net Position						
Cash and cash equivalents	\$ 287,781	\$ 93,228	\$ 756,300	\$ 20,132	\$ 1,248,655	\$ 2,406,096
Construction fund cash and cash equivalents	98,193	-	25,907	-	294,189	418,289
Total cash and cash equivalents	<u>\$ 385,974</u>	<u>\$ 93,228</u>	<u>\$ 782,207</u>	<u>\$ 20,132</u>	<u>\$ 1,542,844</u>	<u>\$ 2,824,385</u>

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Cash Flows
For the Year Ended September 30, 2019

	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total Other Enterprise Funds
Reconciliation of operating loss to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (1,199,899)	\$ (11,650)	\$ 169,684	\$ 134,381	\$ 71,226	\$ (836,258)
Adjustments:						
Depreciation	939,162	5,361	402,107	6,966	3,187,427	4,541,023
Provision for uncollectible accounts	-	-	167	-	12,363	12,530
Change in assets and liabilities:						
Decrease in pension related deferred outflows	(268,919)	-	(409,644)	-	(1,345,420)	(2,023,983)
Increase in OPEB related deferred outflows	(8,471)	-	(12,707)	-	(46,063)	(67,241)
Decrease in inventory	9,935	-	-	-	-	9,935
Decrease in net pension assets	8,503	-	13,029	-	42,910	64,442
Increase in net pension liability	500,734	-	764,278	-	2,512,453	3,777,465
(Increase) decrease in accounts receivable	(20,061)	-	10,231	-	56,208	46,378
Increase (decrease) in accounts payable	36,250	-	49,654	(6,137)	76,883	156,650
Increase in prepaid expense	-	-	(50)	(194,979)	(177,311)	(372,340)
Increase (decrease) in compensated absences	17,838	-	2,385	-	(23,183)	(2,960)
Decrease in OPEB liability	(29,772)	-	(44,658)	-	(161,886)	(236,316)
Decrease in pension related deferred inflows	(143,441)	-	(219,747)	-	(723,611)	(1,086,799)
Increase in OPEB related deferred inflows	33,037	-	49,555	-	179,639	262,231
Total adjustments	<u>1,074,795</u>	<u>5,361</u>	<u>604,600</u>	<u>(194,150)</u>	<u>3,590,409</u>	<u>5,081,015</u>
Net cash provided by (used for) operating activities	<u>\$ (125,104)</u>	<u>\$ (6,289)</u>	<u>\$ 774,284</u>	<u>\$ (59,769)</u>	<u>\$ 3,661,635</u>	<u>\$ 4,244,757</u>
Non-cash transactions:						
Increase in fair value of investments	5,723	1,388	11,642	299	22,963	42,015

City of Garland, Texas Internal Service Funds

Internal Service Funds

The Internal Service Funds account for the financing of goods or services and insurance premiums and claims provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis.

Group Health Fund – This fund is used to account for an employee medical insurance plan which is administered by a third party. The City makes deposits to the fund each pay period for each employee covered by this medical insurance plan and payment of employees' medical claims are made from this fund.

Self Insurance Fund – This fund is used to account for proceeds from other funds for the payment of claims and to provide a loss reserve for potential future major unanticipated claims.

LTD Insurance Fund – This fund is used to account for proceeds from other funds and employees for the payment of long-term disability claims and to provide a loss reserve for potential future claims.

Fleet Services Fund – This fund is used to account for the cost of operating a centralized fleet maintenance garage, which performs repair and maintenance services for City vehicles.

Vehicle Replacement Fund – This fund is used to account for the proceeds from other funds for the systematic replacement of City vehicles.

Information Technology Fund – This fund is used to account for activities related to administration, operation, and maintenance of the City's electronic data processing and communication systems.

Facilities Management Fund – This fund is used to account for activities related to maintenance and management of City buildings and facilities.

Warehouse Fund – This fund is used to account for the activities related to operation of the City's warehouse center for storage and distribution of supplies.

Customer Service Fund – This fund is used to account for activities related to establishing accounts, meter reading, billing and collection of revenue, and responding to customer inquiries from the day to day operations of City utilities.

City of Garland, Texas
Internal Service Funds
Statement of Net Position
September 30, 2019

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total Internal Service Funds
ASSETS										
Current assets:										
<i>Unrestricted</i>										
Cash and cash equivalents	\$ 4,169,748	\$ 2,502,671	\$ 937,310	\$ 432,097	\$ 3,883,448	\$ 3,848,974	\$ 483,547	\$ -	\$ 9,680,033	\$ 25,937,828
Investments	4,428,046	2,650,970	994,338	460,002	4,096,510	4,073,106	513,165	-	9,636,905	26,853,042
Accrued interest	20,478	12,206	4,580	1,943	21,883	18,739	2,473	-	44,583	126,885
Other Receivables	325,324	386,145	-	-	-	6,869	-	-	764,672	1,483,010
Inventories	-	-	-	221,412	-	-	-	5,853,794	-	6,075,206
Prepaid expense	3,708	-	-	57	-	3,612	-	-	-	8,539
Total current assets	8,947,304	5,551,992	1,936,228	1,115,511	8,001,841	7,961,300	999,185	5,853,794	20,127,355	60,484,510
Noncurrent assets:										
<i>Restricted</i>										
Construction funds:										
Cash and cash equivalents	-	-	-	120,724	-	1,133,287	-	2,860	16,465	1,273,336
Investments	-	-	-	126,132	-	1,214,918	-	3,030	8,240	1,352,320
Accrued interest	-	-	-	608	-	5,499	-	14	81	6,202
Total construction funds	-	-	-	247,464	-	2,353,704	-	5,904	24,786	2,631,858
Capital assets										
Land	-	-	-	-	-	136,810	-	-	221,949	358,759
System	21,834	-	-	4,035,838	38,389,389	49,713,194	92,075	258,715	31,768,147	124,279,192
Construction in progress	-	-	-	509,824	-	8,772,986	-	-	-	9,282,810
Less accumulated depreciation	(21,834)	-	-	(1,991,254)	(27,985,504)	(31,822,408)	(30,594)	(239,625)	(12,440,928)	(74,532,147)
Net capital assets	-	-	-	2,554,408	10,403,885	26,800,582	61,481	19,090	19,549,168	59,388,614
Total noncurrent assets	-	-	-	2,801,872	10,403,885	29,154,286	61,481	24,994	19,573,954	62,020,472
Total assets	8,947,304	5,551,992	1,936,228	3,917,383	18,405,726	37,105,586	1,060,666	5,878,788	39,701,309	122,504,982
Deferred Outflows of Resources										
Deferred charges on debt	-	-	-	-	-	22,161	-	-	24,770	46,931
Deferred charges on pensions	357,480	215,694	-	775,551	-	2,124,387	788,933	195,674	1,976,022	6,433,741
Deferred charges on OPEB	56,185	23,381	-	163,874	-	294,974	163,874	46,821	440,119	1,189,228
Total deferred outflows	413,665	239,075	-	939,425	-	2,441,522	952,807	242,495	2,440,911	7,669,900
LIABILITIES										
Current Liabilities:										
<i>Payable from current assets</i>										
Accounts payable and accrued liabilities	854,704	156,038	30,234	943,587	40,591	1,233,504	235,504	155,431	572,230	4,221,823
Accrued interest payable:										
General obligation bonds	-	-	-	-	-	12,695	-	64	91,879	104,638
Certificates of obligation	-	-	-	7,816	-	10,645	-	-	-	18,461
Customer deposits	-	-	-	-	-	-	-	-	16,832,635	16,832,635
Due to other funds	-	-	-	-	-	-	-	1,709,263	-	1,709,263
Compensated absences	37,069	33,422	-	102,245	-	307,205	122,230	23,485	252,199	877,855
Insurance claims payable	2,533,857	2,774,500	490,000	-	-	-	-	-	-	5,798,357
General obligation bonds	-	-	-	-	-	195,000	-	5,000	1,270,000	1,470,000
Certificates of obligation	-	-	-	75,000	-	175,000	-	-	-	250,000
Total current liabilities	3,425,630	2,963,960	520,234	1,128,648	40,591	1,934,049	357,734	1,893,243	19,018,943	31,283,032
Long-term Liabilities:										
<i>Payable from restricted assets</i>										
Accounts payable	-	-	-	113,388	-	67,385	-	-	-	180,773
Retainage payable	-	-	-	23,454	-	-	-	-	-	23,454
Total payable from restricted assets	-	-	-	136,842	-	67,385	-	-	-	204,227
Advances from other funds	-	-	-	-	-	-	-	3,896,269	-	3,896,269
Certificates of obligation (net of amortized bond premium)	-	-	-	1,688,183	-	1,811,421	-	-	-	3,499,604
General obligation bonds (net of amortized bond premium and defeased debt cost)	-	-	-	-	-	2,111,572	-	5,282	14,947,787	17,064,641
Compensated absences	-	39,281	-	-	-	56,022	14,406	5,252	-	114,961
Insurance claims payable	-	3,726,450	2,622,604	-	-	-	-	-	-	6,349,054
Net OPEB liability	434,507	181,044	-	1,267,311	-	2,281,160	1,267,311	362,089	3,403,636	9,197,058
Net pension liability	465,594	281,114	-	1,010,252	-	2,767,212	1,027,821	254,759	2,573,946	8,380,698
Total Long-term Liabilities	900,101	4,227,889	2,622,604	3,965,746	-	9,027,387	2,309,538	4,523,651	20,925,369	48,502,285
Total Liabilities	4,325,731	7,191,849	3,142,838	5,231,236	40,591	11,028,821	2,667,272	6,416,894	39,944,312	79,989,544
Deferred Inflows of resources										
Deferred charges on debt	-	-	-	-	-	1,614	-	8	41,591	43,213
Deferred charges on pensions	10,194	6,316	-	22,247	-	60,879	22,754	5,496	56,622	184,508
Deferred charges on OPEB	31,664	13,163	-	92,354	-	166,237	92,354	26,387	248,036	670,195
Total deferred inflows	41,858	19,479	-	114,601	-	228,730	115,108	31,891	346,249	897,916
NET POSITION										
Net investment in capital assets	-	-	-	901,847	10,403,885	24,793,908	61,481	14,712	3,356,167	39,532,000
Unrestricted	4,993,380	(1,420,261)	(1,206,610)	(1,390,876)	7,961,250	3,495,649	(830,388)	(342,214)	(1,504,508)	9,755,422
Total net position	\$ 4,993,380	\$ (1,420,261)	\$ (1,206,610)	\$ (489,029)	\$ 18,365,135	\$ 28,289,557	\$ (768,907)	\$ (327,502)	\$ 1,851,659	\$ 49,287,422

