

City of Grapevine, Texas Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2019





CITY OF GRAPEVINE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Prepared by: Fiscal Services Department

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF GRAPEVINE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2019

**Page
Number**

INTRODUCTORY SECTION

Letter of Transmittal.....	i – v
Certificate of Achievement for Excellence in Financial Reporting.....	vi
Organization Chart.....	vii
Administrative Officials	viii

FINANCIAL SECTION

Independent Auditor’s Report.....	1 – 3
Management’s Discussion and Analysis	4 – 13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities	15 – 16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17 – 18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20 – 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position – Proprietary Funds	23 – 24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	25
Statement of Cash Flows – Proprietary Funds.....	26 – 27
Statement of Fiduciary Net Position – Fiduciary Funds	28
Notes to the Financial Statements.....	29 – 60

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund.....	61
Budgetary Comparison Schedule – Hotel Occupancy Tax	62
Budgetary Comparison Schedule – Crime District	63
Budgetary Comparison Schedule – 4B Economic Development Fund.....	64
Budgetary Comparison Schedule – 4B – Transit.....	65
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	66 – 67
Schedule of Contributions – Texas Municipal Retirement System	68 – 69
Schedule of Changes in Net OPEB Liability and Related Ratios	70
Notes to Required Supplementary Information.....	71

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet	72 – 73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	74 – 75
Budgetary Comparison Schedule – Debt Service Fund.....	76
Budgetary Comparison Schedule – Lake Park Fund	77

Agency Funds:

Combining Statement of Changes in Assets and Liabilities.....	78
---	----

STATISTICAL SECTION (Unaudited)

	<u>Table</u>	<u>Page Number</u>
Net Position by Component.....	1	79 – 80
Changes in Net Position	2	81 – 84
Fund Balances – Governmental Funds.....	3	85 – 86
Changes in Fund Balances – Governmental Funds.....	4	87 – 88
Taxable Sales by Category	5	89
Direct and Overlapping Sales Tax Rates	6	90
Assessed Value and Estimated Actual Value of Taxable Property	7	91

	<u>Table</u>	<u>Page Number</u>
Property Tax Rates – Direct and Overlapping Governments.....	8	92
Principal Property Taxpayers	9	93
Property Tax Levies and Collections	10	94
Ratios of Outstanding Debt by Type.....	11	95
Ratios of General Bonded Debt Outstanding	12	96
Direct and Overlapping Governmental Activities Debt	13	97
Legal Debt Margin Information	14	98
Pledged Revenue Coverage – 4B Economic Development Fund	15	99
Pledged Revenue Coverage – Tax Increment Financing District Reinvestment Zone Number Two.....	16	100
Demographic and Economic Statistics	17	101
Principal Employers	18	102
Full-time Equivalent City Government Employees by Function/Program	19	103
Operating Indicators by Function/Program.....	20	104 – 105
Capital Asset Statistics by Function/Program	21	106

INTERNAL CONTROL AND COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		107 – 108
Schedule of Findings and Responses		109

THIS PAGE LEFT BLANK INTENTIONALLY

INTRODUCTORY SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



March 12, 2020

To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Grapevine, Texas

The Fiscal Services Department is pleased to submit the Comprehensive Annual Financial Report for the City of Grapevine. The City's Management assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City government. To enable the reader to gain an understanding of the City's financial activities, all necessary disclosures have been included.

The City Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City. The City Charter specifies that independent accountants selected by the City Council conduct such audits. Pattillo, Brown & Hill, LLP was selected by the City Council to conduct this year's audit. The independent auditors' report on the basic financial statements is included in the financial section of this report. This report fulfills the requirement of state law which requires the City file to the State an annual financial statement and audit opinion within 180 days after the last day of the municipality's Fiscal Year (FY).

Pattillo, Brown & Hill, LLP has issued an unmodified ("clean") opinion on the City of Grapevine's financial statements for the year ended September 30, 2019. The independent audit report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) is a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A can be found immediately following the independent auditors' report. The letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Fiscal Services • 200 South Main Street • Grapevine, Texas • 76051 • 817-410-3113 • Fax 817-410-3013



Profile of the City of Grapevine

Incorporated in February 1907, Grapevine is a home rule City operating under a Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a six-member Council. The City Manager is appointed by the City Council and is responsible for carrying out policies and for the daily management of the City. Council members serve three-year staggered terms, with two Council members elected each year. The Mayor is elected to serve a three-year term.

The City is located in the center of the Dallas/Fort Worth metropolitan complex, 21 miles northwest of downtown Dallas and 19 miles northeast of downtown Fort Worth. Three major freeways, State Hwy 114, State Hwy 121, and Interstate Hwy 635, intersect in the heart of Grapevine, providing excellent access to Dallas, Fort Worth and the area shopping, entertainment, and employment centers. The City is located in Northeast Tarrant County and is home to the Dallas/Fort Worth International Airport. Two-thirds of the airport properties are located within Grapevine city limits and Grapevine participates in a legislatively mandated revenue share agreement with the cities of Ft. Worth and Dallas. The City is approximately 35 square miles and serves an approximate population of 53,000.

The City provides a full range of services, including police and fire protection, emergency ambulance service, planning and zoning, public improvements, water and sewer services, sanitation services, extensive parks and recreation facilities, library services, street and other public infrastructure maintenance and improvements, and general administrative services. The City also offers a 27-hole golf course, a very active economic development focus and an aggressive marketing plan to continue to grow and develop industry and tourism within the City. The City also provides internal services, through the General Fund, for fleet services and risk management.

The City of Grapevine's Home Rule Charter provides for the submission of the budget to the City Council by the City Manager. At least sixty days and no more than ninety days before the beginning of the fiscal year, the City Manager must submit a proposed budget to the City Council. The annual budget serves as the foundation for the City of Grapevine's financial planning and control. The budget is prepared by fund and department, and the City Manager can approve the transfer of expenditures within a fund, but transfers between funds requires approval from the governing Council. The Grapevine Code of Ordinances establishes a balanced budget provision for the General and Debt Service funds. Total estimated expenditures within these funds shall not exceed the total estimated resources, but it does, however, provide for disclosure when a deviation from a balanced budget is necessary. The budget may be amended and appropriations altered in cases of public necessity, upon declaration of the City Council.

Component units are legally separate organizations that a primary government must include as a part of its financial reporting entity. The City has included financial statements for five blended component units due to their fiscal dependency on the primary government. The Tax Reinvestment Zones Numbers One and Two, the Crime Control and Protection District, the Grapevine 4B Economic Development Corporation, and the 4B Transit Fund, which accounts for local sales tax used to fund Grapevine's participation in the commuter rail development project with the Fort Worth Transit Authority. The 4B Economic Development Fund accounts for a portion of the local sales tax which is used to stimulate the local economy, promote new development, and spur redevelopment of other areas.

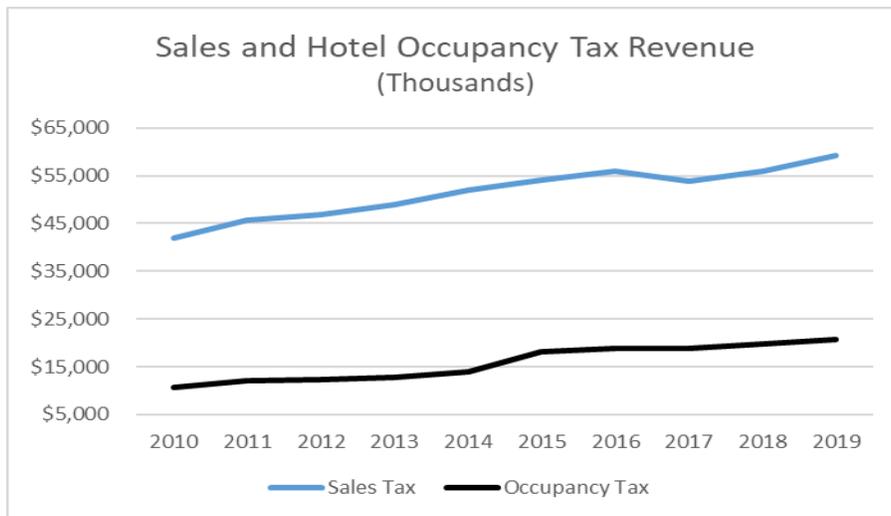
The Heritage Foundation is a legally separate organization that is a discretely presented component unit of the City. The Foundation was organized to promote the preservation, protection and economic development of Grapevine's physical and cultural heritage. Additional information on all six component units can be found in Note I in the notes to the financial statements.

Local Economy

During FY 2019, Grapevine continued to experience economic growth due to superior access to major highways, an aggressive economic development program, and a stable political climate. In addition, the City of Grapevine is in close proximity to DFW International Airport, which helps to promote tourism, and is the largest employer in Grapevine with more than 27% of the total employment base. Other local economic indicators for Grapevine in FY 2019 include an unemployment rate of 3.0% and an increase in personal income per capita of 2.5% over the previous year and 21% over the last ten years.

Sales tax, the single largest revenue stream for the City, continued to increase from previous years. Total sales tax revenues increased \$2.2 million (4%) and \$3.3 million (6%) in FY 2018 and FY 2019 respectively. Over the last 5 years, sales tax revenues experienced an increase of 9.7% or roughly \$5.2 million. Sales tax revenues over the last 10 years are illustrated in the table below.

The City's hotel and occupancy tax receipts have been on a steady incline over the last several years. Since 2015, hotel occupancy tax revenues have increased 14.7%. This growth was driven in the last several years by higher occupancy rates for hotels located in the City as well as an increase in the average daily rate of those occupied rooms. Additional growth was seen in FY 2019 (4.5% increase) resulting from a full year of results related to the opening of the Gaylord Texan Resort expansion in FY 2018. The project increased the number of rooms by 303 and has also provided the facility with an additional 86,000 square feet of meeting space. Hotel occupancy taxes are expected to continue to grow over the next several years as current and future hotel construction projects are completed within the City.



Long-term Financial Planning

The City Council establishes long term financial goals each year as a part of the budgeting process. For FY 2019, the Council continued with the following goals:

- (1) Maintain financial stability and strong fiscal management
- (2) Sustain existing programs at high service levels
- (3) Provide a safe and secure community
- (4) Address future transportation needs
- (5) Continue to enhance tourism development
- (6) Invest in "Quality of Life" capital projects

Grapevine continued to maintain financial stability and strong fiscal management for FY 2019. The General, Debt Service, Utility Enterprise, and Stormwater Drainage funds ended the fiscal year with fund balances that meet or exceed their requirement. The City also maintained existing services and transferred from the General Fund \$3,000,000 to the Quality of Life Fund, \$3,056,630 Crime District Fund, and \$3,279,000 to the Street Maintenance and Capital Replacement Fund.

As part of the commitment to safety the City began construction of several capital projects including 2 new fire stations and a new Police Animal Shelter. For Fiscal Year 2019, the Police Department responded to 41,059 calls for service while the Fire Department responded to 6,192 calls for service and 4,291 ambulance runs.

Major Economic Initiatives and Community Development

Grapevine is home to many successful businesses as well as numerous wineries, fine dining, nationally ranked festivals, and select attractions and resorts. Its economic development efforts are designed to further increase visitors and tax revenues through projects that emphasize hospitality, entertainment and retail uses. Grapevine has earned a well-deserved reputation as one of the nation's premier destinations by drawing 15 million visitors annually. Grapevine also boasts exceptional commercial and office facilities that capitalize on the City's central location in one of the top regions in the nation for business and close proximity to the fourth-busiest airport in the United States, providing ready access to major U.S. and international markets.

Grapevine continues to experience strong construction growth. In FY 2019, construction values exceeded \$246 million, compared to \$276 million in FY 2018. The largest categories in this fiscal year were \$61 million in New Commercial Property and \$55 million in new multi-family residences, which accounted for approximately 47% of the construction values. A total of 44 single-family residential homes were permitted in FY 2019 valued at \$15 million which represents an increase of 23 residences over the previous year. The following are some other major community development projects and economic initiatives that occurred or continued during FY 2019.

In FY 2006, the citizens of Grapevine overwhelmingly voted to approve the creation of an economic development fund for the primary purpose of providing commuter rail service to the City. Since that time, the City has worked closely with TEXRail to achieve this goal. On January 10, 2019, TEXRail commuter rail service began in Grapevine. TEXRail is a new 27-mile commuter rail line that extends from downtown Fort Worth, across northeast Tarrant County, through North Richland Hills and Grapevine, and into DFW International Airport's Terminal B. The future train station in Grapevine will consist of an observation tower, public plaza, parking garage, public meeting spaces, market hall, and retail spaces. In conjunction with the aforementioned projects, the City has entered into agreements to include a 121 room, AAA, four diamond level hotel to this project. The project is scheduled to complete in 2020.

The City has proudly announced that Water Logic USA has established a new North American HQ and Center of Excellence for its business as point of use drinking water dispensers. The company provides access to fresh purified water to tens of millions of people across both North America and the globe. The project will create 164 new jobs and more than 1.6 million in capital investment in the City.

In addition, Southland Holdings, a major civil engineering firm with work across the state and region will be moving their corporate office to 6 acres of land just south of Kubota's HQ on City owned property. Work is already underway on the design of an 80,000 sf building which will ultimately house 75 to 100 full time employees.

Awards and Acknowledgements

The City's Fiscal Services Department was awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report ("CAFR") for the fiscal year ended September 30, 2018. This was the 32nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate

The preparation of this report would not have been possible without the efficient and dedicated services of the entire Fiscal Services Department. We would also like to express our appreciation to other City department staff that provided information and contributed to the preparation of this report.

We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and professional manner.

Respectfully submitted by:

Greg Jordan
Chief Financial Officer

Jeff Strawn
Managing Director of Financial Services

Nicole Bradshaw, CPA
Director of Internal Audit



Government Finance Officers Association

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

Presented to

**City of Grapevine,
Texas**

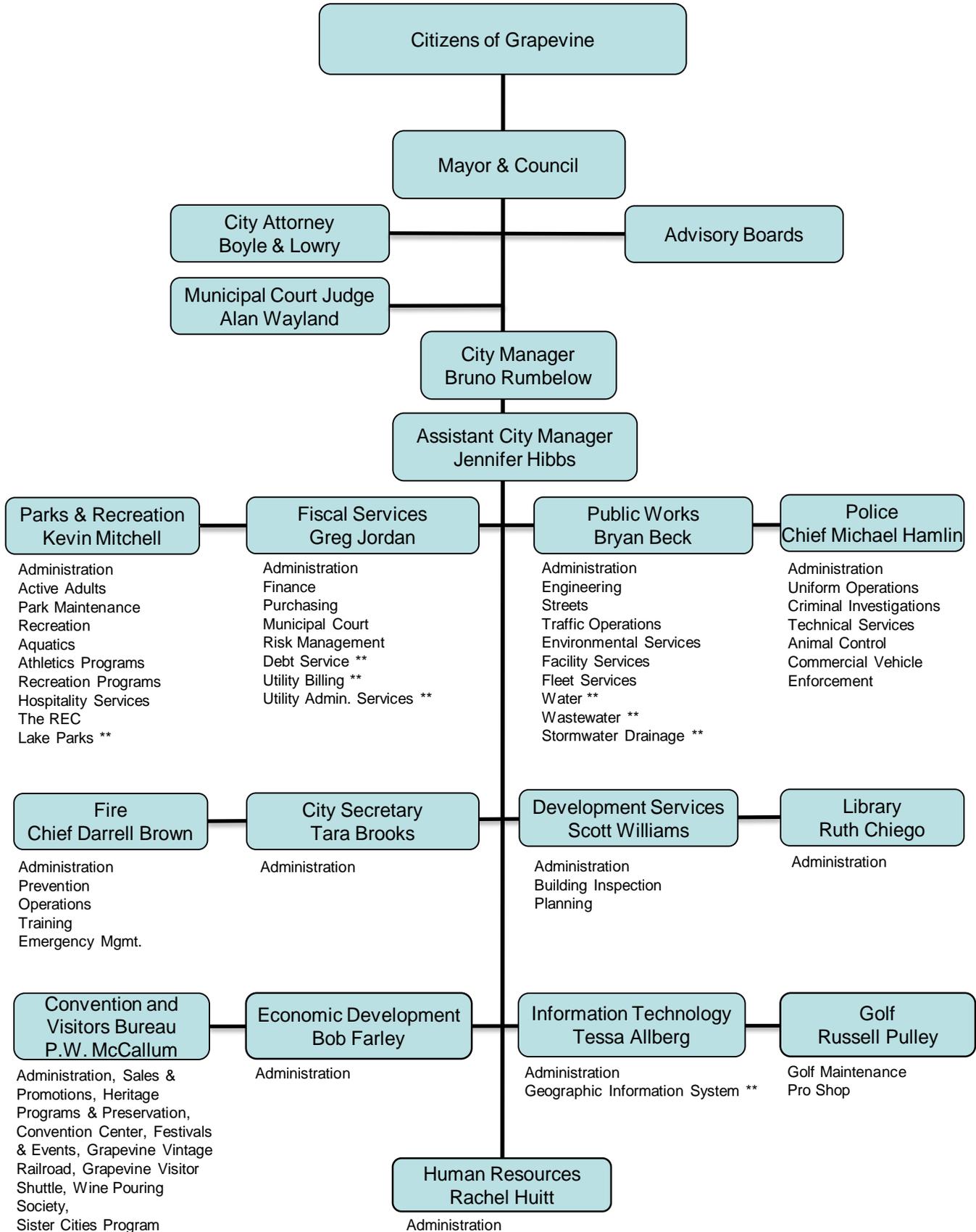
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

City of Grapevine Organization Chart



CITY OF GRAPEVINE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

HOME RULE, COUNCIL-MANAGER FORM OF GOVERNMENT

William D. Tate
MAYOR

CITY COUNCIL

Darlene Freed, Mayor Pro Tem

Chris Coy

Leon Leal

Paul Slechta

Duff O'Dell

Sharron Rogers

Bruno Rumbelow
CITY MANAGER

Jennifer Hibbs
ASSISTANT CITY MANAGER

Greg Jordan
CHIEF FINANCIAL OFFICER

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Grapevine, 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 Grapevine, Texas (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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Waco, Texas
March 12, 2020

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

THIS PAGE LEFT BLANK INTENTIONALLY

Management's Discussion and Analysis

As management of the City of Grapevine (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$416,703,317 (net position).
- The City's total net position increased by \$36,420,924 from operations. \$36,870,956 of this increase was attributable to governmental activities and a decrease of \$450,032 was due to business-type activities.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$156,678,991, an increase of \$1,277,659 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,185,859 or 22.6% of total General Fund expenditures.

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 supplementary information intended to furnish additional detail to support 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 outflows (inflows) of resources, 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 City's net position changed during the 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 compensated absences).

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, culture and recreation, public works, transportation, tourism and economic development. The business-type activities of the City include water and sewer services and the lake enterprise activities (golf course).

The government-wide financial statements include not only the City itself (known as the *primary government*), but also include the Heritage Foundation which is a legally separate entity for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Tax Increment Reinvestment Zones Numbers One and Two, the Crime Control and Prevention District (Crime District), and the Grapevine 4B Economic Development Corporation, although legally separate, function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government.

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 three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements for governmental funds, proprietary funds, and fiduciary funds can be found in the financial section of this report.

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 on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Hotel Occupancy Tax Fund, Crime District Fund, 4B – Economic Development Fund, 4B – Transit Fund, Debt Service Fund, TIF #1 Capital Projects Fund and General Facilities and Equipment Fund, all of which are considered to be major funds.

Data from the other 11 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Proprietary Funds

The City maintains two different types of proprietary 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 Water and Sewer Fund, and Lake Enterprise Fund (golf course). *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its document management services. Because these services predominantly benefit the governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Lake Enterprise Fund, which are both considered to be major funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 similar to the accounting used for proprietary funds.

Agency funds, one type of fiduciary fund, are used to report resources held by the City in a custodial capacity for individuals, private organizations, or other governments. Agency funds are used by the City to account for funds held for the Employee Activity Fund, the Industrial Development Corporation, and the W.D. Tate Scholarship Fund. See Note I for additional information pertaining to fiduciary funds.

Notes to the financial statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information*. The required supplementary information section of this report includes budgetary comparison schedules for the General Fund and major special revenue funds with legally adopted budgets which include the Hotel Occupancy Tax Fund, Crime District Fund, 4B Economic Development Fund, and 4B Transit Fund. This section of the report also includes schedules detailing the City's progress in funding its liabilities related to providing pension and OPEB benefits to its employees.

The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on the City's pension and OPEB plans.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2019, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$416,703,317.

	CITY OF GRAPEVINE'S NET POSITION					
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 203,336,448	\$ 179,649,835	\$ 32,287,782	\$ 36,878,600	\$ 235,624,230	\$ 216,528,435
Capital assets	<u>377,806,721</u>	<u>344,986,936</u>	<u>135,600,810</u>	<u>128,598,748</u>	<u>513,407,531</u>	<u>473,585,684</u>
Total assets	<u>581,143,169</u>	<u>524,636,771</u>	<u>167,888,592</u>	<u>165,477,348</u>	<u>749,031,761</u>	<u>690,114,119</u>
Deferred outflow s of resources	<u>21,967,086</u>	<u>11,497,781</u>	<u>2,302,431</u>	<u>1,229,689</u>	<u>24,269,517</u>	<u>12,727,470</u>
Long-term liabilities	289,074,649	264,986,869	22,942,098	21,333,900	312,016,747	286,320,769
Other liabilities	<u>29,328,287</u>	<u>25,550,915</u>	<u>4,842,425</u>	<u>3,051,607</u>	<u>34,170,712</u>	<u>28,602,522</u>
Total liabilities	<u>318,402,936</u>	<u>290,537,784</u>	<u>27,784,523</u>	<u>24,385,507</u>	<u>346,187,459</u>	<u>314,923,291</u>
Deferred inflow s of resources	<u>9,161,829</u>	<u>7,652,986</u>	<u>1,248,673</u>	<u>713,671</u>	<u>10,410,502</u>	<u>8,366,657</u>
Net position:						
Net investment						
in capital assets	241,514,277	226,571,617	131,141,096	125,603,797	372,655,373	352,175,414
Restricted	95,250,803	80,077,822	3,713,745	4,187,117	98,964,548	84,264,939
Unrestricted	<u>(61,219,590)</u>	<u>(68,705,657)</u>	<u>6,302,986</u>	<u>11,816,945</u>	<u>(54,916,604)</u>	<u>(56,888,712)</u>
Total net position	<u>\$ 275,545,490</u>	<u>\$ 237,943,782</u>	<u>\$ 141,157,827</u>	<u>\$ 141,607,859</u>	<u>\$ 416,703,317</u>	<u>\$ 379,551,641</u>

The largest portion of the City's net position (\$372,655,373) reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire capital assets 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 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 represents resources that are subject to external restrictions on how they may be used. Restricted net position includes (1) use of impact fees for construction purposes (\$3,713,745), (2) debt service (\$18,049,590), (3) capital projects (\$58,590,543), (4) court security and technology (\$404,011), (5) public safety (\$746,509), (6) records preservation (\$9,893), (7) economic development (\$3,553,120), (8) transportation (\$16,961), (9) culture and recreation (\$192,671), and (10) tourism (\$13,687,505).

