

CITY OF GARDEN RIDGE, TEXAS

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2019**





CITY OF GARDEN RIDGE, TEXAS
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2019

CITY OFFICIALS

MAYOR

LARRY THOMPSON

MAYOR PRO-TEM

JOHN R. MCCAWE

CITY COUNCIL

LISA SWINT
BRYAN LANTZY
TODD ARVIDSON
KAY BOWER

CITY ADMINISTRATOR/TREASURER

NANCY CAIN

CITY SECRETARY

MARISSA SPENCER

FINANCE DIRECTOR

KAREN FORD

ATTORNEY

DENTON, NAVARRO, ROCHA,
BERNAL, & ZECH P.C.

CITY OF GARDEN RIDGE, TEXAS
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Garden Ridge, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Ridge, Texas, 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

The City of Garden Ridge, Texas', 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Ridge, Texas, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Changes – Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes – Other Post Employment Benefits (OPEB) 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Garden Ridge, Texas', basic financial statements. The comparative financial statements and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

The statistical section has 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.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

January 23, 2020



MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of City of Garden Ridge’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2019. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

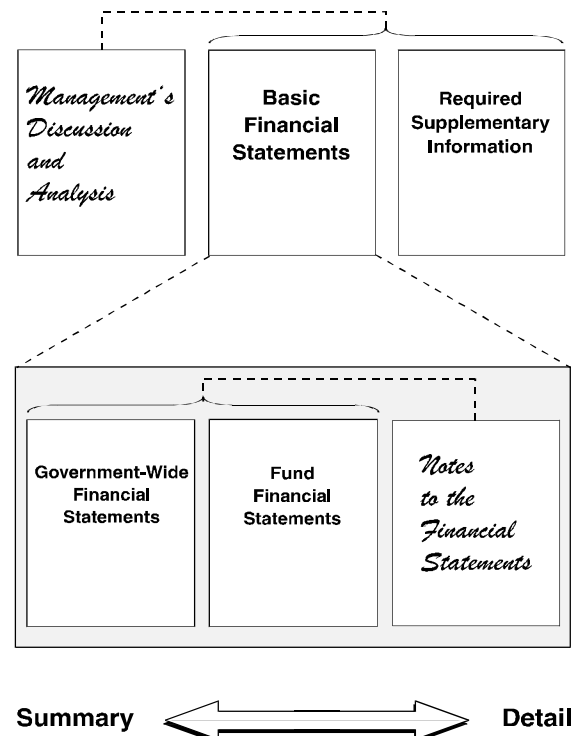
- The City’s total combined net position was \$14.42 million at September 30, 2019.
- During the year, the City’s governmental operating expenses (including transfers to the business-type activities) were \$131.4 thousand less than the \$3.79 million generated in program and general revenues for the governmental activities.
- The total cost of the City’s programs increased to \$3.43 million and no new programs were added this year.
- The general fund reported a fund balance this year of \$2.39 million of which \$2.3 million was unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as water services.

Figure A-1, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
Fund Statements			
<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: water
<i>Required financial statements</i>	• Statement of Net Position	• Balance Sheet	• Statement of Net Position
	• Statement of Activities	• Statement of Revenues, Expenditure & Changes in Fund Balances	• Statement of Revenues, Expenses & Changes in Net Position • Statement of Cash Flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and how they have changed. Net Position—the difference between the City’s assets plus deferred outflows and liabilities plus deferred inflows—is one way to measure the City’s financial health or *position*.

- Over time, increases or decreases in the City’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City’s tax base.

The government-wide financial statements of the City include the *Governmental Activities*. Most of the City’s basic services are included here, such as public safety, public works and general administration. Property taxes, franchise fees and charges for services finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The proprietary fund consists of the City water works fund.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position was \$14.4 million at September 30, 2019. (See Table A-1).

Table A-1
City of Garden Ridge Net Position
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2018-2017
	2019	2018	2019	2018	2019	2018	
Assets							
Current Assets	\$ 2,947.0	\$ 2,951.5	\$ 2,039.8	\$ 1,855.1	\$ 4,986.7	\$ 4,806.6	3.7%
Restricted and Other Assets	415.7	844.0	150.8	149.6	566.5	993.6	-43.0%
Capital Assets (net)	11,390.5	11,488.7	13,181.0	13,493.1	24,571.5	24,981.8	-1.6%
Total Assets	<u>14,753.2</u>	<u>15,284.2</u>	<u>15,371.6</u>	<u>15,497.8</u>	<u>30,124.8</u>	<u>30,782.0</u>	-2.1%
Total Deferred Outflows of Resources	<u>241.2</u>	<u>151.6</u>	<u>106.2</u>	<u>89.4</u>	<u>347.4</u>	<u>241.0</u>	44.1%
Liabilities							
Current Liabilities	1,132.8	1,297.4	778.3	790.4	1,911.2	2,087.8	-8.5%
Long-term Liabilities	<u>7,110.0</u>	<u>7,488.4</u>	<u>6,995.6</u>	<u>7,436.9</u>	<u>14,105.6</u>	<u>14,925.3</u>	-5.5%
Total Liabilities	<u>8,243.0</u>	<u>8,785.8</u>	<u>7,773.9</u>	<u>8,227.3</u>	<u>16,016.9</u>	<u>17,013.1</u>	-5.9%
Deferred Inflows of Resources	<u>30.5</u>	<u>60.5</u>	<u>6.1</u>	<u>13.3</u>	<u>36.5</u>	<u>73.8</u>	-50.6%
Net Position							
Invested in Capital Assets	4,245.5	3,829.1	5,884.6	5,715.6	10,130.1	9,544.7	6.1%
Restricted	348.8	599.1	146.3	145.1	495.1	744.2	-33.5%
Unrestricted	<u>2,126.6</u>	<u>2,161.3</u>	<u>1,667.0</u>	<u>1,485.9</u>	<u>3,793.6</u>	<u>3,647.2</u>	4.0%
Total Net Position	<u>\$ 6,720.9</u>	<u>\$ 6,589.5</u>	<u>\$ 7,697.8</u>	<u>\$ 7,346.6</u>	<u>\$ 14,418.7</u>	<u>\$ 13,936.1</u>	3.5%

Changes in Net Position

The City's total governmental revenues were \$3.79 million, of which 80.8% of the City's revenue came from taxes compared to 76.0% in the prior year. A total of 15.5% of the revenues are from those who directly received the service. The total cost of all governmental programs and services was \$3.43 million and charges for these services were \$587 thousand. Table A-2 reports the summarized changes in net position.

Table A-2
Changes in City of Garden Ridge's Net Position
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2017
Program Revenues:							
Charges for Services	\$ 538.2	\$ 518.5	\$ 1,653.5	\$ 1,888.3	\$ 2,191.7	\$ 2,406.8	-8.9%
Operating/Capital Grants	48.8	294.1	-	-	48.8	294.1	-83.4%
General Revenues:							
Property Taxes	2,289.1	2,227.2	-	-	2,289.1	2,227.2	2.8%
Tax Franchise	499.9	501.6	-	-	499.9	501.6	-0.3%
Sales Taxes	270.0	250.2	-	-	270.0	250.2	7.9%
Investment Earnings	65.6	48.5	30.7	14.5	96.3	63.0	52.9%
Other	74.1	78.5	0.8	-	74.9	78.5	-4.5%
Total Revenues	<u>3,785.7</u>	<u>3,918.7</u>	<u>1,685.0</u>	<u>1,902.8</u>	<u>5,470.7</u>	<u>5,821.4</u>	-6.0%
General Government	713.6	753.5	-	-	713.6	753.5	-5.3%
Police Protection	1,312.7	1,274.1	-	-	1,312.7	1,274.1	3.0%
Municipal Court	82.6	78.1	-	-	82.6	78.1	5.8%
Public Facilities	1,135.0	911.7	-	-	1,135.0	911.7	24.5%
Debt Service	189.0	215.6	-	-	189.0	215.6	-12.4%
Water	-	-	1,555.2	1,729.8	1,555.2	1,729.8	-10.1%
Total Expenses	<u>3,432.8</u>	<u>3,233.0</u>	<u>1,555.2</u>	<u>1,729.8</u>	<u>4,988.0</u>	<u>4,962.8</u>	0.5%
Transfers	(221.5)	(1,101.3)	221.5	1,101.3	-	-	0.0%
Increase (Decrease) in Net Position	<u>\$ 131.4</u>	<u>\$ (415.8)</u>	<u>\$ 351.3</u>	<u>\$ 1,274.3</u>	<u>\$ 482.6</u>	<u>\$ 858.6</u>	-43.8%

Governmental Activities

Property tax rates remained the same at \$0.323146 per \$100 of assessed value. An increase in the valuation of taxable property lead to a 2.8% increase in tax revenues to \$2.29 million.

Table A-3 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The net cost of all *governmental* activities this year was \$2.85 million.
- The amount that taxpayers paid for these activities through taxes was \$3.06 million.
- \$587 thousand of the cost was paid by those who directly benefited from the programs.

Table A-3
Net Cost of Selected City Functions
(in thousands of dollars)

	Total Cost of Services			Net Cost of Services		Total Percentage Change
	2019	2018	% Change	2019	2018	2018-2017
General Administration	\$ 713.6	\$ 753.5	-5.3%	\$ 425.6	\$ 493.4	-13.7%
Police Protection	1,312.7	1,274.1	3.0%	1,157.6	906.8	27.7%
Municipal Court	82.6	78.1	5.8%	82.6	78.1	5.8%
Public Facilities	1,135.0	911.7	24.5%	991.1	726.5	36.4%
Debt Service	189.0	215.6	-12.4%	189.0	215.6	-12.4%
Water Services	1,555.2	1,729.8	-10.1%	(98.4)	(158.6)	-38.0%

Business-Type Activities

Revenues of the City’s business-type activities were \$1.69 million, and expenses were \$1.56 million.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Revenue from governmental fund types totaled \$3.78 million, a decrease of 3.6%.

General Fund Budgetary Highlights

Over the course of the year, the City revised its budget to increase revenues and expenditures. Actual expenditures were \$150.8 thousand less than the final budgeted amounts. All major expenditure divisions had a positive variance, with the exception of Debt Service. Total revenues were \$67.8 thousand more than final budgeted amounts. The City increased the overall fund balance by \$252.9 thousand more than expected from the final budget.

The City had 10.9 months of operating expenditures in the unassigned fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the City had invested \$36.4 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.). More detailed information about the City’s capital assets is presented in the notes to the financial statements.

Table A-4
City’s Capital Assets
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2017
Land	\$ 481.9	\$ 481.9	\$ 140.0	\$ 140.0	\$ 621.9	\$ 621.9	0.0%
Water Rights	-	-	454.1	454.1	454.1	454.1	0.0%
Buildings and Improvements	3,818.9	3,759.7	94.2	94.2	3,913.1	3,853.9	1.5%
Other Improvements	-	-	13,455.3	13,404.6	13,455.3	13,404.6	0.4%
Equipment	873.9	634.2	866.3	779.6	1,740.3	1,413.8	23.1%
Infrastructure	12,612.3	12,537.2	-	-	12,612.3	12,537.2	0.6%
Construction in Progress	-	-	3,632.0	3,632.0	3,632.0	3,632.0	0.0%
Totals at Historical Cost	17,787.1	17,413.0	18,641.9	18,504.5	36,429.1	35,917.5	1.4%
Total Accumulated Depreciation	(6,396.7)	(5,924.3)	(5,460.9)	(5,011.4)	(11,857.6)	(10,935.6)	8.4%
Net Capital Assets	\$ 11,390.5	\$ 11,488.7	\$ 13,181.0	\$ 13,493.1	\$ 24,571.5	\$ 24,981.8	-1.6%

Long Term Debt

At year-end the City had \$14.6 million in bonds and leases outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long Term Debt
(In thousands of dollars)

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2019	2018	2019	2018	2019	2018	Change
Bonds and Lease Payable	\$ 7,198.6	\$ 7,722.1	\$ 7,358.7	\$ 7,845.0	\$ 14,557.3	\$ 15,567.1	-6.5%
Total Bonds & Lease Payable	\$ 7,198.6	\$ 7,722.1	\$ 7,358.7	\$ 7,845.0	\$ 14,557.3	\$ 15,567.1	-6.5%

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES

- The 2020 Taxable Value for the City of Garden Ridge increased \$55,058,510 over the City's 2019 Taxable Value.
- The City's adopted a tax rate of \$0.321106 which is less than the fiscal year 2019 tax rate.
- General Fund Revenues for the 2020 Fiscal Year are expected to decrease by \$73 thousand compared to 2019 actual revenues. Decrease is predominately due to a decrease in permits and miscellaneous revenues.
- The City of Garden Ridge should continue to see development interest and activity along F.M. 2252.
- The City's budgeted general fund balance for 2020 is not expected to change appreciably by the close of the fiscal year.

Other significant items planned for next year:

- Rewriting of the City's zoning and subdivision ordinances to align with the City's Master Land Use Plan and legislative changes will continue and are expected to be completed during the 2020 Fiscal Year.
- Security enhancements will be installed in Paul Davis Park and the City's well sites.
- Additional focus will be placed on leadership and employee training during the 2020 fiscal year.
- The City will see installation of infrastructure for a sewer system (pump and haul system) along F.M. 2252.
- During fiscal year 2020, non-exempt employees will receive a 1.7% cost of living increase. All Non-exempt employees are eligible for an additional performance awards. Exempt city employees will receive a 3% increase.
- The City's employee's health and dental insurance rates saw an increase for 2020.
- The City will continue to enhance communications with its citizens.
- The City will continue all existing services, as well as enhance existing services where possible.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Garden Ridge citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Administrator by phone 210-651-6632.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - Governmental funds
 - Proprietary fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,735,587	\$ 1,743,712	\$ 4,479,299
Receivables:			
Taxes (Net of Uncollectible)	52,447	-	52,447
Other	154,020	296,089	450,109
Prepaid Items	4,984	-	4,984
Restricted Assets:			
Cash and Investments	420,150	146,310	566,460
Internal Balance	(4,490)	4,490	-
Capital Assets:			
Land	481,923	139,954	621,877
Water Rights	-	454,144	454,144
Buildings and Improvements	3,818,958	94,183	3,913,141
Water Lines and Extensions	-	13,455,274	13,455,274
Equipment and Vehicles	873,933	866,319	1,740,252
Infrastructure	12,612,341	-	12,612,341
Construction in Progress	-	3,632,043	3,632,043
Accumulated Depreciation	(6,396,667)	(5,460,915)	(11,857,582)
TOTAL ASSETS	14,753,186	15,371,603	30,124,789
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Debt Refunding	53,630	62,335	115,965
Deferred Pension Related Outflows	186,047	43,600	229,647
Deferred Other Post-Employment Benefit Related Outflows	1,484	360	1,844
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 241,161	\$ 106,295	\$ 347,456

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF NET POSITION (CONT.)
SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 193,287	\$ 43,361	\$ 236,648
Accrued Liabilities	56,991	15,432	72,423
Accrued Interest Payable	19,963	20,080	40,043
Unearned Revenue	24,700	-	24,700
Vacation Leave Payable	124,950	22,757	147,707
Customer Deposits	146,700	195,797	342,497
<i>Noncurrent Liabilities:</i>			
Due within One Year	566,219	480,914	1,047,133
Due in more than One Year	6,632,363	6,877,790	13,510,153
Net Pension Liability	416,176	101,652	517,828
Other Post-Employment Benefit Liability	61,606	16,119	77,725
TOTAL LIABILITIES	<u>8,242,955</u>	<u>7,773,902</u>	<u>16,016,857</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	27,401	5,326	32,727
Deferred Other Post Employment Benefits Inflows	3,114	727	3,841
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>30,515</u>	<u>6,053</u>	<u>36,568</u>
NET POSITION			
Net Investment in Capital Assets	4,245,536	5,884,635	10,130,171
Restricted for:			
Child Safety	36,526	-	36,526
Court Security/Technology	8,803	-	8,803
Impact Fees	-	146,310	146,310
Debt Service	27,889	-	27,889
Donations	6,288	-	6,288
Public, Educational, & Governmental (PEG) Capital Fees	33,106	-	33,106
Police Asset Forfeiture	236,149	-	236,149
Unrestricted	2,126,580	1,666,998	3,793,578
TOTAL NET POSITION	<u>\$ 6,720,877</u>	<u>\$ 7,697,943</u>	<u>\$ 14,418,820</u>

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
<i>Governmental Activities:</i>				
General Administration	\$ 713,625	\$ 281,163	\$ 6,855	\$ -
Police Protection	1,312,733	124,524	30,610	-
Municipal Court	82,616	-	-	-
Public Facilities	1,134,958	132,528	11,333	-
Interest on Long-term Debt	188,958	-	-	-
<i>Total Governmental Activities</i>	<u>3,432,890</u>	<u>538,215</u>	<u>48,798</u>	<u>-</u>
<i>Business-Type Activities:</i>				
Water Utility	1,555,221	1,653,594	-	-
<i>Total Business-Type Activities</i>	<u>1,555,221</u>	<u>1,653,594</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 4,988,111</u>	<u>\$ 2,191,809</u>	<u>\$ 48,798</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (425,607)	\$ -	\$ (425,607)
(1,157,599)	-	(1,157,599)
(82,616)	-	(82,616)
(991,097)	-	(991,097)
(188,958)	-	(188,958)
<u>(2,845,877)</u>	<u>-</u>	<u>(2,845,877)</u>
-	98,373	98,373
<u>-</u>	<u>98,373</u>	<u>98,373</u>
<u>(2,845,877)</u>	<u>98,373</u>	<u>(2,747,504)</u>
2,289,083	-	2,289,083
499,872	-	499,872
269,978	-	269,978
65,644	30,676	96,320
74,148	788	74,936
3,198,725	31,464	3,230,189
<u>(221,473)</u>	<u>221,473</u>	<u>-</u>
131,375	351,310	482,685
<u>6,589,502</u>	<u>7,346,633</u>	<u>13,936,135</u>
<u>\$ 6,720,877</u>	<u>\$ 7,697,943</u>	<u>\$ 14,418,820</u>

CITY OF GARDEN RIDGE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Major Funds		
	General	Debt Service	Capital Projects Fund
ASSETS			
Cash and Cash Equivalents	\$ 2,471,581	\$ 27,856	\$ -
Receivables:			
Taxes (Net of Uncollectible)	36,049	16,398	-
Other	150,422	3,598	-
Prepaid Items	4,984	-	-
Restricted Assets:			
Cash and Investments	-	-	420,150
TOTAL ASSETS	<u>\$ 2,663,036</u>	<u>\$ 47,852</u>	<u>\$ 420,150</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 143,587	\$ -	\$ 187,400
Accrued Expenditures	56,992	-	-
Unearned Revenue	24,700	-	-
Due to Other Funds	4,490	-	-
Deposits	9,000	-	-
<i>Total Liabilities</i>	<u>238,769</u>	<u>-</u>	<u>187,400</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable Property Tax Revenue	35,957	16,354	-
<i>Total Deferred Inflows of Resources</i>	<u>35,957</u>	<u>16,354</u>	<u>-</u>
<i>Fund Balances:</i>			
Non-Spendable:			
Prepaid Items	4,984	-	-
Restricted for:			
Child Safety	36,526	-	-
Court Security	8,803	-	-
Debt Service	-	31,498	-
Donations	6,288	-	-
PEG Capital Fees	33,106	-	-
Police Asset Forfeiture	-	-	-
Assigned for:			
Capital Projects	-	-	232,750
Unassigned:	2,298,603	-	-
<i>Total Fund Balances</i>	<u>2,388,310</u>	<u>31,498</u>	<u>232,750</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	<u>\$ 2,663,036</u>	<u>\$ 47,852</u>	<u>\$ 420,150</u>

See accompanying notes to basic financial statements.

<u>Nonmajor</u>	<u>Total</u>
Asset Seizure	Governmental Funds
\$ 236,149	\$ 2,735,586
-	52,447
-	154,020
-	4,984
-	420,150
<u>\$ 236,149</u>	<u>\$ 3,367,187</u>
\$ -	\$ 330,987
-	56,992
-	24,700
-	4,490
-	9,000
<u>-</u>	<u>426,169</u>
-	52,311
<u>-</u>	<u>52,311</u>
-	4,984
-	36,526
-	8,803
-	31,498
-	6,288
-	33,106
236,149	236,149
-	232,750
-	2,298,603
<u>236,149</u>	<u>2,888,707</u>
<u>\$ 236,149</u>	<u>\$ 3,367,187</u>



CITY OF GARDEN RIDGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 2,888,707
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.		11,390,488
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.		52,313
Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the funds.		(124,950)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds:		
Bonds Payable and Capital Leases		(7,198,582)
Losses on debt refundings do not consume current financial resources and are not reported in the funds.		53,630
Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
Net Pension Liability	(416,176)	
Pension Related Deferred Outflows(Inflows)	<u>158,646</u>	(257,530)
Other Post-Employment Benefit Liabilities (and related deferred inflows and outflows of resources) do not consume financial resources are not reported in the governmental funds:		
Other Post-Employment Benefit Liability	(61,606)	
Other Post-Employment Benefit Related Deferred Outflows/Inflows	<u>(1,630)</u>	(63,236)
Accrued interest payable on long-term bonds is not due and payable in the current period and, therefore, not reported in the funds.		<u>(19,963)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>\$ 6,720,877</u></u>

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR YEAR ENDED SEPTEMBER 30, 2019

	Major Funds		
	General	Debt Service	Capital Projects Fund
REVENUES			
Taxes	\$ 1,826,642	\$ 731,694	\$ -
Franchise Fees	499,872	-	-
Licenses and Permits	173,222	-	-
Charges for Services	237,309	-	-
Fines and Forfeits	124,524	-	-
Miscellaneous	142,168	951	8,017
TOTAL REVENUES	<u>3,003,737</u>	<u>732,645</u>	<u>8,017</u>
EXPENDITURES			
<i>Current:</i>			
General Administration	584,278	-	-
Municipal Court	78,749	-	-
Police Protection	1,170,098	-	-
Public Facilities	669,815	-	-
Capital Outlay	327,769	-	154,491
<i>Debt Service:</i>			
Interest and Agent Fees	1,662	229,422	-
Principal	35,130	490,300	-
TOTAL EXPENDITURES	<u>2,867,501</u>	<u>719,722</u>	<u>154,491</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>136,236</u>	<u>12,923</u>	<u>(146,474)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Capital Leases	34,163	-	-
Proceeds from Sale of Equipment	4,225	-	-
Transfers In (Out)	-	(170,759)	(50,714)
TOTAL OTHER FINANCING SOURCES (USES)	<u>38,388</u>	<u>(170,759)</u>	<u>(50,714)</u>
Net Change in Fund Balances	174,624	(157,836)	(197,188)
Fund Balances - October 1	<u>2,213,686</u>	<u>189,334</u>	<u>429,938</u>
Fund Balances - September 30	<u>\$ 2,388,310</u>	<u>\$ 31,498</u>	<u>\$ 232,750</u>

See accompanying notes to basic financial statements.

<u>Nonmajor</u>		<u>Total</u>
Asset Seizure		Governmental Funds
\$ -		\$ 2,558,336
-		499,872
-		173,222
-		237,309
25,623		150,147
10,018		161,154
<u>35,641</u>		<u>3,780,040</u>
-		584,278
-		78,749
-		1,170,098
-		669,815
76,171		558,431
-		231,084
-		525,430
<u>76,171</u>		<u>3,817,885</u>
<u>(40,530)</u>		<u>(37,845)</u>
-		34,163
-		4,225
<u>-</u>		<u>(221,473)</u>
<u>-</u>		<u>(183,085)</u>
(40,530)		(220,930)
<u>276,679</u>		<u>3,109,637</u>
<u>\$ 236,149</u>		<u>\$ 2,888,707</u>



CITY OF GARDEN RIDGE, TEXAS
RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ (220,930)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay	440,117	
Depreciation	<u>(538,298)</u>	(98,181)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		725
The issuance of long-term debt (e.g. bonds and capital 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 net effect of premiums, discounts, and similar items when debt is first issued, where as these amounts are 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.		
Proceeds from Capital Lease	(34,163)	
Principal Payments on Bonds	490,300	
Amortization of Premium on Bonds	32,282	
Principal Portion of Capital Lease Payments	35,130	
Amortization of Book Losses on Debt Refundings	<u>(8,939)</u>	514,610
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued Interest	18,783	
Compensated Absences	<u>(46,223)</u>	(27,440)
Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined pension expense exceeded contributions.		(31,910)
Governmental funds report required contributions to OPEB as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined OPEB expense exceeded contributions.		<u>(5,499)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>\$ 131,375</u></u>

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,743,712
Accounts Receivable - Customers	296,089
Due from Other Funds	4,490
<i>Total Current Assets</i>	2,044,291

Other Assets:

Restricted Cash and Investments - Impact Fees	146,310
<i>Total Other Assets</i>	146,310

Capital Assets:

Land	139,954
Water Rights	454,144
Buildings	94,183
Water Lines, Wells & Tanks	13,455,274
Vehicles & Equipment	866,319
Construction in Progress	3,632,043
Accumulated Depreciation	(5,460,915)
<i>Total Capital Assets, Net of Depreciation</i>	13,181,002
TOTAL ASSETS	15,371,603

**DEFERRED OUTFLOWS
OF RESOURCES**

Deferred Loss on Debt Refunding	62,335
Deferred Pension Related Outflows	43,600
Deferred Other Post-Employment Benefit Related Outflows	360
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 106,295

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONT.)
SEPTEMBER 30, 2019

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 43,361
Accrued Liabilities	15,432
Accrued Interest Payable	20,080
Vacation Leave Payable	22,757
Customer Deposits	195,797
Due Within One Year	480,914
<i>Total Current Liabilities</i>	778,341

Noncurrent Liabilities:

Due in More Than One Year	6,877,790
Net Pension Liability	101,652
Other Post-Employment Benefit Liability	16,119
<i>Total Noncurrent Liabilities</i>	6,995,561

TOTAL LIABILITIES	7,773,902
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**DEFERRED INFLOWS
OF RESOURCES**

Deferred Pension Related Inflows	5,326
Deferred OPEB Related Inflows	727
TOTAL DEFERRED INFLOWS OF RESOURCES	6,053

NET POSITION

Net Investment in Capital Assets	5,884,635
Restricted Water Impact Fees	146,310
Unrestricted	1,666,998
	1,813,303

TOTAL NET POSITION	\$ 7,697,943
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CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

OPERATING REVENUE	
Water Sales	\$ 1,545,442
Meter Installation Fees	45,275
Other	63,665
TOTAL OPERATING REVENUE	1,654,382
 OPERATING EXPENSES	
Personnel Costs	416,681
Plant Operations and Maintenance	327,365
General and Administrative	180,966
Depreciation	449,502
TOTAL OPERATING EXPENSES	1,374,514
OPERATING INCOME (LOSS)	279,868
 NONOPERATING INCOME (EXPENSES)	
Interest Income	30,676
Interest Expense	(180,707)
TOTAL NONOPERATING INCOME (EXPENSES)	(150,031)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	129,837
Transfers In (Out)	221,473
CHANGE IN NET POSITION	351,310
NET POSITION AT BEGINNING OF YEAR	7,346,633
TOTAL NET POSITION AT END OF YEAR	\$ 7,697,943

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,528,822
Cash paid to suppliers for goods and services	(504,215)
Cash paid to employees for services and benefits	<u>(402,102)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>622,505</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net Customer Deposits Received (Returned)	4,467
Interfund Receivables/Payables and Transfers	<u>221,458</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>225,925</u>
 CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Capital Acquisition	(137,450)
Principal Payments on Debt	(486,256)
Interest Paid for Financing Activities	<u>(195,081)</u>
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(818,787)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income and Other Income	<u>30,676</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>30,676</u>
 NET INCREASE (DECREASE) IN CASH	 60,319
 CASH AND CASH EQUIVALENTS AT OCTOBER 1:	
Cash and Cash Equivalents	1,684,603
Restricted Cash and Cash Equivalents	<u>145,100</u>
	<u>1,829,703</u>
 CASH AND CASH EQUIVALENTS AT SEPTEMBER 30:	
Cash and Cash Equivalents	1,743,712
Restricted Cash and Cash Equivalents	<u>146,310</u>
	<u><u>\$ 1,890,022</u></u>

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF CASH FLOWS (CONT.)
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 279,868
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	449,502
Change in Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable	(125,560)
Increase (Decrease) in Accounts Payable & Accrued Liabilities	3,389
Increase (Decrease) in Vacation Payable	5,011
Increase (Decrease) in Pension Liability	8,900
Increase (Decrease) in Other Post-Employment Benefit Liabilities	1,395
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ 622,505

See accompanying notes to basic financial statements.



CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. THE FINANCIAL REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects 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. 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 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 in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Debt Service Fund and Capital Projects Fund meet the criteria of a **major governmental fund**. The City's other governmental fund is the Seizure Fund (Special Revenue Fund). This fund is reflected in a separate column in the Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances.

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Property taxes are recognized in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unearned revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general government, public safety, public facilities, municipal court and capital acquisition.

The Debt Service Fund is used to account for all funds collected and disbursed in the retirement of governmental debt.

The Capital Projects Fund is used to account for the proceeds from bond issues and other resources specifically designated for capital expenditures.

The City's non-major governmental fund is the Asset Seizure Fund (a special revenue fund).

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONT.)

Proprietary fund level financial statements are used to account for activities similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Water-Works Fund (used to account for the provision of water services to residents). The Proprietary Fund is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

E. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts, savings accounts, money market accounts, or investments in TexPool. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair value in accordance with GASB 31.

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

F. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1 and past due after the following January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectible.

G. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

I. RESTRICTED ASSETS

Certain deposits and payments of Proprietary Fund, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by agreements. Funds are also segregated to provide for capital projects and debt services as provided under contractual agreements and bond indenture agreements.

CITY OF GARDEN RIDGE, TEXAS
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

J. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSET</u>	<u>YEARS</u>
Buildings and Improvements	20 to 40 years
Improvements Other than Buildings	20 to 40 years
Utility System in Service	10 to 50 years
Machinery and Equipment	3 to 10 years

K. COMPENSATED ABSENCES

On March 16, 2019, the Council approved a new policy. The City converted vacation and sick hours to PTO (Personal Time Off). Employees are permitted to accrue and maintain a maximum of 288 hours of PTO balance. Once the maximum PTO is reached, the accrual ceases until the balance falls below the maximum PTO balance of 288 hours. Employees earn vacation leave at a rate of 4.6 hours per bi-weekly pay period after completion of probationary period. Vacation leave rates increase periodically based on the longevity of employment. Upon termination of service, a full time employee who has completed 12 months of continuous service and leaves the city in good standing, shall be paid up to 208 hours for any unused PTO.

Vested or accumulated PTO that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated PTO of the Enterprise Fund is recorded as an expense and liability of that fund as the benefits accrue to employees. Accumulated PTO pay at September 30, 2019, of \$124,950 and \$22,757 has been recorded in accrued liabilities of the Governmental Activities and the Proprietary Fund, respectively.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

L. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

M. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category: deferred loss on debt refunding reported in the government-wide statement of net position and deferred pension and OPEB related outflows reported on the government-wide and proprietary statements. A deferred loss on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred pension and OPEB related outflows result from contributions made after the measurement date and changes in assumptions.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of reporting. Unavailable revenues from property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as unavailable revenue as an inflow of resource in the period the amounts become available. The deferred pension related inflows result from differences between expected and actual experiences and differences in between expected and actual investment return.

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bond. Bond issuance costs are expensed when incurred.

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

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

O. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted – Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed – Represents amounts that can only be used for a specific purpose determined by a formal action of the government's highest level of decision making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned – Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council may make assignments through formal documentation in the minutes. The City Council authorized (by way of policy) the City Administrator to also make assignments. The City Administrator's assignments do not require formal action; however, the City Administrator has not assigned any funds at this time.

Unassigned – Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second, assigned third, and unassigned fourth.

P. NET POSITION

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

Q. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

R. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for water services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as non-operating.

S. PENSIONS

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

T. OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deletions from TMRS' Total OPEB Liability have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

U. USE OF ESTIMATES

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

V. RECLASSIFICATIONS

Certain reclassifications have been made to the prior periods presented to conform to the current presentation. These reclassifications had no effect on fund equity.

W. NEW PRONOUNCEMENT

In April 2018, GASB issued Statement No. 88, *Certain disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement establishes new note disclosure requirements for long-term debt, including direct borrowings and placements. In addition, this Statement requires that a

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

W. NEW PRONOUNCEMENT (CONT.)

a government should disclose in the notes to financial statements summarized information about the following items: (1) amount of unused lines of credit, (2) assets pledged as collateral for debt, and (3) terms specified in debt agreements with finance-related consequences such as: (a) events of default, (b) termination events, and (c) subjective acceleration clauses. This Statement also requires that disclosures for direct borrowings and placements be distinct from other debt disclosures. This Statement is effective for the City's financial periods beginning October 1, 2018. The City did not have any direct borrowings or placements that are distinct from other debt disclosures.

NOTE 2 – DEPOSIT AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash and Cash Equivalents

All cash deposits held in the bank were secured through FDIC or pledged securities at September 30, 2019.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 2 – DEPOSIT AND INVESTMENTS (CONT.)

The City's investments as of September 30, 2019 were at Texpool (an AAAM rated, 2a7-like, public funds external investment pool). The investment is reported at share price which approximates fair value. The amount invested with Texpool as of September 30, 2019 is \$3,782,927. During the period, the City did not invest in any investments which were not held at September 30, 2019.

Fair Value Measurement is measured by the City using the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments carried at fair value are valued using quoted market prices (Level 1 inputs).

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to a concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

CITY OF GARDEN RIDGE, TEXAS
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONT.)

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

4. Investment Accounting Policy

The City’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

5. Public Funds Investment Pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The City is invested in TexPool which has an AAAM rating by Standard & Poor’s.

NOTE 3 – RECEIVABLES

Receivables as of year-end for the government’s individual major funds and the enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			Total
	General	Debt Service	Proprietary Fund	
<i>Receivables:</i>				
Property Taxes	\$ 78,897	\$ 35,888	\$ -	\$ 114,785
Less Allowance for Uncollectibles	(42,848)	(19,490)	-	(62,338)
Sales Taxes	47,964	-	-	47,964
Franchise Taxes	21,420	-	-	21,420
Other	-	3,598	-	3,598
Customer Accounts	81,038	-	296,089	377,127
Net Total Receivables	<u>\$ 186,471</u>	<u>\$ 19,996</u>	<u>\$ 296,089</u>	<u>\$ 502,556</u>

CITY OF GARDEN RIDGE, TEXAS
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 4 – PROPERTY TAX CALENDAR

The City’s property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Comal County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2018, upon which the fiscal 2018 levy was based, was \$701,522,492 (i.e., market value less exemptions).

The estimated market value was \$819,425,424, making the taxable value 85.6% of the estimated market value. Property taxes are recorded as receivables and unearned revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related Ad Valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2019, was \$0.323146 per \$100 of assessed value, which means that the City has a tax margin of \$2.176854 for each \$100 value and could increase its annual tax levy by approximately \$15.3 million based upon the present assessed valuation of \$701,522,492 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code by more than three percent (3%) without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year’s effective tax rate.

NOTE 5 – INTERFUND RECEIVABLE/PAYABLE

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2019, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To	Purpose
<i>General Fund:</i>			
Proprietary Fund	\$ -	\$ 4,490	Routine expenses
	-	4,490	
<i>Proprietary Fund:</i>			
General Fund	4,490	-	Routine interfund expenses
	4,490	-	
	\$ 4,490	\$ 4,490	

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 6 – CAPITAL ASSETS

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

	Balances At October 1, 2018	Additions/ Transfer In	Disposals/ Transfer Out	Balances At September 30, 2019
<u>Governmental Activities</u>				
Land	\$ 481,923	\$ -	\$ -	\$ 481,923
Buildings & Improvements	3,759,757	59,201	-	3,818,958
Equipment & Vehicles	634,159	305,750	(65,976)	873,933
Infrastructure	12,537,175	75,166	-	12,612,341
	<u>17,413,014</u>	<u>440,117</u>	<u>(65,976)</u>	<u>17,787,155</u>
Less Accumulated Depreciation				
Buildings & Improvements	(1,525,571)	(127,399)	-	(1,652,970)
Equipment & Vehicles	(458,467)	(77,858)	65,976	(470,349)
Infrastructure	(3,940,307)	(333,041)	-	(4,273,348)
	<u>(5,924,345)</u>	<u>(538,298)</u>	<u>65,976</u>	<u>(6,396,667)</u>
Government Capital Assets, Net	<u>\$ 11,488,669</u>	<u>\$ (98,181)</u>	<u>\$ -</u>	<u>\$ 11,390,488</u>

Business-type capital asset activity for the year ended September 30, 2019, was as follows:

	Balances At October 1, 2018	Additions/ Transfer In	Disposals/ Transfer Out	Balances At September 30, 2019
<u>Business-Type Activities</u>				
Land	\$ 139,954	\$ -	\$ -	\$ 139,954
Buildings & Improvements	94,183	-	-	94,183
Water Rights	454,144	-	-	454,144
Water Lines & Extensions	13,404,560	50,714	-	13,455,274
Equipment & Vehicles	779,583	86,736	-	866,319
Construction in Progress	3,632,043	-	-	3,632,043
	<u>18,504,467</u>	<u>137,450</u>	<u>-</u>	<u>18,641,917</u>
Less Accumulated Depreciation				
Buildings & Improvements	(68,497)	(2,261)	-	(70,758)
Water Lines & Extensions	(4,358,173)	(380,338)	-	(4,738,511)
Equipment & Vehicles	(584,743)	(66,903)	-	(651,646)
	<u>(5,011,413)</u>	<u>(449,502)</u>	<u>-</u>	<u>(5,460,915)</u>
Business-Type Capital Assets, Net	<u>\$ 13,493,054</u>	<u>\$ (312,052)</u>	<u>\$ -</u>	<u>\$ 13,181,002</u>

Land, Water Rights, and Construction in Progress are not depreciated.

CITY OF GARDEN RIDGE, TEXAS
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 6 – CAPITAL ASSETS (CONT.)

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 104,618
Police Protection	50,911
Public Facilities	382,769
Total Depreciation Expense - Governmental Activities	\$ 538,298

NOTE 7 – TRANSFERS

Interfund transfers during the year ending September 30, 2019 were as follows:

Transfers From	Transfers To	Amount	Purpose
Capital Projects Fund	Water Fund	50,714	Transfer for Capital Assets
Debt Service	Water Fund	170,759	Transfer for Debt Service

NOTE 8 – LONG-TERM DEBT

At September 30, 2019, the City's long-term bonded debt consisted of the following:

Governmental Activities:	Range of Interest Rates	Original Amount
Certificates of Obligations Series 2012	2.000%-3.250%	3,351,600
Certificates of Obligations Series 2012	2.000%-3.000%	1,925,000
Certificates of Obligations Series 2015	2.000%-4.000%	3,639,500
Business Activities:	Range of Interest Rates	Original Amount
Certificates of Obligations Series 2012	2.000%-3.250%	2,633,400
Certificates of Obligations Series 2015	2.000%-4.000%	2,635,500
General Obligation Refunding Bonds, Series 2017	3.000%-4.000%	2,620,000

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 8 – LONG-TERM DEBT (CONT.)

Changes in the City’s long-term debt during the fiscal year ended September 30, 2019 is as follows:

	Balance			Balance	Due in One
<u>Governmental Activities:</u>	<u>10/1/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding</u>	<u>9/30/19</u>
					<u>Year</u>
2012 Series	2,758,000	-	(162,400)	2,595,600	168,000
2012 Series	1,190,000	-	(180,000)	1,010,000	190,000
2015 Series	3,294,400	-	(147,900)	3,146,500	150,800
Capital Lease	54,085	34,163	(35,130)	53,118	25,137
Premiums	425,646	-	(32,282)	393,364	32,282
	<u>\$ 7,722,131</u>	<u>\$ 34,163</u>	<u>\$ (557,712)</u>	<u>\$ 7,198,582</u>	<u>\$ 566,219</u>

	Balance			Balance	Due in One
<u>Business-Type Activities:</u>	<u>10/1/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding</u>	<u>9/30/19</u>
					<u>Year</u>
2009 Series	\$ 185,000	\$ -	\$ (185,000)	\$ -	\$ -
2012 Series	2,167,000	-	(127,600)	2,039,400	132,000
2015 Series	2,385,600	-	(107,100)	2,278,500	109,200
2017 Series	2,580,000	-	-	2,580,000	200,000
Capital Lease	48,997	-	(27,382)	21,615	5,006
Premiums	478,363	-	(39,174)	439,189	34,708
	<u>\$ 7,844,960</u>	<u>\$ -</u>	<u>\$ (486,256)</u>	<u>\$ 7,358,704</u>	<u>\$ 480,914</u>

A. General Obligation Bonds

These bonds are supported by a pledge of the City’s faith and credit. The related bond ordinances require a levy and collection of a tax without limitation as to rate or amount on all property subject to taxation by the City sufficient in amount to pay the principal and interest on such bonds as they shall become due. The ordinances also require that a sinking fund be created and administered by the City solely for the purpose of paying principal and interest when due. Specific sinking fund reserve requirements for the City’s general obligation bonds are being followed.

On October 7, 2009, the City issued \$4,000,000 Certificates of Obligations Series 2009 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and in ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all property within the city, as well as pledged revenue of up to \$1,000 of the surplus revenues from the Proprietary Fund. The certificates were issued for the purpose of paying contractual obligations of the City for the construction and equipping of water improvements to include an elevated storage tank, pumps, and water well.

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 8 – LONG-TERM DEBT (CONT.)

A. General Obligation Bonds (Cont.)

On October 10, 2012, the City issued \$5,985,000 Certificates of Obligations Series 2012 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and in ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all property within the city, as well as pledged revenue of up to \$1,000 of the surplus revenues from the Proprietary Fund. The certificates were issued for the purpose of paying contractual obligations of the City for the construction of city street and drainage improvements; and improvements and extensions of the City's water system.

On October 10, 2012, the City issued \$1,925,000 Certificates of Obligations Series 2012 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and in ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all payable property within the city. The certificates were issued to advance refund the remaining bonds outstanding of the Certificates of Obligations Series 2002 and \$1,335,000 of the Certificates of Obligations Series 2005. The refunding saved the City a total of \$188,521 with a net present value of \$173,073.

On July 9, 2015, the City issued \$6,275,000 Certificates of Obligations Series 2015 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and in ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all property within the city, as well as pledged revenue of up to \$1,000 of the surplus revenues from the Proprietary Fund. The certificates were issued for the purpose of paying contractual obligations of the City for the construction of city street and drainage improvements; improvements and extensions of the City's water system; renovation of the City's community/civic center; and park improvements.

On October 4, 2017, the City issued \$2,620,000 General Obligation Refunding Bonds, Series 2017 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and in ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all property within the city. The certificates were issued to advance refund \$2,620,000 of the Certificates of Obligations Series 2012. The refunding saved the City a total of \$209,902 with a net present value of \$182,669. This was not a private placement Certificate of Obligation.

B. Debt Amortization

Advance refundings of debt result in differences between the carrying amount of refunded obligations and the payments to defease the debt. These differences are recorded on the Statement of Net Position and amortized over the life of the shorter of the new or refunded obligations. As of September 30, 2019, the City reported \$115,965 in deferred refunding losses that will be amortized in future periods.

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 8 – LONG-TERM DEBT (CONT.)

B. Debt Amortization (Cont.)

Requirements to amortize all long-term bond debt over the remaining lives are as follows:

Governmental Activities:

Fiscal Year Ending September 30	Principal	Interest	Total
2020	\$ 508,800	\$ 213,621	\$ 722,421
2021	519,500	200,761	720,261
2022	530,900	186,848	717,748
2023	487,300	172,503	659,803
2024	498,000	157,723	655,723
2025-2029	2,106,700	573,425	2,680,125
2030-2034	1,842,800	204,479	2,047,279
2035	258,100	5,162	263,262
	<u>\$ 6,752,100</u>	<u>\$ 1,714,522</u>	<u>\$ 8,466,622</u>

Business -Type Activities:

Fiscal Year Ending September 30	Principal	Interest	Total
2020	\$ 441,200	\$ 223,617	\$ 664,817
2021	450,500	211,453	661,953
2022	469,100	198,341	667,441
2023	482,700	184,410	667,110
2024	492,000	169,790	661,790
2025-2029	2,718,300	597,608	3,315,908
2030-2034	1,657,200	155,783	1,812,983
2035	186,900	3,738	190,638
	<u>\$ 6,897,900</u>	<u>\$ 1,744,740</u>	<u>\$ 8,642,640</u>

Requirements to amortize capital leases over the remaining lives are as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2020	\$ 28,192	\$ 5,973
2021	18,129	5,973
2022	5,973	5,973
2023	5,973	5,973
	<u>58,267</u>	<u>23,892</u>
Less: Amount Representing Interest	(5,149)	(2,277)
	<u>\$ 53,118</u>	<u>\$ 21,615</u>

CITY OF GARDEN RIDGE, TEXAS
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 8 – LONG-TERM DEBT (CONT.)

B. Debt Amortization (Cont.)

The City leased capital assets for governmental and business type activities in the amount of \$89,059 and \$26,378, respectively. Accumulated depreciation on the capital assets leased for governmental and business-type activities was \$31,800 and \$22,295, respectively, as of September 30, 2019.

NOTE 9 – EMPLOYEES’ RETIREMENT SYSTEM

A. 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.tmr.com.

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

B. Benefits Provided

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

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

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

	2018	2017
Inactive Employees or Beneficiaries Currently Receiving Benefits	16	14
Inactive Employees Entitled to but Not Yet Receiving Benefits	23	21
Active employees	27	29
	66	64

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 9 – EMPLOYEES’ RETIREMENT SYSTEM (CONT.)

C. Contributions

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

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.21% and 7.84% in calendar years 2017 and 2018, respectively. The City’s contributions to TMRS for the year ended September 30, 2019 were \$128,111 and were equal to the required contributions.

D. 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.

E. Actuarial Assumptions

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

Inflation	2.50% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return*	6.75%

* Presented net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

For disabled annuitants, the gender-distinct RP2000 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 male 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 GARDEN RIDGE, TEXAS
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 9 – EMPLOYEES’ RETIREMENT SYSTEM (CONT.)

E. Actuarial Assumptions (Cont.)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the 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 through 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. Assumptions are reviewed annually. 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 the 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 returns for each major asset class in the fiscal year 2018 are summarized in the following table:

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

F. 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 benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 9 – EMPLOYEES’ RETIREMENT SYSTEM (CONT.)

G. Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2018:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 2,829,699	\$ 2,518,191	\$ 311,508
Changes for the year:			
Service Cost	179,361	-	179,361
Interest	194,988	-	194,988
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(39,457)	-	(39,457)
Changes of Assumptions	-	-	-
Contributions - Employer	-	125,554	(125,554)
Contributions - Employee	-	80,072	(80,072)
Net Investment Income	-	(75,519)	75,519
Benefit Payments, Including Refunds of Employee Contributions	(61,351)	(61,351)	-
Administrative Expense	-	(1,458)	1,458
Other Changes	-	(77)	77
Net Changes	<u>273,541</u>	<u>67,221</u>	<u>206,320</u>
Balance at December 31, 2018	<u>\$ 3,103,240</u>	<u>\$ 2,585,412</u>	<u>\$ 517,828</u>

	2017	2018
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.99%	83.31%
Covered Employee Payroll	\$ 1,544,639	\$ 1,601,438
Net Pension Liability as a Percentage of Covered Payroll	20.17%	32.34%

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:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability	\$ 965,465	\$ 517,828	\$ 150,074

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 9 – EMPLOYEES’ RETIREMENT SYSTEM (CONT.)

H. 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.

I. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$125,554. Also as of 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
Differences between Expected and Actual Economic Experience	\$ -	\$ (32,727)
Changes in Actuarial Assumptions	4,996	-
Differences Between Projected and Actual Investment Earnings	130,718	-
Contributions Subsequent to the Measurement Date	93,933	-
	\$ 229,647	\$ (32,727)

I. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Cont.)

Deferred outflows of resources in the amount of \$93,933 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2018	\$ 34,048
2019	11,430
2020	10,017
2021	47,492
	\$ 102,987

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

CITY OF GARDEN RIDGE, TEXAS
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other post-employment benefit”, or OPEB. Membership in the plan December 31, 2018, the valuation and measurement date, consisted of:

	2018	2017
Inactive Employees or Beneficiaries Currently Receiving Benefits	14	12
Inactive Employees Entitled to but Not Yet Receiving Benefits	3	4
Active Employees	27	29
	44	45

The SDBF required contribution rates, based on these assumptions, are as follows:

For the Plan Year Ended December 31,	Total SDBF Contribution Rate	Retiree Portion to SDBF Contribution Rate
2017	0.16%	0.02%
2018	0.18%	0.03%

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the 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 Morality Experience Investigation Study covering 2009 through 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. The assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.71% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid thru the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal 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

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)

The City’s Total OPEB Liability (TOL), based on the actuarial factors, as of December 31, 2017 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2017	\$ 78,594
Changes for the year:	
Service Cost	4,964
Interest	2,676
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(2,234)
Changes of Assumptions or Other Inputs	(5,795)
Benefit Payments	(480)
Net Changes	(869)
Balance at December 31, 2018	\$ 77,725

There is no separate trust maintained to fund this Total OPEB Liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 3.71% as well as what the City’s TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.71%) and 1-percentage point higher (4.71%) than the current rate:

	Discount Rate 2.71%	Discount Rate 3.71%	Discount Rate 4.71%
Total OPEB Liability	\$ 93,229	\$ 77,725	\$ 65,506

For the year ended September 30, 2019, the City recognized OPEB expense of \$7,476. Also as of 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 in expected and actual experience	\$ 1,480	\$ -
Changes in Actuarial Assumptions	-	(3,841)
Contributions Subsequent to the Measurement Date	364	-
	\$ 1,844	\$ (3,841)

CITY OF GARDEN RIDGE, TEXAS
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)

Deferred outflows of resources in the amount of \$364 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended December 31,		
2018	\$	(255)
2019		(255)
2020		(255)
2021		(334)
2022		(1,262)
	<u>\$</u>	<u>(2,361)</u>

NOTE 11 – RISK MANAGEMENT

The City of Garden Ridge, Texas, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover this risk the City contracts with the Texas Municipal League (TML) to provide insurance coverage for Property/Casualty and Worker’s Compensation. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2019, were \$83,719.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City’s liability in these cases, if decided adversely to the City, will not have a material effect on the City’s financial position.

Commitments – Maintenance Yard

The City entered into a communications facility license agreement with New Cingular Wireless PCS, LLC and T-Mobile USA, Inc. for the use of land at the City’s maintenance yard for construction of a cell tower. Future minimum rental revenues under the lease for the next three years are as follows:

<u>Years Ending September 30,</u>	
2020	\$47,400
2021	47,760
2022	51,720
	<u>\$ 146,880</u>



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Schedule of Changes – Total Other Post-Employment Benefit Liability and Related Ratios

CITY OF GARDEN RIDGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
<i>Taxes:</i>				
Ad Valorem	\$ 1,528,423	\$ 1,596,050	\$ 1,556,664	\$ (39,386)
Sales	230,000	230,000	269,978	39,978
<i>Total Taxes</i>	<u>1,758,423</u>	<u>1,826,050</u>	<u>1,826,642</u>	<u>592</u>
<i>Franchise Fees:</i>				
Cable	58,000	58,000	54,992	(3,008)
Electric	325,000	325,000	326,957	1,957
Gas	13,800	18,353	18,353	-
Telephone	34,000	34,000	34,588	588
Water	64,200	64,200	64,982	782
<i>Total Franchise Fees</i>	<u>495,000</u>	<u>499,553</u>	<u>499,872</u>	<u>319</u>
<i>Licenses and Permits:</i>				
Building & Electrical	130,000	148,000	169,832	21,832
Other	3,100	2,300	3,390	1,090
<i>Total Licenses and Permits</i>	<u>133,100</u>	<u>150,300</u>	<u>173,222</u>	<u>22,922</u>
<i>Charges for Services:</i>				
Rental Fees	126,280	121,230	141,818	20,588
Planning & Variance	2,500	1,000	1,650	650
Garbage Collection	82,100	82,000	89,546	7,546
Pet Registration	2,500	3,700	4,295	595
<i>Total Charges for Services</i>	<u>213,380</u>	<u>207,930</u>	<u>237,309</u>	<u>29,379</u>
<i>Fines and Forfeitures:</i>				
Court Fines	117,640	118,000	113,196	(4,804)
Warrant Fees & Fines	11,000	11,000	11,328	328
<i>Total Fines and Forfeitures</i>	<u>\$ 128,640</u>	<u>\$ 129,000</u>	<u>\$ 124,524</u>	<u>\$ (4,476)</u>

CITY OF GARDEN RIDGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL – GENERAL FUND (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES (CONT.)				
<i>Other Sources:</i>				
Interest	\$ 18,000	\$ 49,000	\$ 54,658	\$ 5,658
Impact Fees	15,390	-	-	-
Contributions	-	13,169	18,387	5,218
Miscellaneous	40,600	60,882	69,123	8,241
<i>Total Other Sources</i>	<u>73,990</u>	<u>123,051</u>	<u>142,168</u>	<u>19,117</u>
TOTAL REVENUES	<u>2,802,533</u>	<u>2,935,884</u>	<u>3,003,737</u>	<u>67,853</u>
EXPENDITURES				
<i>General Administration:</i>				
Personnel	274,196	235,000	227,926	7,074
Contract Fees	233,509	222,822	183,718	39,104
Administrative	249,233	257,365	161,978	95,387
Capital Outlay	50,000	127,281	174,459	(47,178)
Insurance	10,744	10,656	10,656	-
<i>Total General Administration</i>	<u>817,682</u>	<u>853,124</u>	<u>758,737</u>	<u>94,387</u>
<i>Municipal Court:</i>				
Personnel	56,876	58,255	57,267	988
Contract Fees	10,000	10,000	9,600	400
Operations & Maintenance	14,569	17,069	11,882	5,187
<i>Total Municipal Court</i>	<u>81,445</u>	<u>85,324</u>	<u>78,749</u>	<u>6,575</u>
<i>Police Protection:</i>				
Personnel	1,100,727	1,072,500	1,051,688	20,812
Operations & Maintenance	114,600	123,292	95,202	28,090
Capital Outlay	36,255	30,055	34,163	(4,108)
Insurance	16,238	17,791	17,791	-
Leases	5,636	5,636	5,417	219
<i>Total Police Protection</i>	<u>\$ 1,273,456</u>	<u>\$ 1,249,274</u>	<u>\$ 1,204,261</u>	<u>\$ 45,013</u>

CITY OF GARDEN RIDGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL – GENERAL FUND (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES (CONT.)				
<i>Public Facilities:</i>				
Personnel	\$ 406,422	\$ 406,148	\$ 397,623	\$ 8,525
Contract Fees	4,550	4,550	2,536	2,014
Operations & Maintenance	56,110	59,616	71,572	(11,956)
Streets and Drainage	5,100	5,100	4,828	272
Insurance	3,016	2,633	2,633	-
Animal Control & Park	126,094	123,790	109,765	14,025
Library	15,205	23,382	21,294	2,088
Community Center	56,292	59,489	59,564	(75)
Capital Outlay	5,500	132,985	123,910	9,075
<i>Total Public Facilities</i>	<u>678,289</u>	<u>817,693</u>	<u>793,725</u>	<u>23,968</u>
<i>Debt Service:</i>				
Principal	10,165	10,165	30,367	(20,202)
Interest and Agent Fees	2,761	2,761	1,662	1,099
<i>Total Debt Service</i>	<u>12,926</u>	<u>12,926</u>	<u>32,029</u>	<u>(19,103)</u>
TOTAL EXPENDITURES	<u>2,863,798</u>	<u>3,018,341</u>	<u>2,867,501</u>	<u>150,840</u>
Excess (Deficiency) Over (Under) Expenditures	<u>(61,265)</u>	<u>(82,457)</u>	<u>136,236</u>	<u>218,693</u>
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	-	-	34,163	34,163
Proceeds from Sale of Assets	3,000	4,225	4,225	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,000</u>	<u>4,225</u>	<u>38,388</u>	<u>34,163</u>
Net Change in Fund Balance	(58,265)	(78,232)	174,624	252,856
Fund Balance - October 1	<u>2,213,686</u>	<u>2,213,686</u>	<u>2,213,686</u>	<u>-</u>
Fund Balance - September 30	<u>\$ 2,155,421</u>	<u>\$ 2,135,454</u>	<u>\$ 2,388,310</u>	<u>\$ 252,856</u>

CITY OF GARDEN RIDGE, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2019

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Debt Service Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. As of September 30, 2019 the expenditures did not exceed appropriations in total in the General Fund.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF GARDEN RIDGE, TEXAS
SCHEDULE OF CHANGES - NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR CALENDAR YEARS

	Total Pension Liability			
	2015	2016	2017	2018
Service Cost	\$ 156,540	\$ 160,212	\$ 174,081	\$ 179,361
Interest (on the Total Pension Liability)	143,776	159,773	173,326	194,988
Changes of Benefit Terms	-	-	-	
Difference between Expected and Actual Experience	26,730	(57,945)	27,159	(39,457)
Change of Assumptions	52,564	-	-	
Benefit Payments, Including Refunds of Employee Contributions	(51,596)	(85,152)	(51,233)	(61,351)
Net Change in Total Pension Liability	328,014	176,888	323,333	273,541
Total Pension Liability - Beginning	2,001,464	2,329,478	2,506,366	2,829,699
Total Pension Liability - Ending	<u>\$ 2,329,478</u>	<u>\$ 2,506,366</u>	<u>\$ 2,829,699</u>	<u>\$ 3,103,240</u>
	Plan Fiduciary Net Position			
	2015	2016	2017	2018
Contributions - Employer	\$ 109,610	\$ 140,678	\$ 126,816	\$ 125,554
Contributions - Employee	71,675	70,640	77,232	80,072
Net Investment Income	2,508	123,795	288,406	(75,519)
Benefit Payments, Including Refunds of Employee Contributions	(51,596)	(85,152)	(51,233)	(61,351)
Administrative Expense	(1,527)	(1,397)	(1,493)	(1,458)
Other	(75)	(75)	(76)	(77)
Net Change in Plan Fiduciary Net Position	130,595	248,489	439,652	67,221
Plan Fiduciary Net Position - Beginning	1,699,455	1,830,050	2,078,539	2,518,191
Plan Fiduciary Net Position - Ending	<u>\$ 1,830,050</u>	<u>\$ 2,078,539</u>	<u>\$ 2,518,191</u>	<u>\$ 2,585,412</u>
Net Pension Liability - Ending	\$ 499,428	\$ 427,827	\$ 311,508	\$ 517,828
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.56%	82.93%	88.99%	83.31%
Covered Employee Payroll	\$ 1,433,517	\$ 1,412,801	\$ 1,544,639	\$ 1,601,438
Net Pension Liability as a Percentage of Covered Employee Payroll	34.84%	30.28%	20.17%	32.34%

Note: The schedule above reflects the changes in the net pension liability for the current year and the previous three years. GASB Statement No. 68 requires 10 years of data to be provided in this schedule. The City will build this schedule over the 10-year period beginning December 31, 2014 as data becomes available.

CITY OF GARDEN RIDGE, TEXAS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 SEPTEMBER 30, 2019
 LAST FOUR FISCAL YEARS

	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 104,953	\$ 120,506	\$ 126,771	\$ 128,111
Contributions in Relation to the Actuarially Determined Contribution	139,953	120,506	126,771	128,111
Contribution Deficiency (Excess)	\$ (35,000)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,394,604	\$ 1,502,505	\$ 1,599,220	\$ 1,646,472
Contributions as a Percentage of Covered Employee Payroll	10.04%	8.02%	7.93%	7.78%

Note: The schedule above reflects the changes in the net pension liability for the current year and the previous three years. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The City will build this schedule over the 10-year period beginning September 30, 2015 as data becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	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.

CITY OF GARDEN RIDGE, TEXAS
SCHEDULE OF CHANGES –OTHER POST EMPLOYMENT BENEFIT
LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2019
LAST CALENDAR YEAR

Total OPEB Liability	2018
Service Cost	\$ 4,964
Interest (on the Total Pension Liability)	2,676
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(2,234)
Change of Assumptions	(5,795)
Benefit Payments	(480)
Net Change in Total Pension Liability	(869)
Total Pension Liability - Beginning	78,594
Total Pension Liability - Ending	\$ 77,725
 Covered Employee Payroll	\$ 1,601,438
 Net Pension Liability as a Percentage of Covered Employee Payroll	4.85%

Note: The schedule above reflects the changes in the net pension liability for the current year. GASB Statement No. 75 requires 10 years of data to be provided in this schedule. The City will build this schedule over the 10-year period beginning December 31, 2017 as data becomes available.

NOTES TO SCHEDULE OF CHANGES

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Methods and Assumptions Used to Determine Contribution Rate

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.71% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid thru the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal 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

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Debt Service Fund
- Comparative Statements – Capital Projects Fund
- Comparative Statements – Nonmajor Fund
- Comparative Statements – Proprietary Funds

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 2,471,581	\$ 2,296,576
Taxes Receivable (Net of Uncollectible of \$76,107 and \$41,827, respectively)	36,049	34,280
Other Receivables	150,422	126,614
Prepaid Items	4,984	4,082
TOTAL ASSETS	\$ 2,663,036	\$ 2,461,552
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 143,587	\$ 130,254
Accrued Expenditures	56,992	52,870
Unearned Revenue	24,700	22,056
Due to Other Funds	4,490	-
Deposits	9,000	9,000
<i>Total Liabilities</i>	238,769	214,180
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	35,957	33,686
<i>Total Deferred Inflows of Resources:</i>	35,957	33,686
 <i>Fund Balance:</i>		
Non-Spendable:		
Prepaid Items	4,984	4,082
Restricted:		
Child Safety	36,526	29,758
Court Security	8,803	8,803
Donations	6,288	2,677
PEG Capital Fees	33,106	112,687
Unassigned	2,298,603	2,055,679
<i>Total Fund Balance</i>	2,388,310	2,213,686
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCE	\$ 2,663,036	\$ 2,461,552

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
REVENUES		
<i>Taxes:</i>		
Ad Valorem	\$ 1,556,664	\$ 1,453,982
Sales	<u>269,978</u>	<u>250,201</u>
<i>Total Taxes</i>	<u>1,826,642</u>	<u>1,704,183</u>
 <i>Franchise Fees:</i>		
Cable	54,992	57,244
Electric	326,957	334,009
Gas	18,353	13,876
Telephone	34,588	32,367
Water	<u>64,982</u>	<u>64,062</u>
<i>Total Franchise Fees</i>	<u>499,872</u>	<u>501,558</u>
 <i>Licenses and Permits:</i>		
Building & Electrical	169,832	152,038
Other	<u>3,390</u>	<u>7,175</u>
<i>Total Licenses and Permits</i>	<u>173,222</u>	<u>159,213</u>
 <i>Charges for Services:</i>		
Rental Fees	141,818	134,475
Planning & Variance	1,650	629
Garbage Collection	89,546	82,588
Pet Registration	<u>4,295</u>	<u>2,665</u>
<i>Total Charges for Services</i>	<u>237,309</u>	<u>220,357</u>
 <i>Fines and Forfeitures:</i>		
Court Fines	113,196	126,767
Warrant Fees & Fines	<u>11,328</u>	<u>11,630</u>
<i>Total Fines & Forfeitures</i>	<u>\$ 124,524</u>	<u>\$ 138,397</u>

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - (CONTINUED)
 GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
REVENUES (CONT.)		
<i>Other Sources:</i>		
Interest	\$ 54,658	\$ 30,328
Impact Fees	-	18,468
Contributions	18,387	13,519
Miscellaneous	69,123	58,195
<i>Total Other Sources</i>	142,168	120,510
 TOTAL REVENUES	 3,003,737	 2,844,218
 EXPENDITURES		
<i>General Administration:</i>		
Personnel	227,926	240,967
Contract Fees	183,718	193,816
Administrative	161,978	168,623
Insurance	10,656	9,947
Other	-	-
Capital Outlay	174,459	64,936
<i>Total General Administration</i>	758,737	678,289
 <i>Municipal Court:</i>		
Personnel	57,267	54,713
Contract Fees	9,600	9,600
Operations & Maintenance	11,882	12,963
<i>Total Municipal Court</i>	78,749	77,276
 <i>Public Safety:</i>		
Personnel	1,051,688	1,016,069
Operations & Maintenance	95,202	118,685
Capital Outlay	34,163	28,515
Insurance	17,791	15,465
Lease Payments	5,417	5,417
<i>Total Public Safety</i>	\$ 1,204,261	\$ 1,184,151

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - (CONTINUED)
 GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
EXPENDITURES (CONT.)		
<i>Public Facilities:</i>		
Personnel	\$ 397,623	\$ 356,221
Contract Fees	2,536	1,263
Operations & Maintenance	71,572	52,236
Streets and Drainage	4,828	5,389
Insurance	2,633	2,872
Animal Control & Park	109,765	69,277
Library	21,294	13,200
Community Center	59,564	61,982
Capital Outlay	123,910	4,369
<i>Total Public Facilities</i>	793,725	566,809
 <i>Debt Service:</i>		
Principal	30,367	37,207
Interest and Agent Fees	1,662	2,308
<i>Total Debt Service</i>	32,029	39,515
 TOTAL EXPENDITURES	2,867,501	2,546,040
 Excess (Deficiency) Over (Under) Expenditures	136,236	298,178
 OTHER FINANCING SOURCES (USES)		
Proceeds from Capital Lease	34,163	54,893
Proceeds from Sale of Equipment	4,225	5,000
Transfers In (Out)	-	(18,468)
TOTAL OTHER FINANCING SOURCES (USES)	38,388	41,425
 Net Change in Fund Balance	174,624	339,603
 Fund Balance - October 1	2,213,686	1,874,083
Fund Balance - September 30	\$ 2,388,310	\$ 2,213,686

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE BALANCE SHEETS
 DEBT SERVICE FUND
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash	\$ 27,856	\$ 193,493
Taxes Receivable	16,398	18,217
Other Receivable	3,598	-
	47,852	211,710
TOTAL ASSETS	\$ 47,852	\$ 211,710
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES		
<i>Liabilities:</i>		
Due to Other Funds	\$ -	\$ 4,475
<i>Total Liabilities</i>	-	4,475
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenues	16,354	17,901
<i>Total Deferred Inflows of Resources</i>	16,354	17,901
 <i>Fund Balance:</i>		
Restricted	31,498	189,334
<i>Total Fund Balance:</i>	31,498	189,334
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 47,852	\$ 211,710

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE
 DEBT SERVICE FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
REVENUES		
Ad Valorem Tax	\$ 731,694	\$ 772,572
Interest	951	509
TOTAL REVENUES	732,645	773,081
 EXPENDITURES		
Bond Interest and Fiscal Charges	229,422	239,013
Bond Principal	490,300	518,600
TOTAL EXPENDITURES	719,722	757,613
 Excess (Deficiency) of Revenues Over (Under) Expenditures	12,923	15,468
 OTHER FINANCING SOURCES (USES)		
Transfer In/(Out)	(170,759)	(273,901)
TOTAL OTHER FINANCING SOURCES SOURCES (USES)	(170,759)	(273,901)
 Net Change in Fund Balance	(157,836)	(258,433)
 Fund Balance - October 1	189,334	447,767
Fund Balance - September 30	\$ 31,498	\$ 189,334

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE BALANCE SHEETS
 CAPITAL PROJECTS FUND
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Restricted Assets:		
Cash and Investments	\$ 420,150	\$ 848,505
TOTAL ASSETS	\$ 420,150	\$ 848,505
 LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 187,400	\$ 418,567
<i>Total Liabilities</i>	187,400	418,567
 <i>Fund Balance:</i>		
Restricted	232,750	429,938
<i>Total Fund Balance</i>	232,750	429,938
TOTAL LIABILITIES AND FUND BALANCE	\$ 420,150	\$ 848,505

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE
 CAPITAL PROJECTS FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
REVENUES		
Interest	\$ 8,017	\$ 17,521
Miscellaneous	-	50,000
TOTAL REVENUES	8,017	67,521
 EXPENDITURES		
Capital Projects	154,491	99,546
TOTAL EXPENDITURES	154,491	99,546
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(146,474)	(32,025)
 OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	(50,714)	(808,894)
TOTAL OTHER FINANCING SOURCES SOURCES (USES)	(50,714)	(808,894)
 Net Change in Fund Balance	(197,188)	(840,919)
 Fund Balance - October 1	429,938	1,270,857
Fund Balance - September 30	\$ 232,750	\$ 429,938

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE BALANCE SHEETS
 NONMAJOR FUNDS – ASSET SEIZURE
 SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Investments	<u>\$ 236,149</u>	<u>\$ 278,275</u>
 TOTAL ASSETS	 <u><u>\$ 236,149</u></u>	 <u><u>\$ 278,275</u></u>
 LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	<u>\$ -</u>	<u>\$ 1,596</u>
<i>Total Liabilities</i>	<u>-</u>	<u>1,596</u>
 <i>Fund Balance:</i>		
Restricted	<u>236,149</u>	<u>276,679</u>
<i>Total Fund Balance</i>	<u>236,149</u>	<u>276,679</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 236,149</u></u>	 <u><u>\$ 278,275</u></u>

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE
 NONMAJOR FUNDS – ASSET SEIZURE
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
REVENUES		
Fines and Forfeits	\$ 25,623	\$ 226,217
Interest	10,018	157
TOTAL REVENUES	35,641	226,374
 EXPENDITURES		
Capital Outlay	76,171	61,025
TOTAL EXPENDITURES	76,171	61,025
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,530)	165,349
 Net Change in Fund Balance	(40,530)	165,349
 Fund Balance - October 1	276,679	111,330
Fund Balance - September 30	\$ 236,149	\$ 276,679

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION
 WATER FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 1,743,712	\$ 1,684,603
Accounts Receivable - Customers	296,089	170,529
Due from Other Funds	4,490	4,475
<i>Total Current Assets</i>	2,044,291	1,859,607
<i>Other Assets:</i>		
Restricted Cash and Investments	146,310	145,100
<i>Total Other Assets</i>	146,310	145,100
<i>Capital Assets:</i>		
Land	139,954	139,954
Water Rights	454,144	454,144
Buildings	94,183	94,183
Water Lines, Wells & Tanks	13,455,274	13,404,560
Vehicles & Equipment	866,319	779,583
Construction in Progress	3,632,043	3,632,043
Accumulated Depreciation	(5,460,915)	(5,011,413)
<i>Total Capital Assets, Net of Depreciation</i>	13,181,002	13,493,054
TOTAL ASSETS	15,371,603	15,497,761
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Debt Refunding	62,335	67,530
Deferred Pension Related Outflows	43,600	20,760
Deferred Other Post-Employment Benefit Related Outflows	360	1,195
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 106,295	\$ 89,485

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION (CONT.)
 WATER FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

LIABILITIES	<u>2019</u>	<u>2018</u>
<i>Current Liabilities:</i>		
Accounts Payable	\$ 43,361	\$ 39,458
Accrued Liabilities	15,432	15,946
Accrued Interest	20,080	39,649
Vacation Leave Payable	22,757	17,746
Customer Deposits	195,797	191,330
Due Within One Year	480,914	486,256
<i>Noncurrent Liabilities:</i>		
Due In More Than One Year	6,877,790	7,358,704
Net Pension Liability	101,652	61,930
Other Post-Employment Benefit Liability	16,119	16,286
TOTAL LIABILITIES	<u>7,773,902</u>	<u>8,227,305</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Related Inflows	5,326	13,308
Deferred OPEB Related Inflows	727	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,053</u>	<u>13,308</u>
 NET POSITION		
Investment in Capital Assets	5,884,635	5,715,624
Restricted Water Impact Fees	146,310	145,100
Unrestricted	1,666,998	1,485,909
TOTAL NET POSITION	<u>\$ 7,697,943</u>	<u>\$ 7,346,633</u>



CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND NET POSITON – WATER FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
OPERATING REVENUE		
Water Sales	\$ 1,545,442	\$ 1,616,097
Meter Installation Fees	45,275	31,800
Other	63,665	82,144
TOTAL OPERATING REVENUE	1,654,382	1,730,041
OPERATING EXPENSES		
Personnel Costs	416,681	428,803
Plant Operations and Maintenance	327,365	362,871
General and Administrative	180,966	156,834
Capital Outlay	-	1,075
Depreciation	449,502	473,014
TOTAL OPERATING EXPENSES	1,374,514	1,422,597
OPERATING INCOME (LOSS)	279,868	307,444
NONOPERATING INCOME (EXPENSES)		
Impact Fees	-	158,323
Interest Income	30,676	14,505
Interest Expense	(180,707)	(212,022)
Bond Issuance Costs	-	(95,180)
TOTAL NONOPERATING INCOME (EXPENSES)	(150,031)	(134,374)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	129,837	173,070
Transfers In (Out)	221,473	1,101,263
CHANGE IN NET POSITION	351,310	1,274,333
NET POSITION AT BEGINNING OF YEAR	7,346,633	6,085,860
Prior Period Adjustment	-	(13,560)
TOTAL NET POSITION AT END OF YEAR	\$ 7,697,943	\$ 7,346,633

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS
 WATER FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,528,822	\$ 1,731,306
Cash paid to suppliers for goods and services	(504,215)	(523,146)
Cash paid to employees for services and benefits	(402,102)	(429,733)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	622,505	778,427
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net Customer Deposits Received (Returned)	4,467	7,193
Interfund Receivables/Payables and Transfers	221,458	1,068,437
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	225,925	1,075,630
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Capital Acquisition	(137,450)	(1,174,692)
Cash received for impact fees	-	158,323
Proceeds from Capital Lease	-	26,378
Proceeds from Debt Issuance	-	2,834,523
Principal Payments on Debt	(486,256)	(3,047,840)
Interest Paid for Financing Activities	(195,081)	(446,809)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(818,787)	(1,650,117)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income and Other Income	30,676	14,505
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	30,676	14,505
NET INCREASE (DECREASE) IN CASH	60,319	218,445
CASH AND CASH EQUIVALENTS AT OCTOBER 1:		
Cash and Cash Equivalents	1,684,603	1,458,548
Restricted Cash and Cash Equivalents	145,100	152,710
	1,829,703	1,611,258
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30:		
Cash and Cash Equivalents	1,743,712	1,684,603
Restricted Cash and Cash Equivalents	146,310	145,100
	\$ 1,890,022	\$ 1,829,703

CITY OF GARDEN RIDGE, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS (CONT.)
 WATER FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 279,868	\$ 307,444
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	449,502	473,014
Change in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(125,560)	1,265
Increase (Decrease) in Accounts Payable & Accrued Liabilities	3,389	(2,366)
Increase (Decrease) in Vacation Payable	5,011	(5,365)
Increase (Decrease) in Pension Liabilities and related Deferred Inflows and Outflows of Resources	8,900	2,904
Increase (Decrease) in Other Post-Employment Benefit Liabilities and related Deferred Inflows and Outflows of Resources	1,395	1,531
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 622,505	\$ 778,427



STATISTICAL SECTION

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

Financial Trends (Tables 1 through 4)

Net Position by Component
Change in Net Position
Fund Balances - Governmental Funds
Changes in Fund Balances - Governmental Funds

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

Revenue Capacity (Tables 5 through 9)

Tax Revenues by Source - Governmental Funds
Direct and Overlapping Property Tax Rates
Principal Property Taxpayers
Property Tax Levies and Collections
Assessed Value

These schedules contain information to help readers assess the factors affecting the City's ability to generate its property and sales tax.

Debt Capacity (Tables 10 through 11)

Ratios of Outstanding Debt by Type
Debt Margin Information

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

Demographic and Economic Information (Tables 12 through 13)

Demographic and Economic Statistics
Principal Employers

These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.

CITY OF GARDEN RIDGE, TEXAS
NET POSITION, BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
NET POSITION				
<i>Governmental Activities</i>				
Net Investment in Capital Assets	\$ 4,290,587	\$ 3,320,483	\$ 3,553,731	\$ 3,461,062
Restricted	295,583	350,485	236,676	158,793
Unrestricted	351,468	1,341,098	1,056,721	1,428,388
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 4,937,638</u>	<u>\$ 5,012,066</u>	<u>\$ 4,847,128</u>	<u>\$ 5,048,243</u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 1,760,141	\$ 2,688,473	\$ 2,981,297	\$ 3,138,760
Restricted	937,347	985,138	989,180	1,168,024
Unrestricted	3,092,950	2,572,195	2,768,462	3,158,627
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 5,790,438</u>	<u>\$ 6,245,806</u>	<u>\$ 6,738,939</u>	<u>\$ 7,465,411</u>
<i>Primary Government</i>				
Net Investment in Capital Assets	\$ 6,050,728	\$ 6,008,956	\$ 6,535,028	\$ 6,599,822
Restricted	1,232,930	1,166,436	1,195,922	1,326,817
Unrestricted	3,444,418	4,082,480	3,855,117	4,587,015
<i>Total Primary Government Net Position</i>	<u>\$ 10,728,076</u>	<u>\$ 11,257,872</u>	<u>\$ 11,586,067</u>	<u>\$ 12,513,654</u>

Note: Years 2010-2014 have not been restated for adoption of GASB No. 68. Years 2010 – 2017 have not been restated for adoption of GASB No. 75.

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 4,206,390	\$ 4,134,312	\$ 3,726,037	\$ 3,568,188	\$ 3,829,106	\$ 4,245,536
140,910	132,531	196,833	671,600	599,103	348,761
<u>1,115,259</u>	<u>1,214,715</u>	<u>2,022,935</u>	<u>2,817,266</u>	<u>2,161,293</u>	<u>2,126,580</u>
<u>\$ 5,462,559</u>	<u>\$ 5,481,558</u>	<u>\$ 5,945,805</u>	<u>\$ 7,057,054</u>	<u>\$ 6,589,502</u>	<u>\$ 6,720,877</u>
\$ 2,879,943	\$ 2,802,056	\$ 2,725,436	\$ 4,693,957	\$ 5,715,624	\$ 5,884,635
1,070,641	326,619	468,485	152,710	145,100	146,310
<u>3,125,132</u>	<u>3,738,506</u>	<u>3,582,880</u>	<u>1,239,193</u>	<u>1,485,909</u>	<u>1,666,998</u>
<u>\$ 7,075,716</u>	<u>\$ 6,867,181</u>	<u>\$ 6,776,801</u>	<u>\$ 6,085,860</u>	<u>\$ 7,346,633</u>	<u>\$ 7,697,943</u>
\$ 7,086,333	\$ 6,936,368	\$ 6,451,473	\$ 8,262,145	\$ 9,544,730	\$ 10,130,171
1,211,551	459,150	665,318	824,310	744,203	495,071
<u>4,240,391</u>	<u>4,953,221</u>	<u>5,605,815</u>	<u>4,056,459</u>	<u>3,647,202</u>	<u>3,793,578</u>
<u>\$ 12,538,275</u>	<u>\$ 12,348,739</u>	<u>\$ 12,722,606</u>	<u>\$ 13,142,914</u>	<u>\$ 13,936,135</u>	<u>\$ 14,418,820</u>

CITY OF GARDEN RIDGE, TEXAS
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
<i>Governmental Activities</i>				
General Administration	\$ 599,815	\$ 675,369	\$ 687,622	\$ 661,157
Police Protection	1,045,040	1,054,547	1,059,925	1,040,620
Municipal Court	54,411	53,539	59,681	64,158
Public Facilities	517,969	475,642	490,398	514,462
Interest and Fiscal Charges	39,839	128,637	121,890	471,942
<i>Total Governmental Activities Expenses</i>	<u>2,257,074</u>	<u>2,387,734</u>	<u>2,419,516</u>	<u>2,752,339</u>
<i>Business-Type Activities</i>				
Water	1,002,722	982,475	1,078,976	1,160,691
Total Primary Government Expenses	<u>\$ 3,259,796</u>	<u>\$ 3,370,209</u>	<u>\$ 3,498,492</u>	<u>\$ 3,913,030</u>
Program Revenues				
<i>Governmental Activities</i>				
Charges for Service:				
General Administration	\$ 248,585	\$ 244,878	\$ 288,138	\$ 235,281
Police Protection	162,429	146,622	170,495	198,850
Public Facilities	74,040	67,168	85,389	104,350
Operating Grants and Contributions	74,648	27,754	49,237	60,249
Capital Grants and Contributions	-	-	-	-
<i>Total Governmental Activities Program Revenues</i>	<u>559,702</u>	<u>486,422</u>	<u>593,259</u>	<u>598,730</u>
<i>Business-Type Activities</i>				
Charges for Service:				
Water	960,585	1,418,583	1,167,466	1,687,250
Capital Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities Program Revenues</i>	<u>960,585</u>	<u>1,418,583</u>	<u>1,167,466</u>	<u>1,687,250</u>
Total Primary Government Program Revenues	<u>\$ 1,520,287</u>	<u>\$ 1,905,005</u>	<u>\$ 1,760,725</u>	<u>\$ 2,285,980</u>

Note: Years 2010-2014 have not been restated for adoption of GASB No. 68. Years 2010 – 2017 have not been restated for adoption of GASB No. 75.

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 706,719	\$ 752,203	\$ 675,567	\$ 769,406	\$ 753,492	\$ 713,625
1,098,517	1,151,588	1,105,268	1,283,354	1,274,116	1,312,733
68,488	69,997	76,819	74,313	78,147	82,616
582,289	621,000	750,765	864,668	911,704	1,134,958
134,765	316,428	454,501	227,646	215,593	188,958
<u>2,590,778</u>	<u>2,911,216</u>	<u>3,062,920</u>	<u>3,219,387</u>	<u>3,233,052</u>	<u>3,432,890</u>
<u>1,355,804</u>	<u>1,393,909</u>	<u>1,416,782</u>	<u>1,697,947</u>	<u>1,729,799</u>	<u>1,555,221</u>
<u>\$ 3,946,582</u>	<u>\$ 4,305,125</u>	<u>\$ 4,479,702</u>	<u>\$ 4,917,334</u>	<u>\$ 4,962,851</u>	<u>\$ 4,988,111</u>
\$ 248,025	\$ 220,335	\$ 201,198	\$ 236,988	\$ 257,121	\$ 281,163
125,042	135,457	142,357	141,920	138,382	124,524
103,310	119,821	121,508	117,880	123,010	132,528
27,806	17,476	80,461	271,538	244,125	48,798
-	-	-	-	50,000	-
<u>504,183</u>	<u>493,089</u>	<u>545,524</u>	<u>768,326</u>	<u>812,638</u>	<u>587,013</u>
1,090,452	1,180,196	1,512,787	1,546,906	1,888,364	1,653,594
306,000	-	-	-	-	-
<u>1,396,452</u>	<u>1,180,196</u>	<u>1,512,787</u>	<u>1,546,906</u>	<u>1,888,364</u>	<u>1,653,594</u>
<u>\$ 1,900,635</u>	<u>\$ 1,673,285</u>	<u>\$ 2,058,311</u>	<u>\$ 2,315,232</u>	<u>\$ 2,701,002</u>	<u>\$ 2,240,607</u>

CITY OF GARDEN RIDGE, TEXAS
CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
Net (Expenses) Revenue				
Governmental Activities	\$ (1,901,312)	\$ (1,826,257)	\$ (2,153,609)	\$ (2,086,595)
Business-Type Activities	436,108	88,490	526,559	40,648
Total Primary Government				
Net Expenses	<u>\$ (1,465,204)</u>	<u>\$ (1,737,767)</u>	<u>\$ (1,627,050)</u>	<u>\$ (2,045,947)</u>
Governmental Revenues and Other				
Changes in Net Position				
<i>Governmental Activities</i>				
Taxes:				
Property Taxes	\$ 1,431,850	\$ 1,469,966	\$ 1,494,460	\$ 1,590,461
Franchise Fees	297,837	319,006	325,347	325,817
Sales Taxes	143,045	162,379	161,559	225,031
Interest and Investment Earnings	35,991	12,238	5,555	38,352
Impact Fees	-	-	-	20,520
Miscellaneous	13,146	12,151	62,157	340,935
Transfers	-	-	(387,759)	9,621
<i>Total Governmental Activities</i>	<u>1,921,869</u>	<u>1,975,740</u>	<u>1,661,319</u>	<u>2,550,737</u>
<i>Business-Type Activities</i>				
Interest and Investment Earnings	19,570	19,260	16,884	13,521
Miscellaneous	-	-	-	-
Transfers	-	-	387,759	(9,621)
<i>Total Business-Type Activities</i>	<u>19,570</u>	<u>19,260</u>	<u>404,643</u>	<u>3,900</u>
Total Primary Government	<u>\$ 1,941,439</u>	<u>\$ 1,995,000</u>	<u>\$ 2,065,962</u>	<u>\$ 2,554,637</u>
Changes In Net Position				
Government Activities	\$ 20,557	\$ 149,483	\$ (492,290)	\$ 464,142
Business-Type Activities	455,678	107,750	931,202	44,548
Total Primary Government	<u>\$ 476,235</u>	<u>\$ 257,233</u>	<u>\$ 438,912</u>	<u>\$ 508,690</u>

TABLE 2 (CONT.)

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ (2,418,127)	\$ (2,418,127)	\$ (2,517,396)	\$ (2,451,061)	\$ (2,420,414)	\$ (2,845,877)
(213,713)	40,648	96,005	(151,041)	158,565	98,373
<u>\$ (2,631,840)</u>	<u>\$ (2,377,479)</u>	<u>\$ (2,421,391)</u>	<u>\$ (2,602,102)</u>	<u>\$ (2,261,849)</u>	<u>\$ (2,747,504)</u>
\$ 1,624,027	\$ 1,690,029	\$ 1,969,253	\$ 2,167,248	\$ 2,227,239	\$ 2,289,083
399,499	474,813	484,549	489,752	501,558	499,872
185,567	240,237	235,009	244,991	250,201	269,978
10,744	6,244	14,919	37,819	48,514	65,644
-	-	16,929	-	-	-
42,411	25,803	62,189	68,246	78,493	74,148
801,356	-	198,795	554,254	(1,101,263)	(221,473)
<u>3,063,604</u>	<u>2,437,126</u>	<u>2,981,643</u>	<u>3,562,310</u>	<u>2,004,742</u>	<u>2,977,252</u>
6,759	4,870	5,932	13,461	14,505	30,676
250	308	6,478	893	-	788
(801,356)	-	(198,795)	(554,254)	1,101,263	221,473
<u>(794,347)</u>	<u>5,178</u>	<u>(186,385)</u>	<u>(539,900)</u>	<u>1,115,768</u>	<u>252,937</u>
<u>\$ 2,269,257</u>	<u>\$ 2,442,304</u>	<u>\$ 2,795,258</u>	<u>\$ 3,022,410</u>	<u>\$ 3,120,510</u>	<u>\$ 3,230,189</u>
\$ 645,477	\$ 18,999	\$ 464,247	\$ 1,111,249	\$ (415,672)	\$ 131,375
(1,008,060)	(208,535)	(90,380)	(690,941)	1,274,333	351,310
<u>\$ (362,583)</u>	<u>\$ (189,536)</u>	<u>\$ 373,867</u>	<u>\$ 420,308</u>	<u>\$ 858,661</u>	<u>\$ 482,685</u>

CITY OF GARDEN RIDGE, TEXAS
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
Nonspendable Fund Balance:				
Prepaid Items	\$ 1,513	\$ 2,253	\$ 2,706	\$ 686
Restricted Fund Balance:				
Public Safety	-	-	9,041	14,935
Donations	8,613	9,107	10,410	10,785
PEG Capital Fees	-	24,809	35,653	46,387
Debt Service	203,761	297,988	136,866	52,491
Asset Forfeiture	83,209	18,581	44,706	75,333
Capital Projects Fund	-	-	-	3,051,863
Total Restricted Fund Balance	<u>295,583</u>	<u>350,485</u>	<u>236,676</u>	<u>3,251,794</u>
Assigned Fund Balance				
Capital Projects Fund	<u>152,377</u>	<u>153,187</u>	<u>-</u>	<u>-</u>
Unassigned	<u>1,169,406</u>	<u>1,123,997</u>	<u>829,680</u>	<u>1,305,811</u>
<i>Total Governmental Funds</i>	<u><u>\$ 1,618,879</u></u>	<u><u>\$ 1,629,922</u></u>	<u><u>\$ 1,069,062</u></u>	<u><u>\$ 4,558,291</u></u>

TABLE 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 312	\$ 2,368	\$ 4,807	\$ 3,946	\$ 4,082	\$ 4,984
20,249	27,755	30,606	34,020	38,561	45,329
13,561	15,517	17,596	-	2,677	6,288
56,945	71,782	85,161	97,704	112,687	33,106
57,212	12,402	3,285	447,767	189,334	31,498
37,074	5,791	63,470	111,330	276,679	236,149
1,806,774	3,838,367	3,676,851	1,270,857	429,938	232,750
1,991,815	3,971,614	3,876,969	1,961,678	1,049,876	585,120
-	-	-	-	-	-
1,255,867	1,443,699	1,691,145	1,738,413	2,055,679	2,298,603
\$ 3,247,994	\$ 5,417,681	\$ 5,572,921	\$ 3,704,037	\$ 3,109,637	\$ 2,888,707

CITY OF GARDEN RIDGE, TEXAS
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
REVENUES				
Taxes	\$ 1,578,764	\$ 1,634,958	\$ 1,651,819	\$ 1,818,985
Franchise Fees	297,837	319,006	325,346	325,817
Licenses and Permits	185,168	182,447	210,250	153,738
Charges for Services	127,268	129,200	162,957	186,084
Fines and Forfeits	229,462	164,564	215,110	252,544
Other Revenue	65,308	34,102	110,485	406,171
TOTAL REVENUES	2,483,807	2,464,277	2,675,967	3,143,339
EXPENDITURES				
General Government	564,052	564,328	585,350	541,259
Municipal Court	54,808	56,176	59,359	64,272
Police Protection	1,035,158	970,310	1,006,232	985,112
Public Facilities	368,676	274,546	294,287	316,290
Capital Outlay	36,955	130,959	586,100	631,274
Debt Service:				
Principal	352,359	325,000	223,045	349,596
Debt Issue Costs	41,971	-	-	185,346
Interest and Fiscal Charges	121,261	132,415	122,593	177,237
TOTAL EXPENDITURES	2,575,240	2,453,734	2,876,966	3,250,386
Excess (Deficiency) of Revenues Over (Under) Expenditures	(91,433)	10,543	(200,999)	(107,047)
OTHER FINANCING				
SOURCES (USES)				
Bond Proceeds	855,000	-	-	5,270,962
Capital Lease Proceeds	-	-	22,898	29,905
Other Sources	1,625	500	5,000	-
Premium on Bonds	42,080	-	-	247,620
Payments to Escrow Agent	(855,110)	-	-	(1,961,832)
Transfers In (Out)	-	-	(387,759)	9,621
TOTAL OTHER FINANCING	43,595	500	(359,861)	3,596,276
NET CHANGE IN FUND BALANCE	\$ (47,838)	\$ 11,043	\$ (560,860)	\$ 3,489,229
Debt Service as a percentage of Noncapital Expenditures	18.7%	19.7%	24.6%	25.8%

TABLE 4

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,809,097	\$ 1,908,884	\$ 2,187,962	\$ 2,403,830	\$ 2,476,755	\$ 2,558,336
399,499	474,813	484,549	489,752	501,558	499,872
172,677	141,784	122,422	146,768	159,213	173,222
179,648	198,102	200,120	207,890	220,357	237,309
148,320	146,164	210,854	354,230	364,614	150,147
56,690	39,127	102,565	134,120	188,697	161,154
<u>2,765,931</u>	<u>2,908,874</u>	<u>3,308,472</u>	<u>3,736,590</u>	<u>3,911,194</u>	<u>3,780,040</u>
566,245	582,105	595,850	656,688	613,353	584,278
68,710	69,045	74,678	73,480	77,276	78,749
1,034,779	1,066,476	1,031,584	1,096,224	1,155,636	1,170,098
430,409	388,500	448,299	542,499	562,440	669,815
1,778,233	1,885,468	320,744	3,054,176	258,391	558,431
352,793	367,255	441,627	541,489	555,807	525,430
-	124,317	-	-	-	-
229,619	220,407	498,153	254,348	241,321	231,084
<u>4,460,788</u>	<u>4,703,573</u>	<u>3,410,935</u>	<u>6,218,904</u>	<u>3,464,224</u>	<u>3,817,885</u>
<u>(1,694,857)</u>	<u>(1,794,699)</u>	<u>(102,463)</u>	<u>(2,482,314)</u>	<u>446,970</u>	<u>(37,845)</u>
-	3,639,500	-	-	-	-
-	26,195	55,308	27,794	54,893	34,163
-	4,000	3,600	31,382	5,000	4,225
-	294,691	-	-	-	-
-	-	-	-	-	-
<u>(801,356)</u>	<u>-</u>	<u>198,795</u>	<u>554,254</u>	<u>(1,101,263)</u>	<u>(221,473)</u>
<u>(801,356)</u>	<u>3,964,386</u>	<u>257,703</u>	<u>613,430</u>	<u>(1,041,370)</u>	<u>(183,085)</u>
<u><u>\$(2,496,213)</u></u>	<u><u>\$ 2,169,687</u></u>	<u><u>\$ 155,240</u></u>	<u><u>\$(1,868,884)</u></u>	<u><u>\$ (594,400)</u></u>	<u><u>\$ (220,930)</u></u>
31.1%	19.7%	30.4%	25.1%	24.9%	23.2%

CITY OF GARDEN RIDGE, TEXAS
TAX REVENUE BY SOURCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	Property	Sales & Use	Franchise	Total Revenue
2019	\$ 2,288,358	\$ 269,978	\$ 499,872	\$ 3,058,208
2018	2,226,554	250,201	501,558	2,978,313
2017	2,158,839	244,991	489,752	2,893,582
2016	1,952,953	235,009	484,549	2,672,511
2015	1,668,647	240,237	474,813	2,383,697
2014	1,623,529	185,568	399,499	2,208,596
2013	1,593,954	225,031	325,817	2,144,802
2012	1,490,260	161,559	325,346	1,977,165
2011	1,472,579	162,254	319,006	1,953,839
2010	1,435,965	142,799	297,837	1,876,601

CITY OF GARDEN RIDGE, TEXAS
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE 6

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	Debt Service	Total	Comal County	Comal ISD	Emergency Service District 6	
2019	0.222114	0.101032	0.323146	0.357921	1.390000	0.072826	2.143893
2018	0.211012	0.112134	0.323146	0.357921	1.390000	0.069670	2.140737
2017	0.203241	0.115064	0.318305	0.342921	1.390000	0.072500	2.123726
2016	0.191800	0.108400	0.300200	0.342921	1.390000	0.086000	2.119121
2015	0.189900	0.085800	0.275700	0.342921	1.390000	0.071900	2.080521
2014	0.185746	0.097500	0.283246	0.314321	1.430000	0.072500	2.100067
2013	0.182658	0.100588	0.283246	0.314321	1.430000	0.072500	2.100067
2012	0.171176	0.097620	0.268796	0.305421	1.430000	0.072500	2.076717
2011	0.164696	0.098276	0.262972	0.334000	1.430000	0.072500	2.099472
2010	0.161900	0.092908	0.254808	0.312955	1.310000	0.030000	1.907763

Source: Comal County Tax Office

CITY OF GARDEN RIDGE, TEXAS
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT AND NINE YEARS AGO
 (UNAUDITED)

TABLE 7

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percent Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent Total City Taxable Assessed Value
Hanson Aggregates	\$ 36,790,450	1	5.24%	\$ 24,478,990	1	4.41%
Meridian Brick	\$ 3,969,990	2	0.57%			
Cara Graceland LLC	3,012,000	3	0.43%	-		-
Galo Equipment and Construction LLC	2,516,990	4	0.36%	-		-
Overman Tony M	2,488,609	5	0.35%	-		-
Voeller James N & Amy B	2,372,450	6	0.34%	-		-
Tricon Precast	2,358,950	7	0.34%	-		-
Hanson Brick (Land & Building)	2,220,250	8	0.32%	8,281,890	2	1.49%
Dansby Richard F & Carolyn G	2,024,320	9	0.29%	-		-
Maverick of Texas Construction Inc.	1,910,790	10	0.27%	-		-
Dean Word Company	-		-	4,310,370	3	0.78%
Overman Properties V LLC	-		-	3,060,510	4	0.55%
Overman Properties III LLC	-		-	2,783,040	5	0.50%
Sheridan Homes SA LTD	-		-	1,395,590	6	0.25%
Shapouri, Bobby	-		-	1,257,660	7	0.23%
Overman Properties IV LLC	-		-	1,216,930	8	0.22%
C F & M Properties	-		-	1,000,000	9	0.18%
Transport Equipment Leasing	-		-	978,020	10	0.18%
TOTALS	\$ 59,664,799		8.51%	\$ 48,763,000		8.79%
TOTAL TAXABLE ASSESSED VALUE	\$ 701,522,492			\$ 555,696,041		

CITY OF GARDEN RIDGE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 8

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within		Collections In Subsequent Years	Total Collections To Date	
		Fiscal Year of Levy Amount	% of Levy		Amount	% of Levy
2019	\$ 2,266,942	\$ 2,252,049	99.34%	\$ -	\$ 2,252,049	99.34%
2018	2,228,177	2,213,070	99.32%	15,107	2,228,177	100.00%
2017	2,153,408	2,119,815	98.44%	11,610	2,131,425	98.98%
2016	1,979,080	1,948,438	98.45%	11,983	1,960,421	99.06%
2015	1,692,751	1,667,834	98.53%	7,494	1,675,328	98.97%
2014	1,623,205	1,621,485	99.89%	4,573	1,626,058	100.18%
2013	1,586,961	1,580,018	99.56%	8,237	1,588,255	100.08%
2012	1,485,819	1,477,179	99.42%	6,399	1,483,578	99.85%
2011	1,455,522	1,449,561	99.59%	5,710	1,455,271	99.98%
2010	1,421,803	1,412,773	99.36%	9,942	1,422,715	100.06%

Source: Comal County Tax Office

CITY OF GARDEN RIDGE, TEXAS
 ASSESSED VALUE
 LAST TEN FISCAL YEARS

TABLE 9

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2019	\$ 632,117,362	\$ 175,799,288	\$ 106,394,158	\$ 701,522,492	0.3231460
2018	620,463,690	163,437,483	94,381,932	689,519,241	0.3231460
2017	592,677,878	169,660,937	85,926,656	676,412,159	0.3183050
2016	569,151,802	165,175,132	75,072,976	659,253,958	0.3002000
2015	535,825,084	143,635,227	65,477,311	613,983,000	0.2757000
2014	486,137,203	143,634,533	56,699,435	573,072,301	0.2832460
2013	470,101,195	143,057,486	52,875,332	560,283,349	0.2832460
2012	461,924,568	134,420,900	43,818,410	552,527,058	0.2687960
2011	436,188,800	158,569,330	39,062,089	555,696,041	0.2629720
2010	429,743,344	167,986,100	39,739,473	557,989,971	0.2548080

Source: Comal County Appraisal District.

CITY OF GARDEN RIDGE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 10

Fiscal Year	Governmental Activities				Total Governmental	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Lease			
2019	\$ -	\$ 6,752,100	\$ -	\$ 53,118	\$ 6,805,218	0.97%	\$ 1,692
2018	-	7,668,045	-	54,085	7,722,130	1.12%	1,954
2017	-	8,219,551	-	36,399	8,255,950	1.20%	2,090
2016	-	8,759,368	-	44,390	8,803,758	1.30%	2,225
2015	-	9,208,443	-	16,908	9,225,351	1.40%	2,396
2014	-	5,331,500	-	9,969	5,341,469	0.87%	1,427
2013	-	5,827,343	-	27,562	5,854,905	1.02%	1,597
2012	-	2,450,472	-	14,853	2,465,325	0.44%	699
2011	-	2,904,399	-	-	2,904,399	0.53%	857
2010	-	3,117,080	120,000	-	3,237,080	0.58%	993

CITY OF GARDEN RIDGE, TEXAS
DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 11

Taxable Assessed Value		<u>\$ 701,522,492</u>
<p>Debt Limit - Texas statues do not provide a legal debt limit for cities; however, through accepted practice a practical "economic" debt limit is considered to be 10% of the assessed value.</p>		
		\$ 70,152,249
<p>Amount of Applicable Debt:</p>		
General Obligation Debt Outstanding	\$ 6,805,218	
Less Funds Available in Debt Service Fund	<u>(31,498)</u>	<u>6,773,720</u>
 DEBT MARGIN		 <u><u>\$ 63,378,529</u></u>

	Fiscal Year				
	2015	2016	2017	2018	2019
Taxable Assessed Value	\$ 613,983,000	\$ 659,253,958	\$ 676,412,159	\$ 689,519,241	\$ 701,522,492
Debt Limit	\$ 61,398,300	\$ 65,925,396	\$ 67,641,216	\$ 68,951,924	\$ 70,152,249
Total Net Debt					
Applicable to Limit	<u>(8,685,006)</u>	<u>(8,307,805)</u>	<u>(7,808,183)</u>	<u>(7,532,796)</u>	<u>(6,773,720)</u>
Total Debt Margin	<u><u>\$ 52,713,294</u></u>	<u><u>\$ 57,617,591</u></u>	<u><u>\$ 59,833,033</u></u>	<u><u>\$ 61,419,128</u></u>	<u><u>\$ 63,378,529</u></u>

	Fiscal Year				
	2010	2011	2012	2013	2014
Taxable Assessed Value	\$ 557,989,971	\$ 555,696,041	\$ 552,527,058	\$ 560,283,349	\$ 573,072,301
Debt Limit	\$ 55,798,997	\$ 55,569,604	\$ 55,252,706	\$ 56,028,335	\$ 56,028,335
Total Net Debt					
Applicable to Limit	<u>(7,027,553)</u>	<u>(6,662,553)</u>	<u>(6,293,134)</u>	<u>(11,857,509)</u>	<u>(11,292,788)</u>
Total Debt Margin	<u><u>\$ 48,771,444</u></u>	<u><u>\$ 48,907,051</u></u>	<u><u>\$ 48,959,572</u></u>	<u><u>\$ 44,170,826</u></u>	<u><u>\$ 44,735,547</u></u>

CITY OF GARDEN RIDGE, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE 12

Year	Population	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2019	4,022	\$ 63,191	51.5	846	3.3%
2018	3,951	63,191	51.5	810	3.8%
2017	3,957	53,333	51.1	738	3.6%
2016	3,850	56,342	51.5	675	4.1%
2015	3,744	60,665	50.8	625	3.7%
2014	3,667	57,339	50.6	606	4.6%
2013	3,526	62,010	50.6	536	5.9%
2012	3,389	59,234	50.6	512	6.0%
2011	3,259	57,505	48.1	440	6.8%
2010	3,397	40,201	47.3	0	6.5%

Source: U.S. Census Bureau and Texas Workforce Commission

CITY OF GARDEN RIDGE, TEXAS
TOP TEN PRINCIPAL EMPLOYERS
SAN ANTONIO METROPOLITAN AREA
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

TABLE 13

Employer	2019			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lackland Air Force Base	37,000	1	3.41%	28,100	2	2.97%
Fort Sam Houston	32,000	2	2.95%	30,793	1	3.25%
H-E-B Food Stores	20,000	3	1.84%	14,588	4	1.54%
USAA	18,305	4	1.69%	14,852	3	1.57%
Randolph Air Force Base	11,000	5	1.01%	10,700	5	1.13%
Methodist Healthcare System	9,620	6	0.89%	7,013	9	0.74%
City of San Antonio	9,145	7	0.84%	9,000	7	0.95%
Baptist Health System	6,383	8	0.59%			
Wells Fargo	5,073	9	0.47%			
Harland Clarke	5,000	10	0.46%			
NorthEast ISD	-		-	10,223	6	1.08%
San Antonio ISD	-		-	7,581	8	0.80%
UT Health Science Center	-		-	5,985	10	0.63%
	<u>153,526</u>		<u>7.78%</u>	<u>138,835</u>		<u>14.66%</u>

Source: San Antonio Economic Development Foundation

The City of Garden Ridge is surrounded by the City of San Antonio and no data is available for the employers in Garden Ridge. The above data is for San Antonio.

Source: San Antonio Economic Development Foundation