City of Garland, Texas
Internal Service Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2019

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total Internal Service Funds
OPERATING REVENUES:										
Charges for services	\$ -	\$ -	\$ -	\$ 8,920,188	\$ 3,730,626	\$ 18,080,367	\$ 8,784,655	\$ 913,997	\$ 12,167,554	\$ 52,597,387
Premiums	30,489,251	5,499,276	476,515	-	-	-	-	-	-	36,465,042
Other	1,159,704	921,452	-	4,100	-	114,940	-	14,959	147,036	2,362,191
Total Operating Revenues	31,648,955	6,420,728	476,515	8,924,288	3,730,626	18,195,307	8,784,655	928,956	12,314,590	91,424,620
OPERATING EXPENSES:										
Salaries and benefits	1,488,480	2,514,172	-	2,560,540	-	7,701,094	2,458,863	688,302	6,737,072	24,148,523
Maintenance, repairs, and other	243,401	415,359	-	5,918,311	99,359	7,640,792	5,612,403	49,905	1,786,953	21,766,483
Premiums	5,330,839	2,218,999	-	-	-	-	-	-	-	7,549,838
Claims	24,405,470	913,067	327,047	(11,389)	-	(20,500)	(11,389)	(3,254)	(30,587)	25,568,465
Administrative services	620,505	59,780	-	-	-	-	-	-	-	680,285
General and administrative	234,884	127,200	-	881,334	-	1,551,108	594,001	222,888	2,710,690	6,322,105
Depreciation	-	-	-	98,469	3,359,032	3,925,904	13,488	8,440	1,176,450	8,581,783
Total Operating Expenses	32,323,579	6,248,577	327,047	9,447,265	3,458,391	20,798,398	8,667,366	966,281	12,380,578	94,617,482
Total Operating Income (Loss)	(674,624)	172,151	149,468	(522,977)	272,235	(2,603,091)	117,289	(37,325)	(65,988)	(3,192,862)
NONOPERATING REVENUES (EXPENSES):										
Investment income	247,884	132,009	53,491	36,087	316,124	309,146	29,194	166	526,948	1,651,049
Interest expense	-	-	-	(42,055)	-	(75,458)	-	(172)	(432,433)	(550,118)
Gain (loss) on sale of capital assets	-	-	-	-	655,999	-	-	-	11,789	667,788
Total nonoperating revenues (expenses)	247,884	132,009	53,491	(5,968)	972,123	233,688	29,194	(6)	106,304	1,768,719
Income (loss) before transfers	(426,740)	304,160	202,959	(528,945)	1,244,358	(2,369,403)	146,483	(37,331)	40,316	(1,424,143)
TRANSFERS										
Transfers in	321,824	(346,506)	-	38,798	(158,336)	54,719	50,874	-	724,974	686,347
Transfers out	-	(81,480)	-	(11,561)	(4,638,611)	(5,090)	-	-	(8,893)	(4,745,635)
Net transfers	321,824	(427,986)	-	27,237	(4,796,947)	49,629	50,874	-	716,081	(4,059,288)
NET INCOME (LOSS)	(104,916)	(123,826)	202,959	(501,708)	(3,552,589)	(2,319,774)	197,357	(37,331)	756,397	(5,483,431)
Net position, beginning of year	5,098,296	(1,296,435)	(1,409,569)	12,679	21,917,724	30,609,331	(966,264)	(290,171)	1,095,262	54,770,853
Net position, end of year	\$ 4,993,380	\$ (1,420,261)	\$ (1,206,610)	\$ (489,029)	\$ 18,365,135	\$ 28,289,557	\$ (768,907)	\$ (327,502)	\$ 1,851,659	\$ 49,287,422

City of Garland, Texas
Internal Service Funds
Statement of Cash Flows
For the Year Ended September 30, 2019

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Internal Service Funds
Cash flows from operating activities:										
Cash received from customers	\$ 30,795,598	\$ 5,394,479	\$ 476,515	\$ 8,920,188	\$ 3,730,626	\$ 18,216,213	\$ 8,790,157	\$ 913,997	\$ 12,110,676	\$ 89,348,449
Cash received for customer deposits	-	-	-	-	-	-	-	-	934,890	934,890
Cash payments for goods and services	(30,624,240)	(3,768,970)	(326,934)	(6,425,408)	(161,001)	(8,595,666)	(6,162,485)	(184,384)	(4,513,885)	(60,762,973)
Cash payments to employees for services	(1,408,447)	(2,468,856)	-	(2,363,676)	-	(7,150,138)	(2,254,304)	(632,053)	(6,216,862)	(22,494,336)
Other operating revenues	1,159,704	921,452	-	4,100	-	114,940	-	14,959	147,036	2,362,191
Net cash provided by (used for) operating activities	(77,385)	78,105	149,581	135,204	3,569,625	2,585,349	373,368	112,519	2,461,855	9,388,221
Cash flows from non-capital financing activities:										
Due from other funds - (increase) decrease	-	-	-	25,785	(26,465)	2,745	-	3,132	-	5,197
Due to other funds - decrease	-	-	-	-	-	(6,673)	(158)	(110,027)	-	(116,858)
Transfers in	321,824	(346,506)	-	38,798	(158,336)	54,719	50,874	-	724,974	686,347
Transfers out	-	(81,480)	-	(11,561)	(4,638,611)	(5,090)	-	-	(8,893)	(4,745,635)
Net cash provided by (used for) non-capital financing activities	321,824	(427,986)	-	53,022	(4,823,412)	45,701	50,716	(106,895)	716,081	(4,170,949)
Cash flows from capital and financing activities:										
Certificate of obligation issues	-	-	-	-	-	755,000	-	-	-	755,000
Refunding bonds	-	-	-	-	-	-	-	-	12,365,000	12,365,000
Premium on issuance of debt	-	-	-	-	-	132,837	-	-	1,703,727	1,836,564
Acquisition of capital assets	-	-	-	(358,848)	(3,808,916)	(6,381,426)	-	-	-	(10,549,190)
Principal paid on certificates of obligation	-	-	-	(70,000)	-	(140,000)	-	-	(1,060,000)	(1,270,000)
Principal paid on general obligation bonds	-	-	-	-	-	(180,000)	-	(5,000)	(540,000)	(725,000)
Interest paid on certificates of obligation	-	-	-	(64,806)	-	(49,349)	-	-	(21,200)	(135,355)
Interest paid on general obligations	-	-	-	-	-	(103,850)	-	(625)	(762,385)	(866,860)
Bond issue expense	-	-	-	-	-	-	-	-	239,255	239,255
Payment to escrow agent	-	-	-	-	-	-	-	-	(13,958,215)	(13,958,215)
Proceeds from sale of assets	-	-	-	-	845,288	-	-	-	11,789	857,077
Net cash used for financing activities	-	-	-	(493,654)	(2,963,628)	(5,966,788)	-	(5,625)	(2,022,029)	(11,451,724)
Cash flows from investing activities:										
Purchase of investment securities	(3,161,913)	(1,897,771)	(722,147)	(419,204)	(2,944,812)	(3,839,279)	(520,708)	(2,168)	(6,902,901)	(20,410,903)
Proceeds from the sale and maturity of investment securities	2,176,450	1,524,585	461,328	430,799	3,882,304	4,199,022	237,994	1,566	4,528,418	17,442,466
Interest received on investments	237,216	126,289	50,990	35,195	308,548	300,811	27,366	159	502,985	1,589,559
Net cash provided by (used for) investing activities	(748,247)	(246,897)	(209,829)	46,790	1,246,040	860,554	(255,348)	(443)	(1,871,498)	(1,378,878)
Net increase (decrease) in cash and cash equivalents	(503,808)	(596,778)	(60,248)	(258,638)	(2,971,375)	(2,675,184)	168,736	(444)	(715,591)	(7,613,330)
Cash and cash equivalents at beginning of year	4,673,556	3,099,449	997,558	811,459	6,854,823	7,657,445	314,811	3,304	10,412,089	34,824,494
Cash and cash equivalents at end of year	\$ 4,169,748	\$ 2,502,671	\$ 937,310	\$ 552,821	\$ 3,883,448	\$ 4,982,261	\$ 483,547	\$ 2,860	\$ 9,696,498	\$ 27,211,164
Reconciliation to Statement of Net Position										
Cash and cash equivalents	\$ 4,169,748	\$ 2,502,671	\$ 937,310	\$ 432,097	\$ 3,883,448	\$ 3,848,974	\$ 483,547	\$ -	\$ 9,680,033	\$ 25,937,828
Construction fund cash and cash equivalents	-	-	-	120,724	-	1,133,287	-	2,860	16,465	1,273,336
Total cash and cash equivalents	\$ 4,169,748	\$ 2,502,671	\$ 937,310	\$ 552,821	\$ 3,883,448	\$ 4,982,261	\$ 483,547	\$ 2,860	\$ 9,696,498	\$ 27,211,164
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:										
Operating income (loss)	\$ (674,624)	\$ 172,151	\$ 149,468	\$ (522,977)	\$ 272,235	\$ (2,603,091)	\$ 117,289	\$ (37,325)	\$ (65,988)	\$ (3,192,862)
Adjustments:										
Depreciation	-	-	-	98,469	3,359,032	3,925,904	13,488	8,440	1,176,450	8,581,783
Change in assets and liabilities:										
Decrease in pension related deferred outflows	(249,729)	(149,732)	-	(541,039)	-	(1,482,352)	(549,665)	(137,174)	(1,378,858)	(4,488,549)
Increase in OPEB related deferred outflows	(6,353)	(2,618)	-	(18,531)	-	(33,356)	(18,531)	(5,294)	(49,769)	(134,452)
Decrease in inventory	-	-	-	49,469	-	-	-	306,801	-	356,270
Decrease in net pension asset	7,926	4,852	-	17,251	-	47,229	17,601	4,303	43,928	143,090
Increase in net pension liability	465,594	281,114	-	1,010,252	-	2,767,212	1,027,820	254,759	2,573,946	8,380,697
(Increase) decrease in accounts receivable	306,347	(104,797)	-	-	-	135,845	5,502	-	(56,878)	286,019
Increase (decrease) in accounts payable	(91,543)	(32,937)	113	306,026	(61,642)	599,846	43,921	(218,391)	(15,080)	530,313
Increase in customer deposits	-	-	-	-	-	-	-	-	934,890	934,890
Increase (decrease) in compensated absences	(10,066)	(9,150)	-	1,314	-	15,343	5,558	6,983	22,007	31,989
(Increase) decrease in prepaid expense	(3,708)	-	-	18,742	-	(3,612)	-	-	(1,162)	10,260
Decrease in OPEB liability	(22,329)	(9,304)	-	(65,127)	-	(117,228)	(65,127)	(18,608)	(174,911)	(472,634)
Increase in insurance claims payable	310,016	-	-	-	-	-	-	-	-	310,016
Decrease in pension related deferred inflows	(133,694)	(81,768)	-	(290,914)	-	(796,475)	(296,757)	(72,623)	(740,813)	(2,413,044)
Increase in OPEB related deferred inflows	24,778	10,294	-	72,269	-	130,084	72,269	20,648	194,093	524,435
Total adjustments	597,239	(94,046)	113	658,181	3,297,390	5,188,440	256,079	149,844	2,527,843	12,581,083
Net cash provided by (used for) operating activities	\$ (77,385)	\$ 78,105	\$ 149,581	\$ 135,204	\$ 3,569,625	\$ 2,585,349	\$ 373,368	\$ 112,519	\$ 2,461,855	\$ 9,388,221
Non-cash transactions:										
Change in restricted accounts payable	\$ -	\$ -	\$ -	\$ 106,697	\$ -	\$ 61,944	\$ -	\$ -	\$ -	\$ 168,641
Increase in fair value of investments	62,070	37,254	13,951	8,230	57,808	74,165	7,199	42	135,507	396,226