For fiscal year-end 2019, the City is able to report positive balances in two categories of net position for the City as a whole. Unrestricted net position is a deficit for the governmental activities and in total for the City. This is due in part to the recognition of the net pension liability under the requirements of GASB Statement No. 68, the recognition of the net OPEB liability under GASB Statement No. 75, and also due to the fact that the City has a substantial amount of debt related to TIF #2 which is not capital-related.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2019, and 2018:

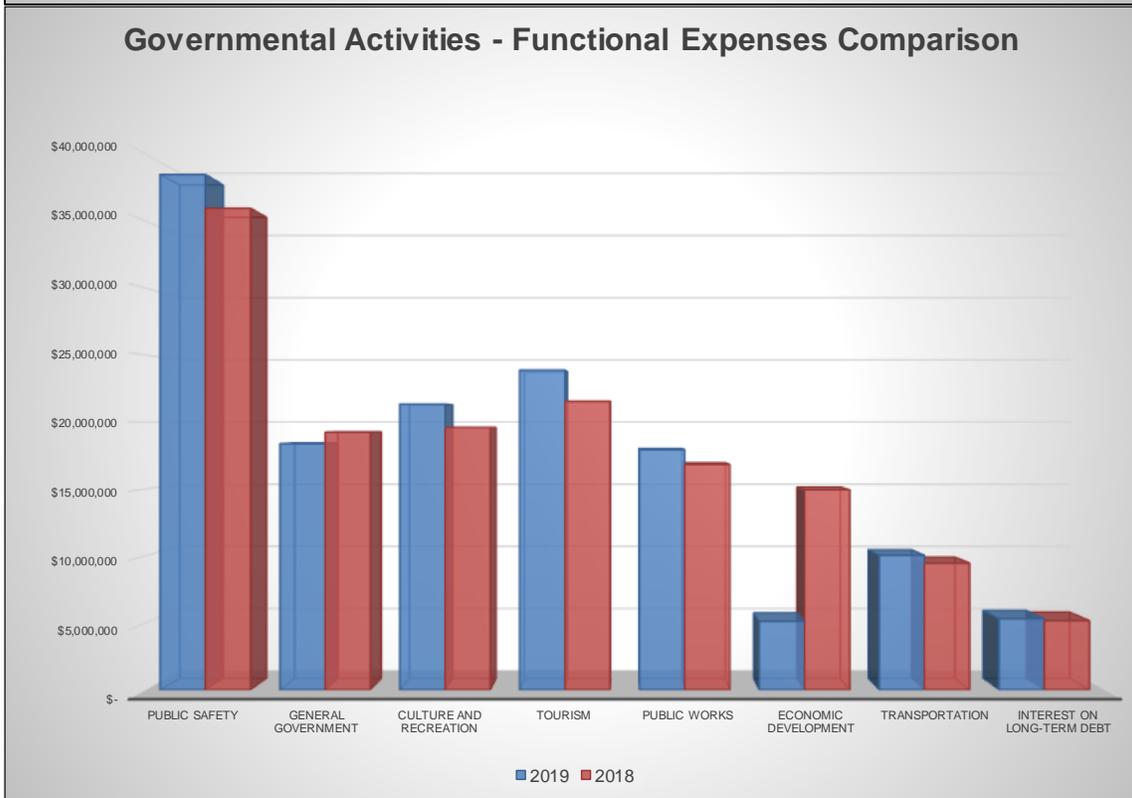
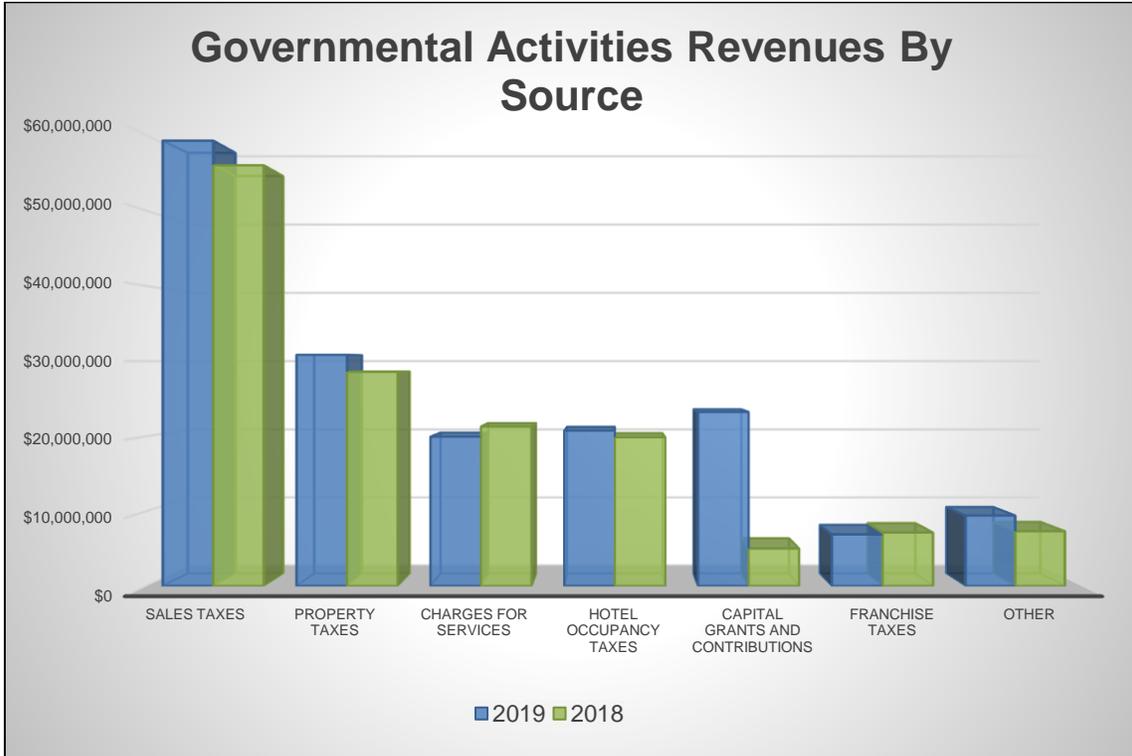
CITY OF GRAPEVINE'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 19,951,339	\$ 21,295,533	\$ 27,601,935	\$ 31,397,665	\$ 47,553,274	\$ 52,693,198
Operating grants and contributions	992,824	2,200,146	-	-	992,824	2,200,146
Capital grants and contributions	23,230,376	5,006,869	6,308,642	4,984,062	29,539,018	9,990,931
General revenues:						
Property taxes	30,848,837	28,561,385	-	-	30,848,837	28,561,385
Hotel occupancy taxes	20,767,302	19,875,456	-	-	20,767,302	19,875,456
Sales taxes	59,297,844	56,029,012	-	-	59,297,844	56,029,012
Mixed beverage taxes	2,145,940	1,792,674	-	-	2,145,940	1,792,674
Franchise taxes	6,898,111	7,144,793	-	-	6,898,111	7,144,793
Investment earnings	3,783,555	2,736,937	650,207	579,693	4,433,762	3,316,630
Gain on sale of capital assets	2,075,942	261,806	-	-	2,075,942	261,806
Miscellaneous	420,084	331,280	-	-	420,084	331,280
Total revenues	<u>170,412,154</u>	<u>145,235,891</u>	<u>34,560,784</u>	<u>36,961,420</u>	<u>204,972,938</u>	<u>182,197,311</u>
Expenses:						
General government	18,382,135	19,248,979	-	-	18,382,135	19,248,979
Public safety	38,471,701	35,954,134	-	-	38,471,701	35,954,134
Culture and recreation	21,340,649	19,596,646	-	-	21,340,649	19,596,646
Public works	17,929,564	16,825,724	-	-	17,929,564	16,825,724
Transportation	10,046,960	9,466,562	-	-	10,046,960	9,466,562
Economic development	5,122,449	14,936,191	-	-	5,122,449	14,936,191
Tourism	23,886,464	21,561,351	-	-	23,886,464	21,561,351
Interest on long-term debt	5,311,983	5,173,776	-	-	5,311,983	5,173,776
Water and sewer	-	-	23,901,013	22,411,243	23,901,013	22,411,243
Lake enterprise	-	-	4,159,096	3,216,504	4,159,096	3,216,504
Total expenses	<u>140,491,905</u>	<u>142,763,363</u>	<u>28,060,109</u>	<u>25,627,747</u>	<u>168,552,014</u>	<u>168,391,110</u>
Increases in net position						
before transfers	29,920,249	2,472,528	6,500,675	11,333,673	36,420,924	13,806,201
Transfers	<u>6,950,707</u>	<u>3,019,894</u>	<u>(6,950,707)</u>	<u>(3,019,894)</u>	-	-
Change in net position	36,870,956	5,492,422	(450,032)	8,313,779	36,420,924	13,806,201
Net position, beginning	237,943,782	262,262,744	141,607,859	136,789,411	379,551,641	399,052,155
Prior period adjustment	<u>730,752</u>	<u>(29,811,384)</u>	-	<u>(3,495,331)</u>	<u>730,752</u>	<u>(33,306,715)</u>
Net position, beginning (restated)	<u>238,674,534</u>	<u>232,451,360</u>	<u>141,607,859</u>	<u>133,294,080</u>	<u>380,282,393</u>	<u>365,745,440</u>
Net position, ending	<u>\$ 275,545,490</u>	<u>\$ 237,943,782</u>	<u>\$ 141,157,827</u>	<u>\$ 141,607,859</u>	<u>\$ 416,703,317</u>	<u>\$ 379,551,641</u>

Governmental activities – Governmental activities increased the City's net position by \$36,870,956 from operations. Broadly speaking, this increase can be attributed to a significant increase in revenues coupled with a decrease in expenses.

In total, revenues for fiscal year 2019 were 17.3% higher than the previous fiscal year and the City experienced increases in several categories of revenue. The largest of these increases, capital grants and contributions, was a result of the City recording intergovernmental revenue for the train station construction project for \$20,000,000. Another increase came from property taxes, which can be attributed to increased tax appraisal valuations as the overall tax rate for the City remained flat between FY 2018 and FY 2019. Additionally, hotel occupancy, sales, and mixed beverage taxes all experienced increases which were caused by an acceleration in economic activity within the City.

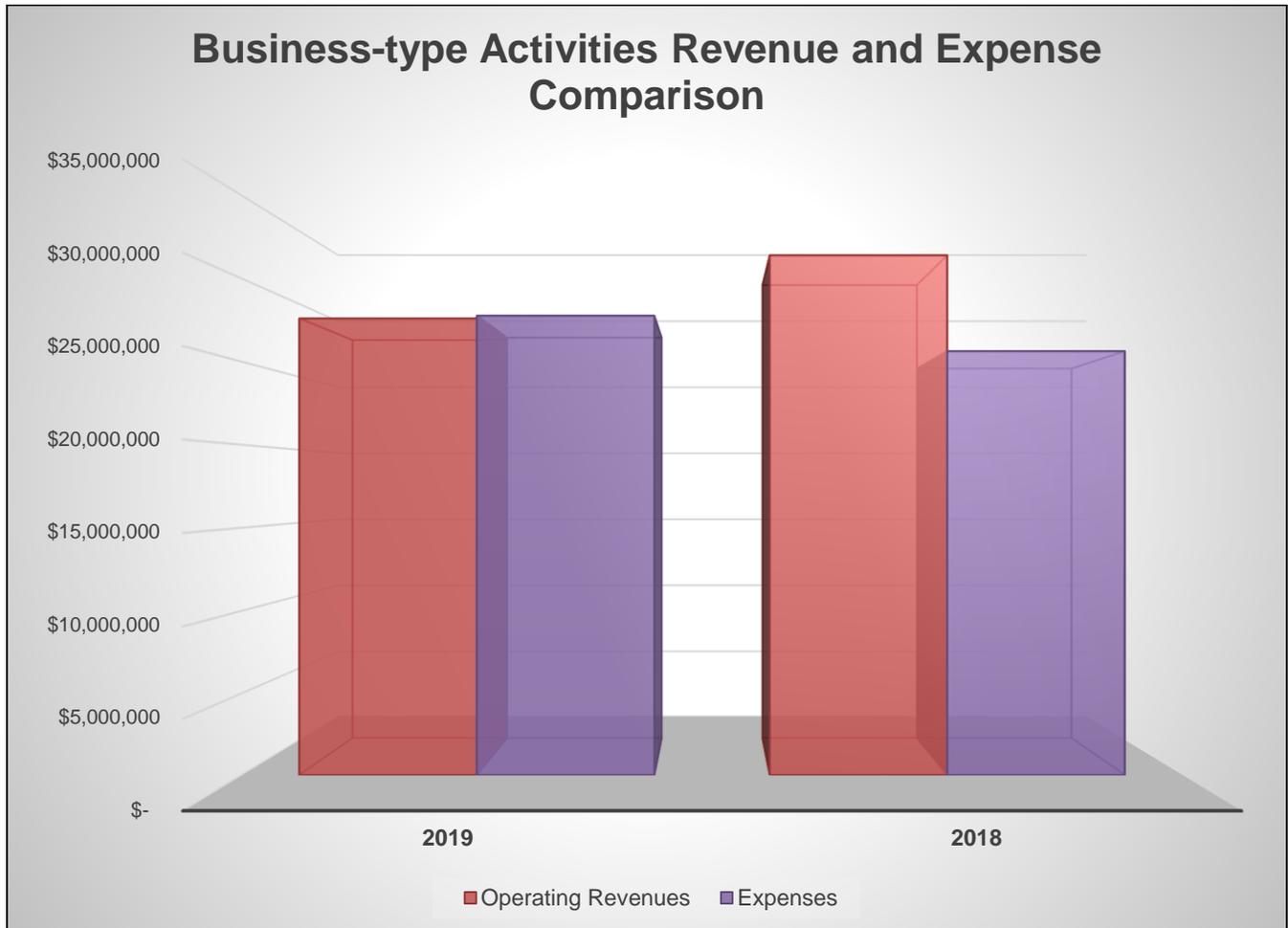
The City's operating expenses for 2019 decreased by \$2,271,458 or 1.6%. The primary reason for this change was that TIF #1 project expenses decreased from the prior year by \$9.6 million while other expenses increased. These increases include a \$2.5 million for public safety, \$1.7 million for culture and recreation, and \$2.3 million for Tourism. Budgeted payroll increases (2.5% market adjustment and an additional 2-5% for merit and steps) and changes to how the City allocated insurance related costs made up most of the changes in expenses for these functions for FY 2019. Other increases can be attributed to costs incurred to restore damages due to flooding at Grapevine Lake.



Business-type activities – In total, the business-type activities decreased the City’s net position by \$450,032. Water and Sewer Utilities increased net position by \$489,659 while Lake Enterprise (golf) decreased net position by \$939,691.

The change in net position for the business-type activities was impacted by the Water and Sewer Fund in the following ways: (1) the Water and Sewer Fund received \$5.9 million in capital contributions of easements and infrastructure from developers during FY 2019, (2) the City experienced decreased consumption demand as a result of higher rainfall for FY 2019 which decreased charges for services revenue by \$2.4 million, (3) water purchases, storage and treatment costs decreased by approximately \$1.6 million for FY 2019 as a result of decreased demand, and (4) budgeted increases in salaries and benefits expenses resulted in actual increased for FY 2019 of \$1.7 million or 4.9%.

The Lake Enterprise Fund (golf course) had an impact on the change in net position for the business-type activities because of a decline in operations over the fiscal year related to heavy rainfall and flooding at Lake Grapevine and because of the closure of the main road leading to the golf course due to structural issues. Given this, revenues were still able to increase by \$192,402 and related expenses increased in total by \$947,638 or 2.95%, which included budgeted salary increases ranging from 2.5-5%.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds – The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$156,678,991, an increase of \$1,277,659 compared with the prior year. Unassigned fund balance is \$7,695,414 (4.9%), which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is (1) nonspendable (\$1,362,854) (2) restricted for debt service, capital projects, court security and technology, public safety, economic development, transportation, tourism, records preservation and culture and recreation programs (\$104,006,685) (3) committed for stormwater drainage and public arts (\$2,770,436) (4) or assigned for economic development, capital projects, tourism, public safety, culture and recreation programs, and OPEB plan contributions (\$40,843,602).

Significant changes in fund balances of major funds are as follows:

General Fund – The General Fund is the chief operating fund of the City. At the end of FY 2019, unassigned fund balance of the General Fund was \$12,185,859, while total fund balance equaled \$14,295,271. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 22.6% of total General Fund expenditures, while the total fund balance represents approximately 26.5% of that same amount.

The fund balance of the General Fund decreased by \$1,849,773 for FY 2019. Revenues increased in the General Fund from FY 2018 to FY 2019 by \$2,117,515. As mentioned previously in connection with the governmental activities, the largest increases in revenues were from property, sales and mixed beverage taxes. Property taxes increased by 3.82% or \$433,059, sales taxes increased 5.58% or \$1,577,019, mixed beverage taxes increased by 19.71% or \$353,266, and total revenues increased by 3.65% or \$2,113,802 year over year. Property tax revenue increases are the result of growth in appraised values for FY 2019. Sales and mixed beverage tax increases can be attributed to general economic gains in our local economy following the expansion of hotels, restaurants, and other businesses within the City as management continuously seeks to foster growth.

The primary reason for expenditures increasing across almost all functions was related to an increase in salaries and benefits costs. These costs grew as a 2.5-7.5% increase in wages was allocated as a part of the FY 2019 budget. Costs have also increased for the City's Parks and Recreation Department related to grounds maintenance as landscaping projects have been completed around the City over the last few years. Additionally, operating transfers were made to capital projects funds as budgeted, including \$3,000,000 to the Quality of Life Fund. Operating transfers to the Crime District Fund increased to over \$3 million for FY 2019 to help fund the increasing salary costs seen in that fund, and an additional transfer of \$3,200,000 was made to the Capital Acquisition Fund to offset capital outlays planned in the FY 20 budget.

Special Revenue – Hotel Occupancy Tax Fund – Fund balance in the Hotel Occupancy Tax Fund increased for FY 2019 by \$3,245,402. This increase can primarily be attributed to an increase in hotel occupancy taxes received which is the result of an overall gains made in the local economy and FY 2019 is the first full year that includes the Gaylord Texan Resort expansion that opened in late FY 2018. The project increased the number of rooms by 303 and has also provided the facility with an additional 86,000 square feet of meeting space.

Expenditures in the Hotel Occupancy Tax Fund increased from \$20,788,326 in FY 2018 to \$23,608,226 in FY 2019. This increase (\$2,819,900) was budgeted for in FY 2019 and even with this increase, expenditures ended up \$1,444,514 under budget for FY 2019.

Salaries were increased in this fund in accordance with budget from 2.5-4.5%, but, due to turnover, salaries and related benefit costs remained largely under budget. Additionally, marketing and promotional expenditures were budgeted to exceed \$4 million for FY 2019 but these cost ended the year at only \$3.3 million, but this was still an increase of almost \$1 million over the prior year.

Special Revenue – Crime District Fund – Fund balance of the Crime District Fund decreased by \$285,945. Sales tax revenues, which are the primary funding source of the Crime District Fund, performed better than budgeted expectations for FY 2019 which was also an increase of \$893,385 over FY 2018. Although in total revenues performed better than budget, expenditures exceeded budget by over \$543,428. These overages can be primarily attributed to salary and benefit cost overruns.

Special Revenue – 4B – Economic Development – The 4B-Economic Development fund balance increased by \$5,732,378 over last fiscal year. This increase can be primarily attributed to the sale of land. The City received proceeds from this sale in the amount of \$4,208,462. Expenditures in this fund stayed consistent with the prior year while sales tax collections increased \$137,367 because of previously mentioned economic gains seen in the local economy.

Special Revenue – 4B – Transit – The 4B-Transit fund balance increased by \$8,177 over last fiscal year. Sales tax collected in this fund has been pledged to the Fort Worth Transit Authority (the "T"). Any sales tax collections in this fund, less half of the operating costs of the City's visitor shuttle service, are distributed to the "T" to help fund commuter rail service in Grapevine. Sales taxes in this fund also increased for the current period, over FY 2018, because of general economic gains in the local economy, and as the revenues in this fund increase, so do the corresponding expenditures.

Debt Service Fund – The total fund balance of \$7,749,766 in the Debt Service Fund is restricted for the payment of debt obligations. This balance has declined by \$1,169,001 and this is attributable to the City issuing refunding bonds which resulted in excess expenditures over receipts.

Capital Projects – TIF #1 – The net change in fund balance for the TIF #1 capital projects fund for FY 2019 was \$1,236,760. This decrease can be attributed to contractual distributions made by the City to the school district to fund the final stages of construction of two multipurpose facilities. Expenditures related to these projects have decreased over the prior year as these projects have neared completion.

Capital Projects – General Facilities and Equipment – The fund balance decreased \$864,718 from the prior year. The primary project contributing to the capital outlay of \$32,923,636 in this fund is the Grapevine Main train station. Additionally, \$23,465,000 in general obligation bonds were issued in FY 2019. These bonds were issued to fund the construction of animal shelter facilities, fire stations, and a multi-use facility and clubhouse at the Grapevine Municipal Golf Course.

Proprietary Funds – The City of Grapevine's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of the proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Significant amendment changes:

There were no changes to budgeted revenues or expenditures for the fiscal year 2019.

Significant budget variances:

Revenues exceeded the budget by \$607,728 primarily due to increases in property, sales and mixed beverage taxes. These revenues exceeded budget because of better than expected economic conditions within the City for FY 2019 and because property valuations increased for FY 2019.

Expenditures, in total, were under budget by \$1,112,583. Excess salary and related benefit expenditures as well as unbudgeted capital outlay and debt service expenditures led to the negative variances seen within the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets—The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$513,424,623 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, intangible assets and construction in progress. The total net increase in the City’s investment in capital assets for the current fiscal year was \$39,838,939 (8%).

Major capital asset events during the current fiscal year included the following:

- Grapevine Main and Harvest Hall construction of \$29,025,174 was added to construction in progress.
- Construction in progress additions of \$3,723,603 were added for the rebuild/remodel of 4 fire stations, along with \$580,119 added for the new Bark Park.
- Acquisition of vehicles and equipment totaling \$2,874,295, including \$424,551 related to tourism, \$280,820 related to public safety, \$1,226,260 related to public works, and \$701,315 related to culture and recreation.
- Oak Grove Softball renovations of \$5,135,415 were added to construction in progress.
- Parks and recreation improvement projects of \$3,273,552 were completed, including \$2,316,207 for the Green Ribbon project and \$793,386 related to Botanical Gardens and Bessie Mitchell House Improvements.
- Street construction totaling \$1,155,653 was added to construction in progress related to Dallas Road, Glade Road, Nash Street, and Berry Street.
- Streets projects of \$707,698 were completed and transferred to infrastructure assets, including S. Austin Street and S. Ruth Street improvements.
- The Water and Sewer Fund completed \$753,462 in projects, which extended and improved the City’s water and sewer system. Donated water and sewer assets totaled \$5,982,472.

CITY OF GRAPEVINE’S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 35,136,147	\$ 37,257,669	\$ 593,970	\$ 593,970	\$ 35,730,117	\$ 37,851,639
Right-of-way/easements	78,561,656	78,359,677	48,705,515	44,492,955	127,267,171	122,852,632
Construction in progress	71,385,628	32,480,427	5,431,218	2,177,296	76,816,846	34,657,723
Buildings	94,212,671	95,488,055	661,923	705,280	94,874,594	96,193,335
Improvements other than buildings	25,924,027	24,586,781	1,163,853	1,551,452	27,087,880	26,138,233
Machinery and equipment	16,226,083	17,394,686	2,003,659	1,748,655	18,229,742	19,143,341
Water storage rights	-	-	27,061	44,150	27,061	44,150
Infrastructure	<u>56,360,509</u>	<u>59,419,641</u>	<u>77,013,611</u>	<u>77,284,990</u>	<u>133,374,120</u>	<u>136,704,631</u>
Total	<u>\$ 377,806,721</u>	<u>\$ 344,986,936</u>	<u>\$ 135,600,810</u>	<u>\$ 128,598,748</u>	<u>\$ 513,407,531</u>	<u>\$ 473,585,684</u>

Additional information on the City’s capital assets can be found in Note V of the notes to the financial statements.

Long-term debt—At the end of the current fiscal year, the City had total bonded debt outstanding of \$186,703,232. Of this amount, \$155,223,082 comprises debt backed by the full faith and credit of the City.

CITY OF GRAPEVINE'S OUTSTANDING BONDS AND NOTES PAYABLE AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 92,055,000	\$ 70,080,000	\$ 895,000	\$ 1,730,000	\$ 92,950,000	\$ 71,810,000
Certificates of obligation	41,927,553	49,658,143	8,200,000	8,600,000	50,127,553	58,258,143
Revenue bonds	30,015,000	32,480,000	-	-	30,015,000	32,480,000
Contractual obligations	4,755,080	5,505,000	-	-	4,755,080	5,505,000
Tax notes	605,000	1,195,000	-	-	605,000	1,195,000
Premium on bonds issued	<u>7,844,073</u>	<u>6,758,570</u>	<u>406,526</u>	<u>463,444</u>	<u>8,250,599</u>	<u>7,222,014</u>
	<u>\$ 177,201,706</u>	<u>\$ 165,676,713</u>	<u>\$ 9,501,526</u>	<u>\$ 10,793,444</u>	<u>\$ 186,703,232</u>	<u>\$ 176,470,157</u>

Additional information on the City's long-term debt can be found in Note IX of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the fiscal year 2020 budget, total City revenues are budgeted at \$184.2 million, an increase of \$6.3 million (3.5%) from the previous year. Certified assessed valuations, including estimated values on properties under protest, increased by 6.4% for the FY 2020 budget compared to an increase of 8.6% for FY 2019. In response to the projected growth in values, the City lowered the tax rate to \$0.284271 per \$100 of valuation.

