GARLAND

AGENDA

CITY COUNCIL WORK SESSION
City of Garland
Work Session Room, City Hall
William E. Dollar Municipal Building
200 North Fifth Street
Garland, Texas
Monday, April 6, 2020
6:00 p.m.

DEFINITIONS:

Written Briefing: Items that generally do not require a presentation or discussion by the staff or Council. On these items the staff is seeking direction from the Council or providing information in a written format.

Verbal Briefing: These items do not require written background information or are an update on items previously discussed by the Council.

NOTICE is hereby given that, pursuant to Sections 551.125 and 551.045 of the Texas Government Code, the City Council will hold an emergency telephone or internet meeting on Monday, April 6, 2020, at 6:00 p.m.

The meeting will be broadcast by webinar or telephone at the following URL (registration is required):

https://zoom.us/webinar/register/WN_xBP_aZGdTd2jCqF5H4_A7g

Registration is limited but the meeting will be available to the public by an audible broadcast at City Hall, 200 N. Fifth Street, City Council Chambers, Garland, Texas. The meeting will also be recorded and made available online at www.garlandtx.gov.

An urgent public necessity exists requiring immediate action of the City Council due to an imminent threat to public health and safety arising from the COVID-19 pandemic. The City continues to respond to the COVID-19 emergency consistent with Council direction and good health practices.

NOTICE: The City Council may recess from the open session and convene in a closed executive session if the discussion of any of the listed agenda items concerns one or more of the following matters:

(1) Pending/contemplated litigation, settlement offer(s), and matters concerning privileged and unprivileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, Tex. Gov't Code.

(2) The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.072, Tex. Gov't Code.

(3) A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.073, Tex. Gov't Code.

(4) Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Sec. 551.074, Tex. Gov't Code.

(5) The deployment, or specific occasions for implementation of security personnel or devices. Sec. 551.076, Tex. Gov't Code.

(6) Discussions or deliberations regarding commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay, or expand in or near the territory of the City and with which the City is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect of the sort described in this provision. Sec. 551.087, Tex. Gov't Code.

(7) Discussions, deliberations, votes, or other final action on matters related to the City's competitive activity, including information that would, if disclosed, give advantage to competitors or prospective competitors and is reasonably related to one or more of the following categories of information:

- generation unit specific and portfolio fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling;
- bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies;
- effective fuel and purchased power agreements and fuel transportation arrangements and contracts;
- risk management information, contracts, and strategies, including fuel hedging and storage;
- plans, studies, proposals, and analyses for system improvements, additions, or sales, other than transmission and distribution system improvements inside the service area for which the public power utility is the sole certificated retail provider; and
- customer billing, contract, and usage information, electric power pricing information, system load characteristics, and electric power marketing analyses and strategies. Sec. 551.086; Tex. Gov't Code; Sec. 552.133, Tex. Gov't Code]

1. Public Comments on Work Session Items

Persons who desire to address the City Council on any item on the Work Session agenda are allowed three minutes to speak. Speakers are taken only at the beginning of the meeting, other than invited testimony.

Speakers are grouped by Work Session item and will be taken in the order of the Work Session agenda. Speakers must submit to the City Secretary a completed speaker's card before the beginning of the meeting. Speaker cards will not be accepted after the Mayor calls the meeting to order. Speaker cards are available in the lobby, at the visitor's side of the Work Session Room, and from members of staff.

Speakers are limited to addressing items on the Work Session agenda – any item relating to a Regular Session agenda item should be addressed at the Regular Session and any item not on an agenda may be addressed during the open microphone at the end of the Regular Session.

2. Consider the Consent Agenda

A member of the City Council may ask for discussion or further information on an item posted as a consent agenda item on the next Regular Meeting of the City Council. The Council Member may also ask that an item on the posted consent agenda be pulled from the consent agenda and considered for a vote separate from consent agenda items on the regular agenda. All discussions or deliberations on this portion of the work session agenda are limited to posted agenda items and may not include a new or unposted subject matter.

3. Written Briefings:

a. NCTCOG TA Call for Projects - Duck Creek South Extension

Council is requested to consider approving a funding resolution for a federal grant application in support of the development of the Duck Creek South Extension trail project in accordance with the guidelines set forth by the NCTCOG 2020 Transportation Alternatives Call for Projects. This item is scheduled for formal consideration at the April 7, 2020 Regular Meeting.

b. Advance Funding Agreement for MGR Bikeway (Duck Creek Trail Connections)

Council is requested to consider entering into an Advance Funding Agreement (AFA) with the Texas Department of Transportation (TXDOT) for the construction of the MGR Bikeway (Duck Creek Trail Connections Segments I and II) at Centerville Road/Glenbrook Drive and IH-30/Greenbelt Parkway. This item is scheduled for formal consideration at the April 7, 2020 Regular Meeting.

c. External Audit and Comprehensive Annual Financial Report

Per the City Charter, the City shall designate a certified public accountant to perform an independent audit of accounts and other financial transactions of the City and submit a report to Council. The City has contracted with Weaver Assurance, Tax, and Advisory Firm to perform the audit for Fiscal Year End 2019 in accordance with Generally Acceptable Auditing Standards (GAAS) and Generally Accepted Government Audit Standards (GAGAS). In addition, Weaver performed the single audit of federal grant awards in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the single audit for state grant awards in accordance with uniform Grant Management Standards. Also, Weaver performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, including items such as compliance with the Public Funds Investment Act.
Typically, the external auditor provides all required communication to the City Council Audit Committee followed by an overview to the full Council. However, due to the precautionary measures taken for COVID-19 and cancellation of the Audit Committee meetings for the near future, the required communication, reports, and letters are attached for the full Council's review.

d. IH 30 Speed Limits

Council is requested to enact an ordinance establishing the speed limit on IH 30 as 70 MPH. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the April 21, 2020 Regular Meeting.

4. Verbal Briefings:

a. Downtown Square - Final Design Concept

Council is requested to consider approval of Staff's recommended final design concept for the Downtown Square. Unless otherwise directed by Council, Staff will proceed with the detailed design phases of the project.

b. Library Master Plan Draft Report

The Library Master Plan is in its final phase of development. The consultant team Godfrey's Associates has analyzed and compiled data gathered from the Library and other City of Garland departments. Recommendations will be made for the physical and operational planning, programming and services offered to the public by Garland's public library. The plan is presented to Council for review and approval. With Council's direction, the plan will be scheduled for adoption at a future Council meeting. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the April 21, 2020 Regular Meeting.

c. COVID-19 Updates

Staff will provide Council an update on COVID-19 and related employee matters.

d. Financial Impact of COVID-19 Pandemic

Staff will present an estimate of the COVID-19 pandemic impact to the 2019-2020 General Fund Budget.

e. Consider amending in part Chapter 2, Article 5, Section 2.52, "Special Standards for Certain Uses," of the Garland Development Code; amending in part Chapter 2, Article 5, Land Use Matrix, of the Garland Development Code; and amending in part Chapter 7, Article 2, Land Use Matrix, of the Garland Development Code, regarding regulations for residential buildings and lots being used for nonresidential purposes and amending certain parking ratios in the Land Use Matrices.

The City Council directed the Development Services Committee to review the current GDC regulations related to residential buildings and lots used for nonresidential purposes. The Committee has recommended amendments that include additional regulations. An ordinance, as drafted by the City Attorney's Office and recommended by the Development Services Committee as well as the Plan Commission, is being presented. It is also placed on the April 7, 2020 Regular City Council agenda for formal consideration.

5. Announce Future Agenda Items

A member of the City Council, with a second by another member, or the Mayor alone, may ask that an item be placed on a future agenda of the City Council or a committee of the City Council. No substantive discussion of that item will take place at this time.

6. Adjourn

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CITY COUNCIL ITEM SUMMARY SHEET

City Council Work Session Agenda **3. a.**

Meeting Date: April 6, 2020

Item Title: NCTCOG Transportation Alternatives Call for Projects - Duck Creek South Extension

Submitted By: Andy Hesser, Managing Director

Summary of Request/Problem

This item is to request a funding resolution for a federal grant application in support of development of the Duck Creek South Extension trail project in accordance with the guidelines set forth by the NCTCOG 2020 Transportation Alternatives Call for Projects. The application requires a funding resolution that indicates support by the City of Garland for the minimum 20% matching funds associated with construction only of the trail. The project account is funded adequately to provide the matching funds at this time.

The proposed extension of this trail in South Garland would create a regional connection among the cities of Garland, Mesquite, and Sunnyvale, providing an alternative transportation option for many residents in the three communities. This trail is also located on NCTCOG's designated Regional Veloweb, indicating the regional importance of the proposed trail for active transportation.

The proposed trail extension will provide safe crossings at major roadways like Belt Line Road. The trail will also connect to a trail segment that will be built in Mesquite and Garland that travels under Interstate 30 to connect to the existing Duck Creek Trail to the north as well as a DART transfer center located along Greenbelt Parkway. Finally, the trail would provide connections to Ablon Park and Toler Elementary School, giving students a designated safer route to school.
Additional information on this grant can be found on the NCTCOG website at the following address:
https://www.nctcog.org/trans/plan/bikeped/active-transportation-funding-opportunities/2020tacfp

Recommendation/Action Requested and Justification

This item is scheduled for formal consideration at the April 7, 2020 Regular Meeting.

Attachments

Duck Creek South Extension Presentation

Duck Creek South Extension Trail

NCTCOG 2020 Transportation Alternatives Funding Program Application

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City Council Work Session – April 6, 2020

Funding Program Background

TRANSPORTATION ALTERNATIVES PROGRAM

- Funding reimbursement program administered by NCTCOG for active transportation projects
- Federal funding – maximum 80% of project cost
- Local funding match - minimum 20% of project cost
- Total of $11.7 million available for the eastern NCTCOG subregion
- Maximum federal funding award is $5,000,000

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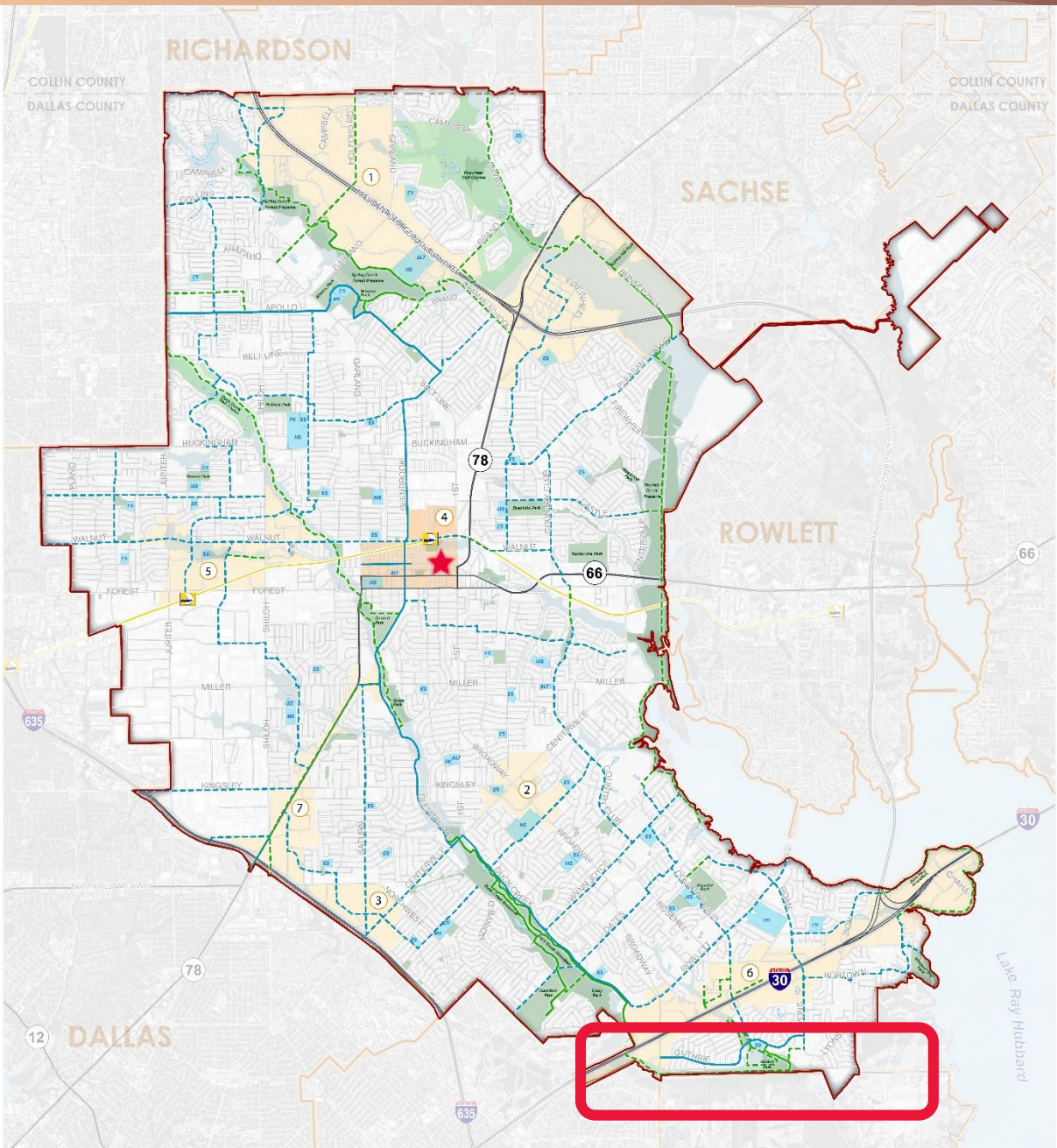
Proposed Project Overview

- 12’ trail within GPL utility easement south of IH 30
- Will connect to Mesquite Heritage Trail and Sunnyvale Rails to Trail
- Will tie into funded trail connection underneath IH 30 to connect to rest of Duck Creek Trail to the north
- Designated on NCTCOG’s Regional Veloweb



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Proposed Project Overview

Proposed Project Overview

View of GPL easement

View underneath Belt Line Road

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Draft Costs

	ITEM	QUANTITY	UNIT	UNIT COST	TOTAL
1	Preparing ROW	14.7	STA	$2,500.00	$36,750.00
2	Excavation	6533	CY	$20.00	$130,660.00
3	Sodding	16,300	SY	$7.00	$114,100.00
4	Fertilizer	1	LS	$5,000.00	$5,000.00
5	Vegetative Watering	150	MG	$100.00	$15,000.00
6	Mobilization	1	LS	$75,000.00	$75,000.00
7	Barricades, signs and traffic handling	7	MO	$4,500.00	$31,500.00
8	Concrete trail	19,600	SY	$62.00	$1,215,200.00
9	Construction entrance	1	LS	$4,000.00	$4,000.00
10	Bridge 1	60	LF	$2,800.00	$168,000.00
11	Bridge 2	60	LF	$2,800.00	$168,000.00
13	Bridge 3	60	LF	$2,800.00	$168,000.00
14	Bridge 4	150	LF	$2,800.00	$420,000.00
15	15 - Drainage crossings	1	LS	$450,000.00	$450,000.00
10	Construction entrance removal	1	LS	$1,000.00	$1,000.00
11	Silt fence	22,000	LF	$3.00	$66,000.00
12	Silt fence removal	3,068	LF	$1.50	$4,602.00
13	Trail painting including crosswalks	14,700	LF	$2.25	$33,075.00
14	Trail signage	1	LS	$5,000.00	$5,000.00
				SUBOTAL	$3,110,887.00
				DESIGN AND PROGRAM MANAGEMENT FEE	$559,959.66
				15% CONTINGENCY	$466,633.05
				TOTAL	$4,137,479.71

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Note: Costs shown are from a previous funding application submittal to Dallas County. Minor refinements to cost estimates may occur before submitting application to NCTCOG.

Funding Program Criteria

Category	Scoring	Description
Regional Network Connectivity	20	Improves connectivity of Mobility 2045 regional paths and bikeways between cities and counties.
Transit Accessibility	15	Improves connections and access to transit.
Safety	15	Improves safety and provides facilities for pedestrians and bicyclists with a high level of comfort and suitability for users of all ages and abilities.
Congestion Reduction	15	Provides alternative travel options as an option to motor vehicle trips in areas with greater opportunity for walking and bicycling, thus improving air quality.
Equity	10	Improves access to disadvantaged populations and underserved communities.
Reducing Barriers	5	Provides safe crossing of existing travel obstacles such as major roadways, interchanges, railroads, and bodies of water.
Project Readiness and Other Factors	20	Project readiness / ability to obligate funds and initiate construction quickly. Other factors related to innovation, project impact, and local match percent.

Source: NCTCOG

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Funding Program Timeline

Date	Milestone
March 2, 2020	Call for Projects Opens
May 15, 2020	Application Deadline
September 10, 2020	Anticipated RTC Meeting to Approve Selected Projects
September – October 2020	Coordination meetings with TxDOT Districts on Selected Projects
October 23, 2020	Deadline to Submit Transportation Improvement Program (TIP) Modifications
March – April 2021	Anticipated Approval of Statewide TIP
August 2021	Deadline for Project Sponsors to Execute Agreements with TxDOT
August 2023	Deadline for Project Sponsors to Open Bids and Obligate Funds

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Funding Resolution

- Application requires resolution of local match by project sponsor
- Seeking resolution in support of at least 20% local match
  - Source of funds: Current Funds

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POLICY REPORT

City Council Work Session Agenda **3. b.**

Meeting Date:	April 6, 2020
Item Title:	Advance Funding Agreement for MGR Bikeway (Duck Creek Trail Connections)
Submitted By:	Paul Luedtke, Transportation Director
Strategic Focus Areas:	Well-Maintained City Infrastructure Enhanced Quality of Life through Amenities, Arts, and Events Safe Community Vibrant Neighborhoods and Commercial Centers Customer-Focused City Services Future-Focused City Organization

ISSUE

Consider entering into an Advance Funding Agreement (AFA) with the Texas Department of Transportation (TXDOT) for the construction of the MGR Bikeway (Duck Creek Trail Connections Segments I and II) at Centerville Road/Glenbrook Drive and IH-30/Greenbelt Parkway.

RECOMMENDATION

This item is scheduled for formal consideration at the April 7, 2020 Regular Meeting.

BACKGROUND

1. The City applied for Regional Toll Revenue (RTR) funding for the Mesquite Garland Richardson (MGR) Bikeway/Trail Connectivity Project from TxDOT thru the North Central Texas Council of Governments call for projects in 2008. The project included the construction of the trail connections as well as remarking streets for shared lane use for bikes and also designated bike lanes. The application was successful and the Garland was awarded funding.
2. The North Central Texas Council of Governments (NCTCOG) and Regional Transportation Council (RTC) agreed to fund an amount of $2,444,000 to the MGR Bikeway/Trail Connectivity Project. The remaining balance would be paid thru a commitment of local funds. The following is the estimated funds for the project by each Agency:

Description	Fiscal Year	Total Estimate Cost	Regional Toll Revenue (RTR) SH 121 Subaccount Funds Participation	Local Government Participation
Engineering (by Local)	2012	$661,798	$661,798	$0
Construction (by Local)	2020	2,393,202	$1,782,202	$611,000
Construction (by Local)	2020	$565,086	$0	$565,086
TOTAL		**$3,620,086**	**$2,444,000**	**$1,176,086**

3. Local Government (City of Garland and Dallas County via Project Specific Agreement (PSA)) shall be responsible for the required 20% local match. The costs incurred by the Local Government prior to the execution of the AFA will count towards the 20% local match requirement provided such costs are for Regional Transportation Council RTC-approved phases as shown in Attachment A of the AFA.

CONSIDERATION

1. Council action is required to authorize the City Manager to sign the AFA with TXDOT.
2. The AFA has been reviewed and approved by the City Attorney's Office.
3. This project is on the RTC Milestone Policy list and will lose funding if this project is not begun quickly.
4. Council approved the City of Garland matching funds in the North-South Bikeway project in the 2020 CIP program.

Attachments

Advance Funding Agreement

MGR Bikeway Location Map

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CSJ: 0918-47-064
Project: Mesquite-Garland-Richardson (MGR) Bikeway Trail
Limits: From Jupiter Road & Apollo Road to South City Limits at Duck Creek
District: 18-Dallas
Code Chart: 15800
Funding Category: Cat 3. RTR (SH 121)

STATE OF TEXAS §

COUNTY OF TRAVIS §

ADVANCE FUNDING AGREEMENT FOR A PROJECT USING FUNDS HELD IN THE STATE HIGHWAY 121 SUBACCOUNT

Bicycle and Pedestrian Improvements

(Off System)

In Process

THIS AGREEMENT (the Agreement) is between the State of Texas, acting by and through the Texas Department of Transportation (the State), and the City of Garland (Local Government), collectively, the "Parties."

WITNESSETH

WHEREAS, the State has received money from the North Texas Tollway Authority for the right to develop, finance, design, construct, operate, and maintain the SH 121 toll project from Business SH 121 in Denton County to US 75 in Collin County ("SH 121 payments") and

WHEREAS, pursuant to Transportation Code, 228.006 the State shall authorize the use of surplus revenue of a toll project for a transportation project, highway project, or air quality project within the district of the Texas Department of Transportation in which any part of the toll project is located; pursuant to Transportation Code, §228.012 the State has created a separate subaccount in the state highway fund to hold such money (SH 121 Subaccounts), and the State shall hold such money in trust for the benefit of the region in which a project is located, and may assign the responsibility for allocating money in the subaccount to a metropolitan planning organization (MPO); and

WHEREAS, in Minute Order 110727, dated October 26, 2006, the Texas Transportation Commission (the "Commission") approved a memorandum of understanding (MOU) with the Regional Transportation Council (RTC), which is the transportation policy council of the North Central Texas Council of Governments (NCTCOG) and a federally designated MPO, concerning in part the administration, sharing, and use of surplus toll revenue in the region; under the MOU the RTC shall select projects to be financed using surplus revenue from a toll project, subject to Commission concurrence; and

WHEREAS, the Local Government has requested money from the SH 121 Subaccounts for the construction of a bikeway/trail connecting Mesquite and Richardson to include a bridge

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over Duck Creek; the trail connector under IH 30, the Duck Creek Greenbelt, the Duck Creek bridge adjacent to Centerville Road; and Glenbrook/Kingsbridge/Apollo Connector trail from Jupiter Road and Apollo Road to the southern edge of Duck Creek South of the City Limits of the City of Garland. (CSJ 0918-47-064) (Project); the RTC has selected the Project to be funded from the SH 121 Subaccounts; and the Commission concurred in the selection and, authorized the expenditure of money from SH 121 Subaccount in Minute Order 115547 dated July 25, 2019; and

WHEREAS, the Local Government is a political subdivision and governmental entity by statutory definition; and

WHEREAS, Government Code, Chapter 791, and Transportation Code, §201.209 authorize the State to contract with municipalities and political subdivisions to perform governmental functions and services; and

In Process

WHEREAS, NCTCOG and the RTC should have authority to assist the Local Government's implementation of financial reporting and environmental review related to a transportation project funded by the State using money from the SH 121 Subaccounts.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

Article 1. Time Period Covered

This Agreement becomes effective when signed by the last party whose signing makes the agreement fully executed, and the State and the Local Government will consider it to be in full force and effect until the Project described herein has been completed and accepted by all parties or unless terminated, as hereinafter provided.

Article 2. Project Funding

The State will pay money to the Local Government from the SH 121 Subaccounts in the amounts specified in Attachment A, Payment Provision and Work Responsibilities. Except as provided in the next succeeding sentence, the payments will begin no later than upon the later of the following: (1) fifteen days after the Legislative Budget Board and the Governor each approve the expenditure, in accordance with Rider 26 of the Texas Department of Transportation bill pattern in House Bill 1, 86th Legislature; and (2) thirty days after execution of this Agreement. If Attachment A shows that the RTC has allocated payments to the Local Government for a certain expenditure (e.g. construction) for the Project in a certain fiscal year, then the State will make the payment from the SH 121 Subaccounts to the Local Government for such expenditure no later than 30 days after the beginning of the designated Fiscal Year. A Fiscal Year begins on September 1 (for example, the 2014 Fiscal Year began September 1, 2013).

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Article 3. Separate Account; Interest
All funds paid to the Local Government shall be deposited into a separate account, and interest earned on the funds shall be kept in the account. Interest earned may be used only for the purposes specified in Attachment A, Payment Provision and Work Responsibilities, and only after obtaining the written approval of the RTC. The Local Government's use of interest earned will not count towards the 20 percent local match requirement set forth in this Agreement.

Article 4. Shortfalls in Funding
The Local Government shall apply all funds to the scope of work of the Project described in Attachment A, Payment Provisions and Work Responsibilities, and to none other. All cost overruns are the responsibility of the Local Government. However, should the funds be insufficient to complete the work contemplated by the Project, the Local Government may make further request to the RTC and the State for additional funds from the SH 121 Subaccounts. Funds may be increased only through an amendment of this Agreement. If the SH 121 Subaccounts do not contain sufficient funds to cover the balance necessary to complete the Project, or if the RTC or the Commission decline the request for any other reason, then the Local Government shall be responsible for any shortfall.

Article 5. Return of Project Funding
The Local Government shall reimburse the State for any funds paid under this Agreement that are not expended in accordance with the requirements of this Agreement. Upon completion of the Project, the Local Government will issue a signed "Notification of Completion" document to the State acknowledging the Project's completion. If at project end, or upon termination of this Agreement, excess SH 121 Subaccount funds exist, including interest earned, such funds shall be returned to the State within 30 days. Except for funds the Local Government has already expended in accordance with the Agreement, the Local Government shall return to the State the funds paid under this Agreement together with any interest earned on the funds if the Project is not completed within 10 years of execution of the Agreement.

Article 6. Local Match
The Local Government shall be responsible for the required 20 percent local match as described in Attachment A, Payment Provisions and Work Responsibilities. The costs incurred by the Local Government prior to the execution of this Agreement will count towards the 20 percent local match requirement provided such costs are for RTC-approved phases as shown in Attachment A. At the end of each Fiscal Year the Local Government's cumulative expenditures of local match funds must be no less than 20 percent of the cumulative SH 121 Funds received by the Local Government up to that date under the Agreement, and must be for the uses approved for payments of SH 121 Funds up to that date as specified in Attachment A, Payment Provision and Work Responsibilities.

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Article 7. Procurement and Contracting Process
The State may review the Local Government's procurement of professional services for engineering, surveying, and right of way acquisition, letting of construction contracts, and conduct of construction management and inspection. The Local Government shall certify compliance with state law and regulations, and with local laws, regulations, rules, policies, and procedures. The Local Government shall maintain a copy of the certification in the project files.

Article 8. Design Standards and Construction Specifications
The Local Government shall implement the Project using the Local Government's established design standards, construction specifications, procurement processes, and construction management and inspection procedures.

Article 9. Right of Way
Except for right of way owned by the State or to be acquired by the State according to the plans of the Project as approved by the State, the Local Government shall acquire all necessary right of way needed for the Project. Right of way acquisition is an eligible cost for reimbursement provided such cost is an RTC-approved phase as shown in Attachment A.

In Process

Article 10. Utilities
The Local Government shall be responsible for the adjustment, removal, or relocation of utility facilities in accordance with State laws and regulations and local laws, regulations, rules, policies, and procedures applicable to the Local Government. The Local Government must obtain advance approval for any variance from established procedures. The RTC-approved costs for utilities as shown in Attachment A, if any, shall be used to adjust, remove, or relocate utility facilities.

Article 11. Compliance with Laws, Environmental Review and Public Involvement
Each Party shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts, administrative bodies or tribunals affecting the performance of this Agreement as applicable to it. When required, the Local Government shall furnish the State with satisfactory proof of compliance. As provided in 43 TAC 2.3(b)(1)(A), the State's environmental review requirements do not apply to the Project because the State is funding the Project solely with money held in a project subaccount created under Transportation Code, Section 228.012. However, the Local Government shall ensure that the project complies with all environmental review and public involvement requirements applicable to the Local Government under State and federal law in connection with the Project. The Local Government shall obtain the opinion of legal counsel showing the Local Government's environmental review and public involvement for the Project complies with state law and regulations, and with local laws, regulations, rules, policies, and procedures applicable to the Local Government. The Local Government shall maintain a copy of the certification in the project files.

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District: 18-Dallas
Code Chart: 15800
Funding Category: Cat 3. RTR (SH 121)

Article 12. Compliance with Texas Accessibility Standards and ADA
The Local Government shall ensure that the plans for and the construction of the Project is in compliance with the Texas Accessibility Standards (TAS) issued by the Texas Department of Licensing and Regulation, under the Architectural Barriers Act, Article 9102, Texas Civil Statutes. The TAS establishes minimum accessibility requirements to be consistent with minimum accessibility requirements of the Americans with Disabilities Act (P.L. 101-336).

Article 13. Work Outside the Project Site
The Local Government shall provide both the necessary right of way and any other property interests needed for the Project.

Article 14. Insurance
If this agreement authorizes the Local Government or its contractor to perform any work on State right of way, before beginning work the entity performing the work shall provide the State with a fully executed copy of the State's Form 1560 Certificate of Insurance verifying the existence of coverage in the amounts and types specified on the Certificate of Insurance for all persons and entities working on State right of way. This coverage shall be maintained until all work on the State right of way is complete. If coverage is not maintained, all work on State right of way shall cease immediately, and the State may recover damages and all costs of completing the work.

Article 15. Audit
Within 120 days of completion of the Project, the Local Government shall perform an audit of the costs of the Project. Any funds due to the State will be promptly paid by the Local Government.

Article 16. Maintenance
The Local Government shall be responsible for maintenance of the Project.

Article 17. Responsibilities of the Parties

a. The State and the Local Government agree that neither party is an agent, servant, or employee of the other party and each party agrees it is responsible for its individual acts and deeds, as well as the acts and deeds of its contractors, employees, representatives, and agents.

b. To the extent permitted by law, the Local Government agrees to indemnify and save harmless the State, its agents and employees from all suits, actions or claims and from all liability and damages resulting from any and all injuries or damages sustained by any person or property in consequence of any neglect, error, or omission in the performance of the design, construction, maintenance or operation of the Project by the Local Government, its contractor(s), subcontractor(s), agents and employees, and from any claims or amounts arising or recovered under the "Workers' Compensation laws"; the Texas Tort Claims Act, Chapter 101, Texas Civil Practice and Remedies Code; or any other applicable laws or regulations, all as from time to time may be amended.

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c. The Parties expressly agree that the Project is not a joint venture or enterprise. However, if a court should find that the Parties are engaged in a joint venture or enterprise, then the Local Government, to the extent provided by law, agrees to pay any liability adjudicated against the State for acts and deeds of the Local Government, its employees or agents during the performance of the Project.

d. To the extent provided by law, the Local Government shall also indemnify and save harmless the State from any and all expense, including, but not limited to, attorney's fees which may be incurred by the State in litigation or otherwise resisting said claim or liabilities which may be imposed on the State as a result of such activities by the Local Government, its agents, or employees.

Article 18. Notices

All notices to either party by the other required under this Agreement shall be delivered personally or sent by certified or U.S. mail, postage prepaid or sent by electronic mail, (electronic notice being permitted to the extent permitted by law but only after a separate written consent of the parties), addressed to such party at the following addresses:

For Purposes

Local Government:	State:
City of Garland Attention: Director of Transportation 800 Main Street, Suite 300 Garland, TX 75040	Texas Department of Transportation Attention: Director of Contract Services 125 East 11th Street Austin, Texas 78701

All notices shall be deemed given on the date so delivered or so deposited in the mail, unless otherwise provided herein. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that such notices shall be delivered personally or by certified U.S. mail and such request shall be honored and carried out by the other party.

Article 19. Right of Access

If the Local Government is the owner or otherwise controls access to any part of site of the Project, the Local Government shall permit the State or its authorized representative access to the site to perform any activities authorized in this Agreement.