GARLAND

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**CITY OF GARLAND, TEXAS
Statistical Section
(Unaudited)**

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

**City of Garland
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)**

Table 1

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 119,059,830	\$ 109,150,600	\$ 95,930,730	\$ 127,763,560	\$ 125,858,168	\$ 141,966,385	\$ 150,422,234	\$ 177,385,098	\$ 183,437,109	\$ 183,829,761
Restricted	13,646,512	12,875,368	9,106,322	7,859,043	7,574,847	6,284,970	7,904,536	8,365,076	14,797,879	12,472,754
Unrestricted	25,421,938	32,036,457	39,027,078	1,315,954	6,157,462	11,717,842	7,879,932	699,772	(10,392,577)	13,235,542
Total governmental activities net position	\$ 158,128,280	\$ 154,062,425	\$ 144,064,130	\$ 136,938,557	\$ 139,590,477	\$ 159,969,197	\$ 166,206,702	\$ 186,449,946	\$ 187,842,411	\$ 209,538,057
Business-type activities										
Net investment in capital assets	\$ 334,698,641	\$ 343,566,237	\$ 346,557,013	\$ 438,249,356	\$ 365,960,688	\$ 376,738,418	\$ 393,233,982	\$ 408,670,773	\$ 426,347,930	\$ 433,039,663
Restricted	116,110,801	157,524,421	196,275,271	178,691,456	180,855,772	182,974,266	184,733,224	186,750,517	164,352,786	181,885,584
Unrestricted	115,801,273	118,212,758	118,547,358	53,537,669	123,189,978	124,110,995	91,707,333	61,283,046	66,062,217	106,130,672
Total business-type activities net position	\$ 566,610,715	\$ 619,303,416	\$ 661,379,642	\$ 670,478,481	\$ 670,006,438	\$ 683,823,679	\$ 669,674,539	\$ 656,704,336	\$ 656,762,933	\$ 721,055,919
Primary government										
Net investment in capital assets	\$ 453,758,471	\$ 452,716,837	\$ 442,487,743	\$ 566,012,916	\$ 491,818,856	\$ 518,704,803	\$ 543,656,216	\$ 586,055,871	\$ 609,785,039	\$ 616,869,424
Restricted	129,757,313	170,399,789	205,381,593	186,550,499	188,430,619	189,259,236	192,637,760	195,115,593	179,150,665	194,358,338
Unrestricted	141,223,211	150,249,215	157,574,436	54,853,623	129,347,440	135,828,837	99,587,265	61,982,818	55,669,640	119,366,214
Total primary government activities net position	\$ 724,738,995	\$ 773,365,841	\$ 805,443,772	\$ 807,417,038	\$ 809,596,915	\$ 843,792,876	\$ 835,881,241	\$ 843,154,282	\$ 844,605,344	\$ 930,593,976

City of Garland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

Table 2

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 32,846,193	\$ 29,640,148	\$ 29,569,285	\$ 29,243,108	\$ 27,639,946	\$ 28,672,583	\$ 32,857,828	\$ 33,421,800	\$ 34,425,497	\$ 37,666,863
Public safety	86,168,466	90,653,595	90,755,164	92,128,110	91,105,170	93,438,294	103,855,466	107,419,896	108,420,934	120,253,380
Public works	41,358,430	42,540,513	41,666,670	40,870,496	41,893,889	42,473,055	46,703,808	39,356,985	42,764,067	46,038,188
Culture and recreation	19,505,793	21,566,920	20,805,012	21,442,173	20,820,273	21,780,835	24,405,765	24,743,188	24,323,627	28,281,367
Public health	3,604,317	3,881,311	4,018,652	4,322,827	4,105,273	4,401,399	4,819,386	4,682,394	4,405,451	5,144,733
Interest and fiscal charges	12,713,773	11,968,097	12,038,048	11,094,537	9,696,538	8,323,617	8,833,481	8,391,567	7,339,076	6,669,810
Total governmental activities expenses	<u>196,196,972</u>	<u>200,250,584</u>	<u>198,852,831</u>	<u>199,101,251</u>	<u>195,261,089</u>	<u>199,089,783</u>	<u>221,475,734</u>	<u>218,015,830</u>	<u>221,678,652</u>	<u>244,054,341</u>
Business-type activities:										
Electric	191,187,490	164,547,930	166,360,005	271,815,312	344,969,100	319,583,367	281,386,514	282,989,503	259,269,873	236,681,376
Water	34,274,026	38,602,207	40,702,500	43,758,542	46,952,415	48,965,136	54,403,015	58,299,626	64,111,798	65,530,161
Sewer	33,643,084	34,307,982	36,348,765	36,288,797	36,080,645	35,609,533	36,662,146	37,321,258	38,352,152	38,297,685
Golf	3,636,869	4,766,551	4,922,780	4,889,818	4,738,094	4,808,720	4,926,096	5,080,114	4,583,422	4,875,332
Heliport	39,590	30,292	85,480	5,365	5,329	5,351	5,350	5,344	5,315	19,060
Storm water management	3,598,351	3,669,785	3,519,113	3,926,814	3,996,717	3,949,180	3,878,831	3,842,023	4,292,213	4,206,675
Parks performance	778,409	965,305	1,022,947	964,590	1,031,470	1,113,223	1,233,076	1,259,287	1,248,760	1,159,836
Sanitation	15,943,590	16,045,778	16,972,881	16,965,951	17,415,020	17,085,912	17,786,836	17,841,828	18,485,025	19,991,136
Total business-type activities expenses	<u>283,101,409</u>	<u>262,935,830</u>	<u>269,934,471</u>	<u>378,615,189</u>	<u>455,188,790</u>	<u>431,120,422</u>	<u>400,281,864</u>	<u>406,638,983</u>	<u>390,348,558</u>	<u>370,761,261</u>
Total primary government expenses	<u>\$ 479,298,381</u>	<u>\$ 463,186,414</u>	<u>\$ 468,787,302</u>	<u>\$ 577,716,440</u>	<u>\$ 650,449,879</u>	<u>\$ 630,210,205</u>	<u>\$ 621,757,598</u>	<u>\$ 624,654,813</u>	<u>\$ 612,027,210</u>	<u>\$ 614,815,602</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 6,086,998	\$ 6,403,716	\$ 6,761,126	\$ 6,792,917	\$ 6,771,546	\$ 7,211,710	\$ 8,235,397	\$ 8,432,962	\$ 9,910,970	\$ 9,192,290
Public safety	11,904,259	12,685,675	14,130,333	15,467,011	14,845,171	15,447,629	17,925,072	19,019,451	19,654,603	19,756,620
Public works	12,326,162	18,311,836	14,710,176	14,626,584	14,690,728	16,858,348	20,301,355	19,976,447	18,752,900	21,377,178
Culture and recreation	1,701,121	1,673,984	1,523,989	1,726,202	1,562,302	1,580,984	1,489,423	1,367,082	1,354,400	1,351,315
Public health	501,507	283,433	409,920	534,179	494,343	460,154	546,298	539,542	514,925	598,254
Operating grants and contributions	21,420,963	21,723,466	16,885,088	17,203,324	14,290,332	14,640,650	15,090,766	16,271,994	15,409,934	17,041,881
Capital grants and contributions	974,984	649,244	815,387	1,785,232	560,265	2,695,395	8,377,011	12,892,981	11,057,555	6,572,632
Total governmental activities program revenues	<u>54,915,994</u>	<u>61,731,354</u>	<u>55,236,019</u>	<u>58,135,449</u>	<u>53,214,687</u>	<u>58,894,870</u>	<u>71,965,322</u>	<u>78,500,459</u>	<u>76,655,287</u>	<u>75,890,170</u>
Business-type activities:										
Charges for services:										
Electric	231,758,075	222,638,789	222,228,397	296,866,570	376,657,906	338,473,487	278,334,789	279,846,202	287,169,337	291,458,932
Water	40,688,647	50,472,770	46,525,981	50,176,879	49,536,979	57,135,679	63,373,281	63,623,236	76,184,876	75,578,798
Sewer	40,316,535	41,809,811	42,172,904	41,831,894	43,460,465	43,609,415	44,628,715	44,237,184	43,902,151	46,737,430
Golf	2,163,761	3,596,869	3,724,490	3,677,689	3,630,768	3,528,120	3,577,522	3,964,942	3,708,057	3,770,352
Heliport	6,528	6,523	6,713	6,865	6,956	7,018	7,032	7,118	7,257	7,378
Storm water management	3,455,484	3,775,995	3,840,350	3,824,990	3,820,130	3,829,343	3,819,769	3,860,797	4,326,657	4,445,090
Parks performance	694,108	1,004,106	1,052,256	1,124,046	1,005,702	1,091,961	1,198,950	1,220,969	1,092,368	1,168,863
Sanitation	15,750,835	16,406,642	16,898,137	17,469,768	17,586,500	19,243,412	19,379,321	19,712,847	19,877,745	19,974,028
Operating grants and contributions	-	-	-	-	-	-	-	884,150	-	-
Capital grants and contributions	878,483	3,213,159	1,249,457	1,787,937	953,011	1,678,626	2,534,605	3,113,641	3,600,423	3,311,593
Total business-type activities program revenues	<u>335,712,456</u>	<u>342,924,664</u>	<u>337,698,685</u>	<u>416,766,638</u>	<u>496,658,417</u>	<u>468,597,061</u>	<u>416,853,984</u>	<u>420,471,086</u>	<u>439,868,871</u>	<u>446,452,464</u>
Total primary government program revenues	<u>\$ 390,628,450</u>	<u>\$ 404,656,018</u>	<u>\$ 392,934,704</u>	<u>\$ 474,902,087</u>	<u>\$ 549,873,104</u>	<u>\$ 527,491,931</u>	<u>\$ 488,819,306</u>	<u>\$ 498,971,545</u>	<u>\$ 516,524,158</u>	<u>\$ 522,342,634</u>