The economy continues to be strong for the City and the Dallas-Fort Worth Metroplex in general. The City continues to focus on quality of life, economic development and cultural, educational and recreational amenities the community has to offer.

The General Fund reserve requirement is expected to remain at approximately 22% of budgeted expenditures for the fiscal year 2020. This exceeds the requirement of 20% of budgeted expenditures.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Division, City of Grapevine, 200 S. Main Street, Grapevine, Texas 76051.

THIS PAGE LEFT BLANK INTENTIONALLY

**BASIC
FINANCIAL STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF GRAPEVINE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Heritage Foundation
ASSETS				
Cash and investments	\$ 161,634,047	\$ 20,570,841	\$ 182,204,888	\$ 547,383
Receivables, net:				
Taxes	12,579,047	-	12,579,047	-
Accounts	1,751,714	3,405,690	5,157,404	-
Notes	3,858,000	-	3,858,000	-
Internal balances	695,436	(695,436)	-	-
Due from primary government	-	-	-	7,410
Due from other governments	21,104,359	-	21,104,359	-
Inventory	541,411	84,347	625,758	-
Accrued interest	88,281	1,772	90,053	32
Prepaid expenses	467,458	40,256	507,714	-
Deposits	4,907	-	4,907	-
Restricted assets:				
Cash and investments	-	8,880,312	8,880,312	-
Assets held for sale	611,788	-	611,788	-
Capital assets (net of accumulated depreciation):				
Non-depreciable	185,083,431	54,730,703	239,814,134	450,067
Depreciable	192,723,290	80,870,107	273,593,397	691,994
Total assets	<u>581,143,169</u>	<u>167,888,592</u>	<u>749,031,761</u>	<u>1,696,886</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	17,095,372	1,602,414	18,697,786	-
Deferred outflows related to OPEB	4,187,562	619,692	4,807,254	-
Deferred loss on bond refunding	684,152	80,325	764,477	-
Total deferred outflows of resources	<u>21,967,086</u>	<u>2,302,431</u>	<u>24,269,517</u>	<u>-</u>
LIABILITIES				
Accounts payable	16,163,676	3,080,181	19,243,857	9,015
Contracts and retainage payable	2,846,851	205,080	3,051,931	-
Accrued and other liabilities	3,971,814	522,949	4,494,763	-
Developer deposits	1,588,206	-	1,588,206	-
Interest payable	793,633	37,796	831,429	-
Due to component unit	7,410	-	7,410	-
Due to other governments	211,866	-	211,866	-
Unearned revenue	3,744,831	-	3,744,831	1,955
Customer deposits	-	996,419	996,419	-
Noncurrent liabilities:				
Due in one year	13,992,461	929,980	14,922,441	-
Due in more than one year	275,082,188	22,012,118	297,094,306	-
Total liabilities	<u>318,402,936</u>	<u>27,784,523</u>	<u>346,187,459</u>	<u>10,970</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,974,708	185,096	2,159,804	-
Deferred inflows related to OPEB	7,187,121	1,063,577	8,250,698	-
Total deferred inflows of resources	<u>9,161,829</u>	<u>1,248,673</u>	<u>10,410,502</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	241,514,277	131,141,096	372,655,373	1,142,061
Restricted for:				
Use of impact fees	-	3,713,745	3,713,745	-
Debt service	18,049,590	-	18,049,590	-
Capital projects	58,590,543	-	58,590,543	-
Court security and technology	404,011	-	404,011	-
Public safety	746,509	-	746,509	-
Records preservation	9,893	-	9,893	-
Economic development	3,553,120	-	3,553,120	-
Transportation	16,961	-	16,961	-
Culture and recreation	192,671	-	192,671	-
Tourism	13,687,505	-	13,687,505	-
Unrestricted	(61,219,590)	6,302,986	(54,916,604)	543,855
Total net position	<u>\$ 275,545,490</u>	<u>\$ 141,157,827</u>	<u>\$ 416,703,317</u>	<u>\$ 1,685,916</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF GRAPEVINE, TEXAS
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 18,382,135	\$ 2,049,869	\$ 115,585	\$ 201,979
Public safety	38,471,701	2,199,716	673,363	-
Culture and recreation	21,340,649	4,393,531	111,157	300,000
Public works	17,929,564	3,673,585	92,719	2,692,785
Transportation	10,046,960	-	-	20,035,612
Economic development	5,122,449	-	-	-
Tourism	23,886,464	7,634,638	-	-
Interest on long-term debt	5,311,983	-	-	-
Total governmental activities	<u>140,491,905</u>	<u>19,951,339</u>	<u>992,824</u>	<u>23,230,376</u>
Business-type activities:				
Water and sewer	23,901,013	24,278,495	-	6,308,642
Lake Enterprise	4,159,096	3,323,440	-	-
Total business-type activities	<u>28,060,109</u>	<u>27,601,935</u>	<u>-</u>	<u>6,308,642</u>
 Total primary government	 <u>\$ 168,552,014</u>	 <u>\$ 47,553,274</u>	 <u>\$ 992,824</u>	 <u>\$ 29,539,018</u>
Component unit:				
Heritage Foundation	<u>\$ 174,685</u>	<u>\$ 22,293</u>	<u>\$ 108,497</u>	<u>\$ 300</u>

General revenues:

- Taxes:
 - Property
 - Franchise
 - Hotel occupancy
 - Sales
 - Mixed beverage
- Unrestricted investment income
- Gain on sale of capital assets
- Miscellaneous
- Transfers
- Total general revenues and transfers

Change in net position

- Net position - beginning
- Prior period adjustment
- Net position - beginning, as restated
- Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			Component
Primary Government			Unit
Governmental Activities	Business-type Activities	Total	Heritage Foundation
\$(16,014,702)	\$ -	\$(16,014,702)	\$ -
(35,598,622)	-	(35,598,622)	-
(16,535,961)	-	(16,535,961)	-
(11,470,475)	-	(11,470,475)	-
9,988,652	-	9,988,652	-
(5,122,449)	-	(5,122,449)	-
(16,251,826)	-	(16,251,826)	-
(5,311,983)	-	(5,311,983)	-
<u>(96,317,366)</u>	<u>-</u>	<u>(96,317,366)</u>	<u>-</u>
-	6,686,124	6,686,124	-
<u>-</u>	<u>(835,656)</u>	<u>(835,656)</u>	<u>-</u>
<u>-</u>	<u>5,850,468</u>	<u>5,850,468</u>	<u>-</u>
<u>\$(96,317,366)</u>	<u>\$ 5,850,468</u>	<u>\$(90,466,898)</u>	<u>\$ -</u>
			<u>(43,595)</u>
\$ 30,848,837	\$ -	\$ 30,848,837	\$ -
6,898,111	-	6,898,111	-
20,767,302	-	20,767,302	-
59,297,844	-	59,297,844	-
2,145,940	-	2,145,940	-
3,783,555	650,207	4,433,762	6,813
2,075,942	-	2,075,942	-
420,084	-	420,084	9,182
<u>6,950,707</u>	<u>(6,950,707)</u>	<u>-</u>	<u>-</u>
<u>133,188,322</u>	<u>(6,300,500)</u>	<u>126,887,822</u>	<u>15,995</u>
36,870,956	(450,032)	36,420,924	(27,600)
237,943,782	141,607,859	379,551,641	1,713,516
<u>730,752</u>	<u>-</u>	<u>730,752</u>	<u>-</u>
<u>238,674,534</u>	<u>141,607,859</u>	<u>380,282,393</u>	<u>1,713,516</u>
<u>\$ 275,545,490</u>	<u>\$ 141,157,827</u>	<u>\$ 416,703,317</u>	<u>\$ 1,685,916</u>

CITY OF GRAPEVINE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue				
	General	Hotel Occupancy Tax	Crime District	4B-Economic Development	4B-Transit
ASSETS					
Cash and investments	\$ 6,938,122	\$ 23,321,289	\$ -	\$ 11,262,157	\$ 686,284
Receivables (net of allowances for uncollectibles):					
Accounts	1,358,318	57,206	-	40,123	-
Taxes	5,837,887	1,501,354	2,494,093	738,860	1,822,138
Accrued interest	924	2,527	14	664	40
Notes	-	-	-	-	-
Inventory	532,803	8,608	-	-	-
Due from other funds	6,042,889	-	-	-	-
Due from other governments	213,033	-	6,917	-	-
Prepaid items	321,934	119,537	25,987	-	-
Deposits	4,907	-	-	-	-
Assets held for sale	349,078	262,710	-	-	-
Total assets	<u>21,599,895</u>	<u>25,273,231</u>	<u>2,527,011</u>	<u>12,041,804</u>	<u>2,508,462</u>
LIABILITIES					
Accounts payable	1,929,731	2,967,599	375,497	184,476	2,491,501
Accrued liabilities	2,761,610	352,188	770,974	26,944	-
Due to other funds	-	-	2,418,966	-	-
Due to component unit	-	7,410	-	-	-
Due to other governments	209,822	596	-	-	-
Unearned revenue	1,699,693	1,682,194	6,917	-	-
Developer deposits	-	-	-	-	-
Total liabilities	<u>6,600,856</u>	<u>5,009,987</u>	<u>3,572,354</u>	<u>211,420</u>	<u>2,491,501</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	703,768	-	-	-	-
Total deferred inflows of resources	<u>703,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Inventory	532,803	8,608	-	-	-
Prepaid items	321,934	119,537	25,987	-	-
Deposits	4,907	-	-	-	-
Property held for sale	349,078	-	-	-	-
Restricted for:					
Debt service	-	-	-	1,402,400	-
Capital projects	-	-	-	-	-
Court security and technology	-	-	-	-	-
Economic development	-	-	-	1,263,734	-
Public safety	-	-	-	-	-
Records preservation	-	-	-	-	-
Tourism	-	13,687,505	-	-	-
Transportation	-	-	-	-	16,961
Culture and recreation	-	-	-	-	-
Committed for:					
Stormwater drainage operations	-	-	-	-	-
Public arts	-	-	-	-	-
Assigned for:					
Economic development	-	-	-	9,164,250	-
Capital projects	-	-	-	-	-
Tourism	-	6,447,594	-	-	-
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
OPEB	900,690	-	-	-	-
Unassigned	12,185,859	-	(1,071,330)	-	-
Total fund balances	<u>14,295,271</u>	<u>20,263,244</u>	<u>(1,045,343)</u>	<u>11,830,384</u>	<u>16,961</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,599,895</u>	<u>\$ 25,273,231</u>	<u>\$ 2,527,011</u>	<u>\$ 12,041,804</u>	<u>\$ 2,508,462</u>

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

Debt Service	Capital Projects			Nonmajor Governmental Funds	Total Governmental Funds
	TIF #1	General Facilities and Equipment			
\$ 7,725,173	\$ 9,400,534	\$ 63,390,244	\$ 38,735,523	\$ 161,459,326	
10,877	-	-	285,190	1,751,714	
184,715	-	-	-	12,579,047	
451	138	81,527	1,986	88,271	
-	-	3,858,000	-	3,858,000	
-	-	-	-	541,411	
-	-	-	-	6,042,889	
-	-	20,500,000	384,409	21,104,359	
-	-	-	-	467,458	
-	-	-	-	4,907	
-	-	-	-	611,788	
<u>7,921,216</u>	<u>9,400,672</u>	<u>87,829,771</u>	<u>39,407,108</u>	<u>208,509,170</u>	
-	-	6,261,448	1,947,555	16,157,807	
-	-	-	60,098	3,971,814	
-	-	-	2,928,487	5,347,453	
-	-	-	-	7,410	
-	-	-	1,448	211,866	
-	-	8,333	347,694	3,744,831	
-	-	400,000	1,188,206	1,588,206	
-	-	<u>6,669,781</u>	<u>6,473,488</u>	<u>31,029,387</u>	
<u>171,430</u>	<u>-</u>	<u>19,785,612</u>	<u>139,982</u>	<u>20,800,792</u>	
<u>171,430</u>	<u>-</u>	<u>19,785,612</u>	<u>139,982</u>	<u>20,800,792</u>	
-	-	-	-	541,411	
-	-	-	-	467,458	
-	-	-	-	4,907	
-	-	-	-	349,078	
7,749,786	-	-	9,439,307	18,591,493	
-	7,030,986	53,018,792	6,674,444	66,724,222	
-	-	-	404,011	404,011	
-	2,369,686	-	-	3,633,420	
-	-	-	746,509	746,509	
-	-	-	9,893	9,893	
-	-	-	-	13,687,505	
-	-	-	-	16,961	
-	-	-	192,671	192,671	
-	-	-	1,778,396	1,778,396	
-	-	-	992,040	992,040	
-	-	-	-	9,164,250	
-	-	8,355,586	15,751,152	24,106,738	
-	-	-	-	6,447,594	
-	-	-	220,476	220,476	
-	-	-	3,854	3,854	
-	-	-	-	900,690	
-	-	-	(3,419,115)	7,695,414	
<u>7,749,786</u>	<u>9,400,672</u>	<u>61,374,378</u>	<u>32,793,638</u>	<u>156,678,991</u>	
\$ <u>7,921,216</u>	\$ <u>9,400,672</u>	\$ <u>87,829,771</u>	\$ <u>39,407,108</u>	\$ <u>208,509,170</u>	

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

Total fund balances - governmental funds balance sheet	\$	156,678,991
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		377,806,721
Certain receivables will not be collected soon enough to pay for the current period's expenditures and are, therefore, reported as deferred inflows of resources in the funds:		
Property taxes		125,764
Property tax penalties and interest		223,109
Court fines and fees		166,699
Ambulance billing		12,546
Intergovernmental receivables		19,833,625
Franchise Fees		360,867
Other		78,182
An internal service fund is used to charge the cost of document management equipment acquisition and maintenance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities.		168,862
Accrued bond interest is not due and payable in the current period and, therefore, is not reported in the funds.	(	793,633)
Retainage payable is not due and payable in the current period and, therefore, is not reported in the funds.	(	2,846,851)
Long-term liabilities and deferred losses on bond refundings, reported as deferred outflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows:		
Long-term liabilities:		
Bonds payable	(	174,306,626)
Notes payable	(	605,000)
Compensated absences	(	4,201,857)
Sales tax obligation	(	2,290,080)
Deferred outflows of resources:		
Deferred losses on bond refundings		684,152
Included in the items related to long-term liabilities is the recognition of the City's net pension liability. The net position related to pensions included a deferred outflows of resources in the amount of \$17,095,357, a deferred inflows of resources in the amount of \$1,947,708, and the net pension liability of \$50,596,069.	(	35,475,405)
Included in the items related to long-term liabilities is the recognition of the City's net OPEB liability. The net position related to OPEB included a deferred outflows of resources in the amount of \$4,187,562, a deferred inflows of resources in the amount of \$7,187,121, and the net OPEB liability of \$57,075,017.	(	60,074,576)
Net position of governmental activities	\$	<u>275,545,490</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF GRAPEVINE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue				
	General	Hotel Occupancy Tax	Crime District	4B-Economic Development	4B-Transit
REVENUES					
Property tax	\$ 11,765,849	\$ -	\$ -	\$ -	\$ -
Hotel occupancy tax	-	20,767,302	-	-	-
Sales tax	29,863,646	-	14,563,884	4,393,875	10,476,439
Mixed beverage tax	2,145,940	-	-	-	-
Franchise tax	6,435,472	-	-	-	-
Licenses and permits	1,969,000	-	-	-	-
Intergovernmental	380,269	-	13,605	-	-
Charges for services	5,406,622	7,634,638	-	23,860	-
Fines and forfeitures	1,509,299	-	88,042	-	-
Investment income	283,313	448,501	190,715	144,125	8,177
Contributions	-	-	-	-	-
Miscellaneous	448,761	29,732	12,737	100	-
Total revenues	<u>60,208,171</u>	<u>28,880,173</u>	<u>14,868,983</u>	<u>4,561,960</u>	<u>10,484,616</u>
EXPENDITURES					
Current:					
General government	15,435,676	-	142,921	-	-
Public safety	16,198,439	-	18,068,637	-	-
Culture and recreation	13,299,784	-	-	-	-
Public works	8,524,275	-	-	-	-
Tourism	-	22,413,522	-	-	-
Economic development	-	-	-	1,301,974	-
Transportation	-	-	-	-	10,046,960
Capital outlay	264,387	1,192,933	-	-	-
Debt service:					
Principal	118,558	-	-	-	-
Interest	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Fiscal agent charges	4,210	1,771	-	-	-
Total expenditures	<u>53,845,329</u>	<u>23,608,226</u>	<u>18,211,558</u>	<u>1,301,974</u>	<u>10,046,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,362,842</u>	<u>5,271,947</u>	<u>(3,342,575)</u>	<u>3,259,986</u>	<u>437,656</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	3,907,798	529,479	3,056,630	-	-
Transfers out	(12,276,630)	(2,556,024)	-	(1,736,070)	(429,479)
Sale of capital assets	156,217	-	-	4,208,462	-
Issuance of debt	-	-	-	-	-
Issuance of refunding debt	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Total other financing sources and uses	<u>(8,212,615)</u>	<u>(2,026,545)</u>	<u>3,056,630</u>	<u>2,472,392</u>	<u>(429,479)</u>
NET CHANGE IN FUND BALANCES	<u>(1,849,773)</u>	<u>3,245,402</u>	<u>(285,945)</u>	<u>5,732,378</u>	<u>8,177</u>
FUND BALANCES, BEGINNING	15,555,243	17,017,842	(759,398)	6,098,006	8,784
PRIOR PERIOD ADJUSTMENT	<u>589,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING, RESTATED	<u>16,145,044</u>	<u>17,017,842</u>	<u>(759,398)</u>	<u>6,098,006</u>	<u>8,784</u>
FUND BALANCES, ENDING	<u>\$ 14,295,271</u>	<u>\$ 20,263,244</u>	<u>\$ (1,045,343)</u>	<u>\$ 11,830,384</u>	<u>\$ 16,961</u>

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

Debt Service	Capital Projects			Nonmajor Governmental Funds	Total Governmental Funds
	TIF #1	General Facilities and Equipment			
\$ 12,271,795	\$ 1,038,974	\$ -	\$ 5,806,220	\$ 30,882,838	
-	-	-	-	20,767,302	
-	-	-	-	59,297,844	
-	-	-	-	2,145,940	
-	-	-	182,566	6,618,038	
-	-	-	-	1,969,000	
-	-	750,000	592,580	1,736,454	
-	-	-	3,087,301	16,152,421	
-	-	-	64,899	1,662,240	
202,653	101,133	1,641,502	761,246	3,781,365	
-	-	-	232,772	232,772	
-	-	115,585	338,269	945,184	
<u>12,474,448</u>	<u>1,140,107</u>	<u>2,507,087</u>	<u>11,065,853</u>	<u>146,191,398</u>	
-	-	219,933	211,543	16,010,073	
-	-	-	223,274	34,490,350	
-	-	-	3,872,853	17,172,637	
-	-	-	3,075,394	11,599,669	
-	-	-	-	22,413,522	
-	2,376,867	-	1,430,250	5,109,091	
-	-	-	-	10,046,960	
-	-	32,923,636	11,612,706	45,993,662	
10,590,590	-	-	1,854,920	12,564,068	
5,261,727	-	-	739,778	6,001,505	
6,077,493	-	-	-	6,077,493	
23,036	-	148,815	-	171,851	
128,911	-	2,236	3,414	140,542	
<u>22,081,757</u>	<u>2,376,867</u>	<u>33,294,620</u>	<u>23,024,132</u>	<u>187,791,423</u>	
(9,607,309)	(1,236,760)	(30,787,533)	(11,958,279)	(41,600,025)	
2,454,135	-	5,000,000	9,361,782	24,309,824	
-	-	-	(358,796)	(17,356,999)	
-	-	74,000	-	4,438,679	
-	-	23,465,000	-	23,465,000	
5,395,000	-	-	-	5,395,000	
589,173	-	1,383,815	-	1,972,988	
-	-	-	63,391	63,391	
<u>8,438,308</u>	<u>-</u>	<u>29,922,815</u>	<u>9,066,377</u>	<u>42,287,883</u>	
(1,169,001)	(1,236,760)	(864,718)	(2,891,902)	687,858	
8,918,787	10,637,432	62,239,096	35,685,540	155,401,332	
-	-	-	-	589,801	
<u>8,918,787</u>	<u>10,637,432</u>	<u>62,239,096</u>	<u>35,685,540</u>	<u>155,991,133</u>	
<u>\$ 7,749,786</u>	<u>\$ 9,400,672</u>	<u>\$ 61,374,378</u>	<u>\$ 32,793,638</u>	<u>\$ 156,678,991</u>	

CITY OF GRAPEVINE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds	\$	687,858
Amounts reported for governmental activities in the Statement of Activities are different because:		
The net revenue/(expense) of certain activities of internal service funds are reported with governmental activities. This is the change in net position of the internal service fund.		92,848
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. This is the amount of capital outlay recorded in the current period.		45,376,098
Governmental funds do not recognize capital assets contributed by other entities. However, in the Statement of Activities, the acquisition cost of those assets is recognized as revenue, then depreciated over their estimated useful lives.		2,240,248
Depreciation on capital assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	(	14,040,439)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(	2,426,128)
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 debt is first issued, whereas the 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.		
Issuance of debt	(	30,832,988)
Repayment of principal of long-term debt		12,564,068
Bond refunding		6,204,629
Amortization of:		
Premium on bond issuance		887,485
Loss on refunding	(	292,443)
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.	(	32,656)
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences liability	(	287,138)
Net OPEB liability	(	1,192,050)
Net Pension liability	(	2,178,881)
Retainage payable		198,069
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>19,902,376</u>
Change in net position of governmental activities	\$	<u>36,870,956</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF GRAPEVINE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Lake Enterprise	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,570,841	\$ -	\$ 20,570,841	\$ 174,721
Receivables, net	3,347,317	58,373	3,405,690	-
Accrued interest	1,764	8	1,772	10
Prepaid items	40,256	-	40,256	-
Inventory	-	84,347	84,347	-
Total current assets	<u>23,960,178</u>	<u>142,728</u>	<u>24,102,906</u>	<u>174,731</u>
Noncurrent assets:				
Restricted cash and investments:				
Bond construction	5,166,567	-	5,166,567	-
Impact fees	3,713,745	-	3,713,745	-
Total restricted cash and investments	<u>8,880,312</u>	<u>-</u>	<u>8,880,312</u>	<u>-</u>
Capital assets:				
Land	548,132	45,838	593,970	-
Easements	48,705,515	-	48,705,515	-
Construction in progress	5,308,799	122,419	5,431,218	-
Buildings	449,395	2,105,843	2,555,238	-
Improvements other than buildings	-	8,416,221	8,416,221	-
Infrastructure	128,748,543	-	128,748,543	-
Vehicles, machinery and equipment	4,079,465	1,161,844	5,241,309	56,738
Water storage rights	683,547	-	683,547	-
Less accumulated depreciation	(55,162,204)	(9,612,547)	(64,774,751)	(6,503)
Net capital assets	<u>133,361,192</u>	<u>2,239,618</u>	<u>135,600,810</u>	<u>50,235</u>
Total noncurrent assets	<u>142,241,504</u>	<u>2,239,618</u>	<u>144,481,122</u>	<u>50,235</u>
Total assets	<u>166,201,682</u>	<u>2,382,346</u>	<u>168,584,028</u>	<u>224,966</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions				
	1,183,401	419,013	1,602,414	-
Deferred outflows related to OPEB				
	423,986	195,706	619,692	-
Deferred loss on bond refunding				
	80,325	-	80,325	-
Total deferred outflows of resources	<u>1,687,712</u>	<u>614,719</u>	<u>2,302,431</u>	<u>-</u>