Article 20. Project Documents

Upon completion or termination of this Agreement, all documents prepared by the State shall remain the property of the State. All data prepared under this Agreement by the Local Government shall be made available to the State without restriction or limitation on their further use. All documents produced or approved or otherwise created by the Local Government shall be transmitted to the State in the form of photocopy reproduction as required by the State. The originals shall remain the property of the Local Government. At the request of the State, the Local Government shall submit any information required by the State in the format directed by the State.

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Article 21. Inspection of Books and Records

The Local Government shall keep a complete and accurate record to document the performance of the work on the Project and to expedite any audit that might be conducted. The Local Government shall maintain records sufficient to document that funds provided under the Agreement were expended only for eligible costs that were incurred in accordance with all applicable state and local laws, rules, policies, and procedures, and in accordance with all applicable provisions of this Agreement. The Local Government shall maintain all books, documents, papers, accounting records and other documentation relating to costs incurred under this Agreement and shall make such materials available to the State for review and inspection during the contract period and for four (4) years from the date of completion of work defined under this Agreement or until any pending litigation or claims are resolved, whichever is later. Additionally, the State shall have access to all governmental records that are directly applicable to this Agreement for the purpose of making audits, examinations, excerpts, and transcriptions.

In Process

Article 22. NCTCOG

Acceptance of funds directly under the Agreement or indirectly through a subcontract under the Agreement acts as acceptance of the authority of NCTCOG and RTC to assist the Local Government's implementation of financial reporting and environmental review concerning the Project. The Local Government shall provide to NCTCOG on a monthly basis a report of expenses, including the Local Government's expenditure of local match funds. The report shall list separately the expenditures by project phase as shown in Attachment A, including but not limited to engineering, environmental review, right of way acquisition, and construction. The report shall also describe interest earned on money from the SH 121 and Subaccounts, including the interest rate, interest earned during the month, and cumulative interest earned. The report shall further describe the status of developing the Project. Not less than 60 days before the environmental review document is submitted to the governing body of the Local Government for final approval, the Local Government shall submit the document to NCTCOG for review and comment. NCTCOG may provide the Local Government technical assistance on the environmental review of the Project as mutually agreed between NCTCOG and the Local Government.

Article 23. State Auditor

The state auditor may conduct an audit or investigation of any entity receiving funds from the State directly under the Agreement or indirectly through a subcontract under the Agreement. Acceptance of funds directly under the Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

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Article 24. Amendments
By mutual written consent of the Parties, this contract may be amended prior to its expiration.

Article 25. Termination
The Agreement may be terminated in the following manner:

- **a.** By mutual written agreement and consent of both parties;
- **b.** By either party upon the failure of the other party to fulfill the obligations set forth herein, after a 45 day period to cure after receiving written notice of non-compliance;
- **c.** By the State if the Local Government does not let the construction contract for the Project within one year after the State first provides SH 121 Funds for construction as shown in Attachment A, Payment Provision and Work Responsibilities;
- **d.** By the State if the Local Government does not complete the Project within ten years after the effective date of the Agreement.

Article 26. Work by Debarred Person
The Local Government shall not contract with any person that is suspended, debarred, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal agency or that is debarred or suspended by the State.

In Process

Article 27. Sole Agreement
The Agreement constitutes the sole and only agreement between the parties and supersedes any prior understandings or written or oral agreements respecting the Agreement's subject matter.

Article 28. Successors and Assigns
The State and the Local Government each binds itself, its successors, executors, assigns, and administrators to the other party to this agreement and to the successors, executors, assigns, and administrators of such other party in respect to all covenants of this agreement. The Local Government may assign its interests under the Agreement only with the written approval of the State.

Article 29. Remedies
The Agreement shall not be considered as specifying an exclusive remedy for a breach of the Agreement. All remedies existing at law or in equity are available to either Party and are cumulative.

Article 30. Legal Construction
If a provision of the Agreement shall be held invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision, and the Agreement shall be construed as if it did not contain the invalid, illegal or unenforceable provision.

Article 31. Signatory Warranty
The signatories to this agreement warrant that each has the authority to enter into this

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CSJ: 0918-47-064
Project: Mesquite-Garland-Richardson (MGR) Bikeway Trail
Limits: From Jupiter Road & Apollo Road to South City Limits at Duck Creek
District: 18-Dallas
Code Chart: 15800
Funding Category: Cat 3. RTR (SH 121)

agreement on behalf of the party they represent.

Each party is signing this amendment on the date stated under that party's signature.

THE STATE OF TEXAS
Executed for the Executive Director and approved for the Texas Transportation Commission for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Transportation Commission.

By: _____
Kenneth Stewart
Director of Contract Services
Texas Department of Transportation

In Process

Date: _____

THE LOCAL GOVERNMENT – CITY OF GARLAND

By: _____
Bryan L. Bradford
City Manager
City of Garland

Date: _____

Approved as to Form:
Brad Neighbor
City Attorney

By: DocuSigned by: Mark G. Mann FBE638F27CD84DD...
Mark G. Mann
Senior Assistant City Attorney
City of Garland

DocuSign Envelope ID: 7BD515B7-235D-49D8-BF3D-A697CD3084EC

CSJ: 0918-47-064
Project: Mesquite-Garland-Richardson (MGR) Bikeway Trail
Limits: From Jupiter Road & Apollo Road to South City Limits at Duck Creek
District: 18-Dallas
Code Chart: 15800
Funding Category: Cat 3. RTR (SH 121)

ATTACHMENT A

Payment Provisions and Work Responsibilities

For CSJ# 0918-47-064, the State will pay $2,444,000 from the SH 121 Subaccount for the construction of a bikeway/trail connecting Mesquite and Richardson to include a bridge over Duck Creek; the trail connector under IH 30, the Duck Creek Greenbelt, the Duck Creek bridge adjacent to Centerville Road; and Glenbrook/Kingsbridge/Apollo Connector trail from Jupiter Road and Apollo Road to the southern edge of Duck Creek South of the City Limits of the City of Garland.

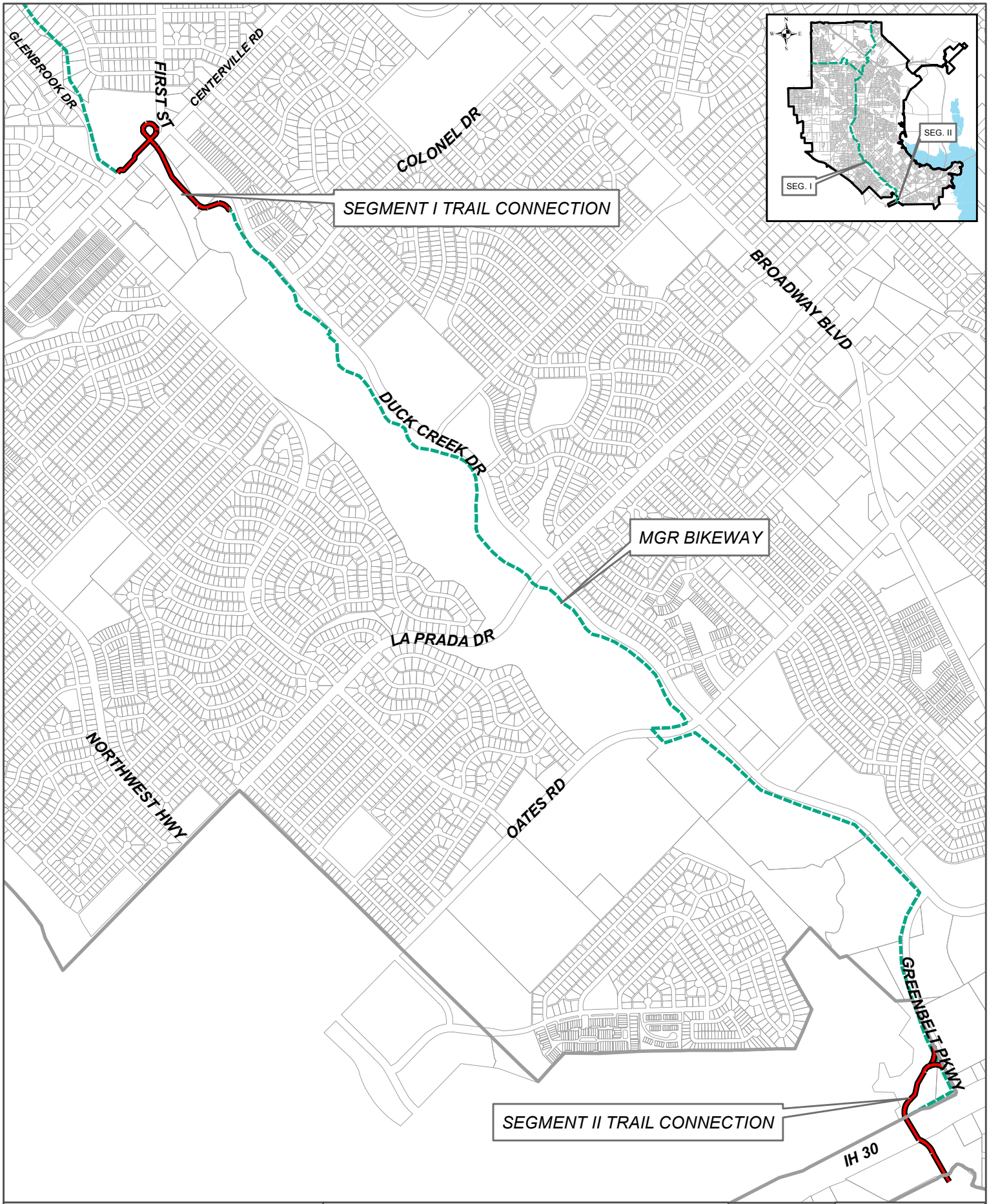
In accordance with the allocation of funds approved by the RTC, and concurred with by the Texas Transportation Commission, the State will make the payments for the following work in the following Fiscal Years:

In Process

Description	Fiscal Year	Total Estimate Cost	Regional Toll Revenue (RTR) SH 121 Subaccount Funds Participation	Local Government Participation
Engineering (by Local)	2012	$661,798	$661,798	$0
Construction (by Local)	2020	$2,393,202	$1,782,202	$611,000
Construction (by Local)	2020	$565,086	$0	$565,086
TOTAL		**$3,620,086**	**$2,444,000**	**$1,176,086**

The Local Government required match is $1,176,096

Upon completion of the Project, the Local Government will issue a signed "Notification of Completion" document to the State. The notice shall certify that the Project has been completed, all necessary inspections have been conducted, and the Project is open to traffic.



GARLAND ENGINEERING

MGR Bikeway Exhibit

Scale: NTS
Date: 5/16/2019
Drawn: JW

File: MGR Bikeway.mxd

Sheet 1 of 1

N

Not to Scale

GARLAND
POLICY REPORT

City Council Work Session Agenda **3. c.**

Meeting Date: April 6, 2020

Item Title: External Audit and Comprehensive Annual Financial Report

Submitted By: Matt Watson, Finance Director

Strategic Focus Areas: Sound Governance and Finances

ISSUE

Per the City Charter, the City shall designate a certified public accountant to perform an independent audit of accounts and other financial transactions of the City and submit a report to Council. The City has contracted with Weaver Assurance, Tax, and Advisory Firm to perform the audit for Fiscal Year End 2019 in accordance with Generally Acceptable Auditing Standards (GAAS) and Generally Accepted Government Audit Standards (GAGAS). In addition, Weaver performed the single audit of federal grant awards in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the single audit for state grant awards in accordance with uniform Grant Management Standards. Also, Weaver performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, including items such as compliance with the Public Funds Investment Act.

Typically, the external auditor provides all required communication to the City Council Audit Committee followed by an overview to the full Council. However, due to the precautionary measures taken for COVID-19 and cancellation of the Audit Committee meetings for the near future, the required communication, reports, and letters are attached for the full Council's review.

BACKGROUND

Weaver's audit process is performed using a risk-based approach that focuses on specific risk such as revenue recognition, capital projects, purchasing, and compliance with bidding procedures, unrecorded liabilities, evaluation of significant estimates, transaction- specific data-mining over purchases and journal entries, and IT controls. In addition, major federal grant programs audited included the Housing Choice Voucher Program, CDBG, and Highway Planning and Construction.

Attached to this agenda item is Weavers Single Audit Report, Internal Control Letter, Governance Letter, and a PowerPoint presentation outlining the firms experience, approach, and findings. Also, attached is the Comprehensive Annual Financial Report (CAFR) that will be published on the City website.

In addition, a summary of the findings and required communication is provided below.

1. Weaver issued an "unmodified opinion" on the financial statements for FY 2019, as well as the major federal and state financial assistance programs. An unmodified opinion means that the financial statements are presented, in all material respects, in accordance with GAAP.
2. Audit Results for the Financial Statements:

- No material weakness(es) identified
- No significant deficiencies that are not material weaknesses identified
- No noncompliance material to the financial statements identified

3. Audit Results for Federal and State Awards:

- No material weakness(es) identified
- 1 Significant deficiency in internal control over compliance that is not a material weakness was found that will be required to be reported under 2 CFR 200.516(a). This finding is related to the Winters Park Greenbelt Project that receives federal funding through TxDot. Based on the construction contract, all laborers and mechanics employed by the contractor on this project must meet the wage rate requirements as defined by the Department of Labor and must submit certified payrolls each week to ensure compliance. Based on the sample taken from Weaver, the certified payrolls for May 2018 and April 2019 were not kept on record. However, starting in May 2019, the City has assigned this responsibility to the Parks Special Project Administrator, and he has insured that certified payrolls are obtained from contractors and are reviewed and stored. In addition, the Parks Special Project Administrator has since coordinated with TxDot to ensure that all required action has been taken by the City to ensure successful completion of this project.

4. New Accounting Principles Implemented

- The City implemented GASB Statement No. 83, "Certain Asset Retirement Obligations". This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The City operates the Ray Olinger Power Plant. In 2019, the City hired an outside engineering firm to access the environmental obligations and closure requirements in the event of a plant closure. It was determined that the four evaporation ponds and the above ground storage tank at the Olinger Power Plant are considered to be industrial solid waste management units subject to TCEQ closure requirements. The total cost was estimated to be $480,322. Therefore, the City booked a long-term liability of $480,322 to be recognized in the Electric Fund, and a prior year adjustment of $29,518 to comply with this new GASB statement.

5. Other Required Communication from Weaver

- No difficulties or disagreements arose during the course of the audit.
- No independence issues noted.
- Weaver requested certain representation from management that was included in a management representation letter dated March 11, 2020.
- Weaver performed limited procedures on the Management Discussion and Analysis (MD&A) and Required Supplementary Information (RSI) that is included in the CAFR.
- Weaver evaluated and determined that management estimates related to allowance for uncollectible receivables, useful live of capital assets, pension, OPEB, post closure landfill, fair value of derivatives and investments, and Insurance Incurred but Not Reported (IBNR)

liabilities were reasonable in relation to the financial statements as a whole.

CONSIDERATION

The external audit reports and the CAFR are presented to inform Council on the Fiscal Year End 2019 audit results. Staff will be available to discuss the reports with Council.

Attachments

FY 2019 CAFR
Single Audit Report
Internal Control Letter
Letter to Governance
Weaver Presentation

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

GARLAND
TEXAS MADE HERE

Make Your Mark
GARLAND

CITY OF GARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2019

CITY COUNCIL

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

CITY MANAGER

Bryan Bradford

MANAGING DIRECTOR, FINANCIAL SERVICES

Matt Watson

Prepared by

Financial Services Department

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

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GARLAND

TEXAS MADE HERE

March 11, 2020

Citizens of the City of Garland
Garland, Texas

Dear Citizens:

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

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

GENERAL INFORMATION – CITY OF GARLAND

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

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

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

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

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

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

DEMOGRAPHICS

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

LOCAL ECONOMY AND DEVELOPMENT

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

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

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

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

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

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

FINANCIAL INFORMATION

Accounting and Budgetary Controls

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

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

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

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

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

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

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

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

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

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

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

Long-Term Financial Planning

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

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

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

OTHER INFORMATION

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garland for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2018. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

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

Respectfully submitted,

Bryan L. Bradford
City Manager

Matt Watson
Managing Director of Finance

Kathryn Ritchie
Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Garland

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

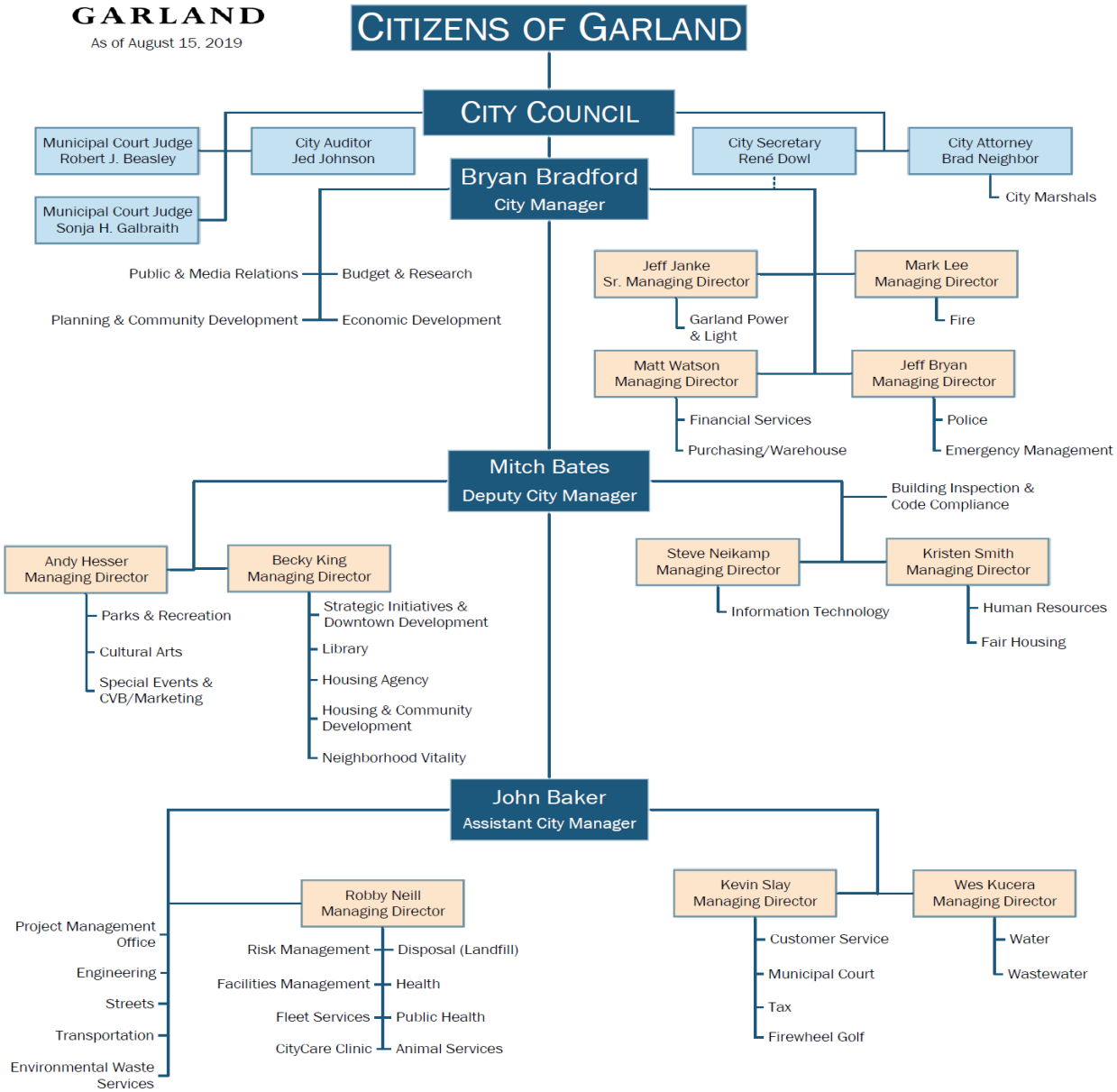
September 30, 2018

Christopher P. Morrill

Executive Director/CEO

GARLAND

As of August 15, 2019



GARLAND

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Garland (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970 | Fax:972.702.8321
CPAs AND ADVISORS | WEAVER.COM

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed in the table of contents and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 11, 2020

GARLAND

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

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

Financial Highlights

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

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

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

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

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

Proprietary funds

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

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

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

Fiduciary funds

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

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

Notes to the financial statements

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

Other information

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

Government-wide Financial Analysis

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

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

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

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

Condensed Statement of Net Position

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

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

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

Schedule of Changes in Net Position

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

Governmental activities

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

Revenues by Source – Governmental Activities

Revenues by Source

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

Key changes in revenue by source included the following:

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

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

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

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

Expenses by Source - Governmental Activities

Expenses by Source

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

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

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

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

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

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

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

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

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

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

Business-type Activities

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

- The electric utility incurred a net income of $52,614,034. The net income for the electric utility increased $50,271,408 from the prior fiscal year as a result of the following:
  - Wholesale transmission revenue increased.
  - TMPA disbursement increased.
  - TMPA demand charges decreased.

- The water utility incurred a net income of $6,962,398. The net income for the water utility decreased $405,556 from the prior fiscal year as a result of the following:
  - Water consumption decreased from the previous year due to heavy rainfall during October 2018 and April thru June 2019. Overall consumption was down 11% from FY18. However, due to a 5% average rate increase and positive expenditure budget variance, the fund ended the year with a healthy increase to net position.

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

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

Revenues by Source – Business-type Activities

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

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

Expenses by Source – Business-type Activities

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

Fiduciary funds

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

Capital Asset and Debt Administration

Capital Assets

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

Capital Assets at Fiscal Year-end
(Net of Accumulated Depreciation)

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

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

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

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

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

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

Debt

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

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

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

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

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

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

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

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

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

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

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

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

The City's Funds

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

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

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

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

General Fund Budgetary Highlights

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

Economic Factors and Next Year's Budgets and Rates

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

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

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

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

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

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

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

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Department at the City of Garland, 200 North Fifth Street, Garland, TX 75040 or through the City's internet site www.garlandtx.gov.

GARLAND

TEXAS MADE HERE

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	As of December 31, 2018
ASSETS				
Cash and cash equivalents	$ 106,560,347	$ 48,250,282	$ 154,810,629	$ 1,305,344
Investments	100,888,730	45,942,219	146,830,949	-
Accounts Receivable, net of allowance for uncollectibles	22,320,268	104,562,825	126,883,093	182,856
Due from other governments	486,318	-	486,318	-
Internal Balances	(21,147,906)	21,147,906	-	-
Inventories	6,075,206	5,653,620	11,728,826	-
Prepaid and other items	4,231,049	1,665,984	5,897,033	6,020
Restricted Assets:				
Cash and cash equivalents	2,058,560	93,342,372	95,400,932	-
Investments	1,352,320	118,431,893	119,784,213	-
Accrued interest	6,202	639,475	645,677	-
Assets held for resale	1,263,669	-	1,263,669	375,843
Capital Assets:				
Land	100,635,047	43,504,033	144,139,080	1,141,255
Construction in Progress	54,945,571	77,583,883	132,529,454	-
Buildings, Improvements, Equipment and System (net of accumulated depreciation)	316,396,292	983,001,052	1,299,397,344	-
Other Assets	-	123,374,631	123,374,631	-
Note Receivable	-	279,667	279,667	-
Total assets	696,071,673	1,667,379,842	2,363,451,515	3,011,318
DEFERRED OUTFLOWS OF RESOURCES				
Fair value of energy risk derivatives	-	1,484,088	1,484,088	-
Deferred charges on debt refunding	179,454	641,683	821,137	-
Deferred charges on pensions	49,096,522	18,344,135	67,440,657	-
Deferred charges on OPEB	7,290,062	2,551,756	9,841,818	-
Deferred charges on ARO	-	420,750	420,750	-
Total deferred outflows of resources	56,566,038	23,442,412	80,008,450	-
LIABILITIES				
Accounts payable and accrued liabilities	22,750,641	44,434,997	67,185,638	-
Escrow payable	671,799	142,310	814,109	-
Retainage payable	2,366,822	1,401,879	3,768,701	-
Accrued interest payable	1,629,991	2,962,021	4,592,012	-
Customer deposits	16,832,635	458,000	17,290,635	-
Tax Note Payable	22,280,000	-	22,280,000	-
Commercial Paper	23,500,000	-	23,500,000	-
Derivative instrument-energy risk management	-	1,484,088	1,484,088	-
Unearned revenue	7,731,611	975,037	8,706,648	1,348,885
Noncurrent Liabilities:				
Due within one year	45,386,953	58,658,352	104,045,305	-
Due in more than one year	393,755,969	857,276,190	1,251,032,159	-
Total liabilities	536,906,421	967,792,874	1,504,699,295	1,348,885
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on debt refunding	677,339	9,945	687,284	-
Deferred charges on pensions	1,407,471	525,437	1,932,908	-
Deferred charges on OPEB	4,108,423	1,438,079	5,546,502	-
Total deferred inflows of resources	6,193,233	1,973,461	8,166,694	-
NET POSITION				
Net investment in capital assets	183,829,761	433,039,663	616,869,424	1,141,255
Restricted for:				
Debt Service	4,348,225	7,992,887	12,341,112	-
Construction	1,758,414	-	1,758,414	-
Rate Mitigation	-	173,892,697	173,892,697	-
Housing	1,898,867	-	1,898,867	-
Other Grant Programs	4,467,248	-	4,467,248	-
Unrestricted net position	13,235,542	106,130,672	119,366,214	521,178
Total net position	$ 209,538,057	$ 721,055,919	$ 930,593,976	$ 1,662,433

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES						
Current liabilities:						
Payable from current assets						
Accounts payable and accrued liabilities	$ 26,867,484	$ 4,191,203	$ 1,201,413	$ 700,960	$ 32,961,060	$ 4,221,823
Due to other funds	-	-	-	-	-	1,709,263
Insurance claims payable	-	-	-	-	-	5,798,357
Accrued interest payable:						
General obligation bonds	37,183	6,676	22,681	83	66,623	104,638
Certificates of obligation	826,051	-	-	72,175	898,226	18,461
Revenue bonds	1,280,350	349,276	367,546	-	1,997,172	-
Customer deposits	458,000	-	-	-	458,000	16,832,635
General obligation bonds	4,595,000	410,000	1,745,000	-	6,750,000	1,470,000
Certificates of obligation	15,545,000	-	-	3,045,000	18,590,000	250,000
Revenue bonds	14,195,000	7,215,000	9,275,000	-	30,685,000	-
Compensated absences	1,608,106	280,891	407,192	337,163	2,633,352	877,855
Derivative instruments-energy risk management	968,234	-	-	-	968,234	-
Total current liabilities	66,380,408	12,453,046	13,018,832	4,155,381	96,007,667	31,283,032
Long-term liabilities:						
Payable from restricted assets						
Accounts payable	9,904,827	587,204	981,906	-	11,473,937	180,773
Retainage payable	856,818	14,124	530,937	-	1,401,879	23,454
Escrow payable	140,710	1,600	-	-	142,310	-
Total payable from restricted assets	10,902,355	602,928	1,512,843	-	13,018,126	204,227
Advances from other funds	-	-	-	-	-	3,896,269
Revenue bonds payable (net of unamortized premium)	340,489,501	97,964,698	91,492,980	-	529,947,179	-
Certificates of obligation (net of unamortized premium)	118,034,328	-	-	9,742,222	127,776,550	3,499,604
General obligation bonds (net of unamortized premium and defeased bond costs)	1,338,187	674,262	1,918,814	16,653	3,947,916	17,064,641
Commercial paper	68,000,000	12,500,000	20,000,000	-	100,500,000	-
Unearned revenue	-	975,037	-	-	975,037	-
Insurance claims payable	-	-	-	-	-	6,349,054
Asset retirement obligations	480,322	-	-	-	480,322	-
TMPA decommissioning liability	50,328,348	-	-	-	50,328,348	-
Net OPEB liability	9,088,433	2,353,578	3,693,307	4,598,530	19,733,848	9,197,058
Compensated absences	478,250	24,705	118,459	45,958	667,372	114,961
Net pension liability	14,125,957	2,538,807	3,452,426	3,777,465	23,894,655	8,380,698
Derivative instruments-energy risk management	515,854	-	-	-	515,854	-
Total other liabilities	602,879,180	117,031,087	120,675,986	18,180,828	858,767,081	48,502,285
Total non-current liabilities	613,781,535	117,634,015	122,188,829	18,180,828	871,785,207	48,706,512
Total Liabilities	680,161,943	130,087,061	135,207,661	22,336,209	967,792,874	79,989,544
Deferred Inflows of Resources						
Deferred charges on debt refundings	2,782	1,047	6,116	-	9,945	43,213
Deferred charges on pensions	310,820	55,776	75,807	83,034	525,437	184,508
Deferred charges on OPEB	662,308	171,514	269,145	335,112	1,438,079	670,195
Total deferred inflows of resources	975,910	228,337	351,068	418,146	1,973,461	897,916
NET POSITION						
Net investment in capital assets	178,255,059	91,565,510	142,696,206	20,522,888	433,039,663	39,532,000
Restricted for:						
Debt service	-	3,473,868	4,519,019	-	7,992,887	-
Rate mitigation	173,892,697	-	-	-	173,892,697	-
Unrestricted	49,044,002	18,975,154	19,306,350	1,556,169	88,881,675	9,755,422
Total net position	$ 401,191,758	$ 114,014,532	$ 166,521,575	$ 22,079,057	703,806,922	$ 49,287,422
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.					17,248,997	
Net position of business type activities					$ 721,055,919	

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

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

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:						
Charges for services	$ 291,458,932	$ 75,578,798	$ 46,737,430	$ 29,365,711	$ 443,140,871	$ 52,597,387
Insurance premiums	-	-	-	-	-	36,465,042
Other	10,224,577	380,866	99,928	200,477	10,905,848	2,362,191
Total Operating Revenues	301,683,509	75,959,664	46,837,358	29,566,188	454,046,719	91,424,620
OPERATING EXPENSES:						
Salaries and benefits	26,790,512	5,464,752	9,784,179	11,314,968	53,354,411	24,148,523
TMPA decommissioning expense	3,418,543	-	-	-	3,418,543	-
Amortization of other assets	6,942,696	-	-	-	6,942,696	-
Energy and fuel purchases	124,592,375	-	-	-	124,592,375	-
Water purchases	-	38,752,328	-	-	38,752,328	-
Landfill fees	-	-	-	3,216,833	3,216,833	-
Maintenance, repairs, and other	12,598,455	4,814,592	8,362,569	8,136,520	33,912,136	21,766,483
Insurance and other expenses	3,737,113	547,217	601,726	656,173	5,542,229	-
General and administrative	13,504,901	4,460,874	4,277,222	2,419,682	24,662,679	6,322,105
Capitalized general and administrative	-	(213,751)	(429,366)	-	(643,117)	-
Premiums	-	-	-	-	-	7,549,838
Claims	276,896	68,849	109,666	117,246	572,657	25,568,465
Administrative services	-	-	-	-	-	680,285
Depreciation	18,719,093	8,270,168	12,799,073	4,541,023	44,329,357	8,581,783
Total Operating Expenses	210,580,584	62,165,029	35,505,069	30,402,445	338,653,127	94,617,482
Total Operating Income (Loss)	$ 91,102,925	$ 13,794,635	$ 11,332,289	$ (836,257)	$ 115,393,592	$ (3,192,862)
NONOPERATING REVENUES (EXPENSES)						
Gain (loss) on disposal of capital assets	$ (3,384,928)	$ 2,311	$ 17,650	$ 381,320	$ (2,983,647)	$ 667,788
Loss on derivative instruments	(5,467,256)	-	-	-	(5,467,256)	-
Other	4,587,575	-	-	-	4,587,575	-
Investment income	6,690,944	542,853	837,756	161,959	8,233,512	1,651,049
Interest expense	(16,863,256)	(3,256,602)	(2,745,460)	(179,102)	(23,044,420)	(550,118)
Income (loss) before transfers and contributions	76,666,004	11,083,197	9,442,235	(472,080)	96,719,356	(1,424,143)
Capital contributions	186,570	2,223,720	901,303	-	3,311,593	-
TRANSFERS						
Transfers in	1,348,056	742,630	870,910	1,889,277	4,850,873	686,347
Transfers out	(25,586,596)	(7,087,149)	(6,104,844)	(1,167,918)	(39,946,507)	(4,745,635)
Net transfers	(24,238,540)	(6,344,519)	(5,233,934)	721,359	(35,095,634)	(4,059,288)
NET INCOME (LOSS)	52,614,034	6,962,398	5,109,604	249,279	64,935,315	(5,483,431)
Net position, beginning of year	348,607,242	107,052,134	161,411,971	21,829,778	638,901,125	54,770,853
Cumulative effect of change in accounting principle	(29,518)	-	-	-	(29,518)	-
Net position, beginning of year, restated	348,577,724	107,052,134	161,411,971	21,829,778	638,871,607	54,770,853
Net position, end of year	$ 401,191,758	$ 114,014,532	$ 166,521,575	$ 22,079,057	703,806,922	$ 49,287,422
	Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business type activities				(612,811)	
	Change in net position of business-type activities				$ 64,322,504	

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

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

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

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

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

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

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

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

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund categories:

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

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

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

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

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

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

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

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

D. Assets, liabilities, and net position or equity

1. Deposits and investments

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

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

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

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

2. Receivables and payables

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

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

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

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

3. Inventories and prepaid items

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

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

4. Restricted assets

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

5. Capital assets

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

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

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

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

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

6. Compensated absences

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

7. Long-term obligations

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

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

8. Classifications of Fund balance

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

Nonspendable – The portion of fund balance that cannot be spent because it is either (a) not in spendable form, such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact.
Restricted – The portion of fund balance that is restricted for specific purposes due to constraints imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
Committed – The portion of fund balance that can only be used for specific purposes by the City's highest level of decision-making authority, the City Council, and are imposed by the City Council through an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until an ordinance is imposed to remove or revise the limitation.
Assigned – The portion of the fund balance that is constrained by the City's intent for specific purposes, but are not restricted or committed. In fund balance policy, the City Council delegates authority to the Director of Finance or the Director of Finance's designee to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
Unassigned – The portion of the fund balance that is not restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned funds balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, if expenditures incurred for specific purposes exceed the amounts that are not restricted, committed, or assigned to this purpose, it may be necessary to report a negative fund balance in that fund.