**City of Garland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)**

Table 2

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense)/revenue										
Governmental activities	\$ (141,280,978)	\$ (138,519,230)	\$ (143,616,812)	\$ (140,965,802)	\$ (142,046,402)	\$ (140,194,913)	\$ (149,510,412)	\$ (139,515,371)	\$ (145,023,365)	\$ (168,164,171)
Business-type activities	52,611,047	79,988,834	67,764,214	38,151,449	41,469,627	37,476,639	16,572,120	13,832,103	49,520,313	75,691,203
Total primary government net expense	<u>\$ (88,669,931)</u>	<u>\$ (58,530,396)</u>	<u>\$ (75,852,598)</u>	<u>\$ (102,814,353)</u>	<u>\$ (100,576,775)</u>	<u>\$ (102,718,274)</u>	<u>\$ (132,938,292)</u>	<u>\$ (125,683,268)</u>	<u>\$ (95,503,052)</u>	<u>\$ (92,472,968)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 75,675,105	\$ 72,960,307	\$ 71,712,486	\$ 71,160,273	\$ 71,507,322	\$ 74,345,310	\$ 79,069,419	\$ 87,329,443	\$ 95,795,752	\$ 106,255,121
Sales taxes	21,648,693	21,609,756	22,684,164	23,537,389	24,667,765	26,497,069	30,234,776	29,894,875	30,129,008	31,035,747
Franchise taxes	8,352,056	8,255,818	7,887,388	8,646,942	9,091,491	8,832,022	8,452,280	8,746,777	8,912,728	8,510,877
Hotel/motel taxes	562,590	687,233	773,753	825,003	896,702	1,071,660	1,356,259	1,415,395	1,431,266	1,525,983
Mixed drink taxes	263,272	262,941	238,486	255,607	327,324	351,879	370,992	401,934	413,241	423,577
Bingo taxes	99,634	100,691	104,178	106,252	105,701	105,198	116,434	86,889	88,130	107,056
Unrestricted investment earnings	730,796	512,142	648,009	266,319	679,278	821,107	913,992	1,117,176	2,313,130	6,072,790
Miscellaneous	28,089	89,257	85,561	59,186	132,933	2,788,292	251,073	606,208	34,151	833,032
Transfers	28,665,953	29,975,230	29,484,492	30,796,507	39,628,270	32,236,236	34,982,692	30,159,918	40,394,892	35,095,634
Total governmental activities	<u>136,026,188</u>	<u>134,453,375</u>	<u>133,618,517</u>	<u>135,653,478</u>	<u>147,036,786</u>	<u>147,048,773</u>	<u>155,747,917</u>	<u>159,758,615</u>	<u>179,512,298</u>	<u>189,859,817</u>
Business-type activities:										
Unrestricted investment earnings	1,426,960	1,045,332	1,703,509	42,619	1,481,986	1,823,835	1,671,185	1,961,783	3,216,278	8,233,512
Miscellaneous	1,176,711	1,633,765	2,092,995	1,701,278	2,074,837	1,701,956	2,590,247	1,395,829	2,100,389	15,493,423
Loss on sale of capital assets	(1,529,932)	-	-	-	-	-	-	-	-	-
Transfers	(28,665,953)	(29,975,230)	(29,484,492)	(30,796,507)	(39,628,270)	(32,236,236)	(34,982,692)	(30,159,918)	(40,394,892)	(35,095,634)
Total business-type activities	<u>(27,592,214)</u>	<u>(27,296,133)</u>	<u>(25,687,988)</u>	<u>(29,052,610)</u>	<u>(36,071,447)</u>	<u>(28,710,445)</u>	<u>(30,721,260)</u>	<u>(26,802,306)</u>	<u>(35,078,225)</u>	<u>(11,368,699)</u>
Total primary government	<u>\$ 108,433,974</u>	<u>\$ 107,157,242</u>	<u>\$ 107,930,529</u>	<u>\$ 106,600,868</u>	<u>\$ 110,965,339</u>	<u>\$ 118,338,328</u>	<u>\$ 125,026,657</u>	<u>\$ 132,956,309</u>	<u>\$ 144,434,073</u>	<u>\$ 178,491,118</u>
Change in Net Position										
Governmental activities	\$ (5,254,790)	\$ (4,065,855)	\$ (9,998,295)	\$ (5,312,324)	\$ 4,990,384	\$ 6,853,860	\$ 6,237,505	\$ 20,243,244	\$ 34,488,933	\$ 21,695,646
Business-type activities	25,018,833	52,692,701	42,076,226	9,098,839	5,398,180	8,766,194	(14,149,140)	(12,970,203)	14,442,088	64,322,504
Cumulative effect of change in acctg principle	-	-	-	-	(8,208,687)	18,575,907	-	-	(47,479,959)	(29,518)
Total primary government	<u>\$ 19,764,043</u>	<u>\$ 48,626,846</u>	<u>\$ 32,077,931</u>	<u>\$ 3,786,515</u>	<u>\$ 2,179,877</u>	<u>\$ 34,195,961</u>	<u>\$ (7,911,635)</u>	<u>\$ 7,273,041</u>	<u>\$ 1,451,062</u>	<u>\$ 85,988,632</u>

City of Garland
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

Table 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel/Motel Tax	Mixed Drink Tax	Bingo Tax	Total
2010	\$ 75,591,153	\$ 21,573,549	\$ 8,352,056	\$ 562,590	\$ 263,272	\$ 99,634	\$ 106,442,254
2011	72,960,307	21,609,756	8,255,818	687,233	262,941	100,691	103,876,746
2012	71,712,486	22,684,164	7,887,388	773,753	238,486	104,178	103,400,455
2013	71,160,273	23,537,389	8,646,942	825,003	255,607	106,252	104,531,466
2014	71,507,322	24,667,765	9,091,491	896,702	327,324	105,701	106,596,305
2015	74,345,310	26,497,069	8,832,022	1,071,660	351,879	105,198	111,203,138
2016	79,069,419	30,234,776 *	8,452,280	1,356,259	370,992	116,434	119,600,160
2017	87,329,443	29,894,875	8,746,777	1,415,395	401,934	86,889	127,875,313
2018	95,795,752	30,129,008	8,912,728	1,431,266	413,241	88,130	136,770,125
2019	106,255,121	31,035,747	8,510,877	1,525,983	423,577	107,056	147,858,361

* Sales tax includes a one-time audit adjustment of \$1,267,967.

City of Garland
Fund Balances of Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