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

CITY OF GRAPEVINE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Lake Enterprise	Total	Internal Service Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,917,756	\$ 162,425	\$ 3,080,181	\$ 5,869
Accrued liabilities	437,923	85,026	522,949	-
Due to other funds	-	695,436	695,436	-
Accrued bond interest payable	37,796	-	37,796	-
Retainage payable	205,080	-	205,080	-
Compensated absences	40,112	22,846	62,958	-
Bonds payable	840,000	-	840,000	-
Net OPEB liability	18,488	8,534	27,022	-
Customer deposits	996,419	-	996,419	-
Total current liabilities	<u>5,493,574</u>	<u>974,267</u>	<u>6,467,841</u>	<u>5,869</u>
Noncurrent liabilities:				
Bonds payable	8,661,526	-	8,661,526	-
Net OPEB liability	5,760,297	2,658,861	8,419,158	-
Net pension liability	3,502,436	1,240,125	4,742,561	-
Compensated absences	120,336	68,537	188,873	-
Total noncurrent liabilities	<u>18,044,595</u>	<u>3,967,523</u>	<u>22,012,118</u>	<u>-</u>
Total liabilities	<u>23,538,169</u>	<u>4,941,790</u>	<u>28,479,959</u>	<u>5,869</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to				
to pensions	136,696	48,400	185,096	-
Deferred inflows related to OPEB	727,688	335,889	1,063,577	-
Total deferred inflows of resources	<u>864,384</u>	<u>384,289</u>	<u>1,248,673</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	128,901,478	2,239,618	131,141,096	50,235
Restricted for:				
Impact fees	3,713,745	-	3,713,745	-
Unrestricted	<u>10,871,618</u>	<u>(4,568,632)</u>	<u>6,302,986</u>	<u>168,862</u>
Total net position	<u>\$ 143,486,841</u>	<u>\$ (2,329,014)</u>	<u>\$ 141,157,827</u>	<u>\$ 219,097</u>

CITY OF GRAPEVINE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Lake Enterprise	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 23,653,256	\$ 3,091,562	\$ 26,744,818	\$ 156,068
Miscellaneous	625,239	231,878	857,117	-
Total operating revenues	<u>24,278,495</u>	<u>3,323,440</u>	<u>27,601,935</u>	<u>156,068</u>
OPERATING EXPENSES				
Salaries and benefits	5,272,997	1,980,781	7,253,778	-
Water purchases, storage, and treatment	9,509,124	-	9,509,124	-
Maintenance, repairs, and supplies	2,733,868	926,313	3,660,181	56,807
General and administrative	2,955,402	760,771	3,716,173	-
Depreciation	3,130,535	494,681	3,625,216	6,485
Total operating expenses	<u>23,601,926</u>	<u>4,162,546</u>	<u>27,764,472</u>	<u>63,292</u>
OPERATING INCOME (LOSS)	<u>676,569</u>	<u>(839,106)</u>	<u>(162,537)</u>	<u>92,776</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	647,245	2,962	650,207	2,190
Gain (loss) on disposal of property	-	3,450	3,450	-
Interest and fiscal agent charges	<u>(299,087)</u>	<u>-</u>	<u>(299,087)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>348,158</u>	<u>6,412</u>	<u>354,570</u>	<u>2,190</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,024,727</u>	<u>(832,694)</u>	<u>192,033</u>	<u>94,966</u>
Capital contributions	6,308,642	-	6,308,642	-
Transfers out	<u>(6,843,710)</u>	<u>(106,997)</u>	<u>(6,950,707)</u>	<u>(2,118)</u>
Total capital contributions and transfers	<u>(535,068)</u>	<u>(106,997)</u>	<u>(642,065)</u>	<u>(2,118)</u>
CHANGE IN NET POSITION	489,659	(939,691)	(450,032)	92,848
TOTAL NET POSITION, BEGINNING	<u>142,997,182</u>	<u>(1,389,323)</u>	<u>141,607,859</u>	<u>126,249</u>
TOTAL NET POSITION, ENDING	<u>\$ 143,486,841</u>	<u>\$(2,329,014)</u>	<u>\$ 141,157,827</u>	<u>\$ 219,097</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF GRAPEVINE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Lake Enterprise	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 24,031,369	\$ 3,312,270	\$ 27,343,639	\$ -
Receipts from interfund charges for document management services	-	-	-	156,068
Cash paid to employees	(3,513,059)	(1,316,837)	(4,829,896)	-
Cash paid to suppliers for goods and services	(13,706,613)	(1,745,664)	(15,452,277)	(53,056)
Net cash provided by operating activities	<u>6,811,697</u>	<u>249,769</u>	<u>7,061,466</u>	<u>103,012</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	326,170	-	326,170	-
Principal repayment on bonds	(1,235,000)	-	(1,235,000)	-
Interest and related fees paid on long-term debt	(326,244)	-	(326,244)	-
Proceeds from the sale of assets	-	3,450	3,450	-
Acquisition and construction of capital assets	(4,351,040)	(149,202)	(4,500,242)	(30,883)
Net cash used by capital and related financing activities	<u>(5,586,114)</u>	<u>(145,752)</u>	<u>(5,731,866)</u>	<u>(30,883)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments and cash equivalents	<u>651,658</u>	<u>2,980</u>	<u>654,638</u>	<u>2,180</u>
Net cash provided by investing activities	<u>651,658</u>	<u>2,980</u>	<u>654,638</u>	<u>2,180</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer out	(6,843,710)	(106,997)	(6,950,707)	(2,118)
Net cash used by noncapital financing activities	<u>(6,843,710)</u>	<u>(106,997)</u>	<u>(6,950,707)</u>	<u>(2,118)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,966,469)	-	(4,966,469)	72,191
CASH AND CASH EQUIVALENTS, BEGINNING	<u>34,417,622</u>	<u>-</u>	<u>34,417,622</u>	<u>102,530</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 29,451,153</u>	<u>\$ -</u>	<u>\$ 29,451,153</u>	<u>\$ 174,721</u>

(Including \$8,880,312 of restricted cash and cash equivalents in the Water and Sewer Fund)

CITY OF GRAPEVINE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Lake Enterprise	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	\$ 676,569	\$(839,106)	\$(162,537)	\$ 92,776
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	3,130,535	494,681	3,625,216	6,485
(Increase) decrease in assets:				
Customer receivable	(279,989)	(11,170)	(291,159)	-
Other assets	13,474	-	13,474	-
Inventories	-	(13,413)	(13,413)	-
Increase (decrease) in liabilities:				
Accounts payable	1,478,307	43,817	1,522,124	3,751
Accrued liabilities	83,816	13,420	97,236	-
Other liabilities	-	(88,984)	(88,984)	-
Customer deposits	32,863	-	32,863	-
Net OPEB liability	1,425,673	658,067	2,083,740	-
Net pension liability	237,358	(15,086)	222,272	-
Compensated absences	13,091	7,543	20,634	-
Total adjustments	<u>6,135,128</u>	<u>1,088,875</u>	<u>7,224,003</u>	<u>10,236</u>
Net cash provided by operating activities	<u>\$ 6,811,697</u>	<u>\$ 249,769</u>	<u>\$ 7,061,466</u>	<u>\$ 103,012</u>
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets	\$ 5,982,472	\$ -	\$ 5,982,472	\$ -

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

CITY OF GRAPEVINE, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
SEPTEMBER 30, 2019

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ <u>170,666</u>
Total assets	<u>170,666</u>
LIABILITIES	
Due to beneficiary	<u>170,666</u>
Total liabilities	<u>\$ 170,666</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF GRAPEVINE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grapevine ("City") is a municipal corporation incorporated under Article XI of the Texas Constitution (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, safety and convenience of its citizens.

The accounting and reporting policies of the City relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. The following represents the more significant accounting and reporting policies and practices used by the City.

A. Reporting Entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

Based on these criteria, the financial information of the following entities has been blended or discretely presented within the financial statements.

Blended Component Units

Grapevine Tax Increment Financing District Reinvestment Zone Number One and Two (the "TIFs") were formed to finance and make public improvements under the authority of the Tax Increment Financing Act. The TIFs are governed by two separate boards of directors that are substantively the same as the City Council. The chairman of the board is also designated by the City Council. The City is obligated for the debts of both TIFs.

The Grapevine Crime Control and Prevention District (Crime District) was established to account for the accumulation and use of sales tax proceeds designated for crime reduction programs. One-half (1/2) cent of local sales and use tax within the district funds the Crime District. The Board of Directors of the Crime Control and Prevention District is substantively the same as the City Council. The City is entitled to and can otherwise access all of the resources of the Crime District.

The Grapevine 4B Economic Development Corporation consists of two funds. The 4B Transit Fund accounts for funds designated for Grapevine's participation in the commuter rail development project with the Fort Worth Transit Authority (the "T"). The 4B Economic Development Fund accounts for funds used to stimulate the local economy, development, and redevelopment opportunities. One-half (1/2) cent local sales and use tax within the City funds these two blended component units. Three eighths (3/8th) of one-half cent of the local sales tax is used to fund the 4B Transit Fund. One eighth (1/8th) of one-half cent of the local sales tax is used to fund the 4B Economic Development Fund. The Board of Directors of the Grapevine 4B Economic Development Corporation include citizens as members but is substantively the same as the City Council. The City is entitled to and can otherwise access all of the resources of the Grapevine 4B Economic Development Corporation.

Complete financial statements for each of the TIF Funds may be obtained from the City of Grapevine, Finance Division, 200 South Main St., Grapevine Texas 76051. Separate financial statements for the Crime Control and Prevention District, the 4B Transit Fund, and the 4B Economic Development Fund are not prepared.

Discretely Presented Component Unit

Grapevine Heritage Foundation (the "Foundation") is a Texas nonprofit corporation governed by a 9-member board of directors appointed by City Council, which includes a City Council member and the Director of the City's Convention and Visitor's Bureau. The Foundation's operating budget is subject to the approval of the City Council. The City is able to impose its will on the Foundation. The board is not substantively the same as the City Council. The Foundation does not provide services to the City.

Separate financial statements are not prepared for the Heritage Foundation.

B. Government-wide Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) 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 government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Culture and Recreation, Tourism, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with 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 fund based 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 enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are aggregated in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of this report.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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*. 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 revenue 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 level 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Generally, monies must be expended on a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. Ad valorem taxes are recognized as revenues in the year for which they are levied. Sales taxes, franchise taxes, hotel occupancy taxes, charges for services and fines are recognized as revenue as earned, when measurable and available. Licenses, permits, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

All proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer and municipal golf course are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column. However, interfund services provided and used are not eliminated in the process of consolidation.

Governmental Funds

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

The City reports the following major governmental funds:

The ***General Fund*** accounts for several of the City's primary services (General Administration, Police Administration, Fire, Public Works, Libraries, Culture and Recreation, etc.) and is the primary operating fund of the City.

The **Hotel Occupancy Tax Fund** is a special revenue fund that accounts for all hotel occupancy tax revenues which are restricted by state statute and can only be used on expenditures related to tourism activities. Additional local revenues generated through tourism activities are accumulated in this fund and are assigned for use on expenditures related to tourism.

The **Crime District Fund** is a special revenue fund that accounts for the accumulation and use of sales tax proceeds restricted for crime reduction programs.

The **4-B Economic Development Fund** accounts for the accumulation of sales tax restricted for economic development projects and local funds assigned by the City to stimulate the local economy, development, and redevelopment.

The **4B Transit Fund** is a special revenue fund that accounts for the accumulation of sales taxes restricted to fund the City's participation in the commuter rail development project with the Fort Worth Transit Authority (the "T").

The **Debt Service Fund** is used to account for the accumulation of restricted property tax resources levied for the payment of general long-term debt principal, interest and related costs of governmental funds.

The **Tax Increment Financing (TIF) #1 Capital Projects Fund** is used to account for capital acquisition and construction, economic incentives, and other expenditures authorized by the TIF #1 Board of Directors.

The **General Facilities and Equipment Fund** is a capital projects fund used to account for the general financing, acquisition, construction and improvements of the City's buildings and capital equipment.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major proprietary funds of the City:

The **Water and Sewer Fund** accounts for the operation of the City's water and sewer utility activities including administration, operation and maintenance of the water and sewer system, and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the fund.

The **Lake Enterprise Fund** includes the operations of the City's municipal golf course.

The **Internal Service Fund** accounts for revenues and expenses related to document management services provided to parties inside the City on a cost-reimbursement basis. Because the principal users of the internal services are accounted for in the City's governmental activities, this fund is included in the "Governmental Activities" column of the government-wide financial statements.

Fiduciary Funds

Agency funds are used by the City to report the assets held in an agency capacity for external individuals or organizations including the Industrial Development Corporation, the Employee Activity Fund, and W.D. Tate Scholarship Fund. The donations and other contributions received by the City that are being held for these organizations do not belong to the City and cannot be spent to further the City's own objectives. Agency funds report only assets and liabilities and, therefore, have no measurement focus.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. *Cash and cash equivalents*

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.

2. *Investments*

Investments for the City are reported at fair value, except for the position in investment pools. Investment pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

3. *Property Taxes and Other Receivables*

The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real property located in the City. The appraisal of property within the City is the responsibility of the Central Appraisal Districts of Dallas, Denton, and Tarrant Counties as required by legislation passed by the Texas Legislature. The Appraisal Districts are required under such legislation to assess all property within their Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The assessed value upon which the completed tax year 2018 levy was based was approximately \$9,006,396,977. 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 of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The combined tax rate to finance maintenance and operations and debt service for the year ended September 30, 2019, was \$0.289271 per \$100 of assessed valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are due by January 31 following the levy date. Property taxes levied for 2019 are recorded as receivables, net of estimated uncollectibles. The collections during 2019 and those considered "available" at year-end are recognized as revenues in 2019. The City considers property taxes available if they are collected within 60 days after year-end. Prior year levies were recorded using these same principles. The remaining receivables are reflected as deferred inflows of resources in the fund financial statements.

Property taxes are imposed nonexchange revenues. Assets from imposed nonexchange transactions are recorded when the entity has enforceable legal claim to the asset, or when the entity receives resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as October 1.

4. *Inventories and Prepaid Items*

Inventories are valued at average cost on a first-in, first-out basis. Inventories in the General Fund are recorded using the consumption method (i.e., recorded as an expenditure when used rather than when purchased).

Prepaid items are payments made by the City in the current year to provide services occurring in the subsequent fiscal year. A corresponding portion of fund balance is shown as nonexpendable in governmental funds to indicate it is not available for other subsequent expenditures. Prepaid items are defined as payments of greater than \$1,000 that benefit future periods. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. *Restricted Assets*

Certain proceeds of the City’s general obligation bonds and certificates of obligation are classified as restricted assets on the balance sheet because their use is limited by applicable bond restrictions. Also included in restricted assets are impact fees, which are restricted for use in infrastructure projects.

6. *Assets Held for Sale*

Assets held for sale in the General Fund and Hotel Occupancy Tax Fund consist of properties that are owned by the City which are being held for redevelopment. These assets are valued at estimated realizable value or historical cost, whichever is less.

7. *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 column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Infrastructure assets are defined by the City as assets costing in excess of \$50,000 that have an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation has been provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Assets	Years
Buildings - wood framed	20
Buildings - metal storage	7
Buildings - steel framed	40
Water and sewer system	30-50
General infrastructure	20-30
Improvements other than buildings	10-20
Machinery and equipment	3-20
Motor vehicles	3-10

8. *Deferred Inflows and Outflows of Resources*

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

- Deferred loss on debt refundings – A deferred loss on refunding 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 refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and other inputs included in determining the OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Differences between expected and actual economic experience for the City's OPEB plan – These effects on the OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

In addition, the City has deferred inflows of resources which are required to be reported on the Statements of Net Position under the full accrual basis of accounting. Deferred inflows of resources reported in the Statements of Net Position are as follows:

- Differences between expected and actual economic experience for the City's pension – These effects on the total pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Changes in actuarial assumptions and other inputs included in determining the pension liabilities – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension and OPEB assets – This difference is deferred and amortized over a closed five-year period.

9. *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. The liabilities for these amounts are accrued as they are incurred in the government-wide and proprietary fund financial statements. Employees are not reimbursed upon termination for accumulated sick leave.

10. *Long-term Debt*

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. Bonds payable are reported net of the applicable bond premium or discount.

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.

11. *Pensions*

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

12. *Other Postemployment Benefits (OPEB)*

The City provides eligible employees with certain postemployment health and life insurance benefits that meet the criteria of a defined benefit OPEB plan under Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The City has placed assets in trust to pay the obligations of the plan with the Public Agencies Retirement Services (PARS). Because plan assets are pooled by PARS with those of other plans for investment, the City's plan meets the criteria of an agent multiple-employer plan under GASB Statement No. 75.

The City has not established a formal funding policy. Therefore, for purposes of measuring the net OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's net OPEB liability is obtained from a report prepared by a consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

13. *Fund Balance Classification*

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year's 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.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

14. *Fund balance flow assumptions*

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

15. *Net position flow assumption*

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

16. *Future financial reporting requirements*

The City has reviewed GASB pronouncements which become effective in future years and notes the following statements are applicable to the City.

Statement No. 84, *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will become effective for the City in fiscal year 2020.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the City in fiscal year 2021.

II. **DEFICIT FUND EQUITY**

The Crime District Fund (major special revenue fund) had a deficit fund balance of \$1,045,343. This deficit is primarily the result of increasing costs related to salaries and benefits. This deficit will be eliminated as resources are obtained (e.g., from revenues or transfers in from other funds).

The Lake Park Fund (nonmajor special revenue fund) had a deficit fund balance of \$3,418,748 at fiscal year-end. This deficit exists because of significant flooding events at Lake Grapevine which have occurred over the last few years. This deficit will be eliminated as resources are obtained (e.g., from revenues or transfers in from other funds).

The Lake Enterprise Fund had a deficit net position of \$2,329,014 at fiscal year-end. This deficit also exists primarily because of flooding events at Lake Grapevine, but recovery in this fund was slowed because the main road accessing the golf course was closed all but two months of the year due to structural issues. This deficit will be eliminated as resources are obtained (e.g., from revenues or transfers in from other funds).

III. CASH AND INVESTMENTS

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 that 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 or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or 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. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Of the City's investments, \$1,499,082 were valued using the option-adjusted discount cash flow model and \$753,360 were valued using documented trade history in the exact security.

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

	9/30/2019	Fair Value Measurement Using			Percent of Total Portfolio	Weighted Average Maturity (Days)
		(Level 1)	(Level 2)	(Level 3)		
Primary government						
Cash and cash equivalents						
Cash deposits - City	\$ 21,206,128					
Cash deposits - trust and agency	170,666					
Total cash and cash equivalents	<u>21,376,794</u>					
Investments measured at net asset value per share:						
Investment pools:						
TexPool	4,144,093				2.44%	38
TexPool Prime	7,767,470				4.57%	31
LOGIC	151,830,768				89.38%	49
Investments by fair value level:						
Certificates of Deposit:	3,905,681	\$ -	\$ 3,905,681	\$ -	2.30%	102
Debt securities:						
State and Municipal Bonds	1,232,408	-	1,232,408	-	0.73%	65
Federal National Mortgage Association	998,652	-	998,652	-	0.59%	9
Total investments	<u>169,879,072</u>	<u>-</u>	<u>6,136,741</u>	<u>-</u>		
Total cash and investments of the primary government	<u>\$ 191,255,866</u>	<u>\$ -</u>	<u>\$ 6,136,741</u>	<u>\$ -</u>		
Portfolio weighted average maturity (days)						294
Discretely Presented Component Unit						
Cash deposits	\$ 547,383					
Total cash and investments of the reporting entity	<u>\$ 191,803,249</u>					

Investment pools are not categorized as to investment risk since specific securities relating to the City cannot be identified. Under the TexPool Participation Agreement, administrative and investment services to TexPool and TexPool Prime are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accountants. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool and TexPool Prime.

Under the LOGIC Participation Agreement, administrative and investment services to LOGIC are provided by Hilltop Securities, Inc. and JP Morgan Asset Management, Inc. as co-administrators. The administrators settle all trades for LOGIC and secure and value its assets every day. The fair value of the City's position in these pools is the same as the value of the pool shares. As of September 30, 2019, the City's investments in LOGIC, TexPool and TexPool Prime were all rated AAAM by Standard & Poor's.

TexPool, TexPool Prime and LOGIC each have a redemption notice period of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Interest Rate Risk. In accordance with its investment policy, the City minimizes the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates, by:

- a. Structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity.
- b. Investing operating funds primarily in certificates of deposit, shorter-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds.
- c. Diversifying maturities and staggering purchase dates to minimize the impact of market movements over time.

Credit Risk. In accordance with its investment policy, the City minimizes credit risk, the risk of loss due to the failure of the issuer or backer of the investment by:

- a. Limiting investments to the safest types of investments.
- b. Pre-qualifying the financial institutions and broker/dealers with which the City will do business.
- c. Diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

Concentration of Credit Risk. The City's investment policy allows up to 100% to be invested in U. S. Treasury Bills/Notes/Bonds, and U. S. Agencies and Instrumentalities. The City's investment in the securities of U. S. agencies are rated AAA by Standard & Poor's.

Custodial Credit Risk. State statutes require that all City deposits in financial institutions be fully collateralized by U. S. Government obligations or obligations of the State of Texas or its agencies. The City's deposits were fully collateralized by government securities or had a letter of credit issued by the Federal Home Loan Bank as required by State statutes at September 30, 2019.

IV. RECEIVABLES

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

	Accrued Interest	Taxes	Accounts	Notes	Gross Receivables	Less Allowance for Uncollectibles	Total
General	\$ 924	\$ 6,871,646	\$ 2,809,619	\$ -	\$ 9,682,189	\$(2,485,060)	\$ 7,197,129
Hotel Occupancy	2,527	1,501,354	72,194	-	1,576,075	(14,988)	1,561,087
Crime District	15	2,494,093	-	-	2,494,108	-	2,494,108
4B - Economic Development	664	738,860	40,123	-	779,647	-	779,647
4B - Transit	40	1,822,138	-	-	1,822,178	-	1,822,178
Debt Service	451	1,186,045	10,877	-	1,197,373	(1,001,330)	196,043
TIF #1 Capital Projects	138	-	-	-	138	-	138
General Facilities and Equipment	81,527	-	-	3,858,000	3,939,527	-	3,939,527
Nonmajor governmental funds	1,986	-	285,190	-	287,176	-	287,176
Water and Sewer	1,764	-	3,420,001	-	3,421,765	(72,684)	3,349,081
Lake Enterprise	8	-	58,373	-	58,381	-	58,381
Total	\$ 90,044	\$ 14,614,136	\$ 6,696,377	\$ 3,858,000	\$ 25,258,557	\$(3,574,062)	\$ 21,684,495

V. CAPITAL ASSETS

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

Primary Government

	Beginning Balance	Transfers and Additions	Transfers and Retirements	Prior Period Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 37,257,669	\$ -	\$(2,121,522)	\$ -	\$ 35,136,147
Right of way	78,359,677	201,979	-	-	78,561,656
Construction in progress	32,480,427	44,127,034	(5,121,142)	(100,691)	71,385,628
Total assets not being depreciated	148,097,773	44,329,013	(7,242,664)	(100,691)	185,083,431
Capital assets, being depreciated:					
Buildings	122,884,053	1,982,996	(32,438)	-	124,834,611
Improvement other than buildings	42,416,817	3,413,143	-	-	45,829,960
Machinery and equipment	42,519,286	2,267,852	(2,176,570)	241,621	42,852,189
Infrastructure	134,572,115	2,280,024	-	-	136,852,139
Total capital assets being depreciated	342,392,271	9,944,015	(2,209,008)	241,621	350,368,899
Less accumulated depreciation:					
Buildings	(27,395,999)	(3,241,062)	15,121	-	(30,621,940)
Improvement other than buildings	(17,830,036)	(2,075,897)	-	-	(19,905,933)
Machinery and equipment	(25,124,599)	(3,390,809)	1,889,281	21	(26,626,106)
Infrastructure	(75,152,474)	(5,339,156)	-	-	(80,491,630)
Total accumulated depreciation	(145,503,108)	(14,046,924)	1,904,402	21	(157,645,609)
Total capital assets being depreciated, net	196,889,163	(4,102,909)	(304,606)	241,642	192,723,290
Governmental activities capital assets, net	\$ 344,986,936	\$ 40,226,104	\$(7,547,270)	\$ 140,951	\$ 377,806,721

	Beginning Balance	Transfers and Additions	Transfers and Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 593,970	\$ -	\$ -	\$ 593,970
Easements	44,492,955	4,212,560	-	48,705,515
Construction in progress	<u>2,177,296</u>	<u>4,007,384</u>	<u>(753,462)</u>	<u>5,431,218</u>
Total assets not being depreciated	<u>47,264,221</u>	<u>8,219,944</u>	<u>(753,462)</u>	<u>54,730,703</u>
Capital assets, being depreciated:				
Buildings	2,555,238	-	-	2,555,238
Improvement other than buildings	8,416,221	-	-	8,416,221
Machinery and equipment	4,651,743	637,424	(47,858)	5,241,309
Water storage rights	683,547	-	-	683,547
Infrastructure	<u>126,225,170</u>	<u>2,523,372</u>	<u>-</u>	<u>128,748,542</u>
Total capital assets being depreciated	<u>142,531,919</u>	<u>3,160,796</u>	<u>(47,858)</u>	<u>145,644,857</u>
Less accumulated depreciation:				
Buildings	(1,849,958)	(43,357)	-	(1,893,315)
Improvement other than buildings	(6,864,769)	(387,599)	-	(7,252,368)
Machinery and equipment	(2,903,088)	(382,420)	47,858	(3,237,650)
Water storage rights	(639,397)	(17,089)	-	(656,486)
Infrastructure	<u>(48,940,180)</u>	<u>(2,794,751)</u>	<u>-</u>	<u>(51,734,931)</u>
Total accumulated depreciation	<u>(61,197,392)</u>	<u>(3,625,216)</u>	<u>47,858</u>	<u>(64,774,750)</u>
Total capital assets being depreciated, net	<u>81,334,527</u>	<u>(464,420)</u>	<u>-</u>	<u>80,870,107</u>
Business-type activities capital assets, net	<u>\$ 128,598,748</u>	<u>\$ 7,755,524</u>	<u>\$(753,462)</u>	<u>\$ 135,600,810</u>

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

Governmental activities:	
General government	\$ 1,494,607
Public safety	2,286,089
Public works	5,936,514
Culture and recreation	3,597,737
Tourism	<u>731,977</u>
Total depreciation expense - governmental activities	<u>\$ 14,046,924</u>
Business-type activities:	
Water and sewer	\$ 3,130,535
Lake Enterprise	<u>494,681</u>
Total depreciation expense - business-type activities	<u>\$ 3,625,216</u>

	Beginning Balance	Transfers and Additions	Transfers and Retirements	Ending Balance
Discretely Presented Component Unit:				
Capital assets, not being depreciated:				
Land	\$ 450,067	\$ -	\$ -	\$ 450,067
Total assets not being depreciated	<u>450,067</u>	<u>-</u>	<u>-</u>	<u>450,067</u>
Capital assets, being depreciated:				
Building	1,031,174	-	-	1,031,174
Improvements other than building	945,651	-	-	945,651
Vehicles and equipment	<u>31,275</u>	<u>-</u>	<u>-</u>	<u>31,275</u>
Total capital assets being depreciated	<u>2,008,100</u>	<u>-</u>	<u>-</u>	<u>2,008,100</u>
Less accumulated depreciation:				
Building	(317,987)	(26,419)	-	(344,406)
Improvements other than building	(928,939)	(11,486)	-	(940,425)
Vehicles and equipment	<u>(31,275)</u>	<u>-</u>	<u>-</u>	<u>(31,275)</u>
Total accumulated depreciation	<u>(1,278,201)</u>	<u>(37,905)</u>	<u>-</u>	<u>(1,316,106)</u>
Total capital assets being depreciated, net	<u>729,899</u>	<u>(37,905)</u>	<u>-</u>	<u>691,994</u>
Discretely presented component unit capital assets, net	<u>\$ 1,179,966</u>	<u>\$ (37,905)</u>	<u>\$ -</u>	<u>\$ 1,142,061</u>

Construction Commitments

The City has active construction commitments as of September 30, 2019, totaling \$58,435,811. This includes building projects, street construction and improvements of existing streets, and repair and maintenance of existing water and sewer systems.