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

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

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

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

9. Fund net position

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

10. Deferred Inflows/Outflows of Resources

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

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

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

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

11. New accounting principles

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

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

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

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

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

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

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

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

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

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

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

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

II. Reconciliation of government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

III. Stewardship, compliance, and accountability

Deficit fund equity

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

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

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

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

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

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

IV. Detailed notes on all funds

A. Deposits and investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Receivables

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

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

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

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

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

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

C. Capital Assets

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

Primary government

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

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

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

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

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

Construction commitments

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

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

D. Interfund receivables, payables, and transfers

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

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

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

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

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

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

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

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

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

E. Long-term liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt issues for the year are as follows:

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

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

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

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

TMPA Decommissioning liability

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

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

F. Retirement Plans

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

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

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

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

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

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

Contributions

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

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

Net Pension Liability

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

Actuarial assumptions:

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

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over a four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 thru 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

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

Changes in the Net Pension Liability

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

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

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1 % Increase 7.75%
$ 208,613,246	$ 87,847,992	$ (13,487,029)

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.tmrs.com.

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

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

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

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

Deferred outflows of resources of $12,924,579 related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows or resources related to OPEB will be recognized in OPEB expense as follows:

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

G. Other postemployment benefits

City of Garland other postemployment benefit plan

Plan Description

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

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

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

Benefits Provided

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

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

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

Contributions and Funding Policy

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

Net OPEB Liability

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

Actuarial assumptions

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

Rate of Return

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

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

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

Discount rate

The discount rate used to measure the Total OPEB Liability was 4.63%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the OPEB plan's Fiduciary Net Position was projected to be available to make all projected future benefits payments to current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all period of projected benefit payments to determine the total OPEB liability.

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

Changes in the Net OPEB Liability

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

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

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

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

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

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

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

OPEB Plan Fiduciary Net Position

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

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

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

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

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

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

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

Supplemental Death Benefits Plan (SDBF)

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

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

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

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

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

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

Actuarial Assumptions

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

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

Changes in Total OPEB Liability

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

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

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

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

OPEB Expense and Deferred Outflows of Resources Related to OPEB

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

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

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

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

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

H. Self-Insurance

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

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

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

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

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

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

I. Texas Municipal Power Agency

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

J. Deferred Compensation Plan

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

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

K. Conduit Debt Information

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

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

L. Business-Type Blended Component Unit

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

Golf Fund Condensed Statement of Net Position

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

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

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

Golf Fund Condensed Statement of Cash Flows

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

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

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

M. Landfill Closure and Postclosure Care Cost

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

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

N. Economic Incentives and Tax Abatements

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

The City has two categories of economic development agreements:

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

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

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

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

O. Commitments and Contingent Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

P. Derivative Instruments

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

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

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

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

Derivative transactions as of September 2019:

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

Derivative transactions as of September 2018:

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

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

Congestion Revenue Rights

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

Risks

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

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

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

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

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

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

Q. Asset Retirement Obligation

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

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

	Balance at Oct. 1, 2018	Additions	Reductions	Balance at Sept. 30, 2019
ARO Liability	$ -	$ 480,322	$ -	$ 480,322

R. Subsequent Events

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

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

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

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

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

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

See notes to required supplementary information.

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

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

Measurement date December 31
The City of Garland implemented Statement 68 in FY2015 and a full ten-year trend is not yet available.

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

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

Notes to Schedule of Contributions

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to the experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes	There were no benefit changes during the year.

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

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

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

Measurement date December 31
The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

Notes to Schedule:

Changes in assumptions. The initial discount rate for the 12/31/16 measurement was 4.75%.
2017-2018: The discount rate was decreased from 4.75% to 4.14%.
2018-2019: The discount rate was increased from 4.14% to 4.63%.

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

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

Notes to Schedule of Contributions

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

Methods and Assumptions Used to Determine Contribution Rates:

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

Other Information:

Notes

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

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

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

Measurement date December 31
The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

Notes to Schedule:

Changes in assumptions. The initial discount rate for the 12/31/16 measurement was 3.81%.
The discount rate for the 12/31/17 measurement was 3.31%.
The discount rate for the 12/31/18 measurement was 3.71%.

City of Garland, Texas
Notes to Required Supplementary Information

Budgets and Budgetary Accounting

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

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

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

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City of Garland, Texas
Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Enterprise Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Garland, Texas
Internal Service Funds

Internal Service Funds

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

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

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

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

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

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

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

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

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

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

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

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total Internal Service Funds
ASSETS										
Current assets:										
Unrestricted										
Cash and cash equivalents	$ 4,169,748	$ 2,502,671	$ 937,310	$ 432,097	$ 3,883,448	$ 3,848,974	$ 483,547	$ -	$ 9,680,033	$ 25,937,828
Investments	4,428,046	2,650,970	994,338	460,002	4,096,510	4,073,106	513,165	-	9,636,905	26,853,042
Accrued interest	20,478	12,206	4,580	1,943	21,883	18,739	2,473	-	44,583	126,885
Other Receivables	325,324	386,145	-	-	-	6,869	-	-	764,672	1,483,010
Inventories	-	-	-	221,412	-	-	-	5,853,794	-	6,075,206
Prepaid expense	3,708	-	-	57	-	3,612	-	-	1,162	8,539
Total current assets	8,947,304	5,551,992	1,936,228	1,115,511	8,001,841	7,951,300	999,185	5,853,794	20,127,355	60,484,510
Noncurrent assets:										
Restricted										
Construction funds:										
Cash and cash equivalents	-	-	-	120,724	-	1,133,287	-	2,860	16,465	1,273,336
Investments	-	-	-	126,132	-	1,214,918	-	3,030	8,240	1,352,320
Accrued interest	-	-	-	608	-	5,499	-	14	81	6,202
Total construction funds	-	-	-	247,464	-	2,353,704	-	5,904	24,786	2,631,858
Capital assets										
Land	-	-	-	-	-	136,810	-	-	221,949	358,759
System	21,834	-	-	4,035,838	38,389,389	49,713,194	92,075	258,715	31,768,147	124,279,192
Construction in progress	-	-	-	509,824	-	8,772,986	-	-	-	9,282,810
Less accumulated depreciation	(21,834)	-	-	(1,991,254)	(27,985,504)	(31,822,408)	(30,594)	(239,625)	(12,440,928)	(74,532,147)
Net capital assets	-	-	-	2,554,408	10,403,885	26,800,582	61,481	19,090	19,549,168	59,388,614
Total noncurrent assets	-	-	-	2,801,872	10,403,885	29,154,286	61,481	24,994	19,573,954	62,020,472
Total assets	8,947,304	5,551,992	1,936,228	3,917,383	18,405,726	37,105,586	1,060,666	5,878,788	39,701,309	122,504,982
Deferred Outflows of Resources										
Deferred charges on debt	-	-	-	-	-	22,161	-	-	24,770	46,931
Deferred charges on pensions	357,480	215,694	-	775,551	-	2,124,387	788,933	195,674	1,976,022	6,433,741
Deferred charges on OPEB	56,185	23,381	-	163,874	-	294,974	163,874	46,821	440,119	1,189,228
Total deferred outflows	413,665	239,075	-	939,425	-	2,441,522	952,807	242,495	2,440,911	7,669,900
LIABILITIES										
Current Liabilities:										
Payable from current assets										
Accounts payable and accrued liabilities	854,704	156,038	30,234	943,587	40,591	1,233,504	235,504	155,431	572,230	4,221,823
Accrued interest payable:										
General obligation bonds	-	-	-	-	-	12,695	-	64	91,879	104,638
Certificates of obligation	-	-	-	7,816	-	10,645	-	-	-	18,461
Customer deposits	-	-	-	-	-	-	-	-	16,832,635	16,832,635
Due to other funds	-	-	-	-	-	-	-	1,709,263	-	1,709,263
Compensated absences	37,069	33,422	-	102,245	-	307,205	122,230	23,485	252,199	877,855
Insurance claims payable	2,533,857	2,774,500	490,000	-	-	-	-	-	-	5,798,357
General obligation bonds	-	-	-	-	-	195,000	-	5,000	1,270,000	1,470,000
Certificates of obligation	-	-	-	75,000	-	175,000	-	-	-	250,000
Total current liabilities	3,425,630	2,963,960	520,234	1,128,648	40,591	1,934,049	357,734	1,893,243	19,018,943	31,283,032
Long-term Liabilities:										
Payable from restricted assets										
Accounts payable	-	-	-	113,388	-	67,385	-	-	-	180,773
Retainage payable	-	-	-	23,454	-	-	-	-	-	23,454
Total payable from restricted assets	-	-	-	136,842	-	67,385	-	-	-	204,227
Advances from other funds	-	-	-	-	-	-	-	3,896,269	-	3,896,269
Certificates of obligation (net of amortized bond premium)	-	-	-	1,688,183	-	1,811,421	-	-	-	3,499,604
General obligation bonds (net of amortized bond premium and defeased debt cost)	-	-	-	-	-	2,111,572	-	5,282	14,947,787	17,064,641
Compensated absences	-	39,281	-	-	-	56,022	14,406	5,252	-	114,961
Insurance claims payable	-	3,726,450	2,622,604	-	-	-	-	-	-	6,349,054
Net OPEB liability	434,507	181,044	-	1,267,311	-	2,281,160	1,267,311	362,089	3,403,636	9,197,058
Net pension liability	465,594	281,114	-	1,010,252	-	2,767,212	1,027,821	254,759	2,573,946	8,380,698
Total Long-term Liabilities	900,101	4,227,889	2,622,604	3,965,746	-	9,027,387	2,309,538	4,523,651	20,925,369	48,502,285
Total Liabilities	4,325,731	7,191,849	3,142,838	5,231,236	40,591	11,028,821	2,667,272	6,416,894	39,944,312	79,989,544
Deferred Inflows of resources										
Deferred charges on debt	-	-	-	-	-	1,614	-	8	41,591	43,213
Deferred charges on pensions	10,194	6,316	-	22,247	-	60,879	22,754	5,496	56,622	184,508
Deferred charges on OPEB	31,664	13,163	-	92,354	-	166,237	92,354	26,387	248,036	670,195
Total deferred inflows	41,858	19,479	-	114,601	-	228,730	115,108	31,891	346,249	897,916
NET POSITION										
Net investment in capital assets	-	-	-	901,847	10,403,885	24,793,908	61,481	14,712	3,356,167	39,532,000
Unrestricted	4,993,380	(1,420,261)	(1,206,610)	(1,390,876)	7,961,250	3,495,649	(830,388)	(342,214)	(1,504,508)	9,755,422
Total net position	$ 4,993,380	$ (1,420,261)	$ (1,206,610)	$ (489,029)	$ 18,365,135	$ 28,289,557	$ (768,907)	$ (327,502)	$ 1,851,659	$ 49,287,422

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

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

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

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Internal Service Funds
Cash flows from operating activities:										
Cash received from customers	$ 30,795,598	$ 5,394,479	$ 476,515	$ 8,920,188	$ 3,730,626	$ 18,216,213	$ 8,790,157	$ 913,997	$ 12,110,676	$ 89,348,449
Cash received for customer deposits	-	-	-	-	-	-	-	-	934,890	934,890
Cash payments for goods and services	(30,624,240)	(3,768,970)	(326,934)	(6,425,408)	(161,001)	(8,595,666)	(6,162,485)	(184,384)	(4,513,885)	(60,762,973)
Cash payments to employees for services	(1,408,447)	(2,468,856)	-	(2,363,676)	-	(7,150,138)	(2,254,304)	(632,053)	(6,216,862)	(22,494,336)
Other operating revenues	1,159,704	921,452	-	4,100	-	114,940	-	14,959	147,036	2,362,191
Net cash provided by (used for) operating activities	(77,385)	78,105	149,581	135,204	3,569,625	2,585,349	373,368	112,519	2,461,855	9,388,221
Cash flows from non-capital financing activities:										
Due from other funds - (increase) decrease	-	-	-	25,785	(26,465)	2,745	-	3,132	-	5,197
Due to other funds - decrease	-	-	-	-	-	(6,673)	(158)	(110,027)	-	(116,858)
Transfers in	321,824	(346,506)	-	38,798	(158,336)	54,719	50,874	-	724,974	686,347
Transfers out	-	(81,480)	-	(11,561)	(4,638,611)	(5,090)	-	-	(8,893)	(4,745,635)
Net cash provided by (used for) non-capital financing activities	321,824	(427,986)	-	53,022	(4,823,412)	45,701	50,716	(106,895)	716,081	(4,170,949)
Cash flows from capital and financing activities:										
Certificate of obligation issues	-	-	-	-	-	755,000	-	-	-	755,000
Refunding bonds	-	-	-	-	-	-	-	-	12,365,000	12,365,000
Premium on issuance of debt	-	-	-	-	-	132,837	-	-	1,703,727	1,836,564
Acquisition of capital assets	-	-	-	(358,848)	(3,808,916)	(6,381,426)	-	-	-	(10,549,190)
Principal paid on certificates of obligation	-	-	-	(70,000)	-	(140,000)	-	-	(1,060,000)	(1,270,000)
Principal paid on general obligation bonds	-	-	-	-	-	(180,000)	-	(5,000)	(540,000)	(725,000)
Interest paid on certificates of obligation	-	-	-	(64,806)	-	(49,349)	-	-	(21,200)	(135,355)
Interest paid on general obligations	-	-	-	-	-	(103,850)	-	(625)	(762,385)	(866,860)
Bond issue expense	-	-	-	-	-	-	-	-	239,255	239,255
Payment to escrow agent	-	-	-	-	-	-	-	-	(13,958,215)	(13,958,215)
Proceeds from sale of assets	-	-	-	-	845,288	-	-	-	11,789	857,077
Net cash used for financing activities	-	-	-	(493,654)	(2,963,628)	(5,966,788)	-	(5,625)	(2,022,029)	(11,451,724)
Cash flows from investing activities:										
Purchase of investment securities	(3,161,913)	(1,897,771)	(722,147)	(419,204)	(2,944,812)	(3,839,279)	(520,708)	(2,168)	(6,902,901)	(20,410,903)
Proceeds from the sale and maturity of investment securities	2,176,450	1,524,585	461,328	430,799	3,882,304	4,199,022	237,994	1,566	4,528,418	17,442,466
Interest received on investments	237,216	126,289	50,990	35,195	308,548	300,811	27,366	159	502,985	1,589,559
Net cash provided by (used for) investing activities	(748,247)	(246,897)	(209,829)	46,790	1,246,040	660,554	(255,348)	(443)	(1,871,498)	(1,378,878)
Net increase (decrease) in cash and cash equivalents	(503,808)	(596,778)	(60,248)	(258,638)	(2,971,375)	(2,675,184)	168,736	(444)	(715,591)	(7,613,330)
Cash and cash equivalents at beginning of year	4,673,556	3,099,449	997,558	811,459	6,854,823	7,657,445	314,811	3,304	10,412,089	34,824,494
Cash and cash equivalents at end of year	$ 4,169,748	$ 2,502,671	$ 937,310	$ 552,821	$ 3,883,448	$ 4,982,261	$ 483,547	$ 2,860	$ 9,696,498	$ 27,211,164
Reconciliation to Statement of Net Position										
Cash and cash equivalents	$ 4,169,748	$ 2,502,671	$ 937,310	$ 432,097	$ 3,883,448	$ 3,848,974	$ 483,547	$ -	$ 9,680,033	$ 25,937,828
Construction fund cash and cash equivalents	-	-	-	120,724	-	1,133,287	-	2,860	16,465	1,273,336
Total cash and cash equivalents	$ 4,169,748	$ 2,502,671	$ 937,310	$ 552,821	$ 3,883,448	$ 4,982,261	$ 483,547	$ 2,860	$ 9,696,498	$ 27,211,164
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:										
Operating income (loss)	$ (674,624)	$ 172,151	$ 149,468	$ (522,977)	$ 272,235	$ (2,603,091)	$ 117,289	$ (37,325)	$ (65,988)	$ (3,192,862)
Adjustments:										
Depreciation	-	-	-	98,469	3,359,032	3,925,904	13,488	8,440	1,176,450	8,581,783
Change in assets and liabilities:										
Decrease in pension related deferred outflows	(249,729)	(149,732)	-	(541,039)	-	(1,482,352)	(549,665)	(137,174)	(1,378,858)	(4,488,549)
Increase in OPEB related deferred outflows	(6,353)	(2,618)	-	(18,531)	-	(33,356)	(18,531)	(5,294)	(49,769)	(134,452)
Decrease in inventory	-	-	-	49,469	-	-	-	306,801	-	356,270
Decrease in net pension asset	7,926	4,852	-	17,251	-	47,229	17,601	4,303	43,928	143,090
Increase in net pension liability	465,594	281,114	-	1,010,252	-	2,767,212	1,027,820	254,759	2,573,946	8,380,697
(Increase) decrease in accounts receivable	306,347	(104,797)	-	-	-	135,845	5,502	-	(56,878)	286,019
Increase (decrease) in accounts payable	(91,543)	(32,937)	113	306,026	(61,642)	599,846	43,921	(218,391)	(15,080)	530,313
Increase in customer deposits	-	-	-	-	-	-	-	-	934,890	934,890
Increase (decrease) in compensated absences	(10,066)	(9,150)	-	1,314	-	15,343	5,558	6,983	22,007	31,989
(Increase) decrease in prepaid expense	(3,708)	-	-	18,742	-	(3,612)	-	-	(1,162)	10,260
Decrease in OPEB liability	(22,329)	(9,304)	-	(65,127)	-	(117,228)	(65,127)	(18,608)	(174,911)	(472,634)
Increase in insurance claims payable	310,016	-	-	-	-	-	-	-	-	310,016
Decrease in pension related deferred inflows	(133,694)	(81,768)	-	(290,914)	-	(796,475)	(296,757)	(72,623)	(740,813)	(2,413,044)
Increase in OPEB related deferred inflows	24,778	10,294	-	72,269	-	130,084	72,269	20,648	194,093	524,435
Total adjustments	597,239	(94,046)	113	658,181	3,297,390	5,188,440	256,079	149,844	2,527,843	12,581,083
Net cash provided by (used for) operating activities	$ (77,385)	$ 78,105	$ 149,581	$ 135,204	$ 3,569,625	$ 2,585,349	$ 373,368	$ 112,519	$ 2,461,855	$ 9,388,221
Non-cash transactions:										
Change in restricted accounts payable	$ -	$ -	$ -	$ 106,697	$ -	$ 61,944	$ -	$ -	$ -	168,641
Increase in fair value of investments	62,070	37,254	13,951	8,230	57,808	74,165	7,199	42	135,507	396,226

GARLAND

TEXAS MADE HERE

CITY OF GARLAND, TEXAS
Statistical Section
(Unaudited)

Contents **Page**

Financial Trends **128**

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

Revenue Capacity **134**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity **138**

These schedules contain 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 **143**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **145**

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

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

Table 1

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

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

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

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

Table 2

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

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

Table 3

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

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

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

Table 4

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

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

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

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

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

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

Table 6

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

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

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

Source: City of Garland, Texas - Tax Office

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

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

Source: City of Garland, Texas - Tax Office

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

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

Table 8

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

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

Source: City of Garland, Texas - Tax Office

Table 9

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 14

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

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

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.
(1) Gross revenue includes all operating and non-operating revenues.
(2) Operations and maintenance expenses includes all reported operating expenses less depreciation, amortization of other assets, and the actuarial determined pension expense reflected under the salaries and benefits line item of the financial statements.
(3) Net available revenue represents gross revenues of the system less the operation and maintenance expenses incurred during the fiscal year.
(4) Average annual debt service for all outstanding prior lien revenue bonds and outstanding revenue bonds similarly secured.
(5) The Electric and Water & Sewer bond ordinances require that net available revenues of the systems be at least 1.25 times the average annual principle and interest requirements.

Table 15

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

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

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

Table 16

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

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

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

Table 17

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

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

Source: City of Garland Budget Office

Table 18

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

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

Sources: Various City departments

Table 19

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

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

Sources: Various City departments

Texas Municipal Power Agency
Condensed Financial Information
September 30, 2019

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

Source: TMPA Comprehensive Annual Financial Report

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

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

City of Garland, Texas

Single Audit Report
September 30, 2019

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Garland (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 11, 2020. Our report includes a reference to other auditors who audited the financial statements of the Garland Housing Finance Corporation (GHFC), as described in our report on the City's financial statements. The financial statements of the GHFC were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 11, 2020

Independent Auditor's Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards in Accordance with Uniform Guidance and State of Texas Uniform Grant Management Standards

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

Report on Compliance for Each Major Federal Program

We have audited the City of Garland (the City)'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the State of Texas Uniform Grant Management Standards (UGMS) that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2019. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and UGMS. Those standards and the Uniform Guidance and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

The City's responses to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, 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. We issued our report thereon dated March 11, 2020, which contained unmodified opinions on those financial statements, which included a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and UGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal and awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 11, 2020

City of Garland, Texas

Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

I. Summary of the Auditor's Results

Financial Statements

a. An unmodified opinion was issued on the financial statements.

b. Internal control over financial reporting:

- Material weakness(es) identified? _____Yes __X____No
- Significant deficiency(ies) identified that are not considered a material weakness? _____Yes __X____None reported

c. Noncompliance material to financial statements noted? _____Yes __X____No

Major Programs

d. Internal control over major programs:

- Material weakness(es) identified? _____Yes __X____No
- Significant deficiency(ies) identified that are not considered a material weakness? ___X___Yes _____None reported

e. An unmodified opinion was issued on compliance for major programs.

f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a) ___X___Yes _____No

g. Identification of major programs:

CFDA Number	Program Title
Major Federal Programs:	
14.871	Housing Choice Voucher Program
14.218	Community Development Block Grant
20.205	Highway Planning and Construction
Major State Program:	
	Advanced Funding Agreement – Pleasant Valley Road

h. The dollar threshold used to distinguish between type A and type B programs: $750,000 for federal programs
$300,000 for state programs

i. Auditee qualified as a low-risk auditee? __X____Yes _____No

City of Garland, Texas

Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*

None

III. Findings and Questioned Costs for Federal Awards

2019-001 – Highway Planning and Construction Cluster

Special Tests: Wage Rate Requirements – Significant Deficiency in Controls over Compliance and Compliance

Criteria – All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of $2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor.

Condition – Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with those requirements and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Questioned Costs – None

Context – The employee in charge of the program was not storing the certified payrolls.

Effect or Potential Effect – The certified payrolls could not be obtained to ensure compliance with the Wage Rate Requirements and therefore, it could not be understood that the certified payrolls were reviewed.

Repeat finding – No

Recommendation – We recommend ensuring the certified payrolls are retained for compliance with the Wage Rate Requirements.

View of Responsible Officials – See corrective action plan

IV. Schedule of Prior Audit Findings and Questioned Costs

No findings in prior year.

GARLAND

TEXAS MADE HERE

Finding 2019-001 – Special Tests: Wage Rate Requirements – Significant Deficiency in Controls over Compliance and Compliance

20.205 Highway Planning and Construction

Corrective Action Plan – The City has assigned responsibility to the Parks Special Projects Administrator, for ensuring certified payrolls are obtained from contractors, and are reviewed and stored by City Management. The Parks Special Projects Administrator has since coordinated with TXDoT to ensure that all required action has been taken by the City to ensure the successful completion of this project.

Contact Person – Ziad Kharrat

Implementation Date – Implemented May 2019

CITY OF GARLAND
PO BOX 469002 GARLAND, TX 75046-9002
972-205-2000
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City of Garland, Texas

Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant I.D. Number	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS				
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Emergency Shelter Grant	S-18-MC-480011	14.231	$ 20,556	$ 20,556
Emergency Shelter Grant	S-19-MC-480011	14.231	130,915	130,915
Total CFDA 14.231			151,471	151,471
Community Development Block Grant Entitlement 38 - 2016 *	B-16-MC-480011	14.218	1,745	-
Community Development Block Grant Entitlement 39 - 2017 *	B-17-MC-480011	14.218	80,565	-
Community Development Block Grant Entitlement 40 - 2018 *	B-18-MC-480011	14.218	443,783	-
Community Development Block Grant Entitlement 41 - 2019 *	B-19-MC-480011	14.218	1,549,980	197,531
Total CDBG - Entitlement Grants Cluster			2,076,073	197,531
Housing Choice Voucher Program *	TX435VOxxxx	14.871	12,303,766	-
Family Self Sufficiency	FSS17TX2429-01-00	14.896	13,166	-
Family Self Sufficiency	FSS18TX2429-01-00	14.896	17,552	-
Total CFDA 14.896			30,718	
HOME - Home Investment Partnership	M-16-MC-480225	14.239	103,320	-
HOME - Home Investment Partnership	M-17-MC-480226	14.239	32,468	-
HOME - Home Investment Partnership	M-18-MC-480227	14.239	285,760	-
HOME - Home Investment Partnership	M-19-MC-480228	14.239	1,222,063	96,066
Total CFDA 14.239			1,643,611	96,066
Fair Housing Assistance Program - Capacity Building Program 2018	FF206K186007	14.401	41,300	-
Total Direct Funding U.S. Department of Housing and Urban Development			16,246,939	445,068
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed through the Texas State Library and Archives Commission				
Inter-Library Loan Program (ILL)	715-15148	45.310	7,020	-
Total Institute of Museum and Library Services			7,020	-
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Texas Division of Emergency Management				
Metropolitan Medical Response	233-01-0050	97.071	211,964	-
Passed through Texas Department of Public Safety				
Urban Areas Security Initiative 2018 (UASI)	HS17HS12982303	97.067	5,929	-
Urban Areas Security Initiative 2019 (UASI)	HS18HS12982304	97.067	65,424	-
Urban Areas Security Initiative 2019 (UASI)	HS18HS13679801	97.067	43,576	-
State Homeland Security Program 2016 (SHSP-LETPA)	HS16HS13844101	97.067	37,580	-
State Homeland Security Program 2017 (SHSP-LETPA)	HS18HS13324702	97.067	29,410	-
Total CFDA 97.067			181,919	-
Total U.S. Department of Homeland Security			393,883	-
U. S. DEPARTMENT OF JUSTICE				
Federal Equitable Sharing Agreement	TX 0571100	16.922	261,540	-
Passed through the State of Texas				
Justice Assistance Grant (J.A.G.) 2018	DJ17A103601201	16.738	59,737	-
Passed through the City of Dallas				
Justice Assistance Grant (J.A.G.) 2018	2017-DJ-BX-0834	16.543	27,012	-
Internet Crimes Against Children - Investigative Satellite 2017	2016-MC-FX-K034	16.543	10,000	-
Total U.S. Department of Justice			358,289	-

* Denotes major federal or state program

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

City of Garland, Texas

Schedule of Expenditures of Federal and State Awards – Continued
Year Ended September 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant I.D. Number	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U. S. DEPARTMENT OF TRANSPORTATION				
Passed Through Texas Department of Transportation				
Comprehensive (ITC, OP, Speed, DWI) STEP Grant 2019	2019-Garland-P-S-MYG-xxxx	20.600	225,908	-
Impaired Driver Mobility Grant	2019-GarlanPD-IDM-0000x	20.600	9,832	-
Total Highway Safety Cluster			235,740	-
Highway Planning and Construction *	0918-45-714	20.205	905,201	-
Total U.S. Department of Transportation			1,140,941	-
CENTER FOR DISEASE CONTROL				
Passed through Texas Department of State Health Services				
Immunization Grant 2019	HHS 000105000001	93.268	214,426	-
Immunization Grant 2020	HHS 000105000001	93.268	17,359	-
Total CFDA 93.268			231,785	-
Total Center for Disease Control			231,785	-
Total expenditures of Federal awards			18,378,857	445,068
STATE AWARDS				
TEXAS DEPARTMENT OF STATE HEALTH SERVICES				
Immunization Grant 2019	HHS 000105000001	State	267,503	-
Immunization Grant 2020	HHS 000105000001	State	22,093	-
Total Texas Department of State Health Services			289,596	-
TEXAS DEPARTMENT OF TRANSPORTATION				
Advanced Funding Agreement - Pleasant Valley Road	CSJ: 0918-47-005	State	2,292,166	-
Total Texas Department of Transportation			2,292,166	-
Total expenditures of State awards			2,581,762	-
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE EXPENDED			$ 20,960,619	$ 445,068

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

City of Garland, Texas

Notes to Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2019

Note 1. General

The accompanying schedule of expenditures of federal and state awards presents the activity of all applicable federal and state awards of the City of Garland, Texas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal and state awards received directly from federal and state agencies as well as federal and state awards passed through other government agencies are included in the respective schedule.

Note 2. Basis of Accounting

The accompanying schedule of expenditures of federal and state awards is presented using modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

Note 3. Relationship to Federal and State Financial Reports

Grant expenditures reports as of September 30, 2019, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

Note 4. Loans

At September 30, 2019, the amount of loans outstanding related to the Community Development Block Grants and HOME Investment Partnerships Program was approximately $448,262 and $2,971,008, respectively.

Note 5. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate.

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March 11, 2020

To City Management of
City of Garland

In planning and performing our audit of the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the City of Garland, Texas (the City) as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore, material weaknesses may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the entity's internal control to be a significant deficiency:

Highway Planning and Construction Cluster - Special Tests: Wage Rate Requirements

All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of $2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor. Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with those requirements and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). For 2 months selected for testing, the City could not provide documentation of the certified payrolls.

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Management's Response: The City has assigned responsibility to the Parks Special Projects Administrator, for ensuring certified payrolls are obtained from contractors, and are reviewed and stored by City Management. The Parks Special Projects Administrator has since coordinated with TXDoT to ensure that all required action has been taken by the City to ensure the successful completion of this project.