Table 4

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved for other	\$ 564,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	-	-	42,686
Restricted for construction	-	762,541	758,444	1,531,005	135,552	820,577	851,283	762,777	2,661,895	1,758,414
Committed	-	-	-	-	-	-	-	-	11,399,953	7,650,641
Assigned	-	4,730,000	4,730,000	4,480,000	4,230,000	3,980,000	3,730,000	3,480,000	3,230,000	3,230,000
Unreserved	19,639,675	-	-	-	-	-	-	-	-	-
Unassigned	-	13,881,953	16,575,077	18,252,865	21,364,117	20,944,205	22,467,723	30,955,648	17,641,489	23,139,762
Total general fund	\$ 20,204,524	\$ 19,374,494	\$ 22,063,521	\$ 24,263,870	\$ 25,729,669	\$ 25,744,782	\$ 27,049,006	\$ 35,198,425	\$ 34,933,337	\$ 35,821,503
All other government funds										
Reserved for:										
Debt service	\$ 6,051,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	9,411,927	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	4,624,832	-	-	-	-	-	-	-	-	-
Capital project funds	(3,467,032)	-	-	-	-	-	-	-	-	-
Non spendable:										
Prepaid	-	902,142	-	-	-	-	-	-	-	4,179,824
Restricted for:										
General government	-	1,122,223	39,730,596	33,393,625	22,931,442	344,704	460,690	619,178	3,728,181	4,188,943
Debt service	-	6,265,763	5,241,033	6,314,007	7,843,714	6,235,664	5,729,738	6,298,049	6,556,425	5,589,684
Parks construction	-	-	-	-	-	115,016	368,549	961,391	581,433	918,946
Streets and drainage	-	-	-	-	-	68,129	2,748,505	11,292,276	2,222,061	-
Public facilities	-	-	-	-	-	42,207,841	36,664,668	38,207,888	38,421,468	28,975,889
Other capital projects	-	3,577,680	1,774,748	1,727,296	1,035,676	6,921,928	237,619	828,678	-	-
Housing assistance	-	1,305,371	984,567	935,202	570,169	1,005,267	1,354,176	1,176,106	2,113,317	1,898,867
Public safety	-	-	53,785	-	-	786,043	798,548	567,248	310,362	278,305
Committed for:										
Neighborhood services	-	303,531	332,670	444,858	453,849	426,644	528,668	512,220	-	-
Culture & recreation	-	-	-	-	-	1,963,149	2,273,584	2,531,681	-	-
Landfill closure	-	1,429,229	1,615,772	1,934,063	2,149,180	197,263	25,631	25,932	-	-
Public works and infrastructure	-	4,240,615	4,626,022	5,006,527	5,404,617	6,643,558	7,352,692	6,628,149	8,155,937	10,207,382
Assigned for:										
General government	-	-	-	-	-	-	-	-	9,755,580	8,704,005
Unassigned										
Capital project funds	-	(5,016,257)	-	-	-	-	-	-	-	-
Nonmajor governmental funds	-	-	-	-	(5,500)	-	-	-	(24,480)	(96,565)
Total all other governmental funds	\$ 16,621,174	\$ 14,130,297	\$ 54,359,193	\$ 49,755,578	\$ 40,383,147	\$ 66,915,206	\$ 58,543,068	\$ 69,648,796	\$ 71,820,284	\$ 64,845,280

Note: The City implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

In 2018, fund balances associated with Infrastructure, Public Health, and Economic Development was designated as committed.

City of Garland
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 98,370,888	\$ 95,523,675	\$ 95,535,319	\$ 95,793,994	\$ 97,585,254	\$ 102,157,106	\$ 110,932,701	\$ 119,054,419	\$ 127,764,097	\$ 139,137,219
Franchise fees	8,352,056	8,255,818	7,887,388	8,646,942	9,091,491	8,832,022	8,452,280	8,746,777	8,912,728	8,510,877
Service charges	16,929,426	18,102,510	20,411,968	20,239,605	20,791,739	22,040,585	26,789,030	26,037,157	27,082,445	30,359,398
Licenses and permits	3,085,185	2,893,000	3,751,589	3,393,137	3,781,703	3,860,441	4,906,892	5,201,460	4,488,052	4,869,605
Investment earnings	501,419	384,119	482,567	243,088	529,912	607,191	625,129	837,061	1,703,775	4,421,741
Intergovernmental	19,995,862	20,304,725	15,573,047	16,079,825	13,450,076	13,692,567	14,656,626	14,628,063	16,237,327	16,922,301
Charges for services	7,430,975	7,871,534	8,010,474	7,973,376	8,002,858	8,576,934	8,975,685	9,426,444	9,819,344	10,126,440
Fines and forfeits	5,627,058	5,097,867	6,110,138	6,955,299	6,730,988	6,608,238	7,521,426	8,586,513	7,234,696	6,724,195
Rents and concessions	947,961	762,914	788,504	804,298	833,456	829,410	748,504	745,942	771,769	754,648
Assessments	49,455	34,223	61,182	61,779	77,710	195,043	82,743	39,797	39,872	48,442
Impact fees	252,767	289,553	368,620	377,520	380,120	1,405,625	714,624	1,640,837	1,441,120	1,769,149
Contributions	619,197	5,219,595	31,881	-	-	30,847	151,654	-	-	-
Program income	163,681	193,209	376,059	365,103	292,533	408,698	740,485	360,193	1,405,285	517,753
Special event income	-	174,578	-	216,026	-	-	-	-	-	-
Miscellaneous	1,124,216	2,248,086	998,201	2,342,106	815,199	1,358,754	4,879,561	12,237,187	6,620,881	3,062,947
Awards	665,163	467,831	573,187	192,737	230,571	334,576	218,681	291,479	160,403	237,120
Total Revenues	164,115,309	167,823,237	160,960,124	163,684,835	162,593,610	170,938,037	190,396,021	207,833,329	213,681,794	227,461,835
Expenditures										
General government	9,817,583	9,415,810	9,339,438	9,820,852	10,066,773	10,335,083	12,471,750	11,784,388	12,083,845	12,346,659
Public safety	74,890,153	77,463,425	77,639,802	78,338,393	79,341,146	81,633,191	87,878,926	89,743,140	95,537,161	100,113,212
Public works	8,709,794	19,151,977	18,457,911	17,391,246	19,617,640	20,656,938	22,529,626	22,329,429	27,150,168	18,680,546
Culture and recreation	12,641,150	13,245,845	12,794,896	13,218,113	13,371,187	13,573,292	14,366,431	15,083,685	16,471,742	17,562,268
Public health	3,189,738	3,174,073	3,364,592	3,579,737	3,606,072	3,763,652	3,885,801	3,801,719	3,833,685	4,003,801
Nondepartmental	17,315,649	18,695,922	19,086,070	21,243,401	20,992,758	23,629,265	26,805,888	24,798,432	27,873,387	26,718,604
Operations	28,602,430	17,392,687	16,978,956	15,974,313	15,229,201	14,635,127	15,326,008	15,376,461	16,288,216	17,966,870
Capital Outlay	18,721,222	19,475,793	12,977,724	18,460,127	30,798,802	18,359,468	29,638,166	30,314,161	46,444,414	64,584,868
Debt service										
Principal	17,476,637	16,165,582	17,922,725	17,370,398	20,108,094	19,810,813	21,600,000	21,980,000	24,785,000	26,940,000
Interest	10,879,254	10,215,634	8,991,405	11,900,025	9,949,833	9,078,192	10,308,594	8,939,092	9,706,544	9,478,699
Issue costs on issuance of debt	70,000	107,306	1,038,554	307,935	311,537	313,973	-	490,612	-	291,431
Other charges	617,619	758,265	454,846	339,837	72,285	406,218	300,280	319,197	415,626	465,961
Total expenditures	202,931,229	205,262,319	199,046,919	207,944,377	223,465,328	216,195,212	245,111,470	244,960,316	280,589,788	299,152,919
Excess of revenues over (under) expenditures	(38,815,920)	(37,439,082)	(38,086,795)	(44,259,542)	(60,871,718)	(45,257,175)	(54,715,449)	(37,126,987)	(66,907,994)	(71,691,084)
Other financing sources (uses)										
Sale of capital assets	112,389	25,747	117,097	528,187	1,232,275	167,619	624,725	557,911	68,888	1,190,890
Transfers in	49,485,628	47,439,233	42,083,177	37,847,598	50,731,130	49,149,623	44,272,571	49,444,705	66,566,899	65,530,207
Transfers out	(20,970,518)	(16,395,360)	(12,675,653)	(7,209,853)	(8,541,923)	(19,724,709)	(14,019,482)	(19,708,769)	(26,253,518)	(26,375,285)
Issuance of debt	2,220,000	2,545,000	46,245,000	10,835,000	9,110,000	40,370,000	14,765,000	23,490,000	25,365,000	21,775,000
Premium on issuance of debt	-	280,745	4,905,097	1,165,344	1,447,424	3,081,644	2,004,721	10,211,911	3,067,125	7,458,657
Refunding proceeds	-	4,655,000	17,365,000	6,650,000	17,515,000	34,525,000	-	55,425,000	-	34,905,000
Payment to bond refunding agent	-	(4,432,030)	(17,035,000)	(7,960,000)	(18,528,820)	(35,764,832)	-	(63,038,619)	-	(38,880,223)
Total other financing sources (uses)	30,847,499	34,118,335	81,004,718	41,856,276	52,965,086	71,804,345	47,647,535	56,382,139	68,814,394	65,604,246
Net change in fund balances	\$ (7,968,421)	\$ (3,320,747)	\$ 42,917,923	\$ (2,403,266)	\$ (7,906,632)	\$ 26,547,170	\$ (7,067,914)	\$ 19,255,152	\$ 1,906,400	\$ (6,086,838)
Debt service as a percentage of noncapital expenditures	15.39%	14.20%	14.46%	15.45%	15.60%	14.60%	14.81%	14.40%	14.73%	15.53%

City of Garland
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(unaudited)

Table 6

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2010	\$ 7,329,071,850	\$ 4,695,542,330	\$ 892,371,360	\$ 2,198,702,169	\$ 10,718,283,371	0.7046
2011	7,189,739,690	4,456,246,940	868,476,430	2,162,392,225	10,352,070,835	0.7046
2012	7,073,235,060	4,482,821,460	856,956,640	2,292,980,261	10,120,032,899	0.7046
2013	6,925,794,480	4,465,116,770	925,935,130	2,347,404,371	9,969,442,009	0.7046
2014	6,900,021,740	4,679,026,760	879,388,670	2,425,139,035	10,033,298,135	0.7046
2015	7,113,456,210	4,928,351,740	841,096,940	2,456,451,404	10,426,453,486	0.7046
2016	7,636,480,700	5,189,352,440	829,469,960	2,573,293,675	11,082,009,425	0.7046
2017	8,807,329,810	5,738,601,110	873,666,970	3,086,963,695	12,332,634,195	0.7046
2018	9,710,744,870	6,070,137,390	928,053,960	3,257,290,309	13,451,645,911	0.7046
2019	11,154,489,960	6,558,625,310	941,717,780	3,718,523,856	14,936,309,194	0.7046

Note: Total Taxable Assessed Value represents the original certified taxable value. It does not include valuation of protested property at certification date.