Project	Commitment
Streets and drainage projects	\$ 11,548,928
Water and wastewater projects	5,727,130
Fiber optic cable project	2,253,158
Animal Shelter	105,368
Golf Clubhouse	168,360
Fire stations	3,640,473
Grapevine Main	33,937,668
Parks projects	<u>1,054,726</u>
Total	<u>\$ 58,435,811</u>

The commitments for buildings, streets and drainage construction will be funded from unexpended general obligation and certificates of obligation bond proceeds. Water and wastewater projects will be funded from unexpended certificates of obligation and revenue bond proceeds and operations.

VI. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Fund	\$ 34,217
	Crime District Fund	2,418,966
	Lake Parks Fund (nonmajor fund)	2,894,270
	Lake Enterprise Fund	<u>695,436</u>
Total General Fund		<u>\$ 6,042,889</u>

Interfund balances for all of the funds are created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid in one year or less. Similar transactions such as this also exist between the primary government and the City's discretely presented component unit. The balances due to and due from component unit and primary government at September 30, 2019 consisted of the following:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Component unit - Heritage Foundation	Primary Government - Hotel Occupancy Tax Fund	<u>\$ 7,410</u>

Interfund Transfers

A summary of interfund transfers by fund type is as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>	<u>Total</u>
General Fund	Hotel Occupancy Tax Fund	\$ 1,498,333	
	4-B Economic Development	339,626	
	Nonmajor governmental funds	219,132	
	Water and Sewer Fund	1,743,710	
	Lake Enterprise Fund	<u>106,997</u>	
Total General Fund			\$ 3,907,798
Hotel Occupancy Tax Fund	4B-Transit Fund	429,479	
	Water and Sewer Fund	<u>100,000</u>	
Total Hotel Occupancy Tax Fund			529,479
Crime District Fund	General Fund		3,056,630
Debt Service Fund	Hotel Occupancy Tax Fund	1,057,691	
	4-B Economic Development	<u>1,396,444</u>	
Total Debt Service			2,454,135
General Facilities and Equipment	Water and Sewer Fund	<u>5,000,000</u>	5,000,000
Nonmajor governmental	General Fund	9,220,000	
	Internal Service Fund	2,118	
	Nonmajor governmental	<u>139,664</u>	
Total nonmajor governmental			<u>9,361,782</u>
Total			<u>\$ 24,309,824</u>

Interfund transfers are primarily made by the City for the following reasons:

- Budgeted transfers to the General Fund from other funds for operating and administrative allocations.
- Operating transfer from the 4B-Transit Fund to the Hotel Occupancy Tax Fund for visitor shuttle services.
- Transfers to the Debt Service Fund to pay for self-supporting debt service expenditures.
- Transfers to capital projects funds to fund current and future capital projects within the City.
- Budgeted operating transfer to Crime District Fund.

VII. DEFERRED INFLOWS OF RESOURCES

At September 30, 2019, deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General	Debt Service	General Facilities and Equipment	Nonmajor Governmental	Total
Property taxes	\$ 61,342	\$ 64,422	\$ -	\$ -	\$ 125,764
Property tax penalties and interest	116,101	107,008	-	-	223,109
Court fines and fees	166,699	-	-	-	166,699
Ambulance billing	12,546	-	-	-	12,546
Franchise Fees	290,846	-	-	14,271	305,117
Intergovernmental	-	-	19,785,612	48,013	19,833,625
Other	56,234	-	-	77,698	133,932
Total	<u>\$ 703,768</u>	<u>\$ 171,430</u>	<u>\$ 19,785,612</u>	<u>\$ 139,982</u>	<u>\$ 20,800,792</u>

VIII. LEASES

Operating Leases

Lake Parks:

The City entered into a 25-year lease agreement with the United States Corps of Engineers to operate and maintain approximately 770 acres of property at Lake Grapevine. The City is required to pay the cost to maintain and operate the property with revenues generated from park operations. The term of the operating lease is from October 2004 through September 2029. The agreement covers the park areas of Meadowmere Park, Oak Grove Park and Silver Lake Park (“Vineyards”).

The City entered into another 25-year lease agreement with the United State Corps of Engineers to operate and maintain an additional 44.5 acres at Lake Grapevine referred to as Rockledge Park. The term of this operating lease is from March 2009 through March 2034.

Gaylord Texan Resort and Convention Center

The City leased property from the United States Corps of Engineers and subsequently entered into a sublease agreement with the Gaylord Texan Resort and Convention Center (Gaylord) on March 18, 1994, for a portion of the leased property. The contract is for 49 years and rent payment is \$1 per year. The project opened on April 4, 2004 with 1,511 room convention hotel and over 400,000 square feet of convention, meeting, exhibit and related amenities and support facilities. In subsequent years, The City and Gaylord entered into various addendums pertaining to the United States Corps of Engineers leased property. Gaylord completed and opened its \$120 million Vineyard Tower expansion in summer of 2018. This project increased the number of rooms by 303 and also provided 86,000 square feet of additional meeting space. This ranks Gaylord as the nation’s second-largest non-gaming convention hotel when measured by total self-contained exhibit and meeting space.

Cowboys Golf Course:

The City entered into a 25-year lease agreement with the Cowboys Golf Course in 1994. The Cowboys Golf course management company's rental fee is 3% of Cowboys' gross revenues from operations.

IX. LONG-TERM LIABILITIES

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with principal maturing each year.

A summary of the terms of general obligation bonds outstanding and their corresponding allocations to the governmental and business-type activities at September 30, 2019, follows:

<u>General Obligation Bonds</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding</u>
Governmental activities:					
2010 GO Refunding Bonds	07/08/2010	\$ 6,560,000	2.0% - 4.0%	2022	\$ 2,040,000
2012 GO Refunding Bonds	12/04/2012	7,665,000	2.0% - 2.1%	2027	2,225,000
2013 GO	06/27/2013	65,805,000	2.0% - 5.0%	2033	53,940,000
2015 GO Refunding Bonds	01/23/2015	12,125,000	2.0% - 5.0%	2026	3,870,000
2017 GO Refunding Bonds	01/17/2017	1,365,000	2.0% - 3.0%	2027	1,120,000
2019 GO Refunding Bonds	07/09/2019	28,860,000	3.0% - 4.0%	2039	28,860,000
					<u>92,055,000</u>
Business-type activities:					
2010 GO Refunding Bonds	7/8/2010	\$ 3,915,000	2.0% - 4.0%	2022	895,000
					<u>895,000</u>
Total general obligation bonds outstanding					<u>\$ 92,950,000</u>

Annual debt service requirements for general obligation bonds are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 7,565,000	\$ 3,692,383	\$ 440,000	\$ 27,000
2021	6,935,000	3,265,983	455,000	9,100
2022	5,580,000	2,990,088	-	-
2023	5,315,000	2,753,370	-	-
2024	5,235,000	2,536,020	-	-
2025-2029	28,650,000	9,416,650	-	-
2030-2034	25,635,000	3,482,855	-	-
2035-2039	<u>7,140,000</u>	<u>547,950</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 92,055,000</u>	<u>\$ 28,685,299</u>	<u>\$ 895,000</u>	<u>\$ 36,100</u>

Certificates of Obligation

The City also issued certificates of obligation to finance the acquisition and construction of capital assets including certain capital improvement projects, municipal facilities, and machinery and equipment.

The City had the following certificates of obligation outstanding as of September 30, 2019:

<u>Certificates of Obligation</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding</u>
Governmental activities:					
2010 CO (Private Placement)	12/02/2010	\$ 500,000	3.5%	2020	\$ 57,553
2015 CO	01/23/2015	2,000,000	2.0% - 4.5%	2035	1,320,000
2017 CO	01/17/2017	9,535,000	2.0% - 5.0%	2037	8,710,000
2018 CO	04/17/2018	32,310,000	3.0% - 5.0%	2038	<u>31,840,000</u>
					<u>41,927,553</u>
Business-type activities:					
2015 CO	01/23/2015	\$ 9,720,000	2.0% - 4.5%	2035	<u>8,200,000</u>
Total certificates of obligation outstanding					<u>\$ 50,127,553</u>

Annual debt service requirements to maturity for certificates of obligation of the primary government are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,190,000	\$ 1,571,612	\$ 400,000	\$ 260,569
2021	1,130,000	1,529,163	405,000	250,519
2022	1,915,000	1,468,906	425,000	241,688
2023	1,755,000	1,386,887	430,000	231,531
2024	1,835,000	1,300,800	440,000	219,556
2025-2029	10,670,000	5,031,206	2,480,000	852,219
2030-2034	12,565,000	2,831,106	2,980,000	339,228
2035-2039	<u>10,810,000</u>	<u>720,769</u>	<u>640,000</u>	<u>10,000</u>
Total	<u>\$ 41,870,000</u>	<u>\$ 15,840,449</u>	<u>\$ 8,200,000</u>	<u>\$ 2,405,310</u>

Annual debt service requirements to maturity for private placement certificates of obligation of the primary government are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities Private Placement</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ <u>57,553</u>	\$ <u>1,522</u>
Total	<u>\$ 57,553</u>	<u>\$ 1,522</u>

Contractual Obligations

The City has issued contractual obligations in order to finance the acquisition of certain capital equipment. These obligations are issued pursuant to the Constitution of the State of Texas, including particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), and constitute direct obligations of the City of Grapevine, Texas, payable from a continuing ad valorem tax levied on all taxable property within the City.

The City had the following Public Property Finance (“PPF”) contractual obligations outstanding as of September 30, 2019:

Contractual Obligations	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding
Governmental activities:					
2012 PPF Contractual Obligation	12/04/2012	\$ 1,225,000	1.2%	2027	\$ 740,000
2015 PPF Contractual Obligation	01/01/2015	3,070,000	2.0% - 4.0%	2026	1,725,000
2018 PPF Contractual Obligation (Private Placement)	03/06/2018	2,500,000	3.9%	2028	<u>2,290,080</u>
Total contractual obligations outstanding					<u>\$ 4,755,080</u>

Contractual obligation debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$ 555,000	\$ 59,363
2021	565,000	48,587
2022	585,000	32,575
2023	155,000	19,688
2024	165,000	14,907
2025-2029	<u>440,000</u>	<u>15,968</u>
Total	<u>\$ 2,465,000</u>	<u>\$ 191,088</u>

Private placement contractual obligation debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities Private Placement	
	Principal	Interest
2020	\$ 216,840	\$ 90,458
2021	225,405	81,893
2022	234,309	72,989
2023	243,564	63,734
2024	253,185	54,113
2025-2029	<u>1,116,777</u>	<u>112,418</u>
Total	<u>\$ 2,290,080</u>	<u>\$ 475,605</u>

Revenue Bonds

On May 15, 2018, the City issued Sales Tax Revenue Refunding Bonds, Series 2018, to refund the existing Sales Tax Revenue Bonds, Series 2014. The Sales Tax Revenue Refunding Bonds, Series 2018, were issued by the Grapevine 4B Economic Development Corporation, a blended component unit of the City, pursuant to Chapters 501, 502, and 505, Texas Local Government Code. These bonds are special obligations of the City, payable from a secured lien on and pledge of certain pledged revenues which include the proceeds of ¼ of the ½ cent sales and use tax levied within the City for the benefit of the Grapevine 4B Economic Development Corporation.

At September 30, 2019, the remaining balances for principal and interest on the debt are \$16,110,000 and \$4,872,503, respectively. Annual debt service requirements through February 15, 2034 do not exceed \$1,500,000 per year. Sales tax revenue collections in the 4B-Economic Development fund were \$4,393,875.

A reserve fund is required to be maintained as security for the payment of the sales tax revenue refunding bonds. The reserve fund is required to be funded in an amount equal to the maximum annual principal and interest required for the bonds. The reserve is currently funded at \$1,402,400, which meets the reserve requirements.

On June 6, 2000, the City issued Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2000. These bonds were subsequently refunded with Combination Tax and Tax Increment Reinvestment Zone Revenue Refunding Bonds, Series 2005A, and with Combination Tax and Tax Increment Reinvestment Zone Revenue Refunding Bonds, Series 2015A. The Combination Tax and Tax Increment Reinvestment Zone #2 Revenue Refunding Bonds, Series 2015A, were issued pursuant to the Constitution and the general laws of the State of Texas, including particularly, Chapter 1207, Texas Government Code and Section 9.26 of the City's Home Rule Charter, and are direct obligations of the City, payable from a combination of the levy and collection of a continuing ad valorem tax levied on all taxable property within the City and a subordinate lien on an pledge of the tax increments deposited in the tax increment fund established for TIF #2.

At September 30, 2019, the remaining principal and interest on the bonds was \$13,905,000 and \$2,199,550, respectively. Principal and interest payments for the fiscal year were \$1,645,000 and \$642,400. Tax increment revenues for TIF #2 for the current year were \$5,806,220. The outstanding revenue bonds have a final maturity of August 15, 2026.

A summary of the terms of the revenue bonds outstanding for the governmental activities as of September 30, 2019, is as follows:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding
Governmental activities:					
2015A TIF#2 Revenue Refunding Bonds	01/23/2015	\$ 20,565,000	2.0% - 5.0%	2026	\$ 13,905,000
2018 Sales Tax Revenue Refunding	04/17/2018	169,300,000	3.0% - 4.0%	2034	<u>16,110,000</u>
Total revenue bonds outstanding					<u>\$ 30,015,000</u>

Annual debt service requirements for the revenue bonds are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$ 2,570,000	\$ 1,127,994
2021	2,685,000	1,016,119
2022	2,795,000	898,994
2023	2,920,000	776,794
2024	3,050,000	649,019
2025-2029	9,655,000	1,949,333
2030-2034	<u>6,340,000</u>	<u>653,800</u>
Total	<u>\$ 30,015,000</u>	<u>\$ 7,072,053</u>

Tax Notes

The City issued Tax Notes, Series 2013, in order to fund the acquisition of capital assets for the City. The notes are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1431, Texas Government Code, and constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City. The terms of the tax notes are as follows:

Tax Notes	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding
Government activities:					
2013 Tax Note	06/27/2013	\$ 3,965,000	2.0% - 2.25%	2020	<u>\$ 605,000</u>

The annual debt service requirements for the tax notes are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$ 605,000	\$ 7,563
Total	<u>\$ 605,000</u>	<u>\$ 7,563</u>

Other Long-term Liabilities – Texas Comptroller of Public Accounts

As of September 30, 2019, the City had a payout agreement with the Texas Comptroller of Public Accounts for overpayment of sales taxes that total \$118,558. These amounts were withheld from sales tax receipts until August 2019.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2019:

	Balance 9/30/2018	Increases	Reductions	Balance 9/30/2019	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 70,080,000	\$ 28,860,000	\$(6,885,000)	\$ 92,055,000	\$ 7,565,000
Certificates of obligation	49,658,143	-	(7,730,590)	41,927,553	1,247,553
Contractual obligations	3,005,000	-	(540,000)	2,465,000	555,000
Contractual obligations-private placement	2,500,000	-	(209,920)	2,290,080	216,840
Revenue bonds	32,480,000	-	(2,465,000)	30,015,000	2,570,000
Tax notes	1,195,000	-	(590,000)	605,000	605,000
Premium on bond issues	6,758,570	1,972,988	(887,485)	7,844,073	-
Total bonds and notes payable	<u>165,676,713</u>	<u>30,832,988</u>	<u>(19,307,995)</u>	<u>177,201,706</u>	<u>12,759,393</u>
Sales tax obligation	118,558	-	(118,558)	-	-
Net OPEB liability	63,849,882	3,472,643	(10,247,508)	57,075,017	182,604
Net pension liability	31,426,997	26,819,821	(7,650,749)	50,596,069	-
Compensated absences	<u>3,914,717</u>	<u>4,005,585</u>	<u>(3,718,445)</u>	<u>4,201,857</u>	<u>1,050,464</u>
Total governmental activities long-term liabilities	<u>\$ 264,986,867</u>	<u>\$ 65,131,037</u>	<u>\$(41,043,255)</u>	<u>\$ 289,074,649</u>	<u>\$ 13,992,461</u>

The liability for compensated absences and the pension and OPEB-related liabilities are paid from the General Fund, Crime District Fund, and enterprise funds based on the assignment of an employee at termination.

	Balance 9/30/2018	Increases	Reductions	Balance 9/30/2019	Due Within One Year
Business-type activities:					
Water and sewer obligations:					
General obligation bonds	\$ 1,730,000	\$ -	\$(835,000)	\$ 895,000	\$ 440,000
Certificates of obligation	8,600,000	-	(400,000)	8,200,000	400,000
Premium on bond issues	463,444	-	(56,918)	406,526	-
Total water and sewer bonds payable	<u>10,793,444</u>	<u>-</u>	<u>(1,291,918)</u>	<u>9,501,526</u>	<u>840,000</u>
Net OPEB liability	7,380,510	1,347,595	(281,925)	8,446,180	27,022
Net pension liability	2,928,749	2,530,943	(717,133)	4,742,559	-
Compensated absences	<u>231,197</u>	<u>274,711</u>	<u>(254,077)</u>	<u>251,831</u>	<u>62,958</u>
Total business-type activities long-term liabilities	<u>\$ 21,333,900</u>	<u>\$ 4,153,249</u>	<u>\$(2,545,053)</u>	<u>\$ 22,942,096</u>	<u>\$ 929,980</u>

Current Refunding

In July 2019, the City issued \$28,860,000 of General Obligation Refunding and Improvement Bonds, Series 2019 with interest rates ranging from 3% to 4%. The net proceeds of \$30,832,988 (including a \$1,972,988 premium) were used to refund the Combination Tax and Revenue Certificates of Obligation, Series 2009 and Series 2009A.

The reacquisition price exceeded the net carrying amount of the old debt by \$102,493. This amount is reported as a deferred outflow of resources in the Statement of Net Position and will be amortized over the remaining life of the refunding bonds. The Series 2014 bonds were refunded to reduce the City's total debt service payments over 10 years by \$662,530 and to obtain an economic gain (difference between the net present values of the debt service payments on the old and new debt) of \$601,163.

Authorized and Unissued Debt

The City had \$1,235,000 in authorized general obligation bonds that were unissued as of September 30, 2019. These bonds were authorized through an election held November 7, 2017, for the construction of animal shelter facilities, firefighting facilities, and for a multi-use facility and clubhouse at the Grapevine Municipal Golf Course.

X. DEFINED BENEFIT PENSION PLAN

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent 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.

Starting in 2005, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount which considers salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 1998, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, or 5 years at age 60 and above
Updated service credit	100% repeating, transfers
Annuity increase to retirees	70% of CPI, repeating

Employees covered by benefit terms

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	395
Inactive employees entitled to but not yet receiving benefits	279
Active employees	<u>586</u>
Total	<u><u>1,260</u></u>

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 18.98% and 18.58% in calendar years 2018 and 2019, respectively. The City’s contributions to TMRS for the year ended September 30, 2019, were \$8,437,929 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	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Tables 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.

Actuarial assumptions used in the December 31, 2018, valuations were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
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 the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 271,781,910	\$ 237,426,164	\$ 34,355,746
Changes for the year:			
Service cost	8,129,774	-	8,129,774
Interest	18,265,311	-	18,265,311
Difference between expected and actual experience	(1,201,653)	-	(1,201,653)
Contributions - employer	-	8,375,515	(8,375,515)
Contributions - employee	-	3,093,341	(3,093,341)
Net investment income	-	(7,113,672)	7,113,672
Benefit payments, including refunds of employee contributions	(10,499,198)	(10,499,198)	-
Administrative expense	-	(137,452)	137,452
Other changes	-	(7,184)	7,184
Net changes	<u>14,694,234</u>	<u>(6,288,650)</u>	<u>20,982,884</u>
Balance at 12/31/2018	<u>\$ 286,476,144</u>	<u>\$ 231,137,514</u>	<u>\$ 55,338,630</u>

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 or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 95,678,551	\$ 55,338,630	\$ 22,215,636

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$10,894,106.

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
Differences between expected and actual economic experience	\$ -	\$ 2,144,969
Changes in actuarial assumptions	-	14,835
Difference between projected and actual investment earnings	12,281,014	-
Contributions subsequent to the measurement date	<u>6,416,772</u>	<u>-</u>
Total	<u>\$ 18,697,786</u>	<u>\$ 2,159,804</u>

\$6,416,772 reported as deferred outflows of resources related to pension 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 of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2020	\$ 3,338,827
2021	1,031,363
2022	1,288,778
2023	<u>4,462,242</u>
Total	<u>\$ 10,121,210</u>

XI. OTHER POSTEMPLOYMENT BENEFITS

Post-retirement Health Care Benefits

Plan Description.

The City provides certain health care and life insurance benefits through an agent, multiple-employer, defined benefit OPEB plan, under City ordinance, for all full and part-time employees that meet eligibility requirements. Eligible individuals include retired employees who have satisfied the requirement as defined by the Texas Municipal Retirement System and their dependents that were covered prior to retirement. The requirement as defined by the Texas Municipal Retirement System is any age with 20 years of service or 5 years of service for age 60 and above. City Council members that serve three terms will be classified as retired employees when they leave office.