The identified significant deficiency is not considered to be a material weakness.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

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March 11, 2020

To the Audit Committee and
City Council of City of Garland, Texas

We have audited the financial statements of City of Garland, Texas (the City) as of and for the year ended September 30, 2019, and have issued our report thereon dated March 11, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 15, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies
Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note I to the financial statements. As described in Note I.D.11 to the financial statements, during the year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Activities. The other pronouncement implemented in 2019 was GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The implementation of this pronouncement had no significant effect on the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimate of the allowances for doubtful accounts, useful lives of depreciable assets, fair value of the derivative instrument, net pension liability, post closure landfill liability, other post-employment benefits (OPEB) liability, asset retirement obligation, valuation of derivatives, decommissioning regulatory asset and liability, and incurred but not reported (IBNR) liabilities for self-insured health insurance claims, long-term disability claims, general and auto claims, and workers compensation claims.

The fair value of derivative instruments is provided by a third party derivative consultant. The net pension liability estimate is based on actuarial calculations provided by TMRS.

The estimates for the post closure landfill, OPEB, asset retirement obligation, decommissioning regulatory asset and liability, and IBNR liabilities are based on calculations performed by independent third parties. Allowances for doubtful accounts are calculated based on historical collection rates. Useful lives of depreciable assets are determined by management and compared to other comparable assets held by the City and other similar entities. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We requested certain written representations from management, which are included in the attached letter dated March 11, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards:

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 have applied certain audit procedures to the combining individual and nonmajor fund financial statements in accordance with auditing standards generally accepted in the United States of America which consisted of 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.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Audit Committee, City Council, and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

GARLAND

TEXAS MADE HERE

March 11, 2020

Weaver and Tidwell, L.L.P.
2300 N. Field Street, Suite 1000
Dallas, TX 75201

This representation letter is provided in connection with your audit of the financial statements of the City of Garland (the City), which comprise the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information as of September 30, 2019 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 11, 2020:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 15, 2019, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments:*

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Omnibus as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.

- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to nonattest service(s) provided (preparation of the data collection form), we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes,[7] and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.

- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP and GASB-68, GASB-75.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP and GASB-68, GASB-75.
- The methods of measurement or presentation have not changed from those used in the prior period.

Federal Award Programs

With respect to federal award programs:

- We are responsible for understanding and complying with and have complied with the requirements of Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (the Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards, or we acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.
- We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

- We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), subsequent to the date as of which compliance was audited.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.
- We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.
- We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- We are responsible for preparing and implementing a corrective action plan for each audit finding.
- We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Matt Watson, Director of Finance

Audit Committee Meeting

City of Garland

Year Ended September 30, 2019

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Overview

- Introduction
- Audit Process
- Audit Results and Communications
- Discussion

Audit Engagement Leadership

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Sara Dempsey, CPA | Partner

- Audit engagement partner
- 17 years of experience
- Practice emphasis in auditing cities, school districts, universities, and nonprofit agencies

Claire Wootton, CPA| Senior Manager

- Audit senior manager
- 10 years of experience
- Practice emphasis in auditing cities, school districts and nonprofit agencies

THERE WHEN YOU NEED US.
Remember: Weaver is your auditor all year; we are always available to answer routine questions.

IT Advisory Leadership

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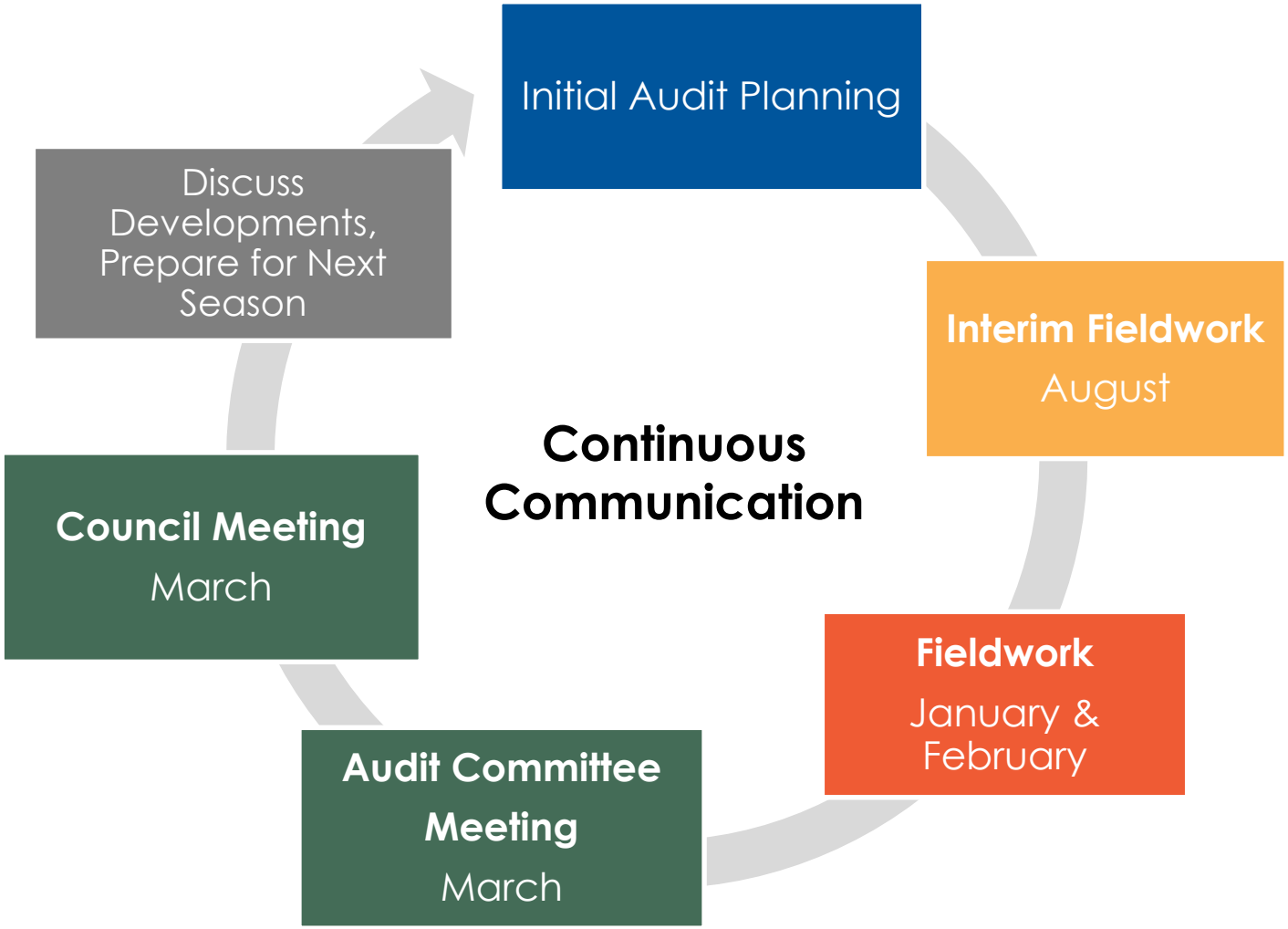
Brittany George, CISA, CISM, QSA | Partner

- 17 years of experience, including Big 4 experience
- Has led IT audit activities for numerous government and higher education entities as well as public companies
- Her focus includes cybersecurity, system and organization controls (SOC) reporting, evaluation and testing of IT general controls (ITGCs) and regulatory compliance (including Payment Card Industry and Sarbanes-Oxley). She is also deeply experienced with system integration and user acceptance testing.

Weaver's local government practice started here in North Texas, and many of the firm's professionals focused in this area are based here – including the entire Garland engagement team.

AUDIT PROCESS

The Audit Cycle



Audit Process

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Audit Standards — Performed the audit in accordance with Generally Accepted Auditing Standards (GAAS) and Generally Accepted Government Auditing Standards (GAGAS)

Single Audit — Performed the single audit of federal awards in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Performed the single audit of state awards in accordance with Uniform Grant Management Standards (State Grants).

Compliance — Performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, including items such as compliance with PFIA

Audit Process

- **Risk-based approach** focused on specific risks:
  - Revenue recognition and related receivables
  - Capital projects, purchasing, and compliance with bidding procedures
  - Unrecorded liabilities
  - Evaluation of significant estimates
  - Transaction-specific data-mining over purchases and journal entries
  - Federal revenues and expenditures. Major programs were: Housing Choice Voucher Program, CDBG, and Highway Planning and Construction
  - IT Controls
- **Tested internal controls** over financial reporting

AUDIT RESULTS AND COMMUNICATIONS

Audit Results:
FINANCIAL STATEMENTS

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Type of Report Issued:	UNMODIFIED
Internal control over financial reporting:	
Any material weakness(es) identified?	NO
Any significant deficiencies that are not material weaknesses?	NONE REPORTED
Any noted noncompliance material to financial statements?	NO

Audit Results:

FEDERAL AND STATE AWARDS

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Type of Report Issued:	**UNMODIFIED**
Type of Auditee:	**LOW RISK**
Internal control over major programs:	
Any material weakness(es) identified?	**NO**
Any significant deficiencies that are not material weaknesses?	**YES**
Any audit findings required to be reported under 2 CFR 200.516(a)?	**YES**

Federal Major Programs: HCVP, CDBG, and Highway
State Major Program: Pleasant Valley Road

Required Communications to Those in Charge of Governance

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Communication	Result
Significant Deficiency in Internal Control over Compliance and Compliance Finding	**Finding 2019-001 – Highway Planning and Construction Cluster** **Criteria** – All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of $2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor. **Condition** – Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with those requirements and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). **Context** – The employees in charge of the program were not storing the certified payrolls. **Management Response** - The City has assigned responsibility to the Parks Special Projects Administrator, for ensuring certified payrolls are obtained from contractors, and are reviewed and stored by City Management. The Parks Special Projects Administrator has since coordinated with TXDoT to ensure that all required action has been taken by the City to ensure the successful completion of this project.

Required Communications

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Communication	Description
Auditor's responsibility under generally accepted auditing standards (GAAS)	The financial statements are the responsibility of the City. Our audit was designed in accordance with GAAS in the U.S. and provide for reasonable rather than absolute assurance that the financial statements are free of material misstatement. Our responsibility is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. The audit of the fiscal year 2019 financial statements is completed and we have issued an **unmodified opinion**.

Required Communications

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Communication	Description
Auditor's responsibility under Government Auditing Standards	In addition to the GAAS responsibilities, we are required to issue a written report on our consideration of internal controls and identify significant deficiencies, including material weaknesses, if any. Our reports do not provide assurance on internal controls. We design our audit to provide reasonable assurance of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct or material effect on the financial statements. We issue a written report on the results of these procedures; however, our report does not express an opinion on compliance. **No findings noted**.

Required Communications

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Communication	Description
Auditor Responsibility under Uniform Guidance (Federal) and Uniform Grants Management Standards (State)	Our testing includes the major federal programs. We report on such testing, and disclose significant deficiencies in internal control over compliance, including material weaknesses we identify, if any. Our report does not provide assurance on internal control over compliance. We perform procedures for the purpose of expressing an opinion on whether major federal financial assistance programs have been administered in compliance with applicable laws and regulations. The audit of the fiscal year 2019 major federal and state financial assistance programs has been completed and we have issued **unmodified opinions**.

Required Communications

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Communication	Results
Unusual transactions and the adoption of new accounting principles	The significant accounting policies used by the City are described in Note 1 to the financial statements. Other pronouncements implemented in 2019 include GASB Statement No. 83 and 88. With the implementation of GASB 83, *Certain Asset Retirement Obligations*, caused a long-term liability of $480,322 to be recognized in the Electric fund, and a prior year adjustment of $29,518. The implementation of GASB 88 had no significant effects on the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

Required Communications

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Communication	Results
Difficulties encountered	No difficulties or disagreements arose during the course of our audit.
Management representations	We requested certain representations from management that were included in the management representation letter dated March 11, 2020.
Auditor independence	No independence issues noted.
Other information contained in documents containing audited financial statements	We performed limited procedures on the Management's Discussion and Analysis (MD&A) and Required Supplementary Information (RSI). We did not provide any assurance on this information.
Management judgments and accounting estimates	Management's estimates of allowances for uncollectible receivables, estimated useful lives of capital assets, pension, OPEB, post closure landfill, IBNR liabilities, fair value of derivative instruments and investments, and the asset retirement obligation were evaluated and determined to be reasonable in relation to the financial statements as a whole.

Required Communications

weaver
Assurance • Tax • Advisory

Communication	Results
Audit adjustments and Passed adjustments	Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no passed adjustments noted during the audit. We had no audit adjustments during the course of fieldwork.
Other material written communications between Weaver and Tidwell, L.L.P., and the City	Nothing to note

weaver
Assurance • Tax • Advisory

DISCUSSION

Contact Us

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Partner, Assurance Services
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Email: sara.dempsey@weaver.com

Brittany George
Partner, IT Advisory Services
Direct: (972) 448.9299
Email: brittany.george@weaver.com

GARLAND
POLICY REPORT

City Council Work Session Agenda **3. d.**

Meeting Date: April 6, 2020

Item Title: IH 30 Speed Limits

Submitted By: Paul Luedtke, Transportation Director

Strategic Focus Areas: Well-Maintained City Infrastructure
Safe Community

ISSUE

TxDOT has conducted a speed study of IH 30 through Garland. This speed study indicates that the speed limit should be raised to 70 MPH from its current 65 MPH. The Garland City Council has been asked to enact an ordinance making this change.

RECOMMENDATION

Enact an ordinance establishing the speed limit on IH 30 as 70 MPH. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the April 21, 2020 Regular Meeting.

BACKGROUND

TxDOT periodically performs speed studies on TxDOT roadways to ensure the appropriate speed limit is established.

The speed limit is set at the 85 percentile speed per state law.

The speed limit on major freeways are coordinated across jurisdictions to maintain consistency for the public.

The speed limit for Dallas, Mesquite, Rowlett and Rockwall will also be established as 70 MPH.

By providing a consistent speed limit across jurisdictional boundaries and established at the 85 percentile speed the safety of the roadway is enhanced though motorists traveling at similar speeds.

CONSIDERATION

If the City of Garland does not pass this ordinance, the Texas Transportation Commission will likely establish the speed limit by minute order.

GARLAND

CITY COUNCIL ITEM SUMMARY SHEET

City Council Work Session Agenda **4. a.**

Meeting Date: April 6, 2020

Item Title: Downtown Square - Final Design Concept

Submitted By: Laura Dunn, Strategic Projects and Capital Portfolio Manager

---

Summary of Request/Problem

Staff will present the recommended final design concept for the Downtown Square.

Recommendation/Action Requested and Justification

Council to consider approval of Staff's recommended final design concept for the Downtown Square. Unless otherwise directed by Council, Staff will proceed with the detailed design phases of the project.

GARLAND

CITY COUNCIL ITEM SUMMARY SHEET

City Council Work Session Agenda **4. b.**

Meeting Date: April 6, 2020

Item Title: Library Master Plan Draft Report

Submitted By: Karen Archibald, Library Director

Summary of Request/Problem

The Library Master Plan is in its final phase of development. The consultant team Godfrey's Associates has analyzed and compiled data gathered from the Library and other City of Garland departments. Recommendations will be made for the physical and operational planning, programming and services offered to the public by Garland's public library. Estimated costs of physical planning will be provided for library construction and modifications. The completion of the Library Master Plan draft continued into January 2020. Staff and the Library Board have reviewed and made necessary modifications. The plan is presented to Council for review and approval. With Council's direction, the plan will be scheduled for adoption at a future Council meeting.

Recommendation/Action Requested and Justification

The Library Board has reviewed and recommends approval to the City Council of the draft report. Brad Waters with Godfrey's Associates as well as City staff will be available to address any questions or concerns regarding the report. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the April 21, 2020 Regular Meeting.

Attachments

Presentation Slides

Executive Summary

Library Master Plan Overview

Godfrey's Associates Library Planners

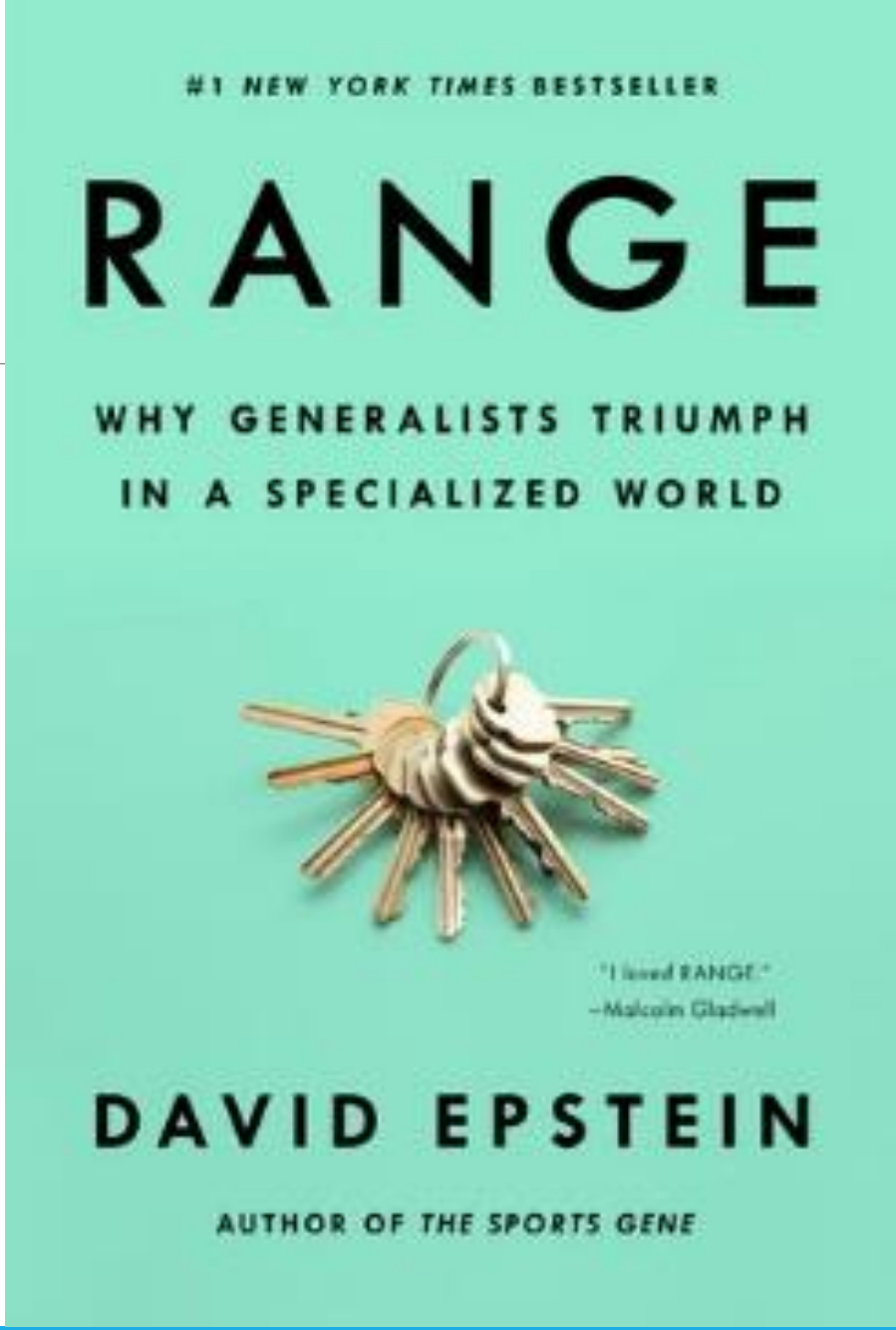
- Over 380 library clients worldwide
- Full-time, full service consultants for all types of libraries
- 56 public library projects in Texas, including Allen, Carrollton, Coppell, Dallas, Denton, Fort Worth, Frisco, McKinney, North Richland Hills, Prosper & Richardson
- Godfrey's has collaborated with the Garland Public Libraries staff to craft the Master Plan

Our World

The Jobs Market

The jobs market in the United States has been rapidly transforming for the past 20 years.

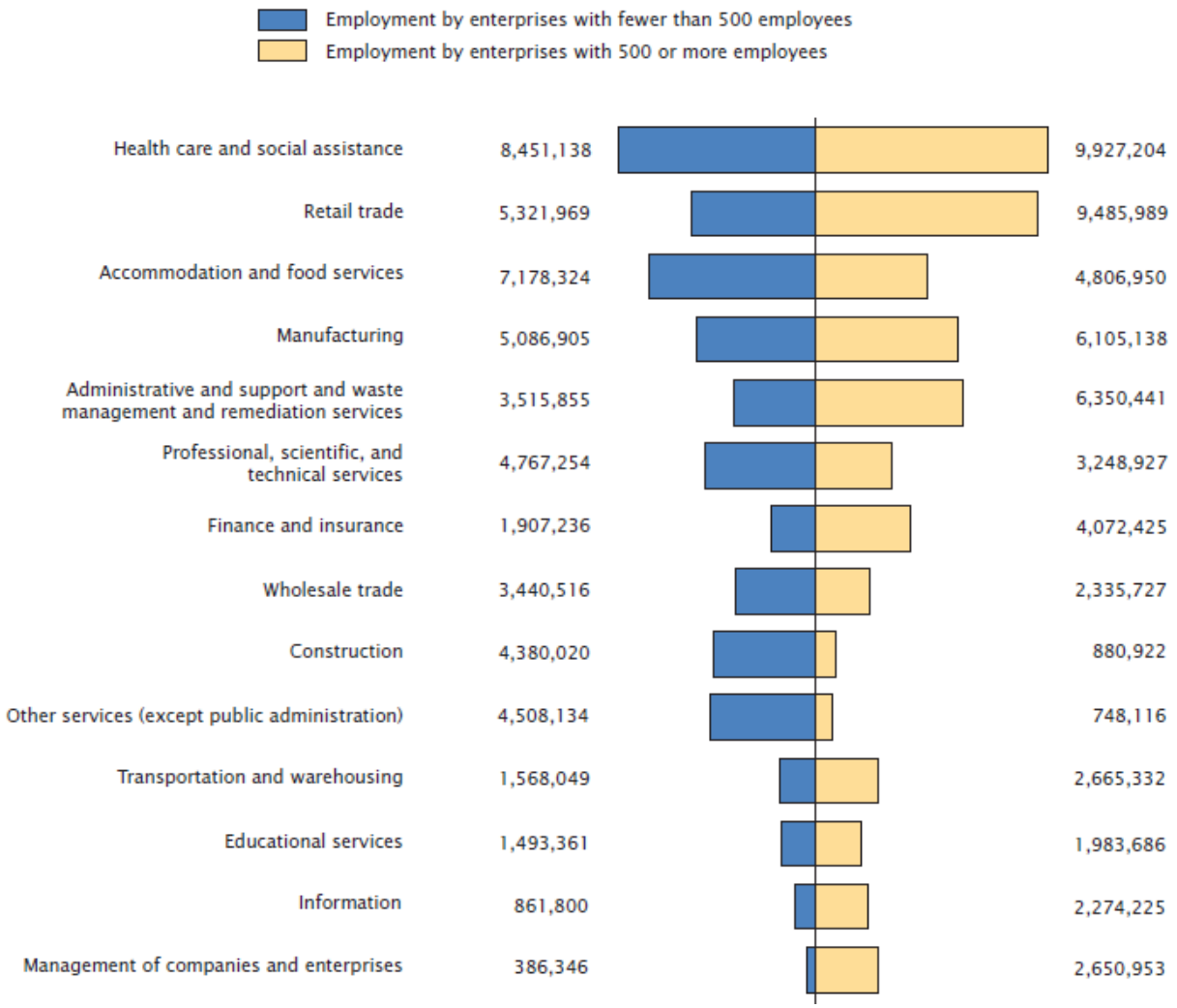
Automation & self-service have eliminated many traditional jobs, while autonomous vehicles will soon eliminate several more.



The Gig Economy

Less employment opportunities & corporate outsourcing have combined with a higher cost of living to create an economy where having multiple, flexible employment sources is becoming commonplace.

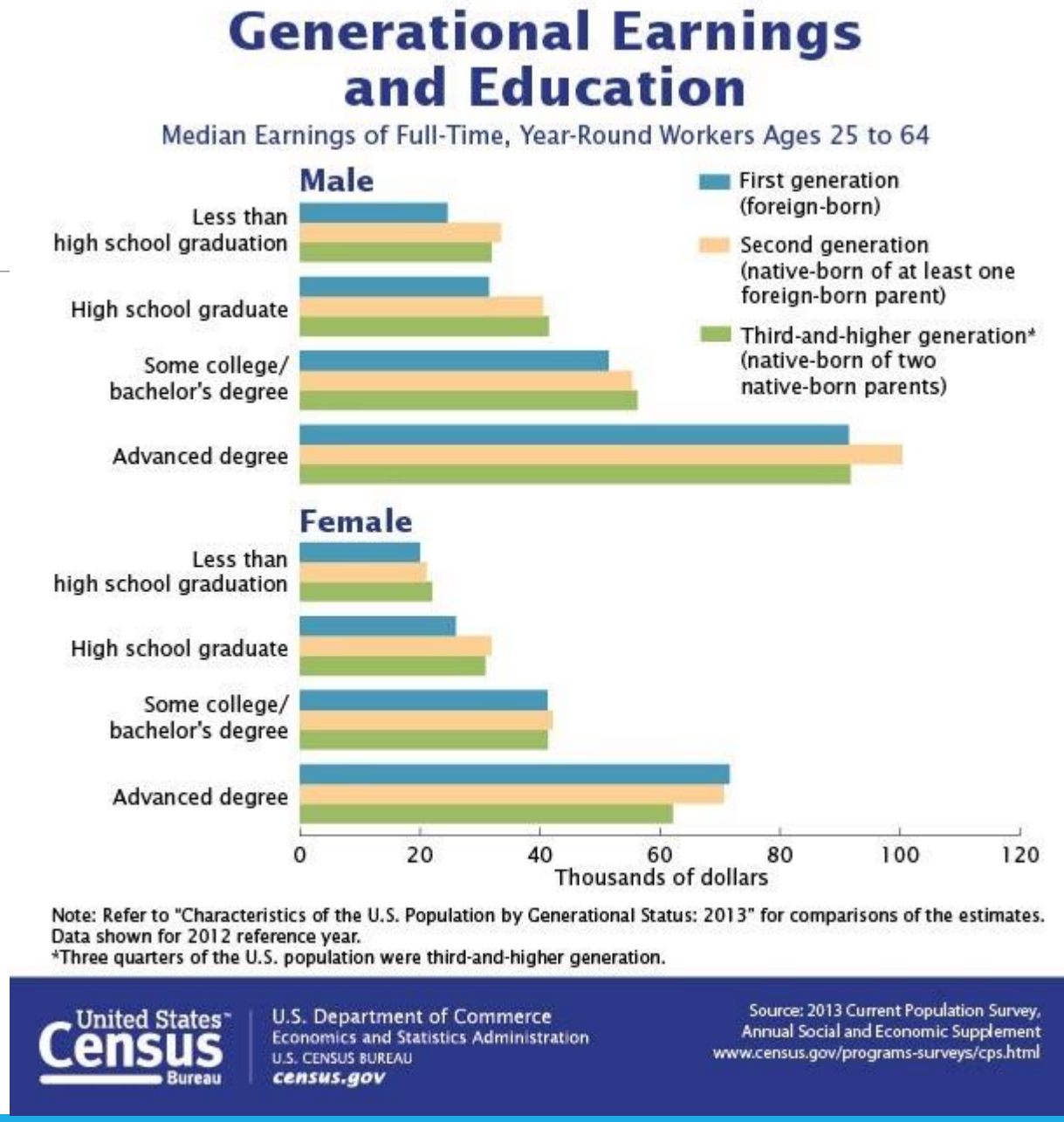
Small businesses comprise 99% of companies in the U.S and employ more than one-half of the workforce.



Advantage, Education

Still, a college degree can double a worker's income potential, according to a recent report by the U.S. Census Bureau.

Now, a strong & broad educational foundation is critical to finding & keeping good employment, be it with a company, as an independent contractor, or with one's own self.



The Modern Public Library

The Public Library in Education

The public library has long been in the public education business – from before people enter the public school system until after their retirement from work.

Life-long learning is a pillar of public library service, and quite possibly the most common term found in library mission statements across the U.S.

Public Library Popularity

Libraries have been, and will continue to be, a source of information, free to the public at-large, as the majority of Americans hold a public library card.

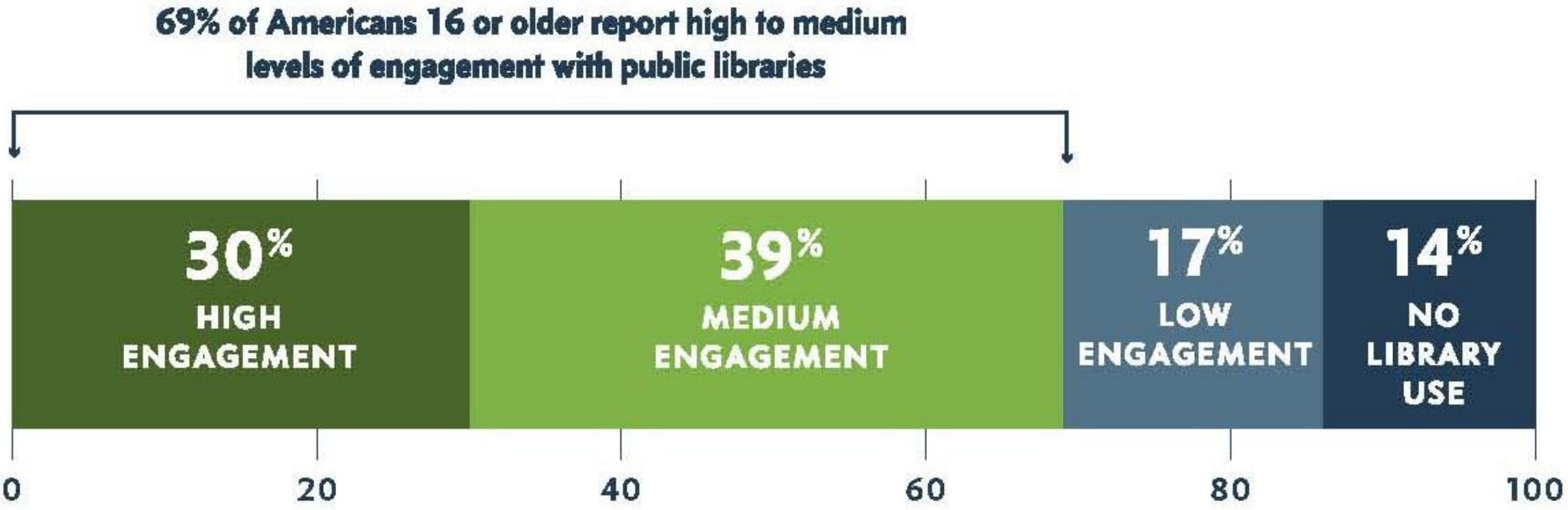
Librarians are information specialist, college-educated & trained in determining good data sources from bad ones.

Public Library Value

Nationally, around 70% of the U.S. public believe in the value of public libraries, according to numerous studies by the Pew Research Center.

And consistently across the country, voters vote for public library on initiatives about 70% of the time – at a rate of around 70% for the given proposition – be it for capital or operational funds.

Impact of Public Libraries on Communities



Public Library Use

Nationally & locally, people primarily use the public library to check out books – both in print & electronic – but far & away more print.

Nationally, people in the U.S. visit libraries (for free) over twice as often as (paying for) going to the movies, a live sporting event or concert, casino, or a national park or historic site, according to a Gallup study.