Source: City of Garland, Texas - Tax Office

**City of Garland
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)**

Table 7

Fiscal Year	City Direct Rates			Overlapping Rates*													
	General Fund	Debt Service Fund	Total Direct	Garland Independent School District	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas Independent School District	Dallas County Schools	Richardson Independent School District	Mesquite Independent School District	Collin County	Collin County Community College District	Plano Independent School District	Rockwall Independent School District	Rockwall County	
2010	\$ 0.3890	\$ 0.3156	\$ 0.7046	\$ 1.2533	\$ 0.2281	\$ 0.2740	\$ 0.0949	\$ 1.2713	\$ -	\$ 1.3401	\$ 1.4200	\$ 0.2425	\$ 0.0863	\$ 1.3284	\$ -	\$ -	
2011	0.3940	0.3106	0.7046	1.2533	0.2431	0.2710	0.0992	1.2378	-	1.3401	1.4200	0.2400	0.0863	1.3534	-	-	
2012	0.3940	0.3106	0.7046	1.2533	0.2531	0.2710	0.0997	1.2903	0.0100	1.3401	1.4200	0.2400	0.0863	1.3734	-	-	
2013	0.3940	0.3106	0.7046	1.2533	0.2431	0.2710	0.1194	1.2903	0.0100	1.3401	1.4200	0.2400	0.0863	1.3734	-	-	
2014	0.3940	0.3106	0.7046	1.2533	0.2431	0.2760	0.1247	1.2821	0.0100	1.3401	1.4200	0.2375	0.0836	1.4530	-	-	
2015	0.3940	0.3106	0.7046	1.2533	0.2431	0.2860	0.1247	1.2821	0.0100	1.3400	1.4100	0.2350	0.0820	1.4480	-	-	
2016	0.3940	0.3106	0.7046	1.2533	0.2431	0.2860	0.1247	1.2821	0.0100	1.3400	1.4100	0.2350	0.0820	1.4480	-	-	
2017	0.3940	0.3106	0.7046	1.4600	0.2431	0.2794	0.1229	1.2821	0.0093	1.3901	1.4600	0.2084	0.0812	1.4390	-	-	
2018	0.3940	0.3106	0.7046	1.4600	0.2431	0.2794	0.1240	1.4120	0.0090	1.5200	1.5200	0.1810	0.0810	1.4390	1.4300	0.3280	
2019	0.3940	0.3106	0.7046	1.4600	0.2431	0.2794	0.1240	1.4120	0.0090	1.5200	1.5200	0.1810	0.0810	1.4390	1.4300	0.3280	

Source: City of Garland, Texas - Tax Office

Note: The City's basic tax rate cannot exceed \$2.50 per \$100 assessed value.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Garland. Not all overlapping rates apply to all City of Garland property owners; for example, although the county property tax rates apply to all city property owners, the Mesquite Independent School District rates apply only to property owners whose property is located within that districts' geographic boundaries.

**City of Garland
Principal Property Tax Payers
Current Year and Ten Years Ago
(unaudited)**

<u>Taxpayer</u>	<u>2019</u>			<u>2010</u>		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>
Sprint Spectrum LLP	\$ 133,736,930	1	0.89%	\$ -	-	-
Kraft Heinz Food Company	108,129,180	2	0.72%	46,479,200	6	0.43%
Simon Property Group	104,750,000	3	0.69%	109,659,400	2	1.02%
Ragingwire Data Centers Inc	91,951,530	4	0.61%	-	-	-
WRPC XII Firewheel Garland LLC	70,927,140	5	0.47%	-	-	-
Worthing Campfire LP	50,874,730	6	0.34%	-	-	-
Plastipak Packaging	42,892,195	7	0.28%	67,353,519	3	0.63%
Daisy Brand	38,703,601	8	0.26%	-	-	-
Equinox Apartments LLC	37,821,900	9	0.25%	-	-	-
Southwest Seven Oaks	30,816,740	10	0.20%	-	-	-
Walmart/Sam's Club	-	-	-	112,306,930	1	1.05%
Verizon	-	-	-	58,436,130	4	0.54%
Westdale Property Group	-	-	-	55,549,270	5	0.52%
Sears Roebuck and Co.	-	-	-	45,729,772	7	0.43%
SST Truck Co LLC	-	-	-	42,336,480	8	0.39%
Valspar Engineered Polymer	-	-	-	42,189,026	9	0.39%
Regions Equipment Financial	-	-	-	37,184,860	10	0.35%
	<u>\$ 710,603,946</u>		<u>4.71%</u>	<u>\$ 617,224,587</u>		<u>5.75%</u>

Source: City of Garland, Texas - Tax Office

City of Garland
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collections within Fiscal Year of the Levy		Collections & Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 75,678,090	\$ 74,800,032	98.84%	\$ 832,179	\$ 75,632,211	99.94%
2011	73,103,186	72,238,056	98.82%	821,926	73,059,982	99.94%
2012	71,301,935	70,589,967	99.00%	670,813	71,260,780	99.94%
2013	70,801,851	70,130,748	99.05%	628,249	70,758,997	99.94%
2014	71,071,583	70,536,234	99.25%	487,444	71,023,678	99.93%
2015	73,798,105	73,250,492	99.26%	409,544	73,660,036	99.81%
2016	78,610,052	78,025,905	99.26%	431,110	78,457,015	99.81%
2017	86,774,848	86,089,470	99.21%	506,670	86,596,140	99.79%
2018	95,302,690	94,597,181	99.26%	407,587	95,004,768	99.69%
2019	105,747,469	104,849,923	99.15%	-	104,849,923	99.15%

Source: City of Garland, Texas - Tax Office and Financial Services

City of Garland
Ratios of Outstanding Debt by Year
Last Ten Fiscal Years
(unaudited)

Table 10

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES										
General Government										
General Obligation Bonds	\$ 182,509,936	\$ 172,775,415	\$ 225,628,652	\$ 208,456,051	\$ 195,362,128	\$ 201,764,579	\$ 183,515,056	\$ 187,493,295	\$ 165,534,662	\$ 142,845,624
Certificates of Obligation	51,834,242	48,268,665	33,650,768	42,478,233	43,498,236	56,061,573	67,278,178	65,614,844	87,129,637	103,274,963
Other Obligations	-	124,145	95,342	65,098	33,343	-	-	-	-	-
Total	234,344,178	221,168,225	259,374,762	250,999,382	238,893,707	257,826,152	250,793,234	253,108,139	252,664,299	246,120,587
Percentage of Personal Income	3.59%	3.38%	5.17%	4.94%	4.67%	5.08%	4.67%	4.51%	4.58%	4.22%
Per Capita	1,033	971	1,137	1,084	1,024	1,099	1,063	1,069	1,060	1,027
Internal Services										
General Obligation Bonds	\$ 932,614	\$ 917,060	\$ 940,087	\$ 881,894	\$ 1,868,920	\$ 1,561,225	\$ 1,287,166	\$ 5,943,831	\$ 5,555,243	\$ 18,534,641
Certificates of Obligation	38,137,326	35,561,335	33,348,720	31,646,677	28,445,303	26,167,129	25,940,730	19,695,033	17,994,195	3,749,604
Total	39,069,940	36,478,395	34,288,807	32,528,571	30,314,223	27,728,354	27,227,896	25,638,864	23,549,438	22,284,245
Percentage of Personal Income	0.60%	0.56%	0.68%	0.64%	0.59%	0.55%	0.51%	0.46%	0.43%	0.38%
Per Capita	172	160	150	140	130	118	115	108	99	93
Total Governmental Activities										
General Obligation Bonds	\$ 183,442,550	\$ 173,692,475	\$ 226,568,739	\$ 209,337,945	\$ 197,231,048	\$ 203,325,804	\$ 184,802,222	\$ 193,437,126	\$ 171,089,905	\$ 161,380,265
Certificates of Obligation	89,971,568	83,830,000	66,999,488	74,124,910	71,943,539	82,228,702	93,218,908	85,309,877	105,123,832	107,024,567
Other Obligations	-	124,145	95,342	65,098	33,343	-	-	-	-	-
Total	273,414,118	257,646,620	293,663,569	283,527,953	269,207,930	285,554,506	278,021,130	278,747,003	276,213,737	268,404,832
Percentage of Personal Income	4.19%	3.93%	5.86%	5.57%	5.26%	5.62%	5.18%	4.97%	4.92%	4.61%
Per Capita	1,205	1,131	1,288	1,224	1,154	1,218	1,179	1,177	1,159	1,120
BUSINESS-TYPE ACTIVITIES										
Revenue Bonds	\$ 304,765,000	\$ 316,815,000	\$ 316,972,656	\$ 307,357,705	\$ 406,859,556	\$ 381,487,963	\$ 356,430,875	\$ 371,429,037	\$ 427,244,016	\$ 560,632,179
General Obligation Bonds	79,785,000	81,170,000	76,992,004	68,356,211	59,942,513	48,745,628	38,143,825	28,335,233	18,829,023	10,697,916
Certificates of Obligation	140,758,432	131,930,000	141,434,684	140,813,081	143,258,324	200,060,219	188,467,493	175,497,335	162,615,617	146,366,550
Commercial Paper	-	-	10,000,000	80,000,000	15,000,000	35,000,000	89,910,000	163,280,000	159,440,000	100,500,000
Other Obligations	-	-	179,335	-	-	-	-	-	-	-
Total	525,308,432	529,915,000	545,578,679	596,526,997	625,060,393	665,293,810	672,952,193	738,541,605	768,128,656	818,196,645
Percentage of Personal Income	8.05%	8.09%	10.89%	11.73%	12.21%	13.10%	12.54%	13.16%	13.92%	14.82%
Per Capita	2,315	2,327	2,392	2,575	2,680	2,837	2,853	3,119	3,223	3,414
Total Primary Government	\$ 798,722,550	\$ 787,561,620	\$ 839,242,248	\$ 880,054,950	\$ 894,268,323	\$ 950,848,316	\$ 950,973,323	\$ 1,017,288,608	\$ 1,044,342,393	\$ 1,086,601,477
Percentage of Personal Income	12.24%	12.02%	16.74%	17.30%	17.46%	18.72%	17.72%	18.13%	18.92%	18.65%
Per Capita	3,520	3,458	3,680	3,800	3,835	4,054	4,032	4,296	4,383	4,533

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

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

It should be noted that a substantial portion of the debt associated with Business-Type activities is related to the Electric Utility and includes debt associated with transmission line projects that will allow the utility to receive additional transmission revenue from the Electric Reliability Council of Texas ratepayers.