Retirees pay premiums for coverage in the OPEB programs. There is not a maximum employer paid premium amount (capped benefit). Active employees do not contribute to the retiree health care plan. Retirees are eligible for benefits immediately upon retirement. If the employee returns to work for an employer that offers health coverage, they become ineligible for the City's plan and cannot rejoin the City's health plan at a later date.

Benefits Provided

Retirees are eligible for medical, dental, vision, and prescription insurance until they become Medicare eligible. Retirees are also eligible for a \$20,000 life insurance policy. Once Medicare eligible, retirees are eligible for dental, vision, and life insurance only. At that time, the City medical plan will no longer be available. The City supplements 70% of the premium to all retirees who either (1) retire after the age of 65 or (2) are covered pre-Medicare in the retiree medical program. Spouses of retirees will receive the City supplement if they have been on the plan for one year prior to retirement.

In the event that an active employee passes away, the spouse and dependents will become eligible for retiree coverage if (1) the employee was eligible for retirement as defined by the Texas Municipal Retirement System; and (2) the employee had dependent coverage at the time of death. Coverage will continue under the plan as long as monthly retiree premiums are paid by the specified due date, until dependents are no longer considered eligible dependents as defined by the plan, until the covered dependent becomes Medicare eligible, or until a surviving spouse remarries.

For the fiscal year ended September 30, 2019, the City's contributions to the plan were \$1,953,863 which exceeded benefit payments of \$1,453,863.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	211
Active members	591
Total	<u>802</u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	12/31/2018
Actuarial Cost Method	Individual Entry Age Normal Cost Method
Discount Rate	3.82% as of December 31, 2018
Inflation Rate	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used 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.
Participation Rates	For health care coverage: 85% for retirees who are at least 50 years old at retirement and 65% for retirees who are younger than 50 years old at retirement; For life insurance: 85% regardless of age at retirement
Health care cost trend rates	Pre-65 Medical: Initial rate of 7.20% declining to an ultimate rate of 5.00% after 12 years; Pre-65 Medical: Ultimate trend rate includes a 0.75% adjustment for the excise tax; Post-65 Medical Subsidy: Increases with inflation; Dental: 4.00%; Vision: 3.00%
Note:	Assumption changes include a change in the Single Discount Rate from 3.31% as of December 31, 2017 to 3.82% as of December 31, 2018 and updates to the healthcare trend rates. Additionally, the period of service used for the allocation of normal costs was changed to only reflect service with the City of Grapevine.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

There is no separately issued audited benefit plan report available for the City's OPEB plan.

Discount Rate

A Single Discount Rate of 3.82% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

The asset portfolio of the OPEB trust can support a 6.75% long term rate of return. However, the City recently established the trust and does not have a formal funding policy yet. As a result, the City has decided to set the Single Discount Rate equal to the municipal bond rate until a pattern of contributions is established.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.82%) in measuring the Net OPEB liability.

	1% Decrease in Discount Rate (2.82%)	Discount Rate (3.82%)	1% Increase in Discount Rate (4.82%)
City's net OPEB liability	\$ 75,203,315	\$ 65,521,197	\$ 57,544,130

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the Net OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's net OPEB liability	\$ 56,556,557	\$ 65,521,197	\$ 76,783,952

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs

At September 30, 2019, the City reported a liability of \$65,521,197 for its net OPEB liability. The net OPEB liability was determined by an actuarial valuation as of December 31, 2018. For the year ended September 30, 2019, the City recognized OPEB expense of \$5,266,589. There were no changes of benefit terms that affected measurement of the net OPEB liability during the measurement period.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 12/31/2017	\$ 72,291,720	\$ 1,061,328	\$ 71,230,392
Changes for the year:			
Service cost	3,547,117	-	3,547,117
Interest	2,423,640	-	2,423,640
Difference between expected and actual experience	(1,065,868)	-	(1,065,868)
Changes of assumptions	(8,510,968)	-	(8,510,968)
Contributions - employer	-	2,187,035	(2,187,035)
Net investment income	-	(77,518)	77,518
Benefit payments	(1,687,035)	(1,687,035)	-
Administrative expense	-	(6,401)	6,401
Net changes	(5,293,114)	416,081	(5,709,195)
Balance at 12/31/2018	<u>\$ 66,998,606</u>	<u>\$ 1,477,409</u>	<u>\$ 65,521,197</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.31% to 3.82%. 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
Differences between expected and actual economic experience	\$ 151,907	\$ 918,274
Changes in actuarial assumptions	3,432,623	7,332,424
Difference between projected and actual investment earnings	116,017	-
Contributions subsequent to the measurement date	<u>1,106,707</u>	<u>-</u>
Total	<u>\$ 4,807,254</u>	<u>\$ 8,250,698</u>

\$1,106,707 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the City paid with own assets and will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2020. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2020	\$(620,964)
2021	(620,964)
2022	(620,964)
2023	(615,069)
2024	(648,494)
Thereafter	<u>(1,423,696)</u>
Total	<u>\$(4,550,151)</u>

XII. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several pending lawsuits. City management estimates, based on the advice of legal counsel, that the potential claims against the City, in excess of insurance coverage, would not materially affect the basic financial statements of the City.

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability that may arise as the result of these audits is not believed to be estimable or probable.

XIII. TAX ABATEMENTS

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code, Chapter 311 (Tax Increment Financing Act) and Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code. The economic development agreements are designed to support the creation of new businesses, the expansion and retention of existing businesses within the City, and the attraction of companies that offer high impact jobs and share the community's values. Recipients may be eligible to receive economic assistance based on the employment, economic or community impact of the project requesting assistance. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations or bringing targeted business to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has the following categories of economic development agreements:

- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of hotel occupancy taxes or sales taxes received by the City, may result in fee reductions such as utility charges or building inspection or permit fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs, or other expenses. For fiscal year 2019, the City rebated \$3,485,262 in taxes and made incentive payments of \$100,000 under these agreements.
- Tax Increment Financing – The City has adopted two Tax Increment Financing zones (“TIFs”) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until the terms of the agreements have been met. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources. The City made \$3,807,117 in payments for TIF obligations and \$4,024 in waived fees.

XIV. RISK MANAGEMENT

The City purchases a fully-insured program for property and casualty insurance coverage through Travelers Insurance and workers' compensation coverage through Texas Municipal League. The City is insured at the following limits:

<u>Policy</u>	<u>Limits</u>	<u>Deductible</u>
General liability	\$1,000,000 per occurrence/\$2,000,000 aggregate	\$10,000
Automobile liability	\$1,000,000 per occurrence	\$0
Automobile physical damage	Actual cash value	\$1,000
Excess liability	\$10,000,000 per occurrence/\$10,000,000 aggregate	\$0
Property	\$218,886,703	varies by peril
Workers' compensation	Statutory/employers' liability	\$1,000,000

Risk Management oversees the City's self-insured employee health plan and retiree health plans. UMR is the third-party administrator for the employee and pre-65 retiree health plans. Claims and other plan administration services are performed by UMR. All participating funds make payments to the General Fund for their portion of property and casualty and health plan cost.

Financial responsibility in a self-insured funding arrangement is on the City, the risk of losses exceeding an affordable threshold is transferred to an insurance company through the purchase of stop-loss insurance with Stealth Partner Group. Stop-loss insurance protects the City from plan claims costs exceeding a specified deductible during the plan year.

Specific Excess Loss Insurance

The City has specific excess loss insurance to cover specific claims incurred by plan participants. The City has a \$250,000 specific deductible for each medical plan member. The specific benefit period reimbursement maximum under this coverage is unlimited per covered person.

Aggregate Excess Loss Insurance

The City also has coverage for aggregate claims incurred under the self-insured health plan. Under this coverage, aggregate claims in excess of an estimate annual aggregate attachment point of \$9,505,503 would be covered up to an aggregate benefit period reimbursement maximum of \$1,000,000.

The City establishes the insurance claim liability based on estimates of the ultimate cost of claims reported but unsettled and of claims incurred but not reported. Any claims incurred and not reported are not believed to be significant to the City's financial statements. Activity for the last two years is as follows:

	<u>2019</u>	<u>2018</u>
Claims payable, beginning of year	\$ 650,081	\$ 2,005,365
Current year claims and changes in estimates	3,966,014	7,601,763
Payments on claims	<u>(3,921,644)</u>	<u>(8,957,047)</u>
Claims payable at end of year	<u>\$ 694,451</u>	<u>\$ 650,081</u>

XV. WATER STORAGE RIGHTS

Water storage rights of \$683,547 (net of accumulated amortization of \$656,486) represent rights in the Federal Reservoir at Lake Grapevine purchased through a long-term contract with the federal government and are recorded at cost, with amortization being recorded using the straight-line method over the initial term of the contract of 40 years. Approximately 2 years remain on the contract.

XVI. IMPACT FEES

The City records impact fees received in excess of the cost of physical connection to the Water and Sewer system as revenues. Corresponding cash is recorded as a restricted asset for future expansion of the Water and Sewer system.

XVII. WATER AND SEWER CONTRACTS

The City has separate contracts with the Trinity River Authority of Texas ("TRA") for the purchase of treated water and for the transportation, treatment and disposal of wastewater. The contracts require the City to pay varying amounts based on the costs associated with water purchased and wastewater transported and/or treated and disposed. The costs include the City's proportionate share of TRA's operating and maintenance expenses, related debt service costs, plus certain other miscellaneous charges. The City also purchases water from the City of Dallas-Water Utilities and Dallas County Park Cities Municipal Utilities District.

Payments during 2019 for the purchase of treated water were \$8,030,760 and payments made for the transportation, treatment, and disposal of wastewater by TRA were \$1,478,364. If the City were unable to fulfill its obligations under the contracts, the only liability for future payment would be its proportionate share of debt service requirements. In addition, the City does not retain an ongoing financial interest in TRA and has no representation on the TRA Board; therefore, the TRA contracts are not considered to be joint venture agreements.

XVIII. PRIOR PERIOD ADJUSTMENT

In the fund financial statements, an adjustment to unearned revenues resulted in an increase in the beginning fund balance of the General Fund of \$589,801. The beginning net position was increased by \$140,951 due to adjustments to capital assets in the governmental activities. The net increase to beginning net position of governmental activities was \$730,752.

**REQUIRED
SUPPLEMENTARY INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF GRAPEVINE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property tax	\$ 11,165,766	\$ 11,165,766	\$ 11,765,849	\$ 600,083
Sales tax	28,890,000	28,890,000	29,863,646	973,646
Mixed beverage tax	1,800,000	1,800,000	2,145,940	345,940
Franchise tax	6,983,718	6,983,718	6,435,472	(548,246)
Licenses and permits	1,910,194	1,910,194	1,969,000	58,806
Intergovernmental	425,190	425,190	380,269	(44,921)
Charges for services	5,899,063	5,899,063	5,406,622	(492,441)
Fines and forfeitures	1,763,812	1,763,812	1,509,299	(254,513)
Investment income	106,500	106,500	283,313	176,813
Miscellaneous	656,200	656,200	448,761	(207,439)
Total revenues	<u>59,600,443</u>	<u>59,600,443</u>	<u>60,208,171</u>	<u>607,728</u>
EXPENDITURES				
Current:				
General government	16,772,903	16,758,673	15,435,676	1,322,997
Public safety	16,330,103	16,310,103	16,198,439	111,664
Culture and recreation	12,972,351	12,970,351	13,299,784	(329,433)
Public works	8,790,555	8,790,555	8,524,275	266,280
Capital outlay	92,000	128,230	264,387	(136,157)
Debt service:				
Principal	-	-	118,558	(118,558)
Fiscal agent charges	-	-	4,210	(4,210)
Total expenditures	<u>54,957,912</u>	<u>54,957,912</u>	<u>53,845,329</u>	<u>1,112,583</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>4,642,531</u>	<u>4,642,531</u>	<u>6,362,842</u>	<u>1,720,311</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,508,893	4,508,893	3,907,798	(601,095)
Transfers out	(9,076,630)	(9,076,630)	(12,276,630)	(3,200,000)
Sale of capital assets	25,700	25,700	156,217	130,517
Total other financing sources (uses)	<u>(4,542,037)</u>	<u>(4,542,037)</u>	<u>(8,212,615)</u>	<u>(3,670,578)</u>
NET CHANGE IN FUND BALANCES	100,494	100,494	(1,849,773)	(1,950,267)
FUND BALANCES, BEGINNING	<u>15,555,243</u>	<u>15,555,243</u>	<u>15,555,243</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	-	-	589,801	589,801
FUND BALANCES, BEGINNING RESTATED	<u>15,555,243</u>	<u>15,555,243</u>	<u>16,145,044</u>	<u>589,801</u>
FUND BALANCES, ENDING	<u>\$ 15,655,737</u>	<u>\$ 15,655,737</u>	<u>\$ 14,295,271</u>	<u>\$ (1,360,466)</u>

The accompanying notes are an integral part of this schedule.

CITY OF GRAPEVINE, TEXAS
HOTEL OCCUPANCY TAX
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 19,052,757	\$ 19,525,335	\$ 20,767,302	\$ 1,241,967
Charges for services	7,447,692	7,447,692	7,634,638	186,946
Investment income	92,000	92,000	448,501	356,501
Miscellaneous	<u>70,000</u>	<u>70,000</u>	<u>29,732</u>	<u>(40,268)</u>
Total revenues	<u>26,662,449</u>	<u>27,135,027</u>	<u>28,880,173</u>	<u>1,745,146</u>
EXPENDITURES				
Current:				
Tourism	25,018,943	25,039,740	22,413,522	2,626,218
Capital outlay	13,000	13,000	1,192,933	(1,179,933)
Debt Service:				
Fiscal agent charges	<u>-</u>	<u>-</u>	<u>1,771</u>	<u>(1,771)</u>
Total expenditures	<u>25,031,943</u>	<u>25,052,740</u>	<u>23,608,226</u>	<u>1,444,514</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>1,630,506</u>	<u>2,082,287</u>	<u>5,271,947</u>	<u>3,189,660</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	444,610	444,610	529,479	84,869
Transfers out	<u>(2,511,336)</u>	<u>(2,511,336)</u>	<u>(2,556,024)</u>	<u>(44,688)</u>
Total other financing sources (uses)	<u>(2,066,726)</u>	<u>(2,066,726)</u>	<u>(2,026,545)</u>	<u>40,181</u>
NET CHANGE IN FUND BALANCES	(436,220)	15,561	3,245,402	3,229,841
FUND BALANCES, BEGINNING	<u>17,017,842</u>	<u>17,017,842</u>	<u>17,017,842</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 16,581,622</u>	<u>\$ 17,033,403</u>	<u>\$ 20,263,244</u>	<u>\$ 3,229,841</u>

The accompanying notes are an integral part of this schedule.

CITY OF GRAPEVINE, TEXAS
CRIME DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 14,445,000	\$ 14,445,000	\$ 14,563,884	\$ 118,884
Intergovernmental	-	-	13,605	13,605
Fines and forfeitures	150,000	159,650	88,042	(71,608)
Investment income	30,000	30,000	190,715	160,715
Miscellaneous	6,500	6,500	12,737	6,237
Total revenues	<u>14,631,500</u>	<u>14,641,150</u>	<u>14,868,983</u>	<u>227,833</u>
EXPENDITURES				
Current:				
General government	164,313	164,313	142,921	21,392
Public safety	17,523,817	17,503,817	18,068,637	(564,820)
Total expenditures	<u>17,688,130</u>	<u>17,668,130</u>	<u>18,211,558</u>	<u>(543,428)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(3,056,630)</u>	<u>(3,026,980)</u>	<u>(3,342,575)</u>	<u>(315,595)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,056,630	3,056,630	3,056,630	-
Transfers out	-	(20,000)	-	20,000
Total other financing sources (uses)	<u>3,056,630</u>	<u>3,036,630</u>	<u>3,056,630</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCES	-	9,650	(285,945)	(295,595)
FUND BALANCES, BEGINNING	<u>(759,398)</u>	<u>(759,398)</u>	<u>(759,398)</u>	-
FUND BALANCES, ENDING	<u>\$(759,398)</u>	<u>\$(749,748)</u>	<u>\$(1,045,343)</u>	<u>\$(295,595)</u>

The accompanying notes are an integral part of this schedule.

CITY OF GRAPEVINE, TEXAS
4B - ECONOMIC DEVELOPMENT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 3,611,250	\$ 3,611,250	\$ 4,393,875	\$ 782,625
Charges for services	-	-	23,860	23,860
Investment income	150,000	150,000	144,125	(5,875)
Miscellaneous	-	-	100	100
Total revenues	<u>3,761,250</u>	<u>3,761,250</u>	<u>4,561,960</u>	<u>800,710</u>
EXPENDITURES				
Current:				
Economic development	<u>2,058,806</u>	<u>2,058,806</u>	<u>1,301,974</u>	<u>756,832</u>
Total expenditures	<u>2,058,806</u>	<u>2,058,806</u>	<u>1,301,974</u>	<u>756,832</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>1,702,444</u>	<u>1,702,444</u>	<u>3,259,986</u>	<u>1,557,542</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,702,444)	(1,702,444)	(1,736,070)	(33,626)
Sale of capital assets	-	-	4,208,462	4,208,462
Total other financing sources (uses)	<u>(1,702,444)</u>	<u>(1,702,444)</u>	<u>2,472,392</u>	<u>4,174,836</u>
NET CHANGE IN FUND BALANCES	-	-	5,732,378	5,732,378
FUND BALANCES, BEGINNING	<u>6,098,006</u>	<u>6,098,006</u>	<u>6,098,006</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 6,098,006</u>	<u>\$ 6,098,006</u>	<u>\$ 11,830,384</u>	<u>\$ 5,732,378</u>

The accompanying notes are an integral part of this schedule.

CITY OF GRAPEVINE, TEXAS
4B - TRANSIT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Sales taxes	\$ 10,833,750	\$ 10,833,750	\$ 10,476,439	\$(357,311)
Investment income	<u>10,000</u>	<u>10,000</u>	<u>8,177</u>	<u>(1,823)</u>
Total revenues	<u>10,843,750</u>	<u>10,843,750</u>	<u>10,484,616</u>	<u>(359,134)</u>
EXPENDITURES				
Current:				
Transportation	<u>10,389,140</u>	<u>10,389,140</u>	<u>10,046,960</u>	<u>342,180</u>
Total expenditures	<u>10,389,140</u>	<u>10,389,140</u>	<u>10,046,960</u>	<u>342,180</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>454,610</u>	<u>454,610</u>	<u>437,656</u>	<u>(16,954)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(444,610)</u>	<u>(444,610)</u>	<u>(429,479)</u>	<u>15,131</u>
Total other financing sources (uses)	<u>(444,610)</u>	<u>(444,610)</u>	<u>(429,479)</u>	<u>15,131</u>
NET CHANGE IN FUND BALANCE	10,000	10,000	8,177	(1,823)
FUND BALANCE, BEGINNING	<u>8,784</u>	<u>8,784</u>	<u>8,784</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 18,784</u>	<u>\$ 18,784</u>	<u>\$ 16,961</u>	<u>\$(1,823)</u>

The accompanying notes are an integral part of this schedule.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF GRAPEVINE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Plan Year	2014	2015
A. Total pension liability		
Service Cost	\$ 6,509,572	\$ 7,082,668
Interest (on the total pension liability)	15,338,396	16,144,617
Difference between expected and actual experience	(1,847,827)	(1,393,602)
Changes of assumptions	-	(77,299)
Benefit payments, including refunds of employee contributions	<u>(8,121,165)</u>	<u>(9,417,307)</u>
Net change in total pension liability	11,878,976	12,339,077
Total pension liability - beginning	<u>219,925,733</u>	<u>231,804,709</u>
Total pension liability - ending (a)	<u>\$ 231,804,709</u>	<u>\$ 244,143,786</u>
B. Plan fiduciary net position		
Contributions - employer	\$ 6,975,288	\$ 7,547,081
Contributions - employee	2,583,406	2,769,765
Net investment income	10,365,590	284,606
Benefit payments, including refunds of employee contributions	(8,121,165)	(9,417,307)
Administrative expense	(108,213)	(173,344)
Other	<u>(8,897)</u>	<u>(8,562)</u>
Net change in plan fiduciary net position	11,686,009	1,002,239
Plan fiduciary net position - beginning	<u>181,182,907</u>	<u>192,868,916</u>
Plan fiduciary net position - ending (b)	<u>192,868,916</u>	<u>193,871,155</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 38,935,793</u>	<u>\$ 50,272,631</u>
D. Plan fiduciary net position as a percentage of total pension liability	83.20%	79.41%
E. Covered payroll	\$ 36,690,944	\$ 39,260,910
F. Net pension liability as a percentage of covered payroll	106.12%	128.05%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of September 30, 2019, only 5 years are included and additional years will be added in the future as the information becomes available.

2016	2017	2018
\$ 7,293,298	\$ 7,724,236	\$ 8,129,774
16,410,412	17,301,746	18,265,311
(1,109,085)	(772,200)	(1,201,653)
-	-	-
(9,346,450)	(9,863,833)	(10,499,198)
13,248,175	14,389,949	14,694,234
<u>244,143,786</u>	<u>257,391,961</u>	<u>271,781,910</u>
\$ <u>257,391,961</u>	\$ <u>271,781,910</u>	\$ <u>286,476,144</u>

\$ 7,526,300	\$ 7,958,051	\$ 8,375,515
2,764,119	2,922,684	3,093,341
13,104,905	28,801,972	(7,113,672)
(9,346,450)	(9,863,833)	(10,499,198)
(147,973)	(149,230)	(137,452)
(7,972)	(7,564)	(7,184)
13,892,929	29,662,080	(6,288,650)
<u>193,871,155</u>	<u>207,764,084</u>	<u>237,426,164</u>
<u>207,764,084</u>	<u>237,426,164</u>	<u>231,137,514</u>
\$ <u>49,627,877</u>	\$ <u>34,355,746</u>	\$ <u>55,338,630</u>

80.72%	87.36%	80.68%
\$ 39,444,551	\$ 41,752,627	\$ 44,087,711
125.82%	82.28%	125.52%

CITY OF GRAPEVINE, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarial determined contribution	\$ 6,911,778	\$ 7,193,830	\$ 7,395,291
Contributions in relation to the actuarially determined contribution	<u>6,911,778</u>	<u>7,193,830</u>	<u>7,395,291</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	36,595,511	37,658,091	38,748,515
Contributions as a percentage of covered payroll	18.89%	19.10%	19.09%

Notes to Schedule of Contributions

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective in January, 13 months and a day 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 an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis of with BB.
Other Information	There were no benefit changes during the year.

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of September 30, 2019, only 6 years are included and additional years will be added in the future as the information becomes available.

	<u>2017</u>	<u>2018</u>	<u>2019</u>		
\$	7,815,149	\$	8,334,727	\$	8,735,515
	<u>7,815,149</u>	<u>8,334,727</u>	<u>8,735,515</u>		
	-	-	-		
	41,002,879	43,861,106	44,087,711		
	19.06%	19.00%	19.81%		

CITY OF GRAPEVINE, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
POST-RETIREMENT HEALTH CARE BENEFIT PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Plan Year	2017	2018
A. Total OPEB liability		
Service Cost	\$ 2,883,770	\$ 3,547,117
Interest (on the total OPEB liability)	2,452,440	2,423,640
Difference between expected and actual experience	209,342	(1,065,868)
Changes of assumptions	4,730,475	(8,510,968)
Benefit payments	<u>(1,821,839)</u>	<u>(1,687,035)</u>
Net change in total OPEB liability	8,454,188	(5,293,114)
Total OPEB liability - beginning	<u>63,837,532</u>	<u>72,291,720</u>
Total OPEB liability - ending (a)	<u>\$ 72,291,720</u>	<u>\$ 66,998,606</u>
B. Plan fiduciary net position		
Employer Contributions	\$ 2,821,839	\$ 2,187,035
Net investment income	63,643	(77,518)
Benefit payments	(1,821,839)	(1,687,035)
Administrative expense	(2,315)	(6,401)
Net change in plan fiduciary net position	1,061,328	416,081
Plan fiduciary net position - beginning	<u>-</u>	<u>1,061,328</u>
Plan fiduciary net position - ending (b)	<u>1,061,328</u>	<u>1,477,409</u>
C. Net OPEB liability - ending (a) - (b)	<u>\$ 71,230,392</u>	<u>\$ 65,521,197</u>
D. Plan fiduciary net position as a percentage of total OPEB liability	1.47%	2.21%
E. Covered-employee payroll	\$ 41,752,627	\$ 44,087,895
F. Net OPEB liability as a percentage of Covered-employee payroll	170.60%	148.61%

Notes to Schedule:

GASB Statement No. 75 requires 10 years of data to be provided in this schedule. As of September 30, 2019, only 2 years are included. Additional years will be added in the future as the information becomes available.