GALLUP

ECONOMY JANUARY 24, 2020

In U.S., Library Visits Outpaced Trips to Movies in 2019

BY JUSTIN MCCARTHY

Millennials & the Public Library

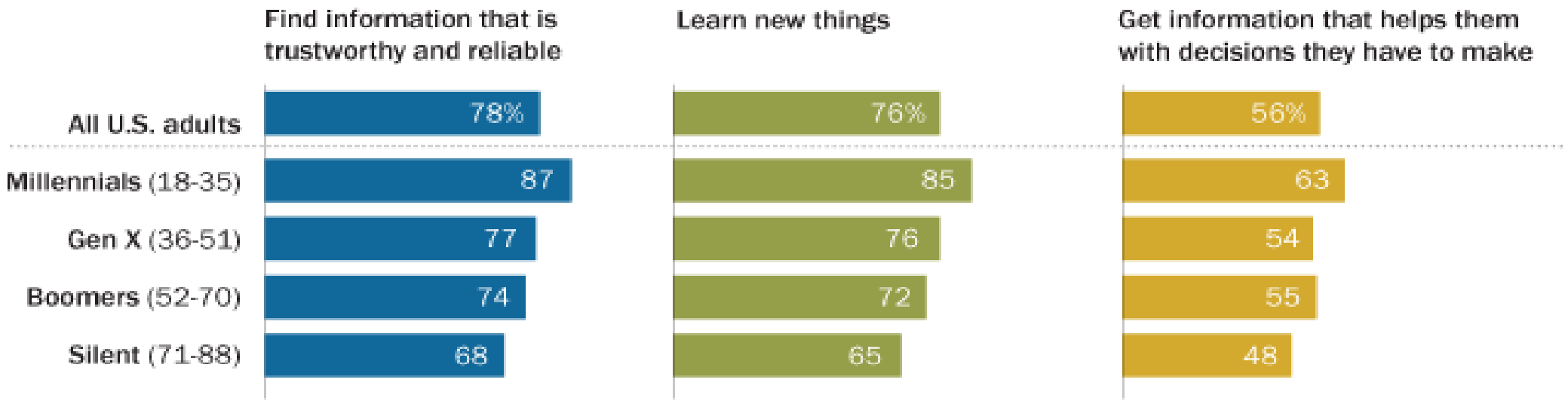
And nationally, Millennials are the segment of the U.S. population that use the public library the most, according to a recent study by the Pew Research Center, but not just for checking out books.

Millennials are more likely to use the less traditional services of the public library, such as a gathering place to exchange ideas & to research ways to make money – the public library is their preferred Third Place.

Library Services for Millennials

Millennials more likely than older generations to say libraries help them find trustworthy information, learn new things and make informed decisions

% of adults who say they think the public library helps them ...



Source: Survey conducted Sept. 29-Nov. 6, 2016.

PEW RESEARCH CENTER

The Modern Public Library

Over the past 3 decades, the public library has adapted to changes in usage, new technologies, the economy & the job market:

- Electronic book & media collections
- Increased specialization in education
- Curating information on the Internet
- Delivering just in time vs. just in case
- Providing meeting & gathering spaces

The Modern Public Library

Public libraries continue to be a key provider of early childhood education, through Story Times, strong collections of books, STEAM, technology programs, online databases, outreach & parenting resources – helping to instill a love for reading in children of all ages.

Reading is still fundamental. A child's vocabulary begins to form in the womb, so for children, reading is key to preparing them for school.

Robotics

A Publication of the Public Library Association

PUBLIC LIBRARIES ONLINE

NEWS & OPINION

Robotics Clubs At the Library

by Katie Boyer *on* June 16, 2014

Robotics clubs have become popular throughout the country, and now many librarians are becoming involved. Robotics programs can go hand-in-hand with LEGO programs at the library, or can stand on their own. The purpose of a robotics program is for patrons to create a fully functional robot that competes against other robots. These robotics clubs can be found in both public and school libraries.

The Hansel Public Library's Robotics Club won the Loleta D. Fyan grant this

SEARCH

JOIN OUR MAILING LIST

Review ALA's personal data notification (PDN) before proceeding.

Email Address

First Name

A trend sweeping Public Libraries:

- Including Tweens & Teens
- Evolving from LEGO programs
- Combining makers with coding
- Demonstrate applications of computer code

Robotics

Supporting STREAM curriculum development

Wilson County Public Libraries

Transforming lives through knowledge...

Catalog | Account FAQ Calendar All Locations 2018 Library Policies Programs Friends of the Libraries Library Card Process

Wilson County Education Foundation Resources Summer Reading Family Place Libraries Sam Fore Jr. Public Library Sarah Bain Chandler Public Library

Jane Yelvington McCallum Public Library Newsletters Brick Path Campaign Full S.T.E.A.M. Ahead: Wilson County Public Libraries Maker Expo 2018

WE NEED YOUR OPINION! Join the Nerf Battles

Robotics

'BOTS AND BOOKS

In 2015, The Wilson County Public Libraries participated in a CTLS grant called Bots and Books which allowed the library system to obtain 4 laptops and 4 WeDo Robotics kits. Another feature of the grant later gave us additional materials including 4 WeDo extension kits. The library bought 2 more WeDo kits through the technology budget and, through a grant from Dollar General, the library system was able to add 5 more WeDo kits and twelve extension kits. Through an EDGE Reimbursement Grant, we also acquired 5 additional laptops. We now have 11 WeDo kits and 16 extension kits and 11 laptops that have the software loaded on them.

We did our first Robotics Camp at all three branches of the library, Poth, Floresville, and Stockdale, during Spring Break in March of 2015. During Summer Reading 2015, the Robotics Camp was a weekly occurrence in Floresville on Mondays and in Stockdale on Thursdays. We also took it to the LVISD Reading Matters summer program in LaVernia one night in June and one night in July.

The library is now working at helping North and South Elementary in the Floresville ISD to begin robotics clubs and, in the Spring, we hope to start a Homeschool Robotics Club.

Our Vision

Transforming lives through knowledge and information.

The Wilson County Public Libraries (WCPL) provide access to social and cultural ideas by offering a wide variety of materials and programs for educational, recreational and informational needs. The Libraries have a special mission to encourage a love of lifelong learning, as well as developing broad community awareness of our services. It is the needs of our community will drive our services as we take a personal interest in ensuring that those needs are delivered in a safe, welcoming, convenient, and responsive manner.

ALAAmericanLibraryAssociation

Coding in Arkansas Public Libraries

Published December 8, 2017 by Shawnda Hines

12 Shares | Share | Tweet | Email | Share

Guest post by Amber Gregory, Coordinator of E-Rate Services at the Arkansas State Library, which uses funds provided by an IMLS LSTA grant to train librarians to facilitate coding programs.

Coding and computer science are a priority in Arkansas, and public libraries are working alongside schools to bring coding opportunities to youth of our state. Many Arkansas public libraries offer coding programming, and the Arkansas State Library is committed to educating and encouraging public libraries in their coding efforts. Our coding initiatives also allow us to get a statewide picture of which public libraries are coding, what those programs look like and who these programs reach.

The seeds of the Arkansas State Library coding initiatives were planted when we started asking public librarians about coding programming in their libraries. The feedback ranged from "We want to code, but don't know where to start" to "We have an existing program, but want to expand the current offerings." To make sure all public libraries have a chance to learn the basics of coding and about existing resources, the Arkansas State Library scheduled 3 coding trainings to introduce analog and basic block coding. Trainings are scheduled in different parts of the state to reach the maximum number of libraries. Whether the librarian chooses to facilitate coding programming or if they seek

Coding

Another trend in U.S. Public Libraries – teaching people how to write computer code:

- HTML & CSS, JavaScript, jQuery, PHP, Python, Ruby, etc.

techsoup

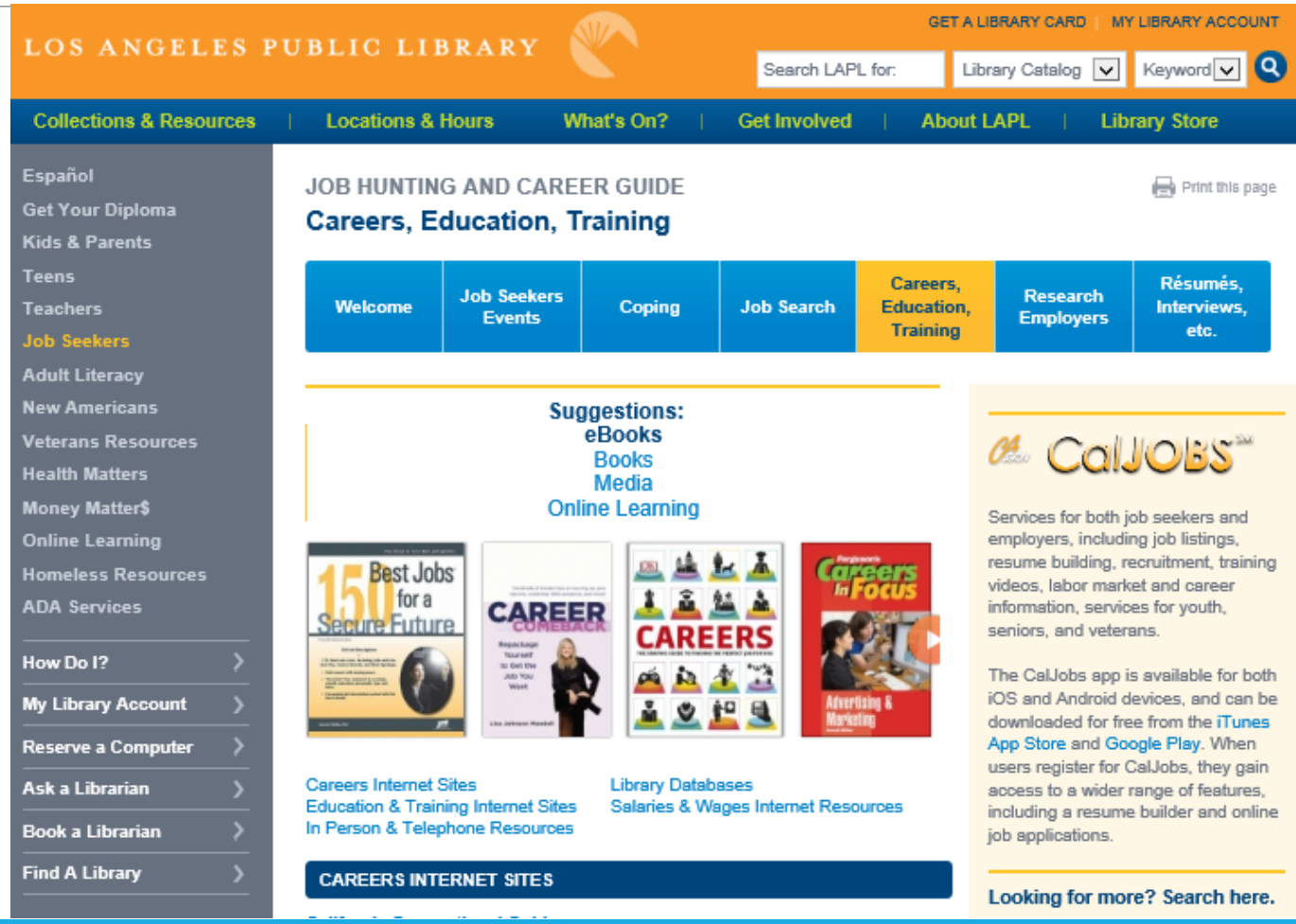
Coding Clubs: Youth Programming for Public Libraries

September 28, 2016

Services for Adults: Job Skills

Most public libraries have been providing job skills & employment programs for years, including:

- Career guidance
- Job searching
- Resume writing
- Technology training
- General education, ESL & GED preparation & attainment



Small Business Support

Facilities & equipment at public libraries support small businesses & their development:

- Small group meeting rooms
- Collaborative computer stations with high-powered software
- Makerspaces for fabrication

Creation/Maker Spaces

Teen uses 3D printer to make a 'Robohand' for third grade boy

Feb.6, 2014

Recently, a third-grade boy received a new, 3D printed prosthetic hand thanks to the help of 16-year-old maker, Matthew Wilde, and the 3D printer at their local public library.

Wilde is an enterprising guy. He's always been interested in figuring out how things work: from computers to ottoman chairs. About two months ago, Matthew – an adorable nin-year-old from Louisburg, Kansas – came to Wilde, who's a family friend, with a design for a 3D-printable prosthetic hand. Wilde took the desi and his skills to the 3D printers at their local public library to make Matthew's new, 3D printed prosthetic hand.

"Awesome! (make sure you put an exclamation please)." This is how Matthew describes Wilde as he

STREAM: Practical applications for Science, Technology, wRiting, Engineering, Arts & Math

- 2D color & 3D printers for design & modeling of product prototypes
- Encouraged collaborative problem solving
- From coding to artificial intelligence (AI)

Return on Investment

2017 Study: $4.64 returned for every $1.00 investe

2012 Study: $4.42 returned for every $1.00

Compares with other U.S. studies published from 2005 to 2015 ranging $2.50 to $8.32 ROI

This report was prepared by the
Bureau of Business Research IC² Institute
The University of Texas at Austin
January 2017

Garland Overview

Community Input Survey Results

Over 80% of survey respondents were satisfied or very satisfied with the Garland Public Libraries

74.6% of respondents visit one of the Libraries at least once per month

73.0% stay at the Library for 30 minutes or more per visit

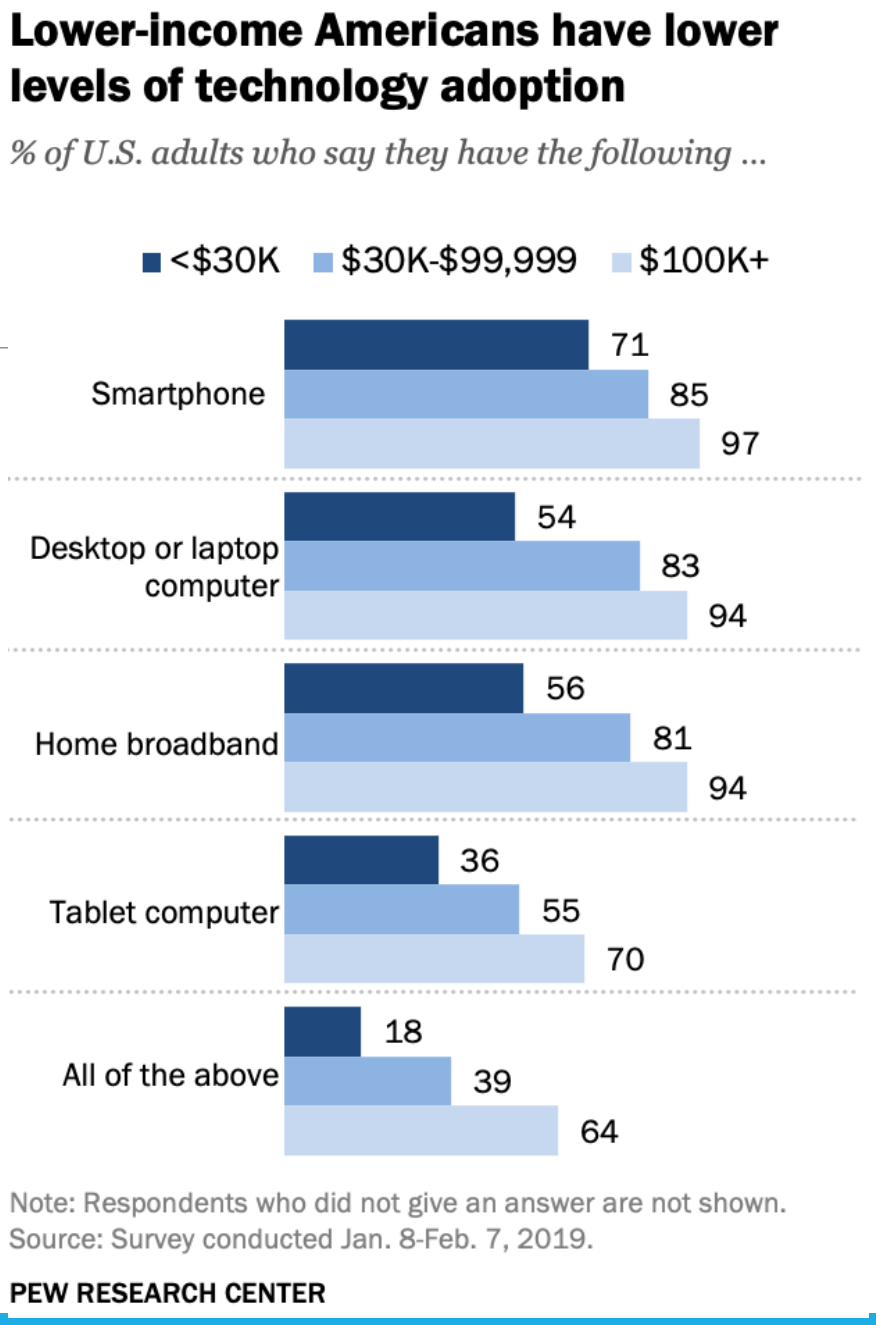
	SATISFIED	VERY SATISFIED
Quiet space for activities such as research, study, reading, and being creative	34.26% 395	52.65% 607
A comfortable and inviting location	30.47% 365	56.76% 680
Library space for community activities and programs	33.73% 366	48.39% 525
Library space for small informal meetings	34.80% 357	46.49% 477
A clean building in good condition with adequate heating and cooling	25.94% 311	63.64% 763

Community Demographics

24.3% of Garland residents over age 25 have not earned a high school diploma

Garland median income is below Dallas County & Texas averages.

15.7% of Garland residents live below the poverty level.



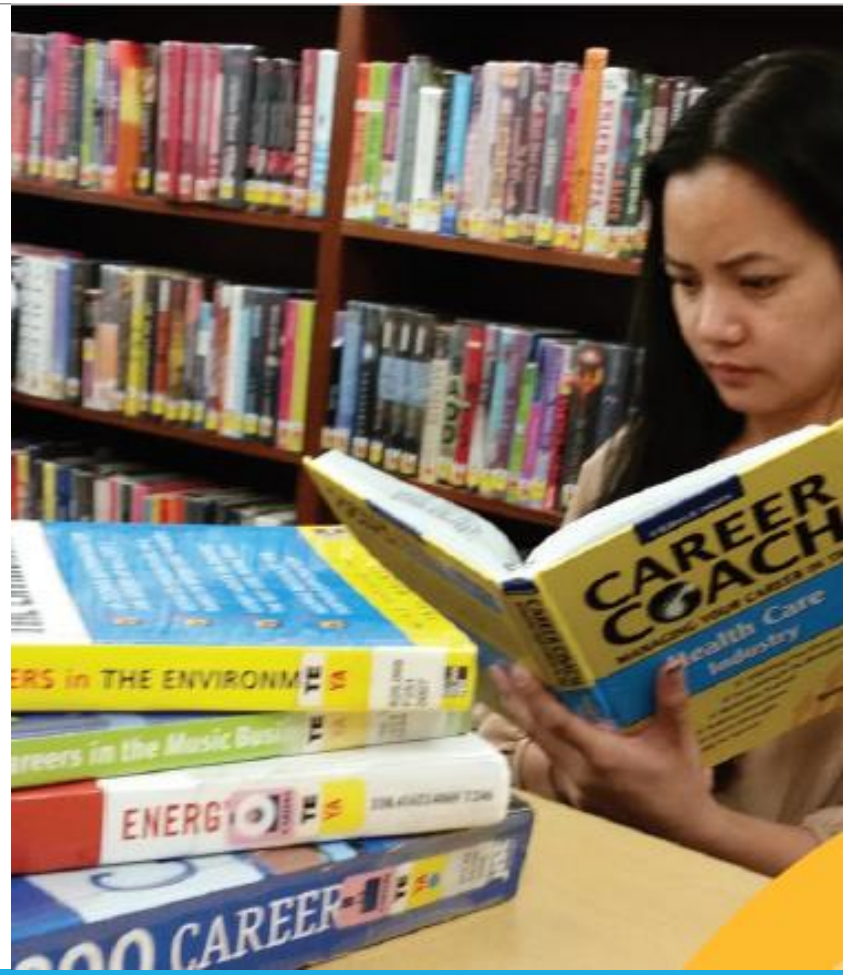
Community Demographics

In almost half of Garland homes (48.3%), a language other than or in addition to English is spoken.

GISD officials are on record as confirming that readiness to enter the public school system has steadily declined since the 1990s.

Garland Public Libraries

To combat this shortcomings, Garland Public Libraries have been, and are currently, providing literacy based programs for early & emergent readers, adult education programs highlighting workplace & technology skills training.



Garland Public Libraries

GPL provides a robust collection of materials (both print & digital) in multiple languages that support adult education & provide online databases that offer GED, ESL, resources, job skills training, technology programs & outreach services.

GPL serves all segments of the community openly & equally.

The Library Master Plan

It's Our GARLAND
Library
Master Plan

Master Plan Direction

It is against this backdrop that Godfrey's Associates has collaborated with Garland Public Libraries staff to craft a Master Plan that will:

- Address acute community needs
- Increase the value the Library currently provides
- Improve the Quality of Life in Garland

Community Needs

Increasing income levels

Getting children ready for public school or college

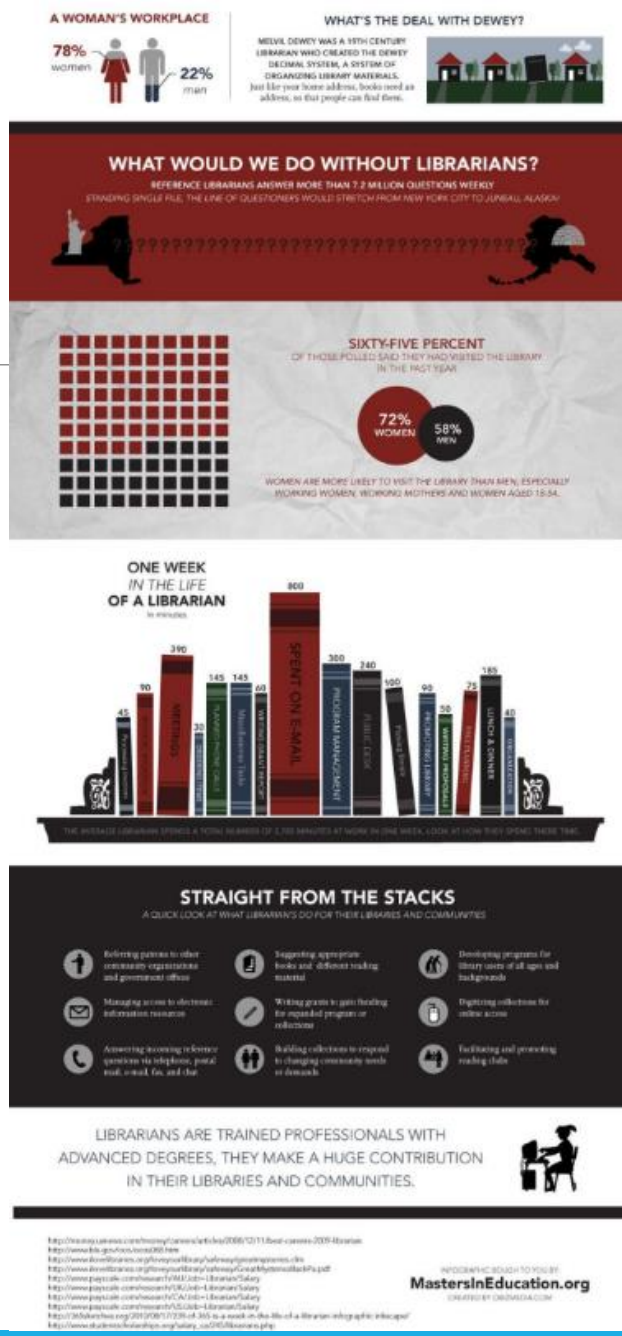
Improving job skills & business creation

Attracting residents

Master Plan Strategies

Master Plan recommendations are based on:

- Building upon the Library's strengths
- Exploiting community opportunities
- Investing in technology to support operational efficiencies

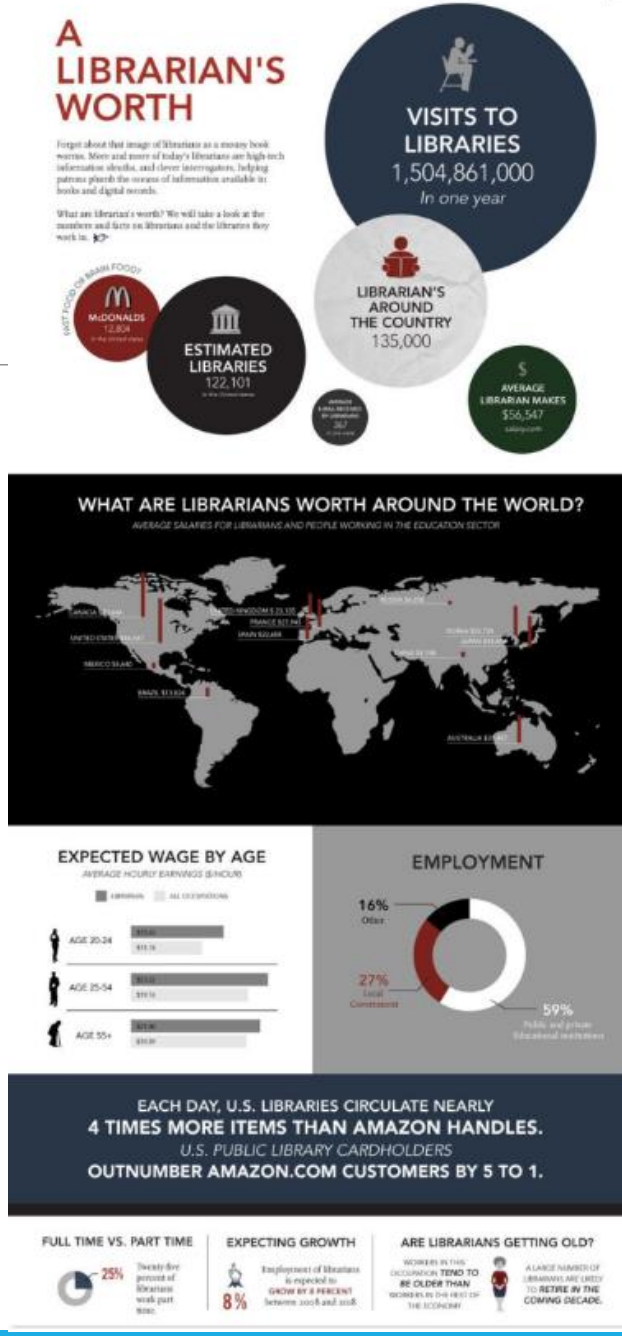


Garland Library Strengths

Library staff, particularly professional Librarians

Collections of books & media, both print & electronic

Facility coverage of the city limits, with room for improvement



Garland Library Opportunities

Expand the use of technology to realize staffing efficiencies via customer self-service & automation.

Leverage community resources through partnerships with like-minded organizations.

Expand the Library's reach into the community via Outreach & Marketing.

Diversify funding sources for the Library.

Master Plan Development

It's Our GARLAND
Library
Master Plan

Master Planning Methodology

Information Gathering & Analyses

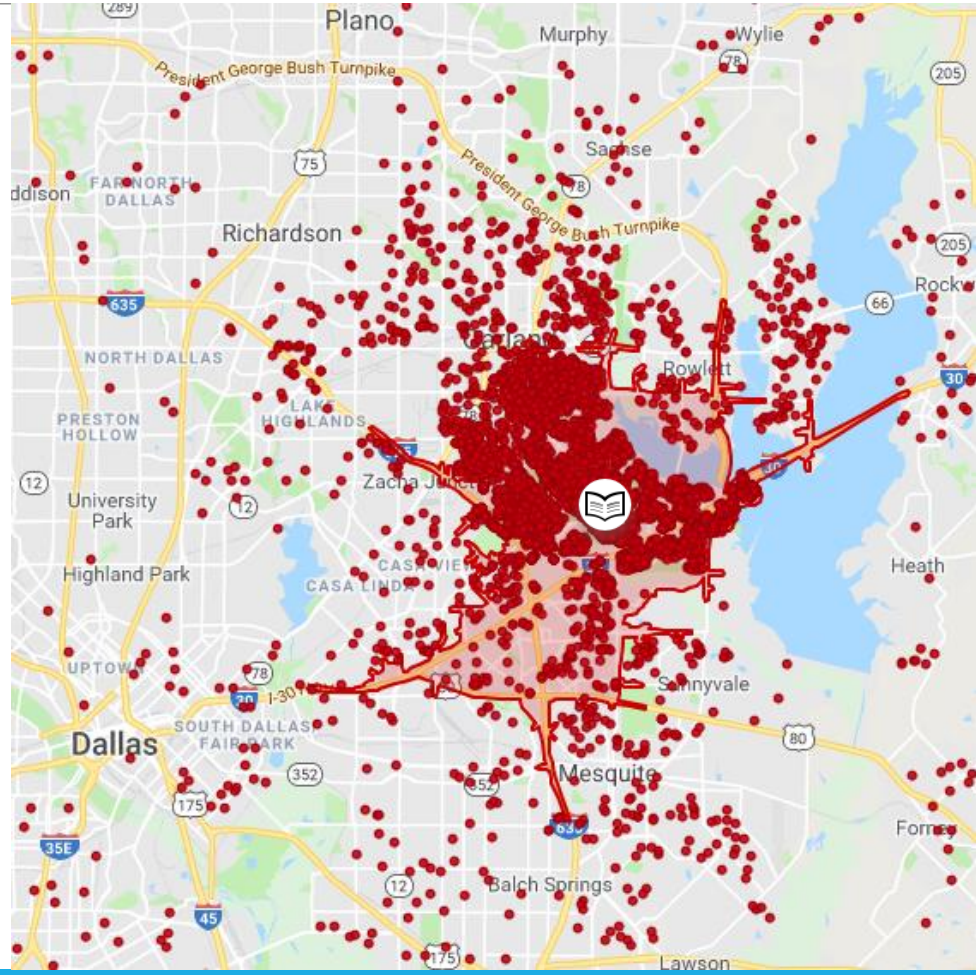
- Demographics & Psychographics
- Community Engagement

Benchmarks via Standards & Peer Comparisons

Findings of Current Conditions

Recommendations

Strategic Planning



Master Plan Components

The Master Plan for Garland Public Libraries includes:

- 3-year Technology Plan
- 5-year Strategic Plan
- 5-Year Staffing Plan
- 20-year Facilities Plan

Local Market Conditions

Analysis of Market Demographics

Godfrey's analyzed multiple population forecasts.

The City of Garland's adopted build-out population for the City is forecasted to be 264,438.

U.S. Census & City of Garland data are the basis of demographic analysis in the Master Plan.