City of Garland
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

Table 11

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES										
<u>General Government</u>										
General Obligation Bonds	\$ 182,509,936	\$ 172,775,415	\$ 225,628,652	\$ 208,456,051	\$ 195,362,128	\$ 201,764,579	\$ 183,515,056	\$ 187,493,295	\$ 165,534,662	\$ 142,845,624
Certificates of Obligation	51,834,242	48,268,665	33,650,768	42,478,233	43,498,236	56,061,573	67,278,178	65,614,844	87,129,637	103,274,963
Less: Amount Available in Debt Service Fund	4,534,151	4,856,364	2,206,544	4,691,533	6,486,930	4,578,281	4,578,281	5,239,767	5,304,131	4,348,225
Total	229,810,027	216,187,716	257,072,876	246,242,751	232,373,434	253,247,871	246,214,953	247,868,372	247,360,168	241,772,362
Percentage of Estimated Actual Taxable Value of Property	2.14%	2.09%	2.54%	2.47%	2.32%	2.43%	2.22%	2.01%	1.84%	1.62%
Per Capita	1,013	949	1,127	1,063	996	1,080	1,044	1,047	1,038	1,009
<u>Internal Services</u>										
General Obligation Bonds	\$ 932,614	\$ 917,060	\$ 940,087	\$ 881,894	\$ 1,868,920	\$ 1,561,225	\$ 1,287,166	\$ 5,943,831	\$ 5,555,243	\$ 18,534,641
Certificates of Obligation	38,137,326	35,561,335	33,348,720	31,646,677	28,445,303	26,167,129	25,940,730	19,695,033	17,994,195	3,749,604
Total	39,069,940	36,478,395	34,288,807	32,528,571	30,314,223	27,728,354	27,227,896	25,638,864	23,549,438	22,284,245
Percentage of Estimated Actual Taxable Value of Property	0.36%	0.35%	0.34%	0.33%	0.30%	0.27%	0.25%	0.21%	0.18%	0.15%
Per Capita	172	160	150	140	130	118	115	108	99	93
<u>Total Governmental Activities</u>										
General Obligation Bonds	\$ 183,442,550	\$ 173,692,475	\$ 226,568,739	\$ 209,337,945	\$ 197,231,048	\$ 203,325,804	\$ 184,802,222	\$ 193,437,126	\$ 171,089,905	\$ 161,380,265
Certificates of Obligation	89,971,568	83,830,000	66,999,488	74,124,910	71,943,539	82,228,702	93,218,908	85,309,877	105,123,832	107,024,567
Less: Amount Available in Debt Service Fund	4,534,151	4,856,364	2,206,544	4,691,533	6,486,930	4,578,281	4,578,281	5,239,767	5,304,131	4,348,225
Total	268,879,967	252,666,111	291,361,683	278,771,322	262,687,657	280,976,225	273,442,849	273,507,236	270,909,606	264,056,607
Percentage of Estimated Actual Taxable Value of Property	2.51%	2.44%	2.88%	2.80%	2.62%	2.69%	2.47%	2.22%	2.01%	1.77%
Per Capita	1,185	1,110	1,278	1,204	1,126	1,198	1,159	1,155	1,137	1,102
BUSINESS-TYPE ACTIVITIES										
General Obligation Bonds	\$ 79,785,000	\$ 81,170,000	\$ 76,992,004	\$ 68,356,211	\$ 59,942,513	\$ 48,745,628	\$ 38,143,825	\$ 28,335,233	\$ 18,829,023	\$ 10,697,916
Certificates of Obligation	140,758,432	131,930,000	141,434,684	140,813,081	143,258,324	200,060,219	188,467,493	175,497,335	162,615,617	146,366,550
Total	220,543,432	213,100,000	218,426,688	209,169,292	203,200,837	248,805,847	226,611,318	203,832,568	181,444,640	157,064,466
Percentage of Estimated Actual Taxable Value of Property	2.06%	2.06%	2.16%	2.10%	2.03%	2.39%	2.04%	1.65%	1.35%	1.05%
Per Capita	972	936	958	903	871	1,061	961	861	761	655
Total Primary Government	\$ 489,423,399	\$ 465,766,111	\$ 509,788,371	\$ 487,940,614	\$ 465,888,494	\$ 529,782,072	\$ 500,054,167	\$ 477,339,804	\$ 452,354,246	\$ 421,121,073
Percentage of Estimated Actual Taxable Value of Property	4.57%	4.50%	5.04%	4.89%	4.64%	5.08%	4.51%	3.87%	3.36%	2.82%
Per Capita	2,157	2,045	2,235	2,107	1,998	2,259	2,120	2,016	1,898	1,757

This report reflects changes made to the General Obligation Debt column to properly report the total amount of general obligation debt outstanding each year.

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

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

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

Total tax-supported debt (including commercial paper) is maintained so as not to exceed five percent (5%) of the total assessed valuation of taxable property. The City is currently below the threshold.

City of Garland
Estimated Direct and Overlapping Governmental Activities Debt
September 30, 2019
(unaudited)

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Garland Independent School District	\$ 554,170,000	69.03%	\$ 382,543,551
Collin County	392,565,000	0.02%	78,513
Collin County Community College District	246,415,000	0.02%	49,283
Dallas County	166,685,000	5.81%	9,684,399
Dallas County Community College District	182,800,000	5.81%	10,620,680
Dallas County Hospital District	687,775,000	5.81%	39,959,728
Dallas County Schools	33,815,000	5.81%	1,964,652
Dallas Independent School District	2,690,275,000	0.18%	4,842,495
Richardson Independent School District	528,334,992	3.40%	17,963,390
Plano Independent School District	855,305,000	0.05%	427,653
Mesquite Independent School District	637,013,142	1.95%	12,421,756
Rockwall County	92,120,000	0.01%	9,212
Rockwall Independent School District	515,570,826	0.01%	51,557
Subtotal, overlapping debt			480,616,869
City direct debt			<u>268,404,832</u>
Total estimated direct and overlapping debt			<u><u>\$ 749,021,701</u></u>

Sources: This statement was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

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 Garland. 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.

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

City of Garland
Legal Debt Margin Information
September 30, 2019
(unaudited)

Table 13

As a home rule city, the City of Garland is not limited by the law in the amount of debt it may issue. The City's charter (section 9.1) states:

The Council shall have power to levy, for general purposes, an ad valorem tax on real, personal, and mixed property within the territory of the City of Garland, not exempt from taxation by the Constitution and laws of the State of Texas, based upon its true value as provided by law, to the extent of the constitutional limit permitted by the State of Texas to cities of over five thousand (5,000) population, and which said tax shall embrace all taxes for municipal purposes.

The City tax rate limitation is \$2.50 per \$100 assessed value. The tax rate for FY19 is \$.7046 per \$100.00 assessed value.

**City of Garland
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)**

Table 14

Fiscal Year	Electric Utility System Revenue Bonds						Water & Sewer Utility System Revenue Bonds					
	Gross Revenues (1)	Less: Operation & Maintenance Expenses (2)	Net Available Revenue (3)	Average Annual Debt Service (4)		Times Coverage (5)	Gross Revenues (1)	Less: Operation & Maintenance Expenses (2)	Net Available Revenue (3)	Average Annual Debt Service (4)		Times Coverage (5)
				Principal	Interest					Principal	Interest	
2010	\$ 233,400,529	\$ 166,466,197	\$ 66,934,332	\$ 5,399,211	\$ 2,207,117	8.80	\$ 81,396,091	\$ 46,002,329	\$ 35,393,762	\$ 10,109,000	\$ 4,243,081	2.47
2011	224,359,813	131,750,369	92,609,444	5,212,750	2,082,419	12.69	93,004,750	49,155,966	43,848,784	10,628,000	4,374,209	2.92
2012	225,093,999	133,939,385	91,154,614	5,095,000	1,887,700	13.05	89,386,493	52,500,437	36,886,056	10,441,750	3,965,662	2.56
2013	297,758,202	241,171,931	56,586,271	5,076,111	1,607,330	8.47	92,710,455	55,799,905	36,910,550	10,313,500	3,458,475	2.68
2014	378,621,613	312,954,736	65,666,877	8,526,750	3,792,817	5.33	94,387,130	58,667,658	35,719,472	10,453,000	3,553,678	2.55
2015	341,110,573	283,279,931	57,830,642	8,516,316	3,446,312	4.83	101,420,086	60,211,698	41,208,388	10,383,684	3,280,082	3.02
2016	281,736,385	215,335,038	66,401,347	8,501,667	3,238,345	5.66	108,715,199	64,324,054	44,391,145	10,266,667	3,001,013	3.35
2017	282,850,756	214,058,309	68,792,447	8,972,750	3,549,664	5.49	108,584,843	68,288,444	40,296,399	9,820,000	2,673,950	3.23
2018	291,082,253	222,169,714	68,912,539	6,498,500	2,898,333	7.33	121,117,757	75,803,079	45,314,678	10,067,250	3,366,458	3.37
2019	308,374,453	182,328,918	126,045,535	10,906,333	6,573,272	7.21	124,177,631	75,537,223	48,640,408	10,109,211	3,062,276	3.69

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

(1) Gross revenue includes all operating and non-operating revenues.

(2) Operations and maintenance expenses includes all reported operating expenses less depreciation, amortization of other assets, and the actuarial determined pension expense reflected under the salaries and benefits line item of the financial statements.

(3) Net available revenue represents gross revenues of the system less the operation and maintenance expenses incurred during the fiscal year.

(4) Average annual debt service for all outstanding prior lien revenue bonds and outstanding revenue bonds similarly secured.

(5) The Electric and Water & Sewer bond ordinances require that net available revenues of the systems be at least 1.25 times the average annual principle and interest requirements.