The period of service used for allocation of normal costs was changed to only reflect service with the City and the healthcare trend assumption was updated.

Included in the changes of assumptions was a change in the discount rate from 3.31% to 3.82%.

CITY OF GRAPEVINE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Budgets

The City follows these procedures in establishing budgetary data reflected in the financial statements:

- (1) Prior to August 1, 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 to obtain taxpayer comments.
- (3) Prior to September 15, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council, after public hearings. Total expenditures may not exceed appropriations at the individual fund level.
- (5) Budgets are legally adopted for the General Fund, Hotel Occupancy Tax Fund, the Crime District Fund, the 4B – Economic Development Fund, the 4B – Transit Fund, the Lake Park Fund, the Debt Service Fund and Enterprise Funds. Budgetary control is maintained at the fund level.
- (6) Budgets for the General, Hotel Occupancy Tax, Crime District, 4-B Economic Development Fund, 4B–Transit Fund, the Lake Park Fund, and Debt Service Fund are adopted in accordance with generally accepted accounting principles. Budget amounts are as amended by the City Council and adjusted for transfers of budgeted amounts between departments within any fund, authorized by the City Manager.
- (7) Budgetary comparison schedules are presented as required supplementary information for the General Fund and for each major special revenue fund. Capital Projects Funds have not been presented as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of these funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.
- (8) The budgetary comparison schedules included in the required supplementary information present a comparison of budgetary data to actual results of operations for the General Fund, Hotel Occupancy Tax Fund, Crime District Fund, 4-B Economic Development Fund, and 4B–Transit Fund. A comparison of budgetary data to actual results of operations for the Debt Service Fund and the Lake Park Fund are presented as supplementary information.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At September 30, 2019, expenditures and transfers exceeded appropriations in the General Fund by \$2,087,417, the Crime District Fund by \$523,428, and the Debt Service Fund by \$6,103,093.

**COMBINING AND INDIVIDUAL
STATEMENTS AND SCHEDULES**

THIS PAGE LEFT BLANK INTENTIONALLY

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues that are restricted in nature for a special purpose limited by state law and management intentions for expenditures.

Special Revenue Fund – to account for revenues that are restricted in name for a special purpose limited by state law and management intentions for expenditures. These funds include monies for state and federal forfeitures, library and parks programs and police in-service training.

Storm Drainage Fund – to account for revenues from a special fee that is restricted to finance the maintenance, repair, and construction of drainage facilities.

Lake Parks Fund – accounts for the operations of the City's Parks and Recreation Department at Grapevine Lake.

DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Tax Increment Financing (TIF) #2 Fund – to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of TIF #2.

CAPITAL PROJECTS FUNDS

Capital Projects Funds – used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Grant Fund – accounts for the funds received from external sources as they relate to grants awarded to the City.

Parks Open Space and Recreation Fund – used to account for the financing, acquisition, construction and improvement of parks and public recreation facilities.

Tax Increment Financing (TIF) #2 Fund – established for the financing, acquisition and construction of the infrastructure surrounding Gaylord Texas Resort and Convention Center.

Streets Fund – is used to account for the construction of improvements to various streets, drainage, and sidewalk projects.

Street Maintenance and Capital Replacement Fund – to account for resources provided and expended on street maintenance and capital replacements.

Capital Acquisition Fund – to account for financial resources for the replacement and acquisition of capital assets.

Quality of Life Fund – to account for capital projects as designated by the City Council.

CITY OF GRAPEVINE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue			Debt Service	Capital Projects
	Special Revenue	Storm Drainage	Lake Parks	TIF #2	Grant
ASSETS					
Cash	\$ 2,848,974	\$ 2,066,274	\$ -	\$ 9,438,756	\$ -
Receivables:					
Accounts, net	52,492	150,165	115	-	-
Accrued interest	165	110	-	551	13
Due from other governments	-	-	-	-	345,608
Total assets	<u>2,901,631</u>	<u>2,216,549</u>	<u>115</u>	<u>9,439,307</u>	<u>345,621</u>
LIABILITIES					
Liabilities:					
Accounts payable	50,471	195,128	158,603	-	6,033
Accrued and other liabilities	871	32,348	18,493	-	8,386
Due to other funds	-	-	2,894,270	-	34,217
Due to other governments	91	-	1,357	-	-
Unearned revenue	1,554	-	346,140	-	-
Developer deposits	-	-	-	-	-
Total liabilities	<u>52,987</u>	<u>227,476</u>	<u>3,418,863</u>	<u>-</u>	<u>48,636</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	14,271	-	-	-	42,470
Total deferred inflows of resources	<u>14,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,470</u>
FUND BALANCES (DEFICITS)					
Restricted:					
Capital projects	206,834	210,677	-	-	-
Court security and technology	404,011	-	-	-	-
Public safety	746,509	-	-	-	-
Records preservation	9,893	-	-	-	-
Debt service	-	-	-	9,439,307	-
Culture and recreation	192,671	-	-	-	-
Committed for:					
Stormwater drainage operations	-	1,778,396	-	-	-
Public arts	992,040	-	-	-	-
Assigned for:					
Capital projects	268,018	-	-	-	254,515
Culture and recreation	10,910	-	-	-	-
Public safety	3,854	-	-	-	-
Unassigned	(367)	-	(3,418,748)	-	-
Total fund balances (deficits)	<u>2,834,373</u>	<u>1,989,073</u>	<u>(3,418,748)</u>	<u>9,439,307</u>	<u>254,515</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,901,631</u>	<u>\$ 2,216,549</u>	<u>\$ 115</u>	<u>\$ 9,439,307</u>	<u>\$ 345,621</u>

Capital Projects

Parks Open Space and Recreation	TIF #2	Streets	Street Maintenance and Capital Replacement	Capital Acquisition	Quality of Life	Total Other Governmental Funds
\$ 408,936	\$ 2,266,808	\$ 5,532,273	\$ 1,040,022	\$ 8,146,271	\$ 6,987,209	\$ 38,735,523
-	-	-	720	-	81,698	285,190
24	-	281	236	221	385	1,986
-	-	-	38,801	-	-	384,409
<u>408,960</u>	<u>2,266,808</u>	<u>5,532,554</u>	<u>1,079,779</u>	<u>8,146,492</u>	<u>7,069,292</u>	<u>39,407,108</u>
6,876	-	300,670	308,833	132,003	788,938	1,947,555
-	-	-	-	-	-	60,098
-	-	-	-	-	-	2,928,487
-	-	-	-	-	-	1,448
-	-	-	-	-	-	347,694
192,518	-	995,688	-	-	-	1,188,206
<u>199,394</u>	<u>-</u>	<u>1,296,358</u>	<u>308,833</u>	<u>132,003</u>	<u>788,938</u>	<u>6,473,488</u>
-	-	-	5,543	-	77,698	139,982
-	-	-	5,543	-	77,698	139,982
-	2,266,808	2,551,277	-	1,055,635	383,213	6,674,444
-	-	-	-	-	-	404,011
-	-	-	-	-	-	746,509
-	-	-	-	-	-	9,893
-	-	-	-	-	-	9,439,307
-	-	-	-	-	-	192,671
-	-	-	-	-	-	1,778,396
-	-	-	-	-	-	992,040
-	-	1,684,919	765,403	6,958,854	5,819,443	15,751,152
209,566	-	-	-	-	-	220,476
-	-	-	-	-	-	3,854
-	-	-	-	-	-	(3,419,115)
<u>209,566</u>	<u>2,266,808</u>	<u>4,236,196</u>	<u>765,403</u>	<u>8,014,489</u>	<u>6,202,656</u>	<u>32,793,638</u>
<u>\$ 408,960</u>	<u>\$ 2,266,808</u>	<u>\$ 5,532,554</u>	<u>\$ 1,079,779</u>	<u>\$ 8,146,492</u>	<u>\$ 7,069,292</u>	<u>\$ 39,407,108</u>

CITY OF GRAPEVINE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue			Debt Service	Capital Projects
	Special Revenue	Storm Drainage	Lake Parks	TIF #2	Grant
REVENUES					
Property tax	\$ -	\$ -	\$ -	\$ 5,806,220	\$ -
Franchise tax	182,566	-	-	-	-
Charges for services	156,825	1,571,370	1,316,699	-	-
Fines and forfeitures	64,899	-	-	-	-
Intergovernmental	32,694	-	-	-	493,370
Contributions	232,772	-	-	-	-
Investment income	44,147	35,289	-	137,703	3,935
Miscellaneous	13,719	-	16,257	-	8,003
Total revenues	<u>727,622</u>	<u>1,606,659</u>	<u>1,332,956</u>	<u>5,943,923</u>	<u>505,308</u>
EXPENDITURES					
Current:					
General government	26,205	-	-	-	-
Public safety	52,236	-	-	-	104,746
Culture and recreation	213,096	-	2,295,812	-	734
Public works	-	1,028,900	-	-	92,717
Economic development	-	-	-	1,430,250	-
Capital outlay	302,981	337,604	58,318	-	707,955
Debt service:					
Principal	-	-	-	1,645,000	-
Interest	-	-	-	642,400	-
Fiscal agent charges	-	-	-	750	-
Total expenditures	<u>594,518</u>	<u>1,366,504</u>	<u>2,354,130</u>	<u>3,718,400</u>	<u>906,152</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>133,104</u>	<u>240,155</u>	<u>(1,021,174)</u>	<u>2,225,523</u>	<u>(400,844)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,118	-	-	-	139,664
Transfers out	-	(112,059)	(107,023)	-	(50)
Insurance recoveries	-	-	-	-	-
Total other financing sources (uses)	<u>2,118</u>	<u>(112,059)</u>	<u>(107,023)</u>	<u>-</u>	<u>139,614</u>
NET CHANGE IN FUND BALANCES	135,222	128,096	(1,128,197)	2,225,523	(261,230)
FUND BALANCES, BEGINNING	<u>2,699,151</u>	<u>1,860,977</u>	<u>(2,290,551)</u>	<u>7,213,784</u>	<u>515,745</u>
FUND BALANCES, ENDING	<u>\$ 2,834,373</u>	<u>\$ 1,989,073</u>	<u>\$ (3,418,748)</u>	<u>\$ 9,439,307</u>	<u>\$ 254,515</u>

Capital Projects

Parks Open Space and Recreation	TIF #2	Streets	Street Maintenance and Capital Replacement	Capital Acquisition	Quality of Life	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,806,220
-	-	-	-	-	-	182,566
24,117	-	18,290	-	-	-	3,087,301
-	-	-	-	-	-	64,899
-	-	-	66,516	-	-	592,580
-	-	-	-	-	-	232,772
4,979	55,514	142,926	53,801	156,924	126,028	761,246
200,000	-	88,669	-	-	11,621	338,269
<u>229,096</u>	<u>55,514</u>	<u>249,885</u>	<u>120,317</u>	<u>156,924</u>	<u>137,649</u>	<u>11,065,853</u>
-	-	-	88,141	97,197	-	211,543
-	-	-	66,292	-	-	223,274
-	-	-	955,887	373,343	33,981	3,872,853
-	-	-	1,951,887	-	1,890	3,075,394
-	-	-	-	-	-	1,430,250
35,384	-	1,668,640	415,563	1,478,593	6,607,668	11,612,706
-	-	-	-	-	209,920	1,854,920
-	-	-	-	-	97,378	739,778
-	700	-	-	1,964	-	3,414
<u>35,384</u>	<u>700</u>	<u>1,668,640</u>	<u>3,477,770</u>	<u>1,951,097</u>	<u>6,950,837</u>	<u>23,024,132</u>
<u>193,712</u>	<u>54,814</u>	<u>(1,418,755)</u>	<u>(3,357,453)</u>	<u>(1,794,173)</u>	<u>(6,813,188)</u>	<u>(11,958,279)</u>
-	-	-	3,020,000	3,200,000	3,000,000	9,361,782
-	-	-	-	-	(139,664)	(358,796)
-	-	-	-	63,391	-	63,391
-	-	-	3,020,000	3,263,391	2,860,336	9,066,377
193,712	54,814	(1,418,755)	(337,453)	1,469,218	(3,952,852)	(2,891,902)
15,854	2,211,994	5,654,951	1,102,856	6,545,271	10,155,508	35,685,540
<u>\$ 209,566</u>	<u>\$ 2,266,808</u>	<u>\$ 4,236,196</u>	<u>\$ 765,403</u>	<u>\$ 8,014,489</u>	<u>\$ 6,202,656</u>	<u>\$ 32,793,638</u>

CITY OF GRAPEVINE, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 12,932,510	\$ 12,932,510	\$ 12,271,795	\$(660,715)
Investment income	150,000	150,000	202,653	52,653
Total revenues	<u>13,082,510</u>	<u>13,082,510</u>	<u>12,474,448</u>	<u>(608,062)</u>
EXPENDITURES				
Debt service:				
Principal	10,590,590	10,590,590	10,590,590	-
Interest	5,388,951	5,388,951	5,261,727	127,224
Payment to refunded bond escrow agent	-	-	6,077,493	(6,077,493)
Bond issuance costs	-	-	23,036	(23,036)
Fiscal agent charges	10,000	10,000	128,911	(118,911)
Total expenditures	<u>15,989,541</u>	<u>15,989,541</u>	<u>22,081,757</u>	<u>(6,092,216)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(2,907,031)</u>	<u>(2,907,031)</u>	<u>(9,607,309)</u>	<u>(6,700,278)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,454,135	2,454,135	2,454,135	-
Issuance of debt	-	-	5,395,000	5,395,000
Premium on issuance of debt	-	-	589,173	589,173
Total other financing sources (uses)	<u>2,454,135</u>	<u>2,454,135</u>	<u>8,438,308</u>	<u>5,984,173</u>
NET CHANGE IN FUND BALANCE	<u>(452,896)</u>	<u>(452,896)</u>	<u>(1,169,001)</u>	<u>(716,105)</u>
FUND BALANCE, BEGINNING	<u>8,918,787</u>	<u>8,918,787</u>	<u>8,918,787</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 8,465,891</u>	<u>\$ 8,465,891</u>	<u>\$ 7,749,786</u>	<u>\$(716,105)</u>

CITY OF GRAPEVINE, TEXAS
LAKE PARKS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 2,848,000	\$ 2,848,000	\$ 1,316,699	\$(1,531,301)
Miscellaneous	25,000	25,000	16,257	(8,743)
Total revenues	<u>2,873,000</u>	<u>2,873,000</u>	<u>1,332,956</u>	<u>(1,540,044)</u>
EXPENDITURES				
Current:				
Culture and recreation	1,960,239	1,924,239	2,295,812	(371,573)
Capital outlay	103,000	139,000	58,318	80,682
Total expenditures	<u>2,063,239</u>	<u>2,063,239</u>	<u>2,354,130</u>	<u>(290,891)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>809,761</u>	<u>809,761</u>	<u>(1,021,174)</u>	<u>(1,830,935)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(689,893)	(689,893)	(107,023)	582,870
Total other financing sources (uses)	<u>(689,893)</u>	<u>(689,893)</u>	<u>(107,023)</u>	<u>582,870</u>
NET CHANGE IN FUND BALANCE	119,868	119,868	(1,128,197)	(1,248,065)
FUND BALANCE, BEGINNING	<u>(2,290,551)</u>	<u>(2,290,551)</u>	<u>(2,290,551)</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$(2,170,683)</u>	<u>\$(2,170,683)</u>	<u>\$(3,418,748)</u>	<u>\$(1,248,065)</u>

CITY OF GRAPEVINE, TEXAS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Employee Activity Fund				
	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019
Cash and cash equivalents	\$ 13,500	\$ 18,037	\$ 12,930	\$ 18,607
Total assets	<u>\$ 13,500</u>	<u>\$ 18,037</u>	<u>\$ 12,930</u>	<u>\$ 18,607</u>
Due to beneficiary	\$ 13,500	\$ 18,037	\$ 12,930	\$ 18,607
Total liabilities	<u>\$ 13,500</u>	<u>\$ 18,037</u>	<u>\$ 12,930</u>	<u>\$ 18,607</u>
Industrial Development Corporation				
	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019
Cash and cash equivalents	\$ 134,523	\$ 3,183	\$ -	\$ 137,706
Total assets	<u>\$ 134,523</u>	<u>\$ 3,183</u>	<u>\$ -</u>	<u>\$ 137,706</u>
Due to beneficiary	\$ 134,523	\$ 3,183	\$ -	\$ 137,706
Total liabilities	<u>\$ 134,523</u>	<u>\$ 3,183</u>	<u>\$ -</u>	<u>\$ 137,706</u>
W.D. Tate Scholarship				
	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019
Cash and cash equivalents	\$ 14,129	\$ 224	\$ -	\$ 14,353
Total assets	<u>\$ 14,129</u>	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ 14,353</u>
Due to beneficiary	\$ 14,129	\$ 224	\$ -	\$ 14,353
Total liabilities	<u>\$ 14,129</u>	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ 14,353</u>
Total Agency Funds				
	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019
Cash and cash equivalents	\$ 162,152	\$ 21,444	\$ 12,930	\$ 170,666
Total assets	<u>\$ 162,152</u>	<u>\$ 21,444</u>	<u>\$ 12,930</u>	<u>\$ 170,666</u>
Due to beneficiary	\$ 162,152	\$ 21,444	\$ 12,930	\$ 170,666
Total liabilities	<u>\$ 162,152</u>	<u>\$ 21,444</u>	<u>\$ 12,930</u>	<u>\$ 170,666</u>

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

	Page
Financial Trends	79 – 88
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	89 – 94
These schedules contain information to help the reader assess the City's most significant local revenue sources. Sales tax is the City's most significant revenue source. Beginning in FY 2010, sales tax revenue information became available to the City and is in Tables 5 and 6. Information about principal sales tax revenue payers is confidential under Texas statutes and is not provided. Additionally, information about the City's second most significant local revenue source, the property tax, is provided.	
Debt Capacity	95 – 98
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	99 – 102
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	103 – 106
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.

CITY OF GRAPEVINE, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets	\$ 73,702	\$ 84,069	\$ 88,342	\$ 114,212
Restricted	55,622	61,712	71,909	78,377
Unrestricted	<u>13,109</u>	<u>10,421</u>	<u>14,469</u>	<u>(3,570)</u>
Total governmental activities net position	<u>\$ 142,433</u>	<u>\$ 156,202</u>	<u>\$ 174,720</u>	<u>\$ 189,019</u>
Business-type activities:				
Net investment in capital assets	\$ 70,055	\$ 70,771	\$ 70,171	\$ 74,750
Restricted	6,732	7,133	8,969	8,032
Unrestricted	<u>11,924</u>	<u>11,240</u>	<u>10,530</u>	<u>6,912</u>
Total business-type activities net position	<u>\$ 88,711</u>	<u>\$ 89,144</u>	<u>\$ 89,670</u>	<u>\$ 89,694</u>
Primary government:				
Net investment in capital assets	\$ 143,757	\$ 154,840	\$ 158,513	\$ 172,921
Restricted	62,354	68,845	80,878	86,409
Unrestricted	<u>25,033</u>	<u>21,661</u>	<u>24,999</u>	<u>19,382</u>
Total primary government net position	<u>\$ 231,144</u>	<u>\$ 245,346</u>	<u>\$ 264,390</u>	<u>\$ 278,712</u>

Source: Comprehensive Annual Financial Reports

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 139,392	\$ 176,133	\$ 176,591	\$ 214,481	\$ 226,572	\$ 241,514
74,312	71,932	78,219	73,872	80,078	95,251
(10,147)	(21,047)	(14,043)	(26,090)	(68,706)	(61,220)
<u>\$ 203,557</u>	<u>\$ 227,018</u>	<u>\$ 240,767</u>	<u>\$ 262,263</u>	<u>\$ 237,943</u>	<u>\$ 275,544</u>
\$ 77,872	\$ 104,296	\$ 126,510	\$ 122,775	\$ 125,604	\$ 131,141
2,612	2,649	3,205	3,467	4,187	3,714
<u>11,590</u>	<u>8,094</u>	<u>8,507</u>	<u>10,548</u>	<u>11,817</u>	<u>6,303</u>
<u>\$ 92,074</u>	<u>\$ 115,039</u>	<u>\$ 138,222</u>	<u>\$ 136,790</u>	<u>\$ 141,608</u>	<u>\$ 141,158</u>
\$ 217,264	\$ 280,429	\$ 303,101	\$ 337,256	\$ 352,175	\$ 372,654
76,924	74,581	81,424	77,339	84,265	98,965
<u>1,443</u>	(12,953)	(5,536)	(15,542)	(56,889)	(54,917)
<u>\$ 295,631</u>	<u>\$ 342,057</u>	<u>\$ 378,989</u>	<u>\$ 399,053</u>	<u>\$ 379,551</u>	<u>\$ 416,702</u>

CITY OF GRAPEVINE, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
EXPENSES				
Governmental activities:				
General government	\$ 19,048	\$ 22,526	\$ 18,370	\$ 18,602
Public safety	27,095	27,588	28,264	28,309
Culture and recreation	27,175	26,673	27,954	29,578
Public works	19,136	10,563	11,056	12,216
Transportation	-	7,901	7,789	8,620
Economic development	-	3,394	4,040	3,609
Tourism	-	-	-	-
Interest on long-term debt	5,432	5,140	4,590	4,095
Total governmental activities expenses	<u>97,886</u>	<u>103,785</u>	<u>102,063</u>	<u>105,029</u>
Business-type activities:				
Water and sewer	17,647	18,972	18,372	18,807
Lake Enterprise	2,955	3,062	3,053	3,156
Total business-type activities expenses	<u>20,602</u>	<u>22,034</u>	<u>21,425</u>	<u>21,963</u>
Total primary government expenses	<u>\$ 118,488</u>	<u>\$ 125,819</u>	<u>\$ 123,488</u>	<u>\$ 126,992</u>
PROGRAM REVENUES				
Governmental activities:				
Fees, fines, and charges for services:				
General government	\$ 4,039	\$ 4,250	\$ 2,547	\$ 2,013
Public safety	3,660	3,346	3,736	3,971
Culture and recreation	8,530	9,198	10,099	10,012
Public works	1,467	1,378	1,418	1,486
Tourism	-	-	-	-
Operating grants and contributions	1,060	1,212	1,124	526
Capital grants and contributions	3,819	1,302	810	108
Total governmental activities program revenues	<u>22,575</u>	<u>20,686</u>	<u>19,734</u>	<u>18,116</u>
Business-type activities:				
Charges for services:				
Water and sewer	18,523	21,168	20,481	20,185
Lake Enterprise	2,377	2,862	3,079	3,120
Capital grants and contributions	274	26,685	-	-
Total business-type activities program revenues	<u>21,174</u>	<u>50,715</u>	<u>23,560</u>	<u>23,305</u>
Total primary government program revenues	<u>\$ 43,749</u>	<u>\$ 71,401</u>	<u>\$ 43,294</u>	<u>\$ 41,421</u>

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 16,348	\$ 18,944	\$ 21,301	\$ 20,417	\$ 19,231	\$ 18,382
30,039	31,305	31,686	35,651	35,954	38,472
31,549	15,617	18,354	21,087	19,597	21,341
13,689	12,817	13,590	16,585	16,826	17,930
11,275	9,223	9,600	9,078	9,467	10,047
1,405	10,036	15,976	9,757	14,954	5,122
-	16,966	18,526	20,507	21,561	23,886
6,029	6,013	5,480	5,332	5,174	5,312
<u>110,334</u>	<u>120,921</u>	<u>134,513</u>	<u>138,414</u>	<u>142,764</u>	<u>140,493</u>
19,763	19,691	20,498	20,926	22,411	23,901
2,764	2,850	3,256	3,242	3,217	4,159
<u>22,527</u>	<u>22,541</u>	<u>23,754</u>	<u>24,168</u>	<u>25,628</u>	<u>28,060</u>
\$ <u>132,861</u>	\$ <u>143,462</u>	\$ <u>158,267</u>	\$ <u>162,582</u>	\$ <u>168,392</u>	\$ <u>168,553</u>
\$ 1,992	\$ 1,723	\$ 2,735	\$ 2,155	\$ 1,962	\$ 2,050
4,109	3,705	3,789	2,198	1,663	2,200
10,531	4,322	4,526	6,003	6,340	4,394
1,504	1,448	1,495	3,367	3,449	3,674
-	7,327	7,721	7,840	7,882	7,635
275	1,381	383	1,079	2,200	993
203	1,609	9,549	8,171	5,007	23,230
<u>18,614</u>	<u>21,515</u>	<u>30,198</u>	<u>30,813</u>	<u>28,503</u>	<u>44,176</u>
23,667	22,434	23,824	24,663	28,267	24,278
3,017	2,214	2,816	3,174	3,131	3,323
-	4,896	17,981	1,803	4,984	6,309
<u>26,684</u>	<u>29,544</u>	<u>44,621</u>	<u>29,640</u>	<u>36,382</u>	<u>33,910</u>
\$ <u>45,298</u>	\$ <u>51,059</u>	\$ <u>74,819</u>	\$ <u>60,453</u>	\$ <u>64,885</u>	\$ <u>78,086</u>

CITY OF GRAPEVINE, TEXAS
CHANGES IN NET POSITION
(continued)
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
NET (EXPENSE) REVENUES				
Governmental activities	\$(75,311)	\$(83,099)	\$(82,329)	\$(86,913)
Business-type activities	<u>572</u>	<u>1,996</u>	<u>2,135</u>	<u>1,342</u>
Total primary government net expense	<u>(74,739)</u>	<u>(81,103)</u>	<u>(80,194)</u>	<u>(85,571)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	33,092	29,559	32,048	29,979
Franchise	6,133	6,401	6,356	6,618
Hotel occupancy	10,725	12,105	12,327	12,772
Sales	42,000	45,572	46,932	49,047
Mixed beverage	1,226	1,223	1,051	1,159
Investment earnings	426	338	286	159
Gain on sale of capital assets	119	33	-	-
Miscellaneous	-	-	170	6
Transfers	<u>2,064</u>	<u>1,638</u>	<u>1,677</u>	<u>1,471</u>
Total governmental activities	<u>95,785</u>	<u>96,869</u>	<u>100,847</u>	<u>101,211</u>
Business-type activities:				
Investment earnings	83	75	68	152
Gain on disposal of capital assets	-	-	-	-
Miscellaneous	-	170	-	-
Transfers	<u>(2,064)</u>	<u>(1,638)</u>	<u>(1,677)</u>	<u>(1,471)</u>
Total business-type activities	<u>(1,981)</u>	<u>(1,393)</u>	<u>(1,609)</u>	<u>(1,319)</u>
Total primary government	<u>93,804</u>	<u>95,476</u>	<u>99,238</u>	<u>99,892</u>
CHANGE IN NET POSITION				
Governmental activities	20,474	13,770	18,518	14,298
Business-type activities	<u>(1,409)</u>	<u>432</u>	<u>526</u>	<u>23</u>
Total primary government	<u>\$ 19,065</u>	<u>\$ 14,202</u>	<u>\$ 19,044</u>	<u>\$ 14,321</u>

Source: Comprehensive Annual Financial Reports

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$(91,720)	\$(99,406)	\$(104,316)	\$(107,602)	\$(114,261)	\$(96,317)
4,158	7,003	20,868	5,472	10,754	5,850
<u>(87,562)</u>	<u>(92,403)</u>	<u>(83,448)</u>	<u>(102,130)</u>	<u>(103,507)</u>	<u>(90,467)</u>
30,917	30,903	31,617	26,027	28,561	30,849
6,785	6,824	6,818	6,602	7,145	6,898
14,025	18,103	18,965	18,801	19,875	20,767
52,020	54,060	55,884	53,854	56,029	59,298
1,567	1,648	1,710	1,733	1,793	2,146
120	266	887	1,523	2,737	3,784
262	1,490	4,144	1,605	262	2,076
23	11	204	579	331	420
1,661	1,424	(2,164)	3,199	3,020	6,951
<u>107,380</u>	<u>114,729</u>	<u>118,065</u>	<u>113,923</u>	<u>119,753</u>	<u>133,189</u>
20	43	148	306	580	650
-	-	3	-	-	-
-	-	-	-	-	-
<u>(1,661)</u>	<u>(1,424)</u>	<u>2,164</u>	<u>(3,199)</u>	<u>(3,020)</u>	<u>(6,951)</u>
<u>(1,641)</u>	<u>(1,381)</u>	<u>2,315</u>	<u>(2,893)</u>	<u>(2,440)</u>	<u>(6,301)</u>
<u>105,739</u>	<u>113,348</u>	<u>120,380</u>	<u>111,030</u>	<u>117,313</u>	<u>126,888</u>
15,658	15,323	13,748	6,323	5,492	36,871
2,517	5,629	23,182	2,578	8,314	(450)
<u>\$ 18,175</u>	<u>\$ 20,952</u>	<u>\$ 36,930</u>	<u>\$ 8,901</u>	<u>\$ 13,806</u>	<u>\$ 36,421</u>

CITY OF GRAPEVINE, TEXAS
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
General fund:				
Reserved**	\$ 714	\$ -	\$ -	\$ -
Unreserved	7,468	-	-	-
Nonspendable*	-	657	653	659
Assigned	-	-	-	-
Unassigned	-	8,938	11,742	11,303
Total general fund	<u>\$ 8,182</u>	<u>\$ 9,595</u>	<u>\$ 12,395</u>	<u>\$ 11,962</u>
All other governmental funds:				
Reserved for:				
Prepayments	\$ 118	\$ -	\$ -	\$ -
Debt service	40,700	-	-	-
Capital projects	16,861	-	-	-
Unreserved, reported in:				
Special revenue	11,347	-	-	-
Capital projects	20,426	-	-	-
Nonspendable:				
Inventories	-	15	18	18
Prepaid items	-	42	14	4
Notes receivable	-	-	-	-
Property held for sale	-	-	-	-
Restricted for:				
Debt service	-	26,713	28,858	29,051
Capital projects	-	19,863	17,655	90,741
Court security and technology	-	-	-	-
Economic development	-	28,985	35,493	41,198
Public safety	-	836	1,078	1,088
Records preservation	-	-	-	-
Tourism	-	4,605	5,954	5,268
Transportation	-	345	369	412
Culture and recreation	-	264	152	41
Committed for:				
Stormwater drainage operations	-	3,005	3,179	2,024
Public arts	-	453	600	697
Assigned for:				
Economic development	-	-	-	-
Capital projects	-	9,322	10,627	8,043
Tourism	-	841	635	677
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Unassigned	-	(1,822)	(1,777)	(841)
Total all other governmental funds	<u>\$ 80,802</u>	<u>\$ 89,452</u>	<u>\$ 93,467</u>	<u>\$ 102,855</u>

Note:

* Includes inventory, advances to other funds, and prepaid items.

** The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011.

Source: Comprehensive Annual Financial Reports

TABLE 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
600	553	779	943	1,303	1,209
-	-	-	-	1,401	901
<u>12,318</u>	<u>13,402</u>	<u>12,753</u>	<u>11,452</u>	<u>12,852</u>	<u>12,186</u>
<u>\$ 12,918</u>	<u>\$ 13,955</u>	<u>\$ 13,532</u>	<u>\$ 12,395</u>	<u>\$ 15,556</u>	<u>\$ 14,296</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15	23	17	482	8	9
23	122	305	171	412	146
-	-	-	500	-	-
-	-	-	-	146	-
28,234	25,720	18,682	10,923	10,321	18,591
68,131	48,216	22,143	55,024	78,573	66,724
-	-	-	305	357	404
40,137	46,996	56,461	15,604	8,517	3,633
1,288	1,818	1,310	473	602	747
-	-	-	19	7	10
6,544	-	-	10,777	13,123	13,688
459	461	465	-	9	17
48	38	49	160	219	193
990	613	923	1,196	1,516	1,778
841	954	1,084	1,046	1,116	992
1,717	1,384	3,269	9,806	4,696	9,164
13,382	16,034	25,033	19,313	19,188	24,107
732	910	1,270	1	542	220
-	12,801	19,140	12,914	3,597	6,448
-	-	-	2	3	4
<u>(1,123)</u>	<u>(1,477)</u>	<u>(3,769)</u>	<u>(5,076)</u>	<u>(3,106)</u>	<u>(4,491)</u>
<u>\$ 178,421</u>	<u>\$ 161,418</u>	<u>\$ 154,613</u>	<u>\$ 146,382</u>	<u>\$ 133,640</u>	<u>\$ 142,384</u>

CITY OF GRAPEVINE, TEXAS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
REVENUES				
Taxes:				
Property	\$ 34,225	\$ 29,930	\$ 32,147	\$ 28,326
Hotel occupancy	10,725	12,105	12,326	12,772
Sales	42,000	45,572	46,932	49,047
Mixed beverage	1,226	1,223	1,051	1,159
Franchise	6,133	6,401	6,356	6,618
Licenses and permits	1,117	1,044	1,542	1,248
Intergovernmental	4,525	1,505	1,012	1,175
Charges for services	13,296	14,582	13,572	13,286
Fines and forfeitures	2,126	1,712	2,017	2,258
Contributions	8	73	194	162
Interest and miscellaneous	2,407	1,741	1,192	731
Total revenues	<u>117,788</u>	<u>115,888</u>	<u>118,341</u>	<u>116,782</u>
EXPENDITURES				
General government	16,367	17,681	13,979	13,714
Public safety	22,275	24,297	25,539	25,674
Culture and recreation	22,677	23,495	24,832	26,202
Public works	5,049	5,821	6,061	7,037
Operations	13,819	-	-	-
Transportation	-	7,901	7,789	8,620
Economic development	-	3,405	4,543	3,609
Tourism	-	-	-	-
Capital outlay	15,051	13,076	9,446	17,011
Debt service:				
Principal	12,096	12,328	11,164	11,462
Interest and fiscal charges	5,547	5,029	4,564	3,864
Payment to refunded bond escrow agent	-	-	-	-
Bond issuance costs	-	-	-	-
Other	1,050	30	25	394
Total expenditures	<u>113,931</u>	<u>113,063</u>	<u>107,942</u>	<u>117,587</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 3,857</u>	<u>\$ 2,825</u>	<u>\$ 10,399</u>	<u>\$ (805)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	8,565	809	-	78,640
Premium on issuance of debt	344	-	-	3,455
Payment to refunded bond escrow agent	(6,954)	-	-	(7,834)
Sale of capital assets	219	155	112	204
Insurance recoveries	-	-	-	-
Transfers in	14,510	17,593	15,244	19,768
Transfers out	(12,446)	(15,955)	(13,568)	(18,297)
Total other financing sources (uses)	<u>4,238</u>	<u>2,602</u>	<u>1,788</u>	<u>75,936</u>
NET CHANGE IN FUND BALANCES	<u>\$ 8,095</u>	<u>\$ 5,427</u>	<u>\$ 12,187</u>	<u>\$ 75,131</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>17.8%</u>	<u>16.8%</u>	<u>15.7%</u>	<u>14.7%</u>

Source: Comprehensive Annual Financial Reports

TABLE 4

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	33,470	\$	30,931	\$	31,650	\$	25,991	\$	28,350	\$	30,883
	14,025		18,103		18,965		18,801		19,875		20,767
	52,020		54,060		55,884		53,854		56,029		59,298
	1,567		1,648		1,710		1,733		1,793		2,146
	6,785		6,824		6,662		6,602		7,064		6,618
	1,337		1,527		1,745		1,883		1,604		1,969
	430		974		1,356		1,939		2,270		1,736
	13,755		14,681		15,568		17,308		17,973		16,152
	2,413		2,100		1,967		1,968		1,736		1,662
	169		304		253		370		318		233
	872		872		2,861		2,630		4,429		4,726
	<u>126,843</u>		<u>132,024</u>		<u>138,621</u>		<u>133,079</u>		<u>141,441</u>		<u>146,190</u>
	15,611		17,878		19,768		18,543		17,018		16,010
	27,215		28,672		27,803		30,441		32,240		34,490
	27,707		12,931		14,731		16,686		18,451		17,173
	8,335		8,077		7,938		10,526		11,367		11,600
	-		-		-		-		-		-
	11,275		9,223		9,600		9,078		9,467		10,047
	1,405		10,036		15,976		9,757		16,639		5,109
	-		16,179		17,702		19,735		20,335		22,414
	53,121		24,476		33,576		32,596		30,029		45,994
	12,664		14,477		16,099		13,018		12,059		12,564
	6,695		6,405		6,234		5,850		5,974		6,001
	-		22,812		1		-		17,025		6,077
	-		358		73		127		392		171
	269		21		10		120		47		141
	<u>164,297</u>		<u>171,545</u>		<u>169,511</u>		<u>166,477</u>		<u>191,043</u>		<u>187,791</u>
\$	<u>(37,454)</u>	\$	<u>(39,521)</u>	\$	<u>(30,890)</u>	\$	<u>(33,398)</u>	\$	<u>(49,602)</u>	\$	<u>(41,601)</u>
	19,500		35,065		3,070		10,900		51,740		5,395
	-		3,757		192		590		1,265		1,973
	-		(13,643)		-		(1,391)		-		-
	250		6,110		13,856		5,406		311		4,439
	-		800		540		649		66		63
	18,507		17,248		21,735		56,144		46,963		24,310
	<u>(16,846)</u>		<u>(15,585)</u>		<u>(17,764)</u>		<u>(52,781)</u>		<u>(43,943)</u>		<u>(17,357)</u>
	<u>21,411</u>		<u>33,752</u>		<u>21,629</u>		<u>19,517</u>		<u>56,402</u>		<u>18,823</u>
\$	<u>(16,043)</u>	\$	<u>(5,769)</u>	\$	<u>(9,261)</u>	\$	<u>(13,881)</u>	\$	<u>6,800</u>	\$	<u>(22,778)</u>
	<u>17.5%</u>		<u>30.2%</u>		<u>16.5%</u>		<u>14.1%</u>		<u>11.5%</u>		<u>13.0%</u>

CITY OF GRAPEVINE

TABLE 5

TAXABLE SALES BY CATEGORY

LAST TEN FISCAL YEARS
(Amounts Expressed in Thousands)

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (1)
Agriculture/forestry/fishing/hunting	\$ -	\$ -	\$ -	\$ -	\$ 414	\$ 514	\$ 91	\$ 253	\$ -	\$ -
Construction	19,347	23,201	32,162	38,720	46,112	49,895	53,763	44,852	65,213	58,977
Manufacturing	158,571	149,783	157,519	157,403	164,251	164,726	161,142	160,782	166,863	147,903
Wholesale trade	216,540	236,878	245,838	266,052	276,437	285,962	299,679	300,261	322,482	246,705
Retail trade	774,638	816,452	849,825	897,364	930,931	921,231	931,679	939,436	945,789	712,900
Transportation/warehousing	10,239	13,817	11,810	13,751	12,539	13,467	12,455	12,587	9,951	7,813
Information	29,311	36,209	42,137	49,559	58,753	68,853	68,143	42,752	40,091	27,410
Finance/insurance	964	1,049	993	804	808	808	885	1,190	1,691	667
Professional/scientific/technical	15,745	15,485	18,966	20,321	28,112	26,370	31,957	31,074	35,317	23,860
Real estate/rental/leasing	34,389	37,831	36,597	46,875	52,312	61,550	63,637	66,687	67,963	48,151
Management of companies/enterprises	15	1	-	-	-	-	-	-	2,719	2,335
Admin/support/waste mgmt/remediation svcs	37,065	54,218	47,264	47,117	60,296	76,038	55,143	54,579	49,130	32,480
Educational services	344	531	2,762	1,931	1,079	645	634	383	364	319
Health care/social assistance	1,930	2,465	2,999	2,961	2,028	1,735	1,784	1,574	1,494	1,208
Arts/entertainment/recreation	25,623	25,657	24,811	24,592	27,313	16,310	22,103	26,622	28,611	21,791
Accommodation/food service	413,133	453,507	477,342	472,830	522,296	572,882	586,562	593,030	625,298	502,189
Other services (except public administration)	24,736	24,868	24,250	33,721	38,588	47,645	49,898	38,372	37,280	28,647
Unclassified	-	17,457	-	-	-	8	-	-	-	-
Total	\$ 1,762,590	\$ 1,909,409	\$ 1,975,275	\$ 2,074,001	\$ 2,222,269	\$ 2,308,639	\$ 2,339,555	\$ 2,314,434	\$ 2,400,256	\$ 1,863,355
City direct sales tax rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: Texas Comptroller

(1) Only three quarters of information were available for the fiscal year.

DIRECT AND OVERLAPPING SALES TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate	State of Texas
2010	2.00%	6.25%
2011	2.00%	6.25%
2012	2.00%	6.25%
2013	2.00%	6.25%
2014	2.00%	6.25%
2015	2.00%	6.25%
2016	2.00%	6.25%
2017	2.00%	6.25%
2018	2.00%	6.25%
2019	2.00%	6.25%

Source: City Budget Office and Texas Comptroller

ASSESSSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands)

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property Property	Personal Property			
2010	7,339,403	2,446,105	3,588,781	6,196,727	0.3500
2011	7,320,478	2,309,223	3,765,059	5,864,642	0.3500
2012	7,111,827	2,005,549	3,205,119	5,912,257	0.3480
2013	7,373,725	2,169,614	3,311,568	6,231,772	0.3457
2014	7,744,617	2,141,161	3,421,500	6,464,278	0.3425
2015	7,972,445	2,437,129	3,816,444	6,593,130	0.3324
2016	8,127,156	2,620,115	3,874,106	6,873,165	0.3284
2017	9,369,452	2,705,089	4,462,148	7,612,393	0.2893
2018	9,911,677	3,033,390	4,586,943	8,358,123	0.2893
2019	10,450,709	3,316,173	4,760,485	9,006,397	0.2893

Source: Grapevine/Colleyville ISD Tax Assessor

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates				Total Direct and Overlapping Rates
	Operating/ General Rate	Debt Service	Total Direct Rate	Junior College	School District	Hospital District	County	
2010	0.1346	0.2154	0.3500	0.1380	1.2900	0.2280	0.2640	2.2700
2011	0.1346	0.2154	0.3500	0.1380	1.2900	0.2280	0.2640	2.2700
2012	0.1423	0.2057	0.3480	0.1490	1.3100	0.2280	0.2640	2.2990
2013	0.1357	0.2100	0.3457	0.1490	1.3201	0.2279	0.2640	2.3067
2014	0.1314	0.2111	0.3425	0.1490	1.3201	0.2279	0.2640	2.3035
2015	0.1274	0.2050	0.3324	0.1495	1.3201	0.2279	0.2640	2.2939
2016	0.1421	0.1863	0.3284	0.1495	1.3201	0.2279	0.2640	2.2899
2017	0.1265	0.1628	0.2893	0.1447	1.3967	0.2279	0.2540	2.3126
2018	0.1347	0.1545	0.2893	0.1401	1.3967	0.2244	0.2440	2.2945
2019	0.1306	0.1587	0.2893	0.1361	1.3967	0.2244	0.2340	2.2805

Source: Tarrant County Appraisal District

Note: Tax rate limitations imposed by the Home Rules Section of the Texas Constitution, Article II, Section 5, provide that a maximum tax rate of \$2.50 per \$100 valuation may be imposed in any one year. No provisions are made limiting the amount of this \$2.50 tax rate that can be used for debt service.

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(Unaudited) (Amounts Expressed in Thousands)

Taxpayer	FY 2019		Taxpayer	FY 2010	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
American Airlines Inc/Envoy Air Inc	\$ 552,617	6.14%	American Airlines Inc	\$ 292,447	4.72%
Opryland Hotel	350,206	3.89%	Gaylord Texan Resort and Convention Center	247,782	4.00%
Grapevine Mills, Ltd. Partnership	325,584	3.62%	Grapevine Mills, Ltd. Partnership	205,000	3.31%
Mesa Airlines	145,445	1.61%	CAE Simuflite/Simuflite Training Unit	130,794	2.11%
Great Wolf Lodge	112,194	1.25%	Great Wolf Lodge	128,745	2.08%
Fund Riverwalk LLC	101,400	1.13%	Backspace US, Inc.	87,500	1.41%
CAE Simuflite	76,263	0.85%	A & B Properties, Inc., etal	53,615	0.87%
Silver Oaks LP	75,200	0.83%	Chesapeake Operating	51,340	0.83%
Oncor Electric Delivery Co., Llc.	68,100	0.76%	Oncor Electric Delivery Co., Llc.	51,102	0.82%
925 Main LP	64,000	0.71%	Verde Riverwalk Apts II, LP	46,540	0.75%
Total	\$ 1,871,009	20.79%	Total	\$ 1,294,865	20.90%

Source: Grapevine/Colleyville ISD Tax Assessor
Grapevine CAFR (2010)

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands)

Fiscal Year Ended	Taxes Levied for the Fiscal Year			Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Original Levy	Adjustments	Adjusted Levy	Amount	Percentage of Levy Collected		Amount	Percentage of Levy
2010	\$ 21,690	\$ 517	\$ 22,207	\$ 21,958	98.88%	\$ 215	\$ 22,173	99.85%
2011	20,953	161	21,114	20,954	99.24%	135	21,089	99.88%
2012	21,325	(4)	21,321	21,211	99.48%	93	21,304	99.92%
2013	21,543	(75)	21,468	21,364	99.52%	88	21,452	99.93%
2014	21,739	108	21,847	21,804	99.80%	32	21,836	99.95%
2015	22,249	(228)	22,021	21,952	99.69%	56	22,007	99.94%
2016	21,506	1,069	22,575	22,498	99.66%	55	22,553	99.90%
2017	21,669	352	22,021	21,905	99.47%	87	21,992	99.87%
2018	23,387	790	24,177	24,023	99.36%	113	24,136	99.83%
2019	25,711	342	26,053	25,946	99.59%	-	25,946	99.59%

Source: Grapevine/Colleyville ISD Tax Assessor

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands, excluding Percentage of Personal Income and Per Capita)

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government Debt	Percentage of Personal Income	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Revenue Bonds	Tax Notes	Water and Sewer Obligations	General Obligation Bonds	Certificates of Obligation			
2010	51,290	59,870	-	-	5,835	1,585	15,305	-	133,885	6.88%	2,678
2011	45,335	55,473	-	-	4,852	1,035	14,042	-	120,737	7.14%	2,569
2012	40,355	49,569	1,225	-	3,605	790	9,923	-	105,467	6.16%	2,197
2013	102,690	44,459	1,200	-	6,297	-	10,962	-	165,608	8.89%	3,380
2014	100,952	41,325	1,130	19,500	4,514	-	9,556	-	176,977	9.26%	3,612
2015	93,376	13,618	4,317	39,030	3,107	-	7,579	10,097	171,124	8.32%	3,492
2016	88,200	14,065	4,224	36,855	2,529	-	2,551	8,902	157,326	7.16%	3,147
2017	80,718	21,286	3,692	34,630	1,934	-	2,388	8,902	153,550	6.83%	3,011
2018	73,200	51,470	5,645	34,153	1,209	-	1,892	8,901	176,470	7.85%	3,394
2019	96,587	43,645	4,878	31,480	612	-	1,025	8,476	186,703	8.11%	3,523

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

* See Table 17 for personal income and population data.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands, excluding Percentage of Actual Taxable Value of Property and Per Capita)

Fiscal Year	Governmental Activities					Business-type Activities		Resources Restricted For Debt Service	Net Bonded Debt	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Tax Notes	Total	General Obligation Bonds	Certificates of Obligation				
2010	51,290	59,870	-	-	111,160	15,305	-	40,700	85,765	1.38%	1,715
2011	45,335	55,473	-	-	100,808	15,135	-	26,713	89,230	1.52%	1,899
2012	40,355	49,569	1,225	-	91,149	9,895	-	28,858	72,186	1.22%	1,504
2013	102,690	44,459	1,200	4,015	152,364	10,845	-	29,051	134,158	2.15%	2,738
2014	100,952	41,325	1,130	3,488	146,895	9,556	-	20,985	135,466	2.10%	2,765
2015	93,376	13,618	4,317	2,935	114,246	7,579	10,097	19,603	112,319	1.70%	2,292
2016	88,200	14,065	4,224	2,373	108,862	2,551	8,902	17,938	102,377	1.49%	2,048
2017	80,718	21,286	3,692	1,796	107,492	2,388	8,902	16,087	102,695	1.35%	2,014
2018	73,200	51,470	5,645	1,209	131,524	1,892	8,901	9,829	132,488	1.59%	2,548
2019	96,587	43,645	4,878	612	145,722	1,025	8,476	18,050	137,173	1.52%	2,588

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

^a See Table 7 for property value data.

^b See Table 18 for population data.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2019
(Unaudited)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid with Property Taxes:			
Carroll Independent