Demographics by Location

Households within a one-mile radius around each Library:

	residents	*high school diploma*	*college degree*	*median income*	*poverty rate +/-*
North Garland	16,072	80.8%	35.6%	$56,603	13.9%
Central	12,355	62.7%	16.9%	$48,233	12.3%
Walnut Creek	18,049	52.5%	12.8%	$44,249	20.7%
South Garland	16,819	83.5%	33.5%	$58,063	13.4%

Psychographics Analysis

The Library's primary core customers mostly come from 3 market segments:

- Middle-class blue-collar families with teen-aged kids living in bilingual households
- Mature, multi-ethnic bilingual couples with comfortable & active lives in middle-class neighborhoods
- Middle-aged, mid-scale income, bilingual families with pre-teens & teens

Community Engagement

It's Our GARLAND
Library
Master Plan

Community Input Methodology

Survey of 1,500+ respondents

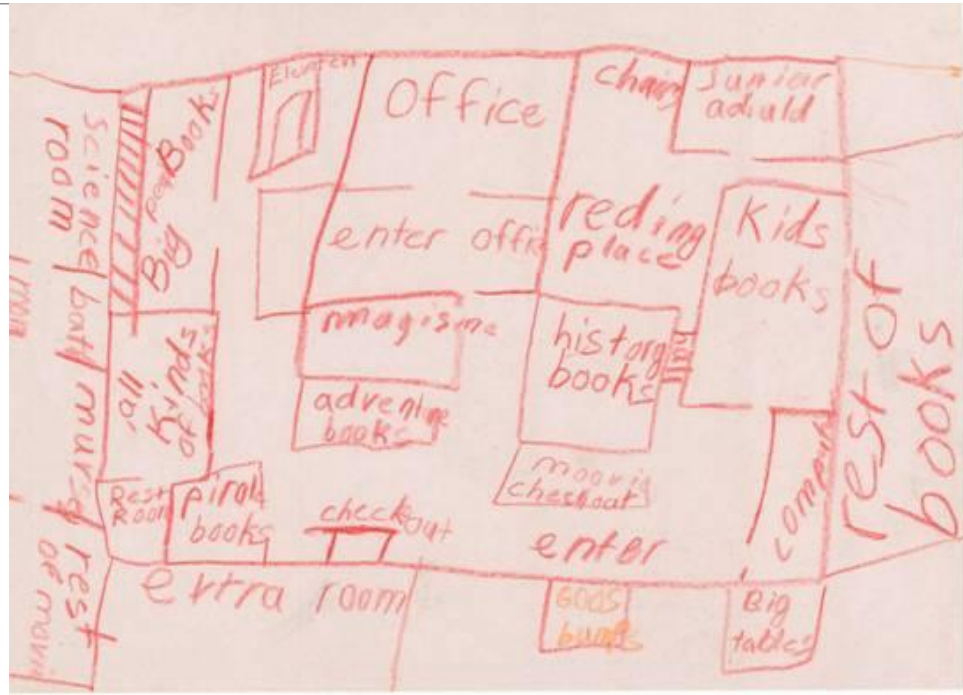
11 community forums

8 staff forums

12 one-on-one stakeholders interviews

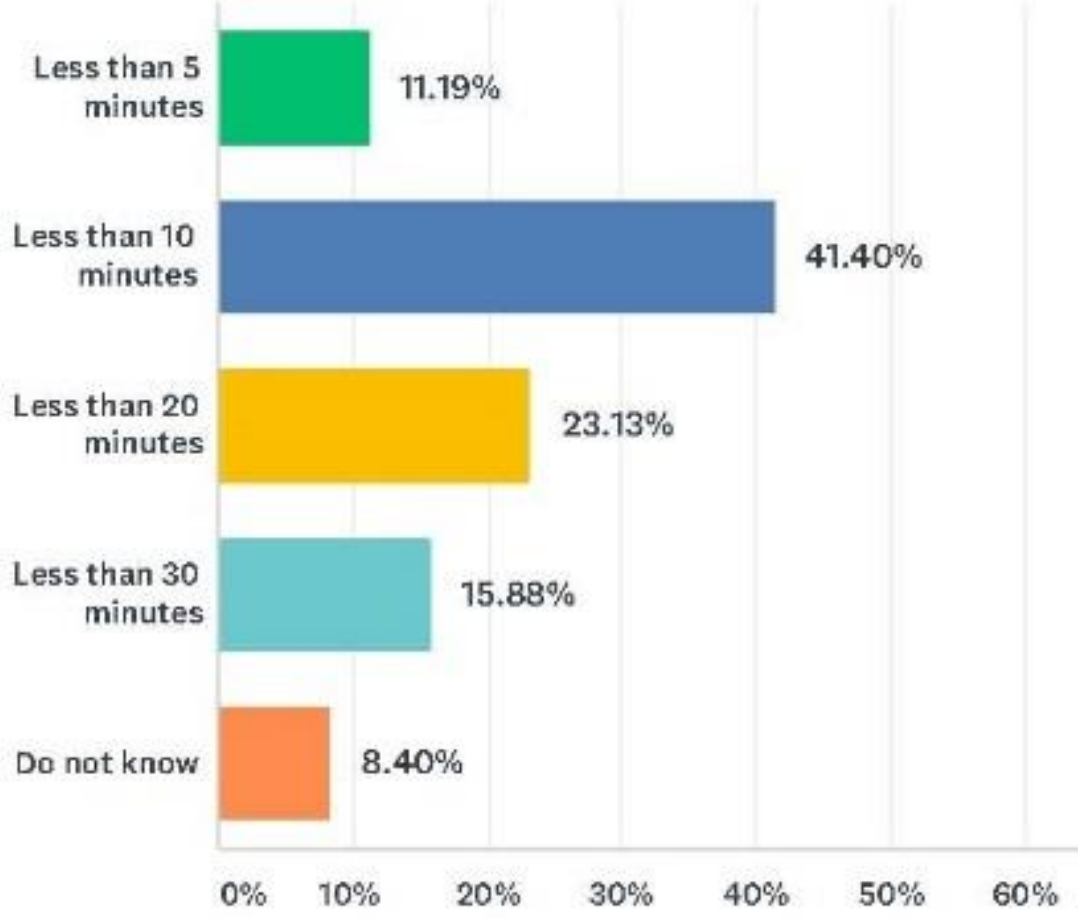
Over 1,600 of people engaged

Qualitative data gleaned from survey & forums



Community Survey

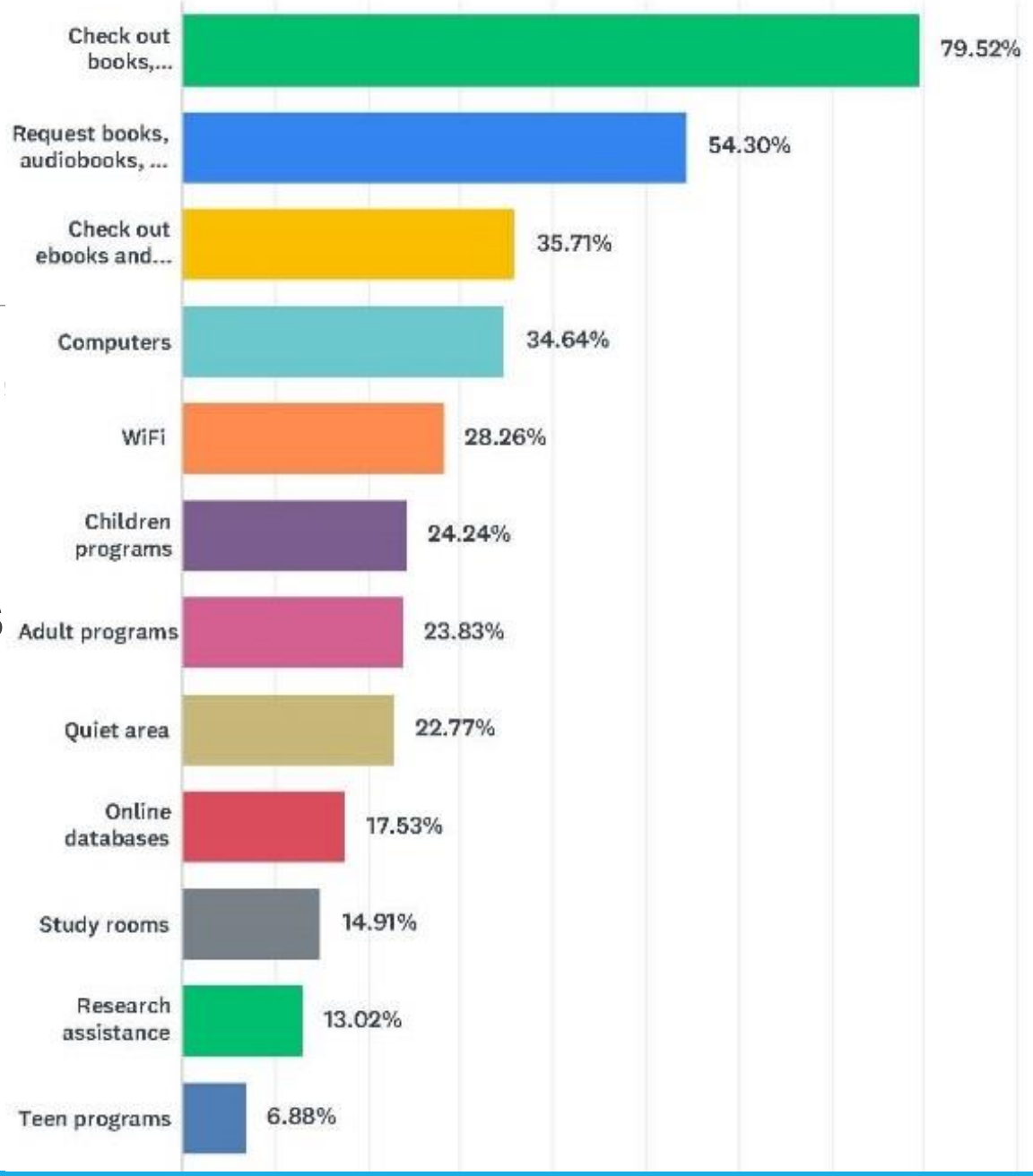
- 81% visit multiple locations, most often the one closest to home
- 94.6% drive, followed by walking (8.7%)
- 52.6% say trip time to a Library should take less than 10 minutes



Community Survey

Survey respondents seek traditional services as well as emerging offerings – with emerging trends:

- Customers bring their own mobile devices
- Policies of the eBook industry are in flux
- Not enough meeting/study spaces



Library Industry Standards

Benchmarking Garland Libraries

TSLAC/TPL Standards – what gets benchmarked in Texas & where Texas standards rank nationally compared with other state standards.

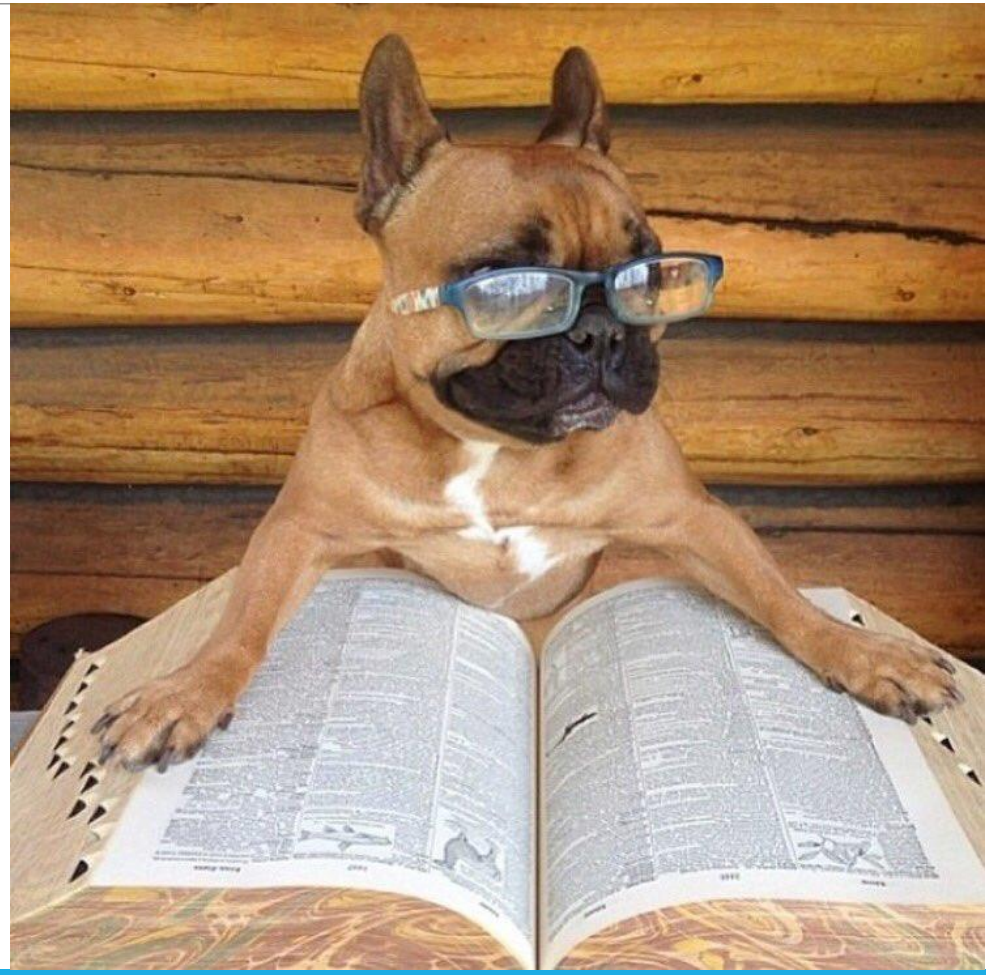
Comparisons with the state as a whole & also with peer Metroplex libraries.

There are no codified national standards – where does Garland rank nationally compared with other libraries?

Texas Public Library Standards (TPLS)

Godfrey's organized the analysis of FY2017/2018 Garland statistics along the lines of the 8 categories of the most recent (2014) TPLS:

- Facilities
- Services
- Collections
- Technology
- Personnel/Staffing
- Finance
- Marketing/Advocacy
- Administration



Texas Public Library Standards

Godfrey's analyzed Garland's compliance with the 8 metrics for the Basic, Enhanced & Exemplary levels of achievement. Findings revealed:

- Garland meets the Enhanced threshold on 3 of 8 quantifiable TPLS metrics
- Garland meets the Exemplary level on 3 of 8
- So, Garland is above the Basic level on 6 of 8 metrics

Benchmarking Garland vs. Other Libraries

The Consultants compared Garland with 9 peer Metroplex public libraries:

- Arlington
- Carrollton
- Denton
- Frisco
- Grand Prairie
- Irving
- Mesquite
- Plano
- Richardson

Benchmarking Garland Libraries

Per capita findings revealed that Garland competes well in:

- Public computer usage
- Budget for collections
- Number of total & professional personnel

Benchmarking Garland Libraries

Garland lags behind in the per capita metrics for:

- Hours open & square footage
- Revenue & expenditures
- Circulation of collection items

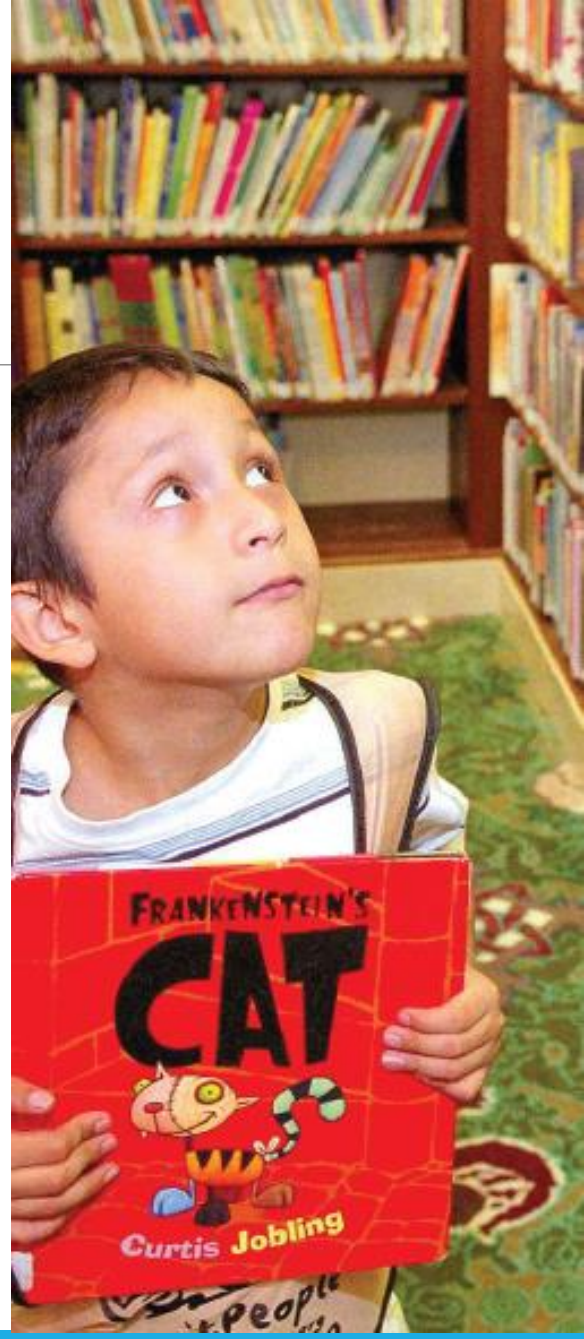
Average Weekly Hours Open per Facility

Frisco	70.0 hours in 1 facility
Plano	69.0 hours in 5 facilities
Richardson	68.0 hours in 1 facility
Irving	64.0 hours in 4 facilities
Denton	64.0 hours in 3 facilities
Grand Prairie	58.7 hours in 3 facilities*
Mesquite	57.0 hours in 2 facilities
Arlington	56.3 hours in 7 facilities
Carrollton	48.5 hours in 2 facilities
Garland	46.0 hours in 4 facilities (Central open 64 hours, branches open 40)

National Standards & Best Practice

Godfrey's documented national library standards & industry best practices:

- Texas Standards (2014) are weak in comparison with current State-wide averages, as well as Colorado (2016) & Florida (2010) standards
- Texas Standards accommodate small, rural jurisdictions – therefore are graduated by population served
- Compensation may be required to avoid skewed analysis due to lag time of most recent standards updates



Garland Library Conditions

It's Our GARLAND
Library
Master Plan

Current Conditions: Facility Locations

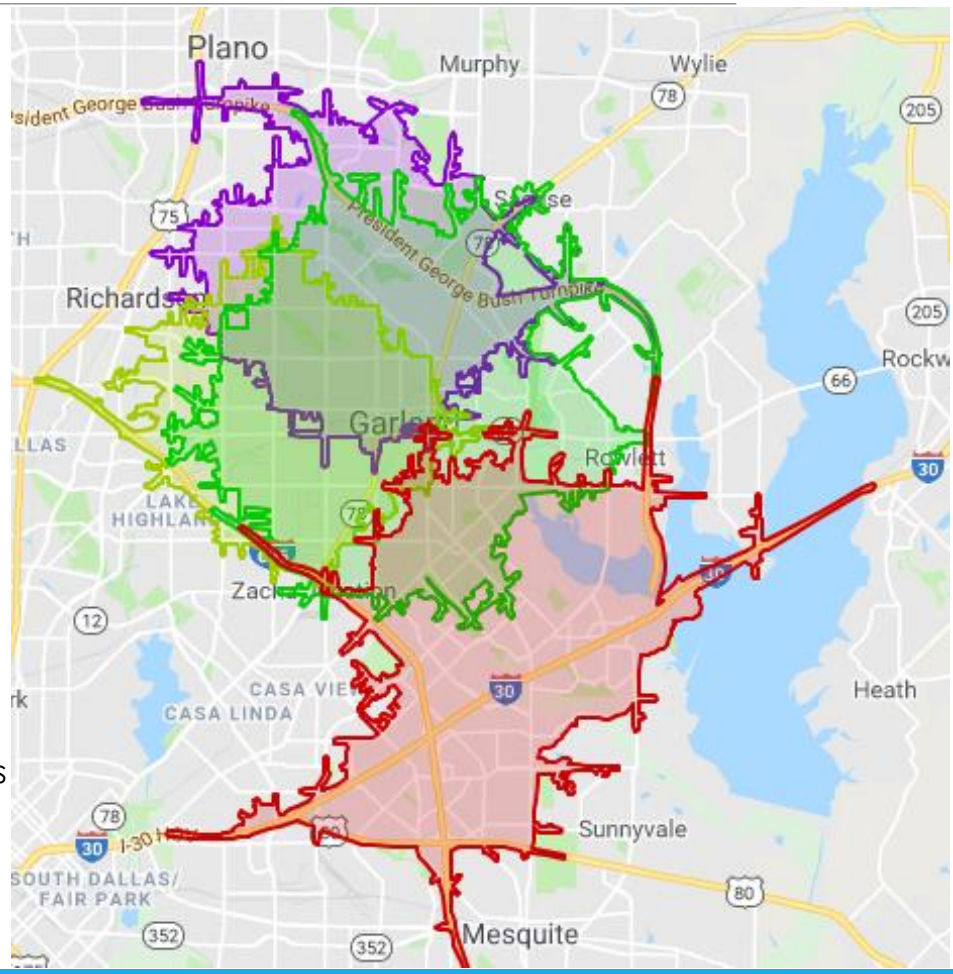
- Existing library locations provide adequate coverage of the City Limits within an average 14-minute drive time
- Compares with 8-minute drive time for Fort Worth Public Library's 16 facilities
- Coverage is lighter in South & East Garland than in North & West Garland

North Garland Trade Area – 12 minutes

Central Garland Trade Area – 16 minutes

Walnut Creek Trade Area – 13 minutes

South Garland Trade Area – 13 minutes

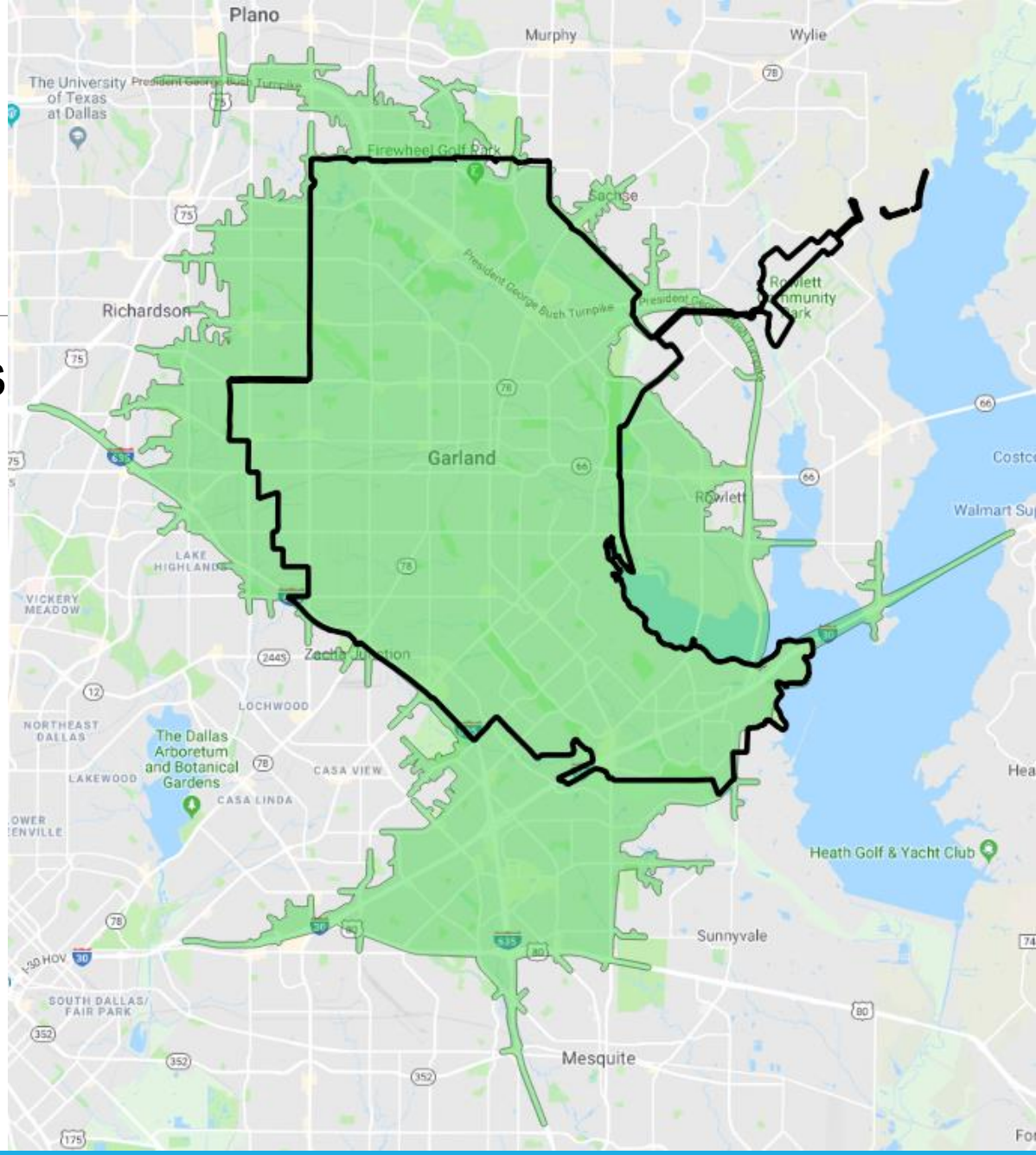


City Coverage

The conglomerated service area boundaries (shaded green) of the four Garland Public Libraries cover 96.7% of the Garland city limits while extending beyond the City's boundaries.

67% of Library users live within an average 14-minute drive-time of a Garland Library.

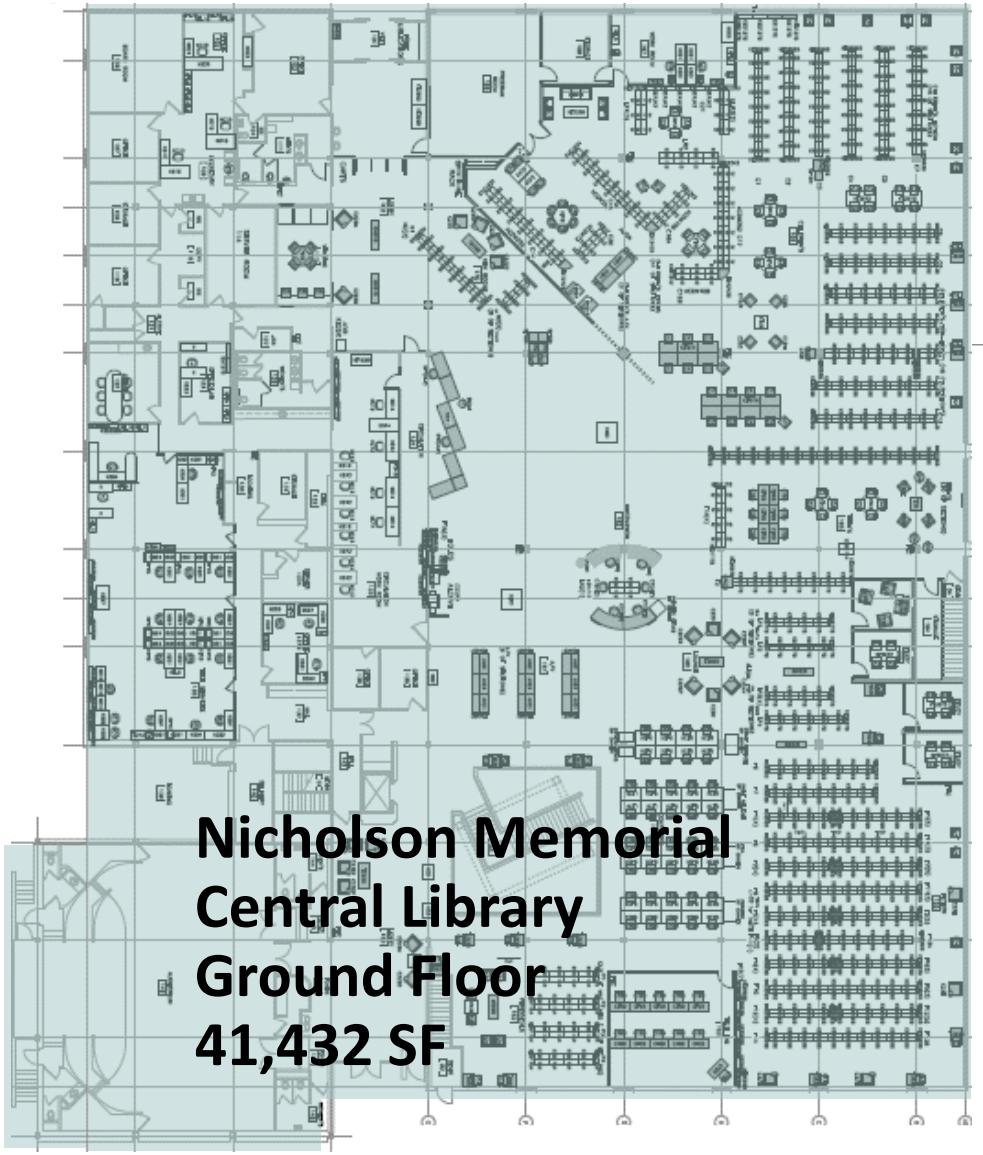
Approximately 20% of regular Library users live outside the Garland city limits, primarily in the Counties of Collin, Rockwall & Dallas.

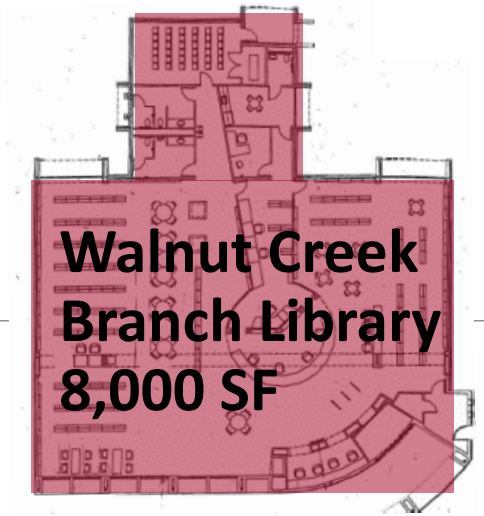


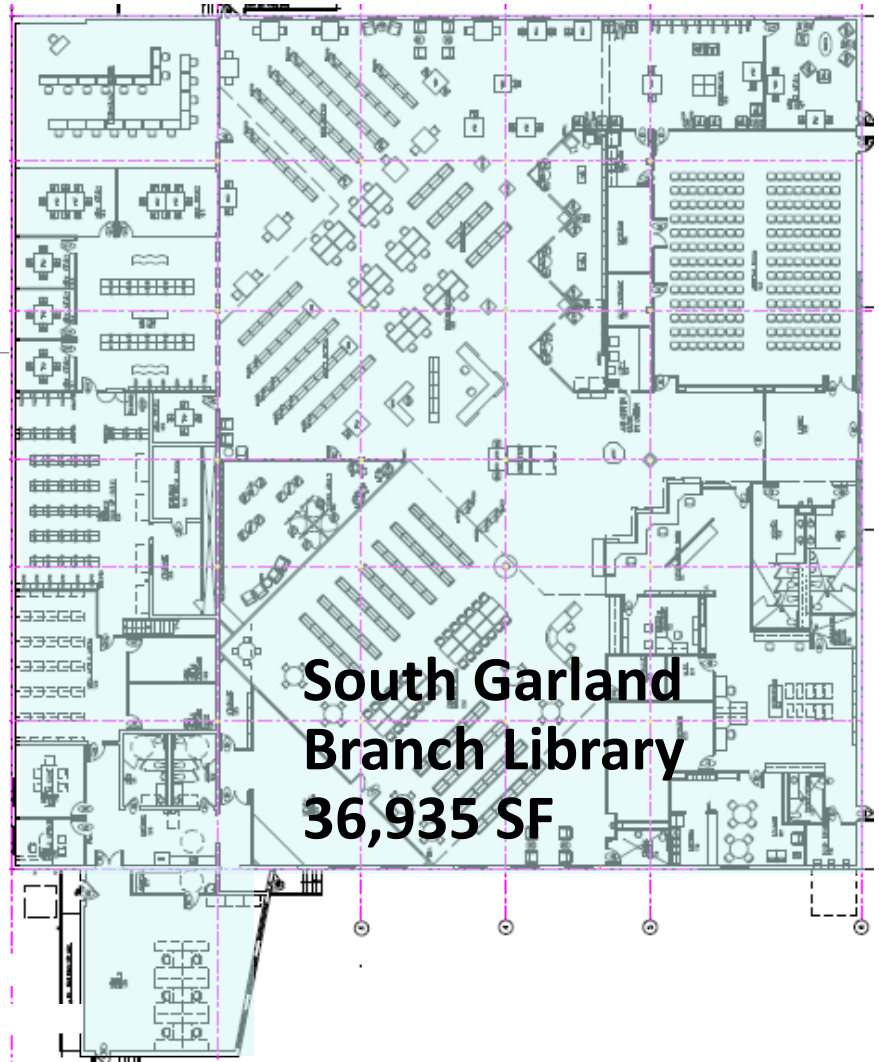
Current Conditions: Total Space

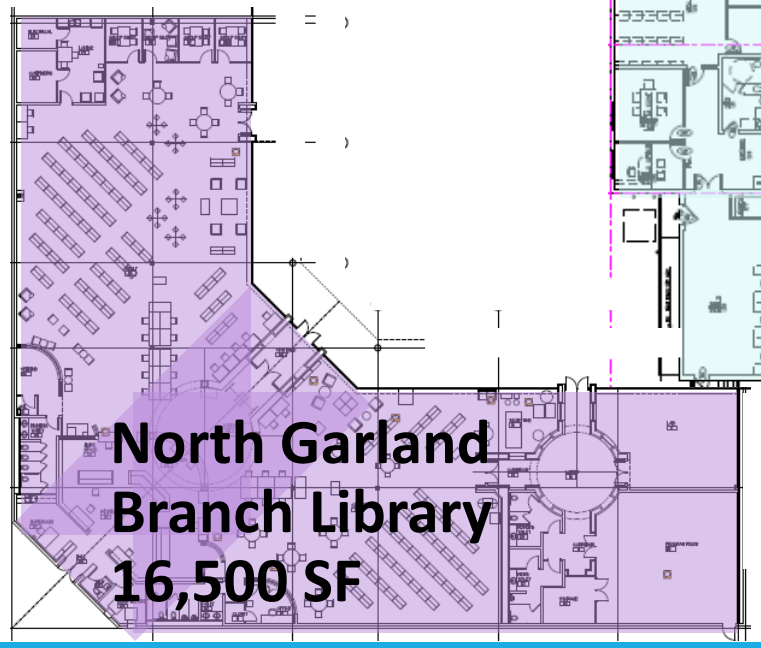
Garland Public Libraries meet the Basic State Standards, providing 0.51 square feet per capita in 2018. This compared with a State-wide average of 1.06 square feet per capita & the de facto national standard of 1.00.

Based on a projected City population of 264,438 at build-out, the Library system will need to add 143,500 square feet to meet the recommended 1.00 standard for library space – a 119% increase over current space.









Ground Floor Plans of Each Building to Scale

Current Conditions: Library Space Needs

The Library system is comprised of aging buildings, 2 of which are too small to provide modern library services:

- Walnut Creek, at 8,000 square feet
- North Garland, at 16,500 square feet
- Larger Branch Libraries (minimum 35,000 square feet) are required to meet community needs & best practice standards

Current Conditions: Library Configuration

South Garland (36,935 square feet) & Central Library (59,475 square feet) provide adequate amounts of total space.

Space is not optimally configured to provide modern library services.

Modernization of Garland Libraries would be required to meet community needs & best practice standards.

Current Conditions: Service Hours

Garland provides 95% of the Enhanced State Standard for hours open per week, at 62 hours open at the Central Library (44.0 per facility, average).

This compares to the peer average of 63.3 hours per facility (TPLS = 66.0 & 68.0 hours for Enhanced & Exemplary, respectively).

Best practice is considered 73 hours open per week (12 hours each Monday -Thursday, 10 hours each Friday & Saturday, 5 hour Sunday).

Current Conditions: Collections

At 2.60 collection items per capita, Garland exceeds the Enhanced level. This compares to the peer average of 1.93, best practice of 7.00, and the State-wide average of 8.11 items per capita.

Circulation of Garland Library collections declined from 2013 to 2016, but increased each of the past 2 years at each Library, in line with national trends.

Current Conditions: Technology

Garland meets the Enhanced level State Standard for number of public computers available at 1 per 1,684 population.

Previous technology planning lacked specificity about schedules for replacement of hardware & software, or emerging technology applications that could improve service delivery.

The Library's webpage needs to be more easily accessible.

Current Conditions: Staffing

Garland exactly meets the Enhanced Standard for total staff at 1.00 FTE per 3,500 population, as does the State-wide average.

Garland meets the Exemplary State Standard for professional Librarians at 1.33 per 10,125 population. Your current contingent of professional Librarians is a tribute to the legacy of the prior Administration.

Current Conditions: Staffing

While Garland has adequate numbers of FTE, Godfrey's identified these areas of staffing needs:

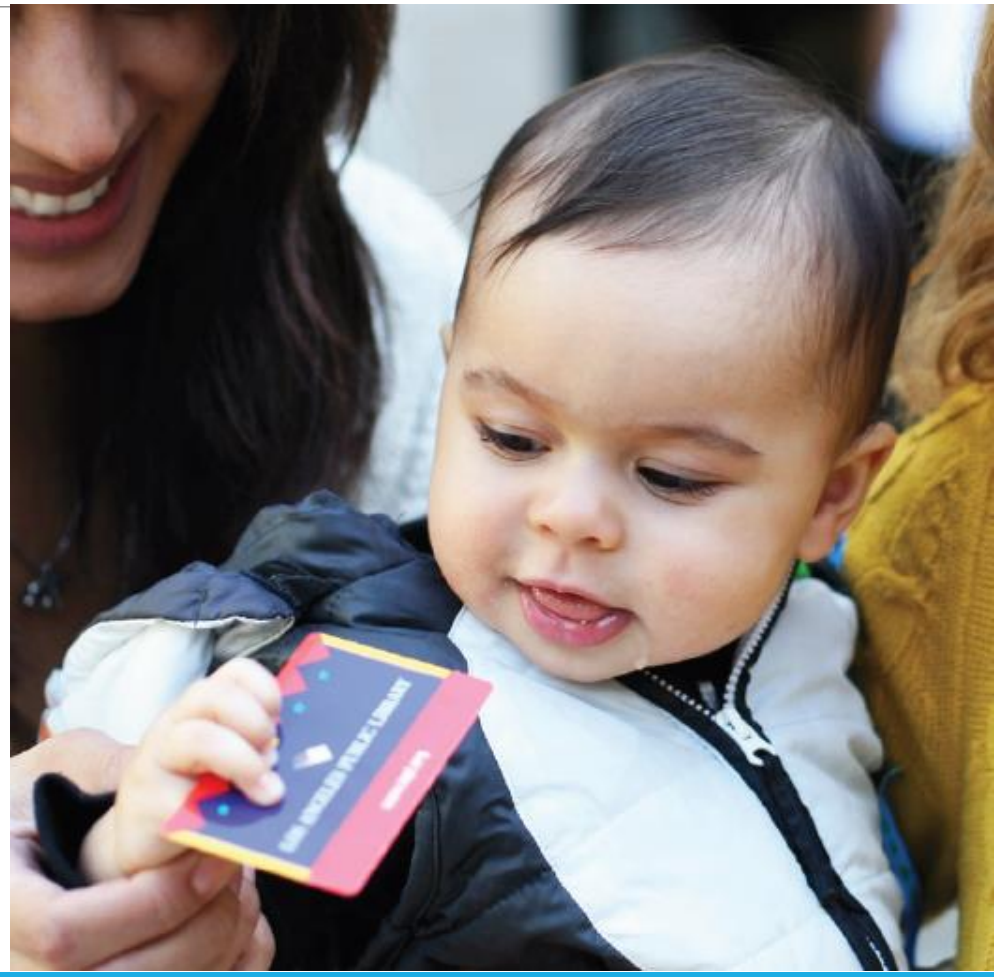
- More bilingual staff
- New specialty positions, including Marketing Manager & Outreach Coordinator
- Future staff additions could be at the para-professional level to support Librarians

Current Conditions: Finance

Garland exceeds Exemplary State Standard ($21.96) for total expenditures per capita at $24.29, compared with a State-wide average is $27.90 per capita.

Garland exceeds Exemplary Standard for collection expenditures at $4.79 per capita.

The peer average for collection expenditures was $4.12 per capita.



Current Conditions: Marketing/Administration

The term Nicholson Memorial Library System does not adequately describe the geographic location and reach of the Garland Public Libraries.

The total cost to operate each Library location, per square foot: North Garland ($19.81), South Garland ($20.33), Walnut Creek ($39.74), and Central Library ($60.91, includes Administrative & Support Services for the entire system).

Master Plan Recommendations

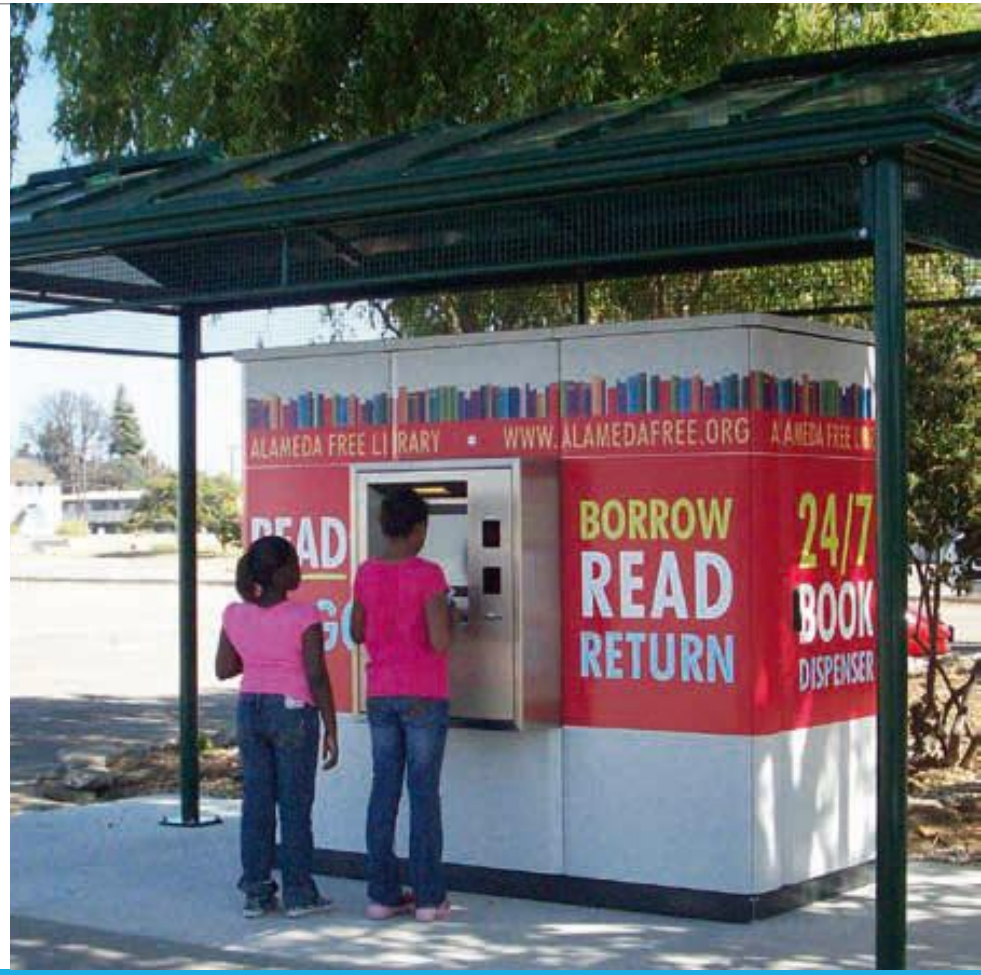
Going Forward: Facilities (7 to 10 years)

Reinforce City goal of Well-Maintained City Infrastructure through:

- Constructing a 18,400 square foot replacement for Walnut Creek Branch, expandable to 35,000 square feet, on a 3.5-acre site fronting a major thoroughfare for $10.8 million
- Constructing a 35,000 square foot replacement for North Garland Branch on the City-owned 5-acre site with a budget of $15.84 million in 2019 dollars
- Modernizing the Central Library & South Garland Branch to include improvements to Meeting Rooms, added Study Rooms, Makerspaces, Teen Areas & staff work areas, as well as allowing for extended service hours without staff presence

Going Forward: Facilities (7 to 10 Years)

- Install one or more modular kiosks to provide 24/7 service in underserved and/or high traffic areas of Garland – District 5 & Northeast Garland
- As a means to increase circulation, focus on shelving reconfigurations at all Libraries, in conjunction with deselection of older collection items
- Establish a Workforce Development Center at the Central Library with space for mentoring & classes for individuals & businesses



Going Forward: Facilities (10+ years)

Reinforce City goal of Well-Maintained City Infrastructure by:

- Constructing a 5th Library, 35,000 square feet, in Southeast Garland with a budget of $15.84 million in 2019 dollars
- Expanding the Central Library to 122,000 square feet – OR – replacing it on-site with a mixed-use Library/Retail/High-Rise Residential/Office complex in partnership with a real estate developer
- Installing modular kiosks to provide 24/7 service in underserved & high traffic areas of Garland – Dart Rail Stations, Firewheel Town Center, etc.

Going Forward: Services

Reinforce City goal of Enhanced Quality of Life through Amenities, Arts & Events through:

- Life-long learning for all ages via STREAM curriculum
- Workforce training & small business support
- Eliminate overdue fines & associated impediment to library use by children & the poor

Going Forward: Services *(continued)*

Partner with business-centric entities throughout Garland to improve:

- Job skills
- Entrepreneurship
- Adult literacy

Going Forward: Technology

Reinforce City goal of Growing Economic Base by:

- Providing state-of-the-market technology that improves the customer experience
- Supporting staffing efficiencies
- After-hours access to self-service

Going Forward: Technology *(continued)*

- Install audio-visual technology in all Meeting & Study Rooms
- Provide mobile technologies for borrowing & in-Library use – laptop computers, tablets, mobile power packs & mobile hot spots
- Convert select single-user desktop computer stations to multi-user collaborative stations with high-end software – Photoshop, Pro Tools, AutoCAD, Revit, PowerDirector, etc.

Going Forward: Staffing

Reinforce City goal of Customer-Focused City Services by:

- Retain talented & knowledgeable employee base while implementing strong communications & professional development programs
- Train and/or hire multilingual staff at professional & support levels to work at all Library locations – focusing on Spanish, Vietnamese & Mandarin
- Retrain and/or hire staff to fill a few unique but currently non-existent positions in Library Administration of Marketing Manager & Assistant Manager, Graphic Designer & Outreach/Volunteer Coordinator

Going Forward: Finance

Reinforce City goal of Sound Governance & Finance by:

- Simultaneously seeking additional & sustainable revenue streams while investigating ways to streamline expenditures
- Study potential methods to increase revenue such as forming a Library Foundation or a Library District
- Pursue sponsorships for Outreach events & in-Library programs

Going Forward: Finance *(continued)*

Prioritized additional sustainable revenue streams could include:

- Becoming a certified U.S. Passport Center
- Public- & private-sector grants
- Non-resident compensation

Going Forward: Marketing

- Publish the succinct Mission Statement as written by the Library Board & recommended in the Master Plan
- Brand Nicholson Memorial Library System (NMLS) with a new name, new logo & new name for the Central Library
- Develop, staff & deliberately roll out a system-wide marketing strategy

Going Forward: Administration

- Establish a regular planning schedule for Facilities (5-year cycle), Service Strategies (5-year cycle) & Technology (3-year cycle)
- Revise Library's existing Policies & Procedures Manual to reflect staff & Master Plan suggestions and/or recommendations
- Develop a Staff Communications Plan that encourages communications between all staff in all Library departments & locations

Strategic Plan Priorities

Library Mission Statement

An elegant new statement of the future mission of the Library System was developed by the **Library Board**:

*The **Library builds community** by personally assisting customers in discovering information, services & programs that enrich their **quality of life.***

*The Library provides access to technology that contributes to **economic growth** by supporting early literacy, workforce development, small businesses & urban development.*

Library Vision Statement

Garland Public Libraries strive to serve all library users, today & tomorrow, by providing:

- *Enthusiastic, well-trained staff who deliver stimulating & innovative programs & services*
- *Technology that heightens the customer experience &supports staff efforts*
- *Welcoming facilities that are accessible, durable, user-friendly & adaptable to future needs – making them more sustainable*
- *Sound fiscal stewardship through operational efficiency & innovative fundraising*

Goal 1:
Support Literacy & Learning

Primary efforts to ***enhance the quality of life through amenities, arts & events*** in greater Garland through life-long learning include:

- Hire or train one bi-lingual staff person with applicable language skills at each location
- Hire or train an Outreach and Volunteer Coordinator to help expand Outreach Services to reach deeper into the community
- Strengthen services to Youth of all ages

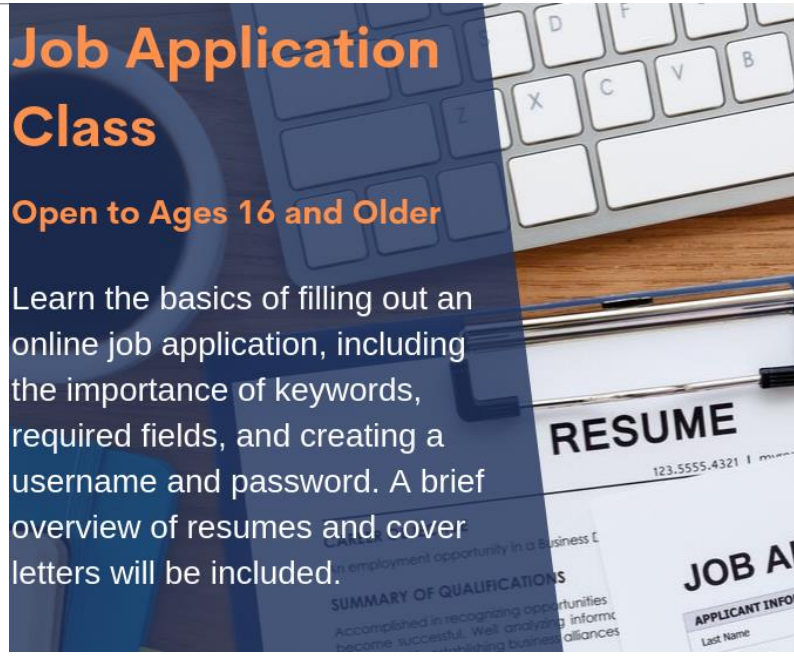
Goal 1:
Support Literacy & Learning *(continued)*

- Publish the succinct Mission Statement as written & recommended in the Master Plan
- Brand NMLS as Garland Public Libraries, with a new logo & new name for the Nicholson Memorial Central Library

Goal 2:
Develop Our Workforce & Economy

Primary efforts to ***grow the economic base*** through workforce development include:

- Establish symbiotic partnerships with like-minded service providers to leverage community resources, reduce redundancy & improve the delivery of social services
- Offer Classes for adults individuals who need digital literacy, basic & advanced computer technology (to include SMART phones & other devices) skills
- Provide Technology instruction for adults in applications of word processing, spreadsheets, graphics & audio



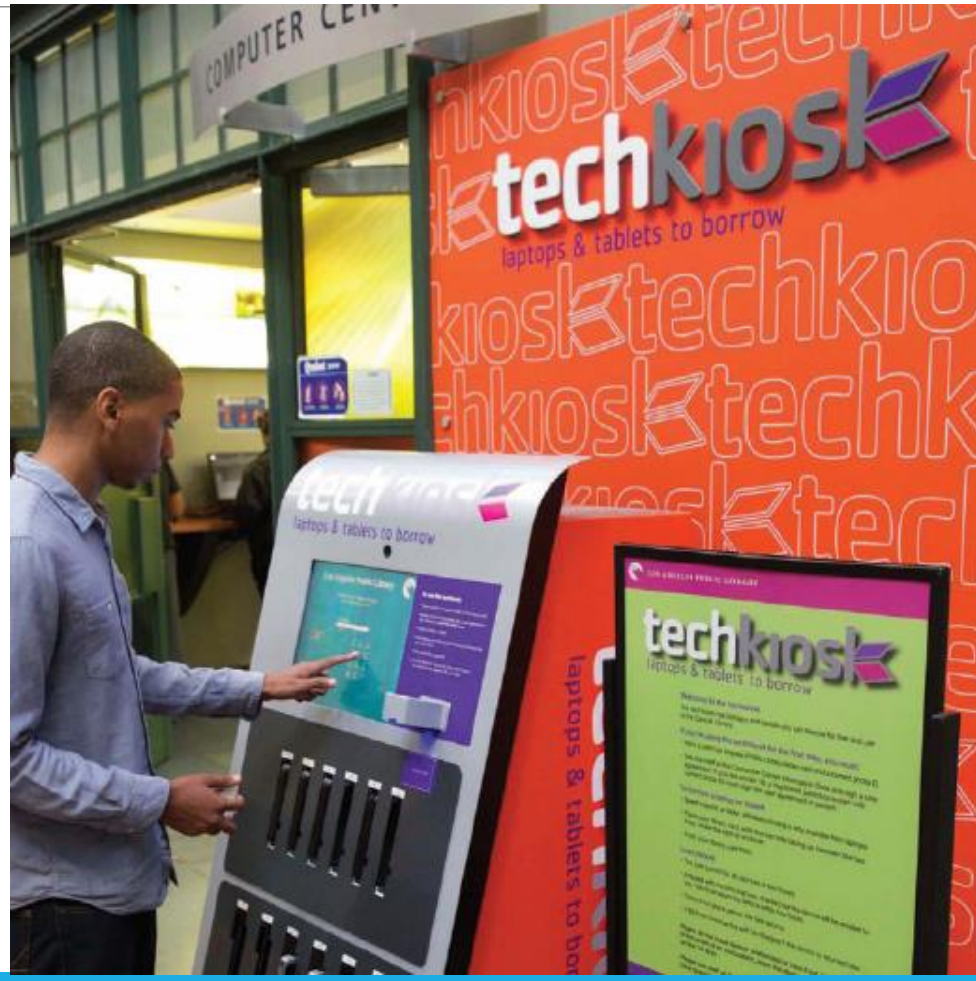
Goal 3:
Evolve With Technology

Primary efforts to provide ***customer-focused city services*** through state-of-the-market technology include:

- Install the latest updates on all Library computers
- Investigate open Wi-Fi to ensure all Mac and Windows computers can connect to the Libraries' wireless networks

Goal 3:
Evolve With Technology *(continued)*

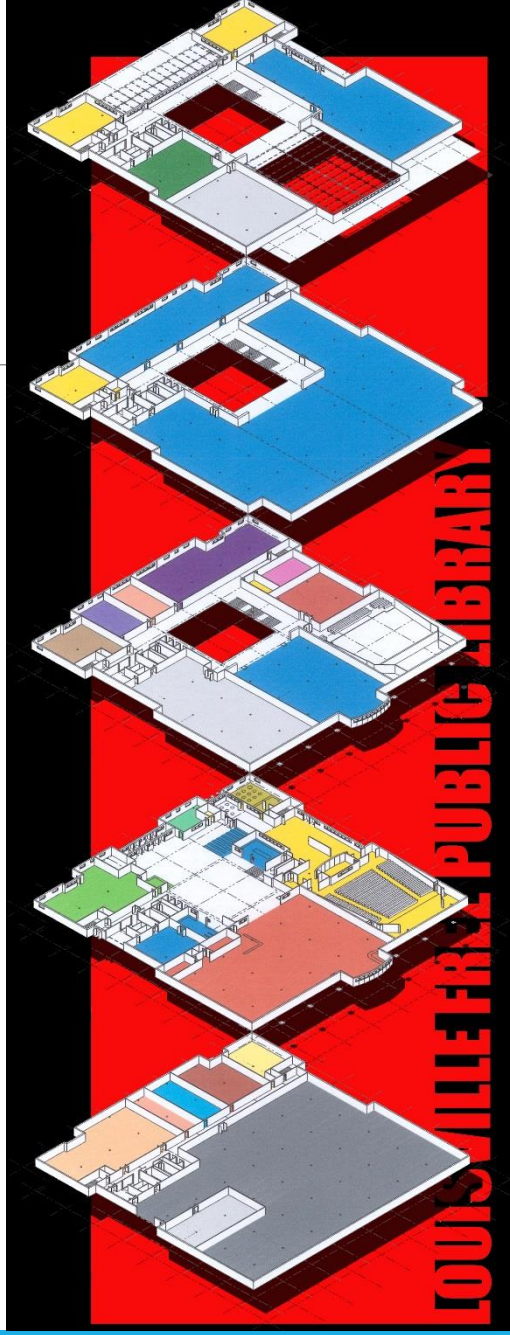
- Investigate bandwidth increases for hard-wired & wireless computer networks via fiber optics and/or potential 5G technologies
- Provide loanable laptops, eBook readers, iPads/tablets, mobile charging packs & mobile hotspots for in-library use or check-out



Goal 4:
Build Community Connections

Primary efforts to provide ***well-maintained city infrastructure*** through welcoming library facilities include:

- Develop Building Program Statements for new construction or modernization all 4 Library facilities, as applicable
- Determine optimum location, approve Building Program Statement & issue RFQ for design for replacement of Walnut Creek Branch Library
- Determine optimum location, seek vendor proposals, appropriate bond funds & install a Library kiosk in Council District 5 – and potentially a DART rail station(s) or Firewheel Center



Goal 5:
Maintain Organizational Health

Primary efforts to adhere to ***sound governance & finance management*** through building upon the strengths of library personnel include:

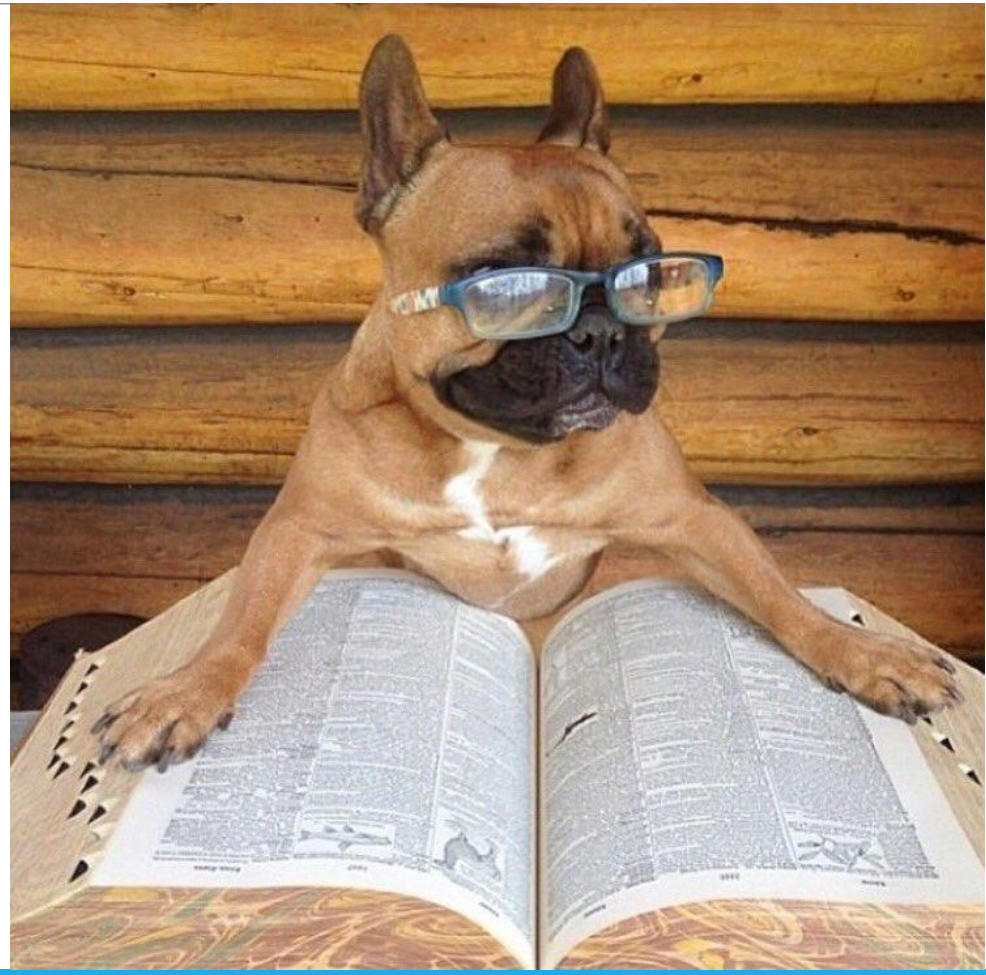
- Eliminate overdue fines in order to re-incentivize affected low-income customers & children to check out Library materials, freeing staff from the inefficient task of collecting those funds
- Fill new positions through reassignment of current staff and/or new hires
- Establish mentorships for developing staff & a continuing education program

Initial Action Plan

It's Our GARLAND
Library
Master Plan

Piloted Programming

- Sensory programs for children & caregivers
- Job Skills classes to help Garland's workforce
- Bilingual Storytime



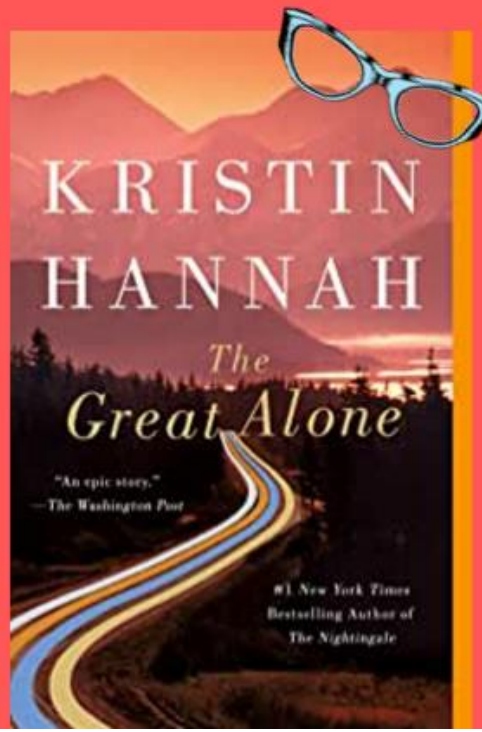
Piloted Programming *(continued)*

- Books Clubs
- Teen Advisory Board
- ESL Conversations Class

Book Club

Ages 18 and Older

Interested in reading and discussing books with other library patrons? Join us for a new book club at the South Garland Branch Library as we discuss *The Great Alone* by Kristin Hannah. Light refreshments will be provided.



South Garland

Piloted Partnerships

- Animal Services
- Urban Flea for Storytime on the Square
- DCCCD for GED/ESL Classes (postponed for COVID-19)

Increased Outreach

- Efforts to include library card signup
- Hispanic Heritage
- GISD Literacy for Life

Increased Outreach *(continued)*

- Headstart Greater Dallas Fall Festival Event
- Maker Market at Lakewood Brewery
- Garland Youth Council

Services

- Automatic renewals
- Library Makerspaces (2020 CIP)
- Open Wi-Fi (through IT)

Questions?

Section 1

Introduction

"The best stimulant for the brain is a person. In fact, we are learning now that the intrusion of media and specialized toys are either a distraction or, in some cases, not good for young children, infants, and toddlers. The best toy a child can have is a parent who gets down on the floor with them and will (be) there on the playground."

Bruce Perry, M.D.

The Nicholson Memorial Library System (NMLS) provides meaningful and impactful services and programs to the residents of Garland and beyond. To further its mission, the Library periodically updates planning efforts, in this case, a Comprehensive Master Plan addressing all aspects of Library operations. The City of Garland hired Godfrey's Associates, Inc. Library Planners & Consultants (the Consultants) to assess the Library system and make recommendations about its future facilities, technology, staffing, and service strategies. Like this Executive Summary, the complete Comprehensive Master Plan is organized in seven sections:

- Section 1: Introduction
- Section 2: The Modern Library
- Section 3: Standards & Best Practices
- Section 4: Current Conditions
- Section 5: Going Forward
- Section 6: Action Plan
- Section 7: Appendices

NMLS, the public library in Garland, serves residents of Garland and the surrounding area from four Library locations: the Central Library, South Garland Branch Library, North Garland Branch Library, and Walnut Creek Branch Library – and its fifth "virtual branch" – the Library's webpage.

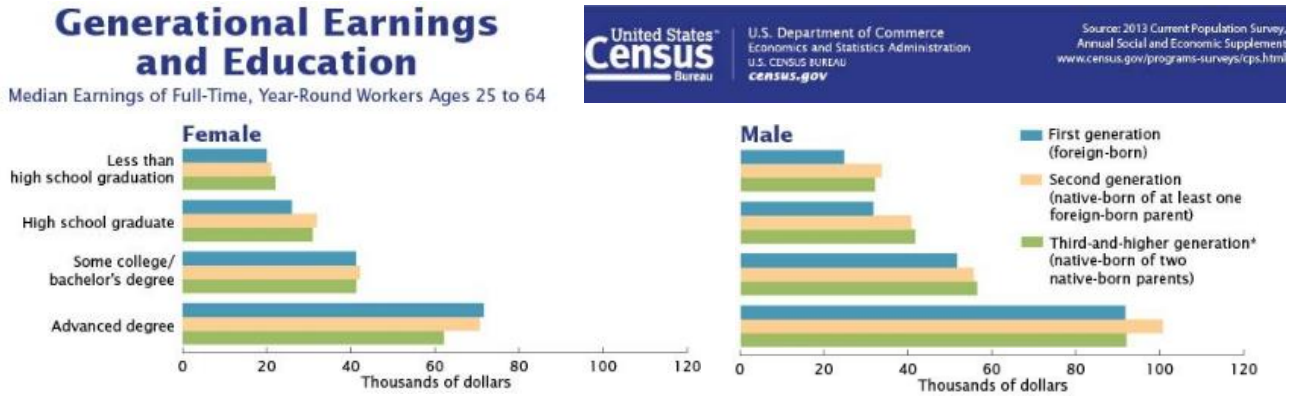
The World Today. The jobs market in the United States has been transforming along with technology for the past 20 years. Automation and self-service have eliminated many traditional jobs, while autonomous vehicles will soon eliminate many more.

Less employment opportunities and corporate outsourcing have combined with a higher cost of living to create the gig economy – where having multiple, flexible employment sources is becoming commonplace. And for years now, small businesses have comprised 99% of companies in the U.S and employ more than one-half of the country's workforce.

Still, a college degree nearly doubles a worker's income potential, according to a 2020 report by the U.S. Census Bureau. Now more than ever, a strong and broad educational foundation is critical in finding and keeping good employment, be it with a company, as an independent contractor, or by one's own self.

Along with these changes, the public library has adapted to changes in usage, new technologies, the economy, and the modern job market.

As information consumers have evolved into information creators, libraries have adapted by including Makerspaces within their facilities.



Section 2

The Modern Public Library

"The only thing that you absolutely have to know is the location of the library. . . . If you want your children to be intelligent, read them Fairy Tales. If you want them to be more intelligent, read them more Fairy Tales."

Albert Einstein, physicist

The public library has long been in the public education business – from before people enter the public school system until long after their retirement. Libraries have been, and will continue to be, a source of information, free to the public at-large, as the majority of Americans hold a public library card. Librarians are information specialist, college-educated and trained in determining good data sources from bad ones.

Nationally, numerous studies by the Pew Research Center consistently show around 70% of the U.S. public believe in the value of public libraries. Typically, voters vote for public library bond initiatives about 70% of the time, and at a rate of around 70% for the given proposition – be it for capital or operational funds. The success rate increased to over 80% in 2018 and to almost 90% in 2019.

Nationally and locally, people primarily use the public library to check out books – both in print and electronic – but far and away more print. U.S. citizens visit libraries (for free) over twice as often as (paying for) going to the movies, a live sporting event or concert, a national park or historic site, a museum, a casino, or a theme park, according to a 2019 Gallup study.

Millennials are the segment of the U.S. population that use the public library the most, according to the Pew Research Center, but not just for checking out books. Millennials are more likely to use the less traditional services of the public library, such as a gathering place to exchange ideas, and to research ways to make money – indicating the public library is one of their preferred Third Places.

Public libraries continue to be a key provider of early childhood education, through Story Times, strong collections of books, parenting resources, online databases, STREAM and technology programs, and outreach – helping to instill a love for reading in children of all ages. Reading is still fundamental. A child's vocabulary begins to form in the womb, so reading to children is key to preparing them for school.

Now, public libraries teach users as young as third graders about how to build robots, and how to write computer code. Public libraries offer classes ranging from English as a Second Language, to investing, to Virtual Reality and Artificial Intelligence. Public libraries provide a cadre of meeting and gathering spaces for tutoring, group study, and seminars. Public libraries offer entrepreneurial and small business start-up mentoring and support with partners like SCORE. Indeed, in order to leverage local resources and eliminate redundancy in social services, public libraries are partnering with a number of agencies, ranging from public schools to community colleges to social services.

Innovative offerings abound in Libraries that are gauged to prepare all ages to be productive in the future workforce from providing classes in computer coding, robotics, virtual reality, and artificial intelligence to loaning photography equipment, power tools, and cake baking pans.

Return On Investment. In light of all of these traditional and new offerings, a 2017 return-on-investment study by the University of Texas Graduate School of Business revealed that every dollar spent on Texas public libraries returned $4.62 state-wide.

Section 3

Standards & Best Practices

The Consultants used a combination of several metrics to benchmark the Nicholson Memorial Library System (NMLS) against other public libraries – locally, in Texas, and versus national standards and best practices.

State Standards & Statistics. The Consultants analyzed the Garland public library system in light of eight categories used to codify the most current version (2014) of the Texas Public Library Standards (TPLS). The eight TPLS categories measured included services (including programming and outreach), collections, technology, facilities, personnel (including staffing and human resources), marketing (including public relations, advocacy, and community engagement), finance, and administration (including governance and future planning).

TPLS has three tiers: Essential, Enhanced, and Exemplary. Of the eight quantifiable TPLS benchmark metrics, NMLS reaches the Essential level in two, the Enhanced level in three, and the Exemplary level in three.

Peer Library Analysis. The Consultants also compared NMLS with nine peer Metroplex public library systems: Arlington, Carrollton, Denton, Frisco, Grand Prairie, Irving, Mesquite, Plano, and Richardson. Per capita findings revealed that the Nicholson Memorial Library compares well with Metroplex area peer libraries in public computer usage, collection budget, number of total personnel and number of professional personnel. NMLS lags behind in the per capita metrics with peer libraries for hours open, other revenue sources, expenditures, and circulation.

library	*population served*	*population per staff*	*expenditures per capita*	*circulation per capita*	*local % of revenue*
Arlington	396,394	6,349	$22.52	4.99	94.73%
Carrollton	162,348	4,454	$20.48	4.01	97.83%
Denton	136,266	2,839	$42.38	8.45	99.29%
Frisco	177,286	3,612	$29.27	14.06	99.77%
Garland	**236,002**	**3,500**	**$24.29**	**4.67**	**99.99%**
Grand Prairie	193,837	5,460	$13.98	1.77	99.52%
Irving	240,373	2,811	$29.35	5.26	96.94%
Mesquite	143,949	4,412	$14.22	2.22	99.61%
Plano	286,143	1,847	$42.81	16.77	99.30%
Richardson	116,783	2,340	$32.55	11.13	99.16%
peer average	208,938	3,360	$27.19	7.37	98.33%

Industry Best Practices. Finally, the Consultants documented national library standards and industry best practices. Specific best practice benchmarks were identified for each of the eight quantified TPLS metrics. Examples of these industry standards are included in the Master Plan within the body of the text, or as appendices.

Traditional library offerings of books, DVDs, story times, Internet access, and computer training are still very much in demand by library customers.

Modern libraries now offer crucial resources such as job skills training and small business support by way of access to high-end software, programs on resume writing, interviewing techniques, and business plans.

Section 4

Current Conditions

As a portion of the Master Plan, the Consultants were charged with designed and implemented a community needs assessment process to include:

- Review and assess current Library services and programs.
- Identify community conditions that indicate current or potential needs.
- Analyze trends in library service and technology.

Community Input. As a part of the Master Plan process, the Library staff conducted a community survey. Results were largely positive and indicated that over 80% of the 1,500+ survey respondents were satisfied or very satisfied with what the library currently offers. Survey responses revealed that customers visit multiple library locations, most often the one closest to their home (81%), overwhelmingly by driving (94.6%), followed by walking (8.7%). Respondents believed that trip time to visit a library should take less than 10 minutes (52.6%), and 74.6% of respondents said they visit the library at least once per month. Over 73% of respondents estimated that they stay at the library for 30 minutes or more per visit.

The community survey results indicated that customers seek traditional services as well as emerging offerings when looking for library services. Customers responded that the most sought after services when using a library included checking out books (79.5%), utilizing self-service options (40.2%), checking out eBooks (35.7%), using computers (34.6%), using online resources (29.2%), using Wi-Fi (28.2%), attending children's programs (24.2%), and using makerspace resources (19.7%).

Population Projections. The Consultants analyzed population forecasts for use with this Master Plan, as well as other library planning measurements for the next 20+ years. The City of Garland projections estimate that the city population at build out will be 264,438.

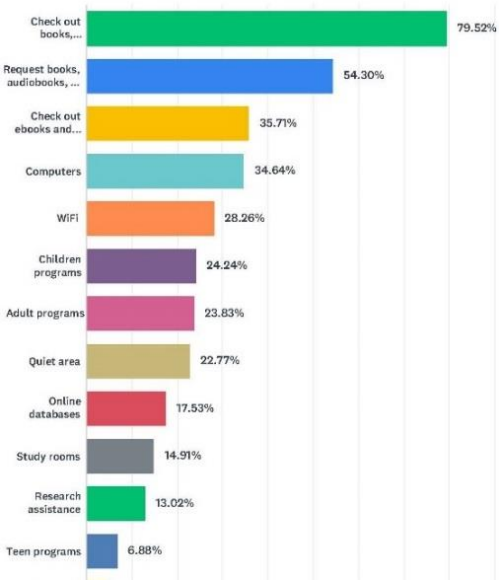
Demographic Analysis. The Consultants conducted a demographic analysis of the City of Garland and the areas surrounding the four library locations. U.S. Census estimates for July 2018 indicated 24.3% of adult residents in Garland were not high school graduates, 15.7% of the population lived in poverty, and languages other than English were spoken in 48.3% of the homes in the City. Households within a one-mile radius around each Library represent these characteristics:

library	*residents*	*high school diploma*	*college degree*	*median income*	*poverty rate +/-*
North Garland	16,072	80.8%	35.6%	$56,603	13.9%
Central	12,355	62.7%	16.9%	$48,233	12.3%
Walnut Creek	18,049	52.5%	12.8%	$44,249	20.7%
South Garland	16,819	83.5%	33.5%	$58,063	13.4%

Assessment of Current Conditions. The Consultants assessed all aspects of the NMLS organization, organized around the eight TPLS categories: Services, Collections, Technology, Facilities, Staffing, Finance, Marketing, and Administration.

U.S. Census estimates for July 2018 indicated 24.3% of adult residents in Garland were not high school graduates, 15.7% of the population lived in poverty, and languages other than English were spoken in 48.3% of the homes in the City.

	SATISFIED	VERY SATISFIED
Quiet space for activities such as research, study, reading, and being creative	34.26% 395	52.65% 607
A comfortable and inviting location	30.47% 365	56.76% 680
Library space for community activities and programs	33.73% 366	48.39% 525
Library space for small informal meetings	34.80% 357	46.49% 477
A clean building in good condition with adequate heating and cooling	25.94% 311	63.64% 763



Services & Collections. Garland Public Libraries perform well, achieving the Enhanced level for collection items per capita for TPLS standards, with 2.60 – compared with peer and State-wide averages of 1.93 and 8.11 respectively. Garland provides 95% of the Enhanced standard for hours open per week, with 64 hours at the Central Library. The number of registered Library cardholders has increased by 8.4% over the past six years, with the total still including over 20% non-residents. Circulation of Library collections has declined in the years 2013 to 2016 at each Library location, then increased in 2017 and 2018, in accordance with national trends.

"Books give a soul to the universe, wings to the mind, flight to the imagination, and life to everything."

– Plato, philosopher

Technology. The Nicholson Memorial Library System ranks high compared with TPLS standards at 1 per 1,684 population, exceeding the Enhanced metric for the number of computers available to the public (1 per 2,000 population).

Facilities. NMLS meets the Basic State Standards for Public Libraries. Garland provided 0.51 square feet per capita in 2018, compared with peer and State-wide averages of 0.44 and 1.06 respectively. The national de facto standard is 1.00 square foot per capita. Existing library locations cover 96.7% of the City limits within an average 14-minute drive time. Coverage is lighter in South Garland than in North and West Garland, so consideration of locating a Library service outlet(s) in areas of need would be appropriate.

Based on a projected City population build-out of 264,438, the Library system will need to add over 143,500 square feet to meet the 1.00 square foot per capita standard for library space – a 119% increase over current space. The new Walnut Creek Branch Library will double in size, as the first step in addressing this space shortfall.

The current Library system is comprised of aging buildings, two of which are too small to provide modern library services: Walnut Creek (8,000 square feet) and North Garland (16,500 square feet). So, larger branch libraries are required to meet community needs and best practice standards. South Garland (36,935 square feet) and the Central Library (59,475 square feet) provide an adequate amount of total space, but that space is not efficiently configured to meet modern library services. So, modernization of Garland Libraries would be required to meet community needs and best practice standards.

Per 2018 statistics, the costs to operate each of the four existing libraries on a cost per square foot basis were: North Garland ($19.81), South Garland ($20.33), Walnut Creek ($39.74), and Central Library ($60.91, which includes Administrative and Support Services for the entire system).

Staffing. Garland effectively meets the Enhanced State Standard for total staff, at 1.00 FTE per 3,530 population – compared with peer and State-wide averages of 1 to 3,360 and 1 to 3,509 respectively. Garland Public Libraries rank high in State Standards, meeting the Exemplary level 1.33 professional Librarians per 10,125 population.

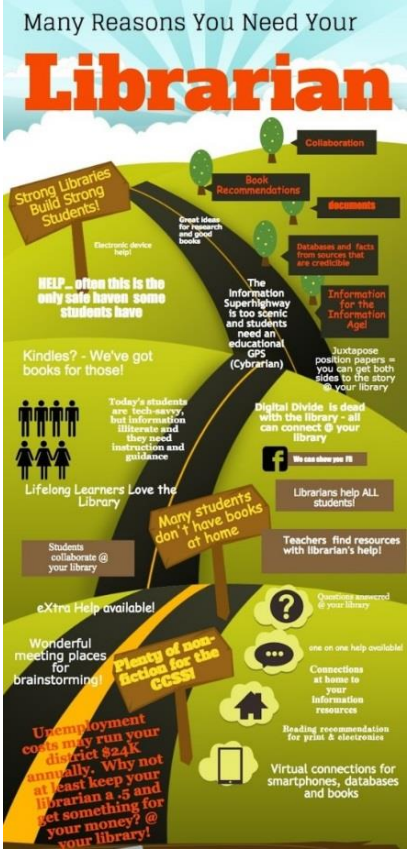
Administration, Finance & Marketing. Garland Public Libraries rank high compared with State Standards, meeting the Exemplary level for total expenditures per capita at $24.29. The peer and State-wide averages are $27.19 and $27.90 per capita. Garland exceeds the Exemplary standards for collection expenditures ($4.79 per capita). The peer library and State averages for collection expenditures were $4.12 and $2.95 per capita.

Section 5

Going Forward

"The future is already here, it's just not evenly distributed."

William Gibson, author



Based on the findings and conclusions of Current Conditions, the Consultants developed a number of forward-looking recommendations, based on:

- Addressing community needs;
- Building upon the Library's strengths;
- Exploiting community opportunities; and
- Investing in technology to support operational efficiencies.

Recommendations are designed to align Library goals with City of Garland goals, once again organized along the TPLS categories

Services & Collections. Reinforce the City goal of an Enhanced Quality of Life through Amenities, Arts & Events and support the City goal of Growing Economic Base through lifelong learning for all ages via STREAM curriculum, workforce training, and small business support:

- Focus on early childhood literacy to ensure children are ready to start school.
- Form a Teen Advisory Board (TAB) that will consult with the Library on the design of programs, services, and spaces that are attractive to teens and tweens.
- Partner with business-centric entities to improve job skills, entrepreneurship, and adult literacy and education attainment throughout Garland.
- Consider the BISAC classification system for adult non-fiction collection items to assist customers in browsing the collections and increasing turnover.
- Remedy conditions that potentially contribute to decline in circulation of materials including aging books, overcrowded shelves, and items shelved out of reach – either too high or too low.

Technology. Reinforce the City goal of a Growing Economic Base by providing state-of-the-market technology that improves the customer experience, co-working opportunities, and supports staffing efficiencies, including in-Library and after-hours access to self-service:

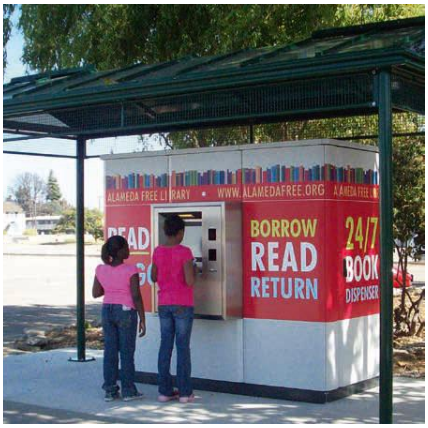
- Install audio-visual technology in all meeting and study rooms, along with an automated room reservation system.
- Provide mobile technologies for borrowing and in-library use, such as laptop computers, tablets, mobile power packs, and mobile hot spots.
- Convert single-user desktop computer stations to multi-user collaborative computer stations with high-end software such as Photoshop, Pro Tools, AutoCAD, PowerDirector, etc.
- Work with City IT to help them better understand the needs of the Library, their customers, and how to best serve them.
- Update the library's previous Technology Plan, which lacked specificity about a schedule for replacement of hardware and software or emerging technology applications that could improve service delivery and efficiency.

Facilities. Reinforce the City goal of a Well-Maintained City Infrastructure through the construction and/or renovation of modern Library facilities, with increased electrical capacity and space that is easily adaptable to future change:

- Construct a new 18,400 square foot replacement for the Walnut Creek Branch Library, expandable to 35,000 square feet, on a 3.5-acre site fronting a major thoroughfare, within a budget of $10.8 million.
- Install one or more modular kiosks that can provide 24/7 service in underserved and/or high traffic areas of Garland, including but not limited to City Council District 5 and/or northeast Garland.
- Construct a new 35,000 square foot replacement for the North Garland Branch Library, on the City-owned 5-acre site on North Garland Avenue and construct an all-new 35,000 square foot Southwest Branch Library – each with a budget of $15.84 million, in 2019 dollars.
- Modernize the Central and South Garland Branch Libraries to include improvements to meeting rooms, additional study rooms, makerspaces, teen areas, and staff work areas, as well as to allow for extended service hours without staff presence.
- As a means to increase circulation, focus on shelving reconfigurations at all Libraries, in conjunction with deselection of older collection items.
- Establish a Workforce Development Center at the Central Library, for individuals and businesses, with space for mentoring and classes.

"The library is the temple of learning, and learning has liberated more people than all the wars in history."

– Carl T. Rowan, journalist



Staffing. Reinforce the City goal of Customer-Focused City Services by retaining a talented and knowledgeable employee base while implementing strong communications and professional development programs:

- Train and/or hire multilingual staff at professional and support levels to work at all Library locations, focusing on Spanish, Vietnamese, and Mandarin.
- Retrain and/or hire staff to fill a few unique but currently non-existent positions in Library Administration including a Marketing Manager, Assistant Marketing Manager, Graphic Designer, and Outreach/Volunteer Coordinator.
- Study current staffing levels at the organizational level to repurpose positions required for future library system reorganization.
- Develop a Staff Communications Plan that encourages communications between all staff in all Library departments and locations.
- Add any future staff at the para-professional level, supporting the current stable of librarians and to cover future library expansion.

Administration, Finance & Marketing. Reinforce the City goal of Sound Governance & Finance by simultaneously seeking additional and sustainable revenue streams while investigating ways to streamline expenditures:

- Eliminate fines for overdue books but retain replacement responsibility and requirements for lost items.
- Develop, staff, and slowly roll out a system-wide marketing strategy.
- Study potential methods to increase revenue such as forming a Library Foundation, and to reduce expenditures, such as Collection Development cost savings via additional outsourcing.
- Revise the Library's existing Policies and Procedures Manual to reflect staff and Master Plan suggestions and/or recommendations, such as policies for naming and use of meeting rooms that will promote increased usage.
- Continue Library Administration initiatives to improve staff communications that are beneficial to the organization.

Section 6

Action Plan

The Library's Management Team and the Consultants collaborated to develop prioritized timeline for implementation of the Master Plan – and Action Plan. To be effective, the full Action Plan plots out hundreds of steps required to put Library staff in the proper position to deliver quality service to a demanding public. Like the modern public library, the Action Plan must be adaptable – a living document, if you will. First year priorities, and corresponding Strategic Plan Goals are summarized here. Garland Public Libraries will focus on implementing the following actions as part of its new Strategic Plan at the beginning of the first year:

Goal 1: Support Literacy & Learning. Primary efforts to enhance the quality of life through amenities, arts, and events in the greater Garland community through lifelong learning include:

- Hire or train one bilingual staff person with applicable language skills at each location.
- Hire or train an Outreach and Volunteer Coordinator to help expand Outreach Services deeper into the community.
- Strengthen services to youth of all ages, in partnership with GISD.
- Publish the succinct Mission Statement as written by the Library Board and recommended in the Master Plan.
- Brand NMLS with a new name, new logo, and new name for the Central Library.

Goal 2: Develop Our Workforce & Economy. Primary efforts to grow the economic base through workforce development include:

- Establish symbiotic partnerships with like-minded service providers to leverage community resources, reduce redundancy, and improve the delivery of social services.
- Offer classes for adult individuals who need digital literacy, basic and advanced computer technology skills – to include smartphones and other devices.
- Provide technology instruction for adults in basic applications of word processing, spreadsheets, graphics, and audio-video recording.
- Encourage higher educational attainment of residents by reducing barriers and increasing exposure to existing adult educational opportunities.

Goal 3: Evolve with Technology. Primary efforts to provide customer-focused City services through state-of-the-market technology include:

- Install the latest updates on all Library computers.
- Investigate open Wi-Fi to ensure all Apple, Mac, and Windows devices can connect to the Libraries' wireless networks.
- Investigate potential bandwidth increases for hard-wired and wireless computer networks via fiber optics and/or 5G technologies.
- Provide loanable laptops, eBook readers, iPads/tablets, mobile charging packs, and mobile hotspots for in-library use or checkout.

"Saying the Internet makes librarians obsolete is like saying the Plague makes doctors obsolete."

– Cory Doctorow

Goal 4: Build Community Connections. Primary efforts to provide well-maintained City infrastructure through welcoming library facilities include:

- Develop Building Program Statements for the new construction or modernization of all four Library facilities, as applicable per the 2018 Capital Bond initiative.
- Determine the optimum location, approve the Building Program Statement, and issue an RFQ for design of the replacement of the Walnut Creek Branch Library.
- Determine the optimum location, seek vendor proposals, appropriate bond funds, and install a Library kiosk in Council District 5.

Goal 5: Maintain Organizational Health. Primary efforts to adhere to sound governance and finance management by building upon the strengths of library personnel include**:**

- Eliminate overdue fines in order to re-incentivize affected low-income customers and children to check out Library materials, while freeing staff from the unproductive task of collecting those funds.
- Fill new positions through reassignment of current staff and/or new hires.
- Establish mentorships for developing staff.
- Establish a staff continuing education program.

"Shout for Libraries. Shout for the young readers who use them."

Patrick Ness, author

"The library is not only a diary of the human race, but marks an act of faith in the continuity of humanity."

– Vartan Gregorian, educator

GARLAND

CITY COUNCIL ITEM SUMMARY SHEET

City Council Work Session Agenda **4. c.**

Meeting Date: April 6, 2020

Item Title: COVID-19 Updates

Submitted By: Jason Chessher, Health Director

Summary of Request/Problem

Staff will provide Council an update on COVID-19 and related employee matters.

Recommendation/Action Requested and Justification

Council discussion.

GARLAND

CITY COUNCIL ITEM SUMMARY SHEET

City Council Work Session Agenda **4. d.**

Meeting Date: April 6, 2020

Item Title: Financial Impact of COVID-19 Pandemic

Summary of Request/Problem

Staff will present an estimate of the COVID-19 pandemic impact to the 2019-2020 General Fund Budget.

Recommendation/Action Requested and Justification

Council discussion.

Attachments

COVID-19 Impact on Budget

CITY OF GARLAND
GENERAL FUND ESTIMATED IMPACT
As of April 1, 2020

Adjustments in GF Revenues	
Sales Tax Revenue	-3,240,858
Mixed Drink Tax	-114,073
Bingo Gross Receipts	-23,750
Landfill Revenue	865,137
EMS Ambulance Fee Collections	-217,825
Mowing Liens	-21,427
Interest Income	-214,900
Library Fines	-46,927
Court Fines and Warrants	-1,402,227
Rentals and Concessions	-197,698
Building and Related Permits	-384,058
Total Loss in GF Revenue	**-4,998,604**
Reductions in Expenditures	
Professional Development	266,029
Fuel Savings	627,000
Capital Frozen	187,198
Salary Savings from Frozen Positions	250,000
Total Reduction in GF Expenditures	**1,330,226**
Net Impact - Current Year	**-3,668,378**
Better Than Expected YE Results FY 18-19	**3,506,677**
Net Impact After Carry-Over	**-161,701**
General Fund Fund Balances	
In excess of 30 day requirement	5,372,971
30 day requirement	14,095,614
Total General Fund Balance	**19,468,585**

GARLAND

CITY COUNCIL ITEM SUMMARY SHEET

City Council Work Session Agenda **4. e.**

Meeting Date: April 6, 2020

Item Title: Garland Development Code Amendments Regarding Regulations for Residential Buildings and Lots Being Used for Nonresidential Purposes and Amending Certain Parking Ratios in the Land Use Matrices

Submitted By: Will Guerin, Planning Director

Summary of Request/Problem

Council is requested to consider amending in part Chapter 2, Article 5, Section 2.52, “Special Standards for Certain Uses,” of the Garland Development Code; amending in part Chapter 2, Article 5, Land Use Matrix, of the Garland Development Code; and amending in part Chapter 7, Article 2, Land Use Matrix, of the Garland Development Code, regarding regulations for residential buildings and lots being used for nonresidential purposes and amending certain parking ratios in the Land Use Matrices.

Recommendation/Action Requested and Justification

Council discussion.

Attachments

GDC Amendment Ordinance

ORDINANCE NO.

AN ORDINANCE AMENDING IN PART CHAPTER 2, ARTICLE 5, SECTION 2.52, "SPECIAL STANDARDS FOR CERTAIN USES," OF THE GARLAND DEVELOPMENT CODE OF THE CITY OF GARLAND, TEXAS; AMENDING IN PART CHAPTER 2, ARTICLE 5, THE LAND USE MATRIX; AMENDING IN PART CHAPTER 7, ARTICLE 2, THE DOWNTOWN LAND USE MATRIX; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GARLAND, TEXAS:

Section 1

That Section 2.52(A)(4) of the Garland Development Code of the City of Garland, Texas, is hereby amended in its entirety to read as follows:

"(4) Residential Buildings – Use or Conversion of Existing Building, Dwelling, Industrialized Housing Units. To protect the residential character of neighborhoods, no building or portion of a building that is designed, constructed, or used as a residence may be converted to a nonresidential use of any type unless it meets the following standards and conditions:

(a) In a Residential Zoning District. The proposed use, the residential building being converted to a nonresidential use, and the lot on which the building is located shall conform to all applicable provisions of this GDC, including but not limited to the following:

(i) Offsite Parking. To provide for safe and efficient circulation of pedestrian and vehicular traffic in residential neighborhoods, the proposed nonresidential use may have no off-site parking on public streets for employees, volunteers, or guests or patrons attending small gatherings, assemblies, or meetings on the premises. Offsite parking pursuant to a lease or license agreement with the owner of private property located in a nonresidential zoning district and within 150 feet of the premises is permitted. The distance shall be measured from the property line of the premises,

along the property lines of street fronts, and diagonally across intersections to the property line of the tract on which off-site parking is being provided.

(ii) Parking Ratio. A nonresidential use in a residential building being converted to a nonresidential use must provide off-street parking at a parking load factor of 100 (one parking space for every 100 square feet of habitable living space in the converted residential building). The off-site minimum parking requirements must be met pursuant to a lease or license agreement as authorized above.

(iii) Occupancy Load. A nonresidential use in a residential building shall have an occupancy load factor of 100 (one person for every 100 square feet of habitable living space).

(iv) Hours of Operation. A non-residential use in a residential building may only operate between the hours of 7:00 a.m. and 9:00 p.m.

(v) Signs. A nonresidential use in a residential building may not erect or maintain a free-standing sign unless the lot or tract of land on which it is located has a minimum of 150 linear feet of frontage along the street to which the front door of the building is facing.

(vi) Residency. No person shall reside, whether on a temporary or permanent basis, or stay overnight within any portion of a building that has been converted to a nonresidential use.

(vii) Residential Character of Building. There may be no substantial modifications to the building such that would unduly impair any future re-conversion of the building to a residential use.

(viii) Minimum Distance from other Residential Buildings. A nonresidential use in a residential building (or upon the lot or tract of land) located within a residential zoning district shall be no less than 50 feet from any other structure used for

residential purposes that are located upon adjoining lots or tracts of land.

(ix) Approval Letter. The Building Official may approve the conversion after determining the application is in compliance with this Section 2.52 and all other applicable codes and state law. The Building Official shall issue a letter approving the conversion, approving the conversion with conditions, or denying the conversion.

(x) Expiration of Approval Letter. Once the Building Official issues a letter approving the conversion, or approving the conversion with conditions, the applicant shall have 365 calendar days from the date the Building Official sends the approval letter to the applicant to apply for all required site or building permits and commence site or building improvements. The approval letter shall also expire 365 calendar days following the date of the most recent inspection if there has not been substantive progress on the site or building improvements.

(b) In a Nonresidential Zoning District. Once the Building Official determines that the proposed conversion is in compliance with all provisions of this GDC and all other applicable codes and state law, the Building Official shall have the authority to issue a Certificate of Occupancy for a nonresidential use in a residential building located within a nonresidential zone."

(c) In the event the Building Official approves an application for conversion and the applicant completes all work necessary to be in compliance with the approval letter, this GDC, and all other applicable codes and state law, including the payment of all fees, the Building Official shall issue a Certificate of Occupancy, with any reasonable conditions the Building Official determines necessary to carry out the intent of this Section 2.52, for the nonresidential use of a residential building located within a residential zone.

(d) Appeal to the Board of Adjustment. In the event the Building Official denies an application for conversion or approves it with conditions, the applicant shall have

30 calendar days to appeal the decision of the Building Official by submitting a written request for appeal to the Building Inspection Department before the close of the 30th calendar day following the date of the approval letter."

Section 2

That the Land Use Matrix of Chapter 2, Article 5 of the Garland Development Code of the City of Garland, Texas, is hereby amended in part, specifically "Institutional and Educational Uses," so that the parking requirements for churches or places of worship are as follows:

"1/4 seats for buildings designed or constructed to accommodate assemblies of 100 persons or greater; 1/100 sq. feet for buildings designed or constructed to accommodate small assemblies under 100 persons."

Section 3

That the Downtown Land Use Matrix of Chapter 7, Article 2 of the Garland Development Code of the City of Garland, Texas, is hereby amended in part, specifically "Institutional and Educational Uses," so that the parking requirements for churches or places of worship are as follows:

"1/4 seats for buildings designed or constructed to accommodate assemblies of 100 persons or greater; 1/100 sq. feet for buildings designed or constructed to accommodate small assemblies under 100 persons."

Section 4

That Chapter 7 of the Garland Development Code of the City of Garland, Texas, as amended, shall be and remain in full force and effect save and except as amended by this Ordinance.

Section 5

That the terms and provisions of this Ordinance are severable and are governed by Sec. 1.07 of the Garland Development Code of the City of Garland, Texas.

Section 6

That this Ordinance shall be and become effective immediately upon and after its passage and approval.

PASSED AND APPROVED this the _____ day of _____, 2020.

CITY OF GARLAND, TEXAS

_____
Mayor

ATTEST:

_____
City Secretary