**City of Garland
Demographic and Economic Statistics
Last Ten Fiscal Years
(unaudited)**

Table 15

Fiscal Year	Population	Personal Income (000's)	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2010	226,915	\$ 6,527,664	\$ 28,767	34.6	12.9	57,405	8.6%
2011	227,726	6,550,994	28,767	33.2	12.9	57,833	7.8%
2012	228,060	5,012,075	21,977	33.7	12.9	58,151	6.3%
2013	231,618	5,085,868	21,958	33.7	12.9	58,059	6.4%
2014	233,206	5,120,737	21,958	33.4	12.9	58,059	5.1%
2015	234,533	5,080,219	21,661	33.4	12.9	58,000	4.0%
2016	235,885	5,366,620	22,751	33.8	12.9	55,100	3.8%
2017	236,786	5,611,118	23,697	34.5	12.9	57,000	3.3%
2018	238,293	5,519,819	23,164	35.3	12.9	56,471	3.4%
2019	239,684	5,827,437	24,313	34.1	12.9	56,471	3.1%

Sources: City of Garland, Texas - Planning Department, U. S. Census, Garland Independent School District, Garland Chamber of Commerce, and Texas Employment Commission

**City of Garland
Principal Employers
Current Year and Ten Years Ago
(unaudited)**

Table 16

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Kraft Foods	796	1	0.64%	500	8	0.50%
US Food Service	520	2	0.42%	490	9	0.49%
Atlas Copco	460	3	0.37%	700	3	0.69%
SilverLine Window	425	4	0.34%	-	-	-
Hatco (Resistol)	390	5	0.31%	-	-	-
L3 Communications	350	6	0.28%	-	-	-
Arrow Fabricated Tubing	340	7	0.27%	-	-	-
Valspar	300	8	0.24%	-	-	-
KARLEE, Inc	290	9	0.23%	-	-	-
General Dynamics	275	10	0.22%	550	7	0.55%
Raytheon E-Systems	-	-	-	3,500	1	3.47%
Sears Industrial Park	-	-	-	1,300	2	1.29%
International/SST Truck	-	-	-	700	4	0.69%
Kingsley Tools (Danaher)	-	-	-	650	5	0.65%
Verizon	-	-	-	600	6	0.60%
Interceramic	-	-	-	474	10	0.47%
	<u>4,146</u>		<u>3.35%</u>	<u>9,464</u>		<u>9.39%</u>

Sources: City of Garland, Texas - Tax Office & Texas Workforce Commission, Labor Market Information

City of Garland
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years
(unaudited)

Table 17

	Full-time Equivalent Employees as of December 31									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General Government	282	350	344	348	351	356	362	370	382	388
Police										
Sworn (civil service)	323	323	323	323	323	323	334	337	348	355
Non-Sworn (non-civil service)	133	133	132	133	133	133	133	133	133	133
Fire										
Sworn (civil service)	249	249	255	255	255	254	254	254	257	264
Non-Sworn (non-civil service)	7	7	7	7	7	7	7	7	7	7
Culture and Recreation	151	157	158	159	159	160	160	160	162	164
Internal Services	251	254	252	252	252	252	253	254	256	262
Electric	252	238	238	249	251	251	251	251	251	235
Water	62	62	64	63	64	64	63	65	65	65
Sewer	99	99	97	97	97	99	100	102	102	102
Solid Waste	88	90	87	87	87	87	87	87	90	97
Stormwater Management	25	25	24	24	24	24	24	24	24	24
Golf	28	28	28	17	16	16	16	16	29	29
Special Revenue	115	44	44	42	41	39	41	42	41	40
Total FTE Employees	2,065	2,059	2,053	2,056	2,060	2,065	2,085	2,102	2,147	2,165

Source: City of Garland Budget Office

**City of Garland
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)**

Table 18

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical arrests	11,803	11,431	11,284	11,168	10,587	9,741	9,151	9,287	8,942	9,731
Citations issued	53,666	53,613	61,591	62,737	57,341	51,924	51,864	60,147	53,737	59,797
Fire										
Number of calls answered	20,047	20,670	21,146	21,924	21,349	22,036	23,058	24,312	25,159	25,439
Business Inspections	5,188	4,116	2,506	2,029	2,354	3,821	5,701	9,105	7,491	5,055
Highways and streets										
Street resurfacing (miles)	14	15	23	15	16	21	23	49	36	35
Service maintenance requests	1,794	1,550	1,719	2,099	1,963	2,573	2,485	2,041	2,796	3,643
Parks and recreation										
Performing arts center attendance	153,450	150,496	158,500	134,637	136,255	161,346	148,241	151,000	149,000	155,000
Recreation center attendance	722,462	1,004,064	1,104,143	1,199,720	1,307,212	1,367,403	1,455,784	1,248,000	1,185,000	1,109,000
Library										
Volumes, items, or physical units	409,378	409,378	337,728	346,108	342,826	363,784	361,733	361,277	357,672	665,737
Number of Library circulation transactions	1,857,317	1,783,536	1,549,358	1,569,059	1,524,365	1,516,250	1,398,209	1,290,241	1,169,855	1,113,486
Electric										
Number of accounts	68,001	68,034	68,396	69,126	69,262	69,491	69,533	69,929	70,964	71,647
Average daily usage (KWH)	5,614,012	5,707,569	5,370,791	5,270,163	5,450,915	5,470,273	5,272,563	5,170,775	5,480,345	5,352,577
Water										
New connections	9	20	103	196	36	177	281	132	199	225
Water main breaks	393	479	400	438	449	344	206	144	264	171
Average daily consumption (thousands of gallons)	32,041	34,812	29,498	30,058	26,503	26,624	27,315	27,769	29,808	29,249
Sewer										
Average daily sewage treatment (millions of gallons)	41	34	34	34	32	39	33	34	37	46

Sources: Various City departments

**City of Garland
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)**

Table 19

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	81	81	81	81	123	123	123	122	122	122
Fire Stations	11	11	11	11	11	11	11	11	11	11
Highways and streets										
Streets (miles)	697.05	697.00	697.00	700.00	700.00	700.00	700.00	702.78	703.64	703.64
Streetlights	13,662	14,068	14,062	14,104	14,060	13,798	14,364	14,418	14,335	14,197
Traffic signals	182	185	185	185	190	192	193	192	192	193
Parks and recreation										
Parks acreage	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880
Parks	63	63	63	63	63	63	63	63	63	63
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	35	35	35	35	35	35	35	35	35	35
Recreation centers	6	6	6	6	6	6	6	6	6	6
Electric										
Substations	23	23	23	23	28	28	29	31	32	33
Miles of service lines	1,012	1,073	1,082	1,090	1,174	1,179	1,190	1,195	1,276	1,283
Maximum resource capacity (MW)	408.0	408.0	408.0	528.0	530.0	530.0	530.0	530.0	523.0	523.0
Water										
Water mains (miles)	1,111	1,113	1,114	1,117	1,118	1,122	1,126	1,130	1,135	960
Fire Hydrants	7,456	8,244	8,271	8,305	8,325	8,365	8,411	8,465	8,529	8,672
Maximum daily capacity (millions of gallons)	221	221	221	221	225	225	225	225	225	225
Sewer										
Sanitary sewers (miles)	1,001	1,001	1,001	1,003	1,004	1,006	1,008	1,010	1,011	895
Maximum daily flow (MGD)	104	86	108	70	55	135	111	76	143	121
Maximum daily treatment capacity (millions of gallons)	64	64	64	64	64	64	64	64	64	64

Sources: Various City departments

**Texas Municipal Power Agency
Condensed Financial Information
September 30, 2019**

	Amount in (000's)
Total assets	\$ <u><u>366,203</u></u>
Total liabilities	381,676
Total net assets	<u>(15,473)</u>
Total liabilities and net assets	\$ <u><u>366,203</u></u>
Total operating revenues	\$ 53,306
Total operating expenses	<u>152,062</u>
Income from operations	(98,756)
Total other income(expenses)	107,438
Total interest charges	(9,139)
Deferred cost	176
Refunds to member Cities	<u>(29,407)</u>
Change in net assets	(29,688)
Net assets - beginning balance	<u>14,215</u>
Net assets - ending balance	\$ <u><u>(15,473)</u></u>

Source: TMPA Comprehensive Annual Financial Report

City of Garland
Schedule of Insurance in Force
September 30, 2019
(unaudited)

<u>Insurance Company</u>	<u>Policy Number</u>	<u>From</u>	<u>To</u>	<u>Description</u>	<u>Deductible</u>	<u>Limits</u>
Evanston Insurance Company	SM924846	04/02/19	04/02/20	Medical Professional Liability	\$ 2,500	\$ 3,000,000
Great American Insurance Company	GVT40276130400	12/03/18	12/03/19	Commercial Crime Coverage	\$ 100,000	\$ 1,000,000
Great American Insurance Company	IMP523230111	10/01/18	10/01/19	Contractors Equip. & Fleet Catastrophe	\$ 50,000	\$ 20,000,000
Property Insurance Carriers					\$ 100,000	\$ 500,000,000
Hanover Insurance Co.	B1230GP03968A18	10/01/18	10/01/19	Property Coverage @ 5% of Limits		
HDI Global Insurance Co.	CPD1530601	10/01/18	10/01/19	Property Coverage @ 10% of Limits		
Indian Harbor Insurance Co.	US000808411PR118A	10/01/18	10/01/19	Property Coverage @ 15% of Limits		
Liberty Surplus Insurance Co.	1000272520-02	10/01/18	10/01/19	Property Coverage @ 10% of Limits		
Princeton Excess Insurance Co.	58-A3-PP-000020701	10/01/18	10/01/19	Property Coverage @ 30% of Limits		
Zurich American Insurance Co.	PWG5674684-00	10/01/18	10/01/19	Property Coverage @ 30% of Limits		
Nationwide Mutual Insurance Company	FWC0000030164300	10/15/18	10/15/19	Special Events Liability	None	\$ 5,000,000
Genesis Insurance Company	YXB301166E	10/01/18	10/01/19	Excess Casualty Coverage	\$ 500,000	\$ 20,000,000
XL Insurance America	US00076653PR18A	10/01/18	10/01/19	Boiler & Machinery Coverage	\$ 500,000	\$ 100,000,000
Colony Insurance Company	PXL181109601	10/01/18	10/01/19	Excess Workers Compensation	\$ 650,000	Statutory/\$2,000,000
Indian Harbor Insurance Company	US00086490SP18A	10/01/18	10/01/19	Terrorism Insurance Coverage	\$ 25,000	\$ 100,000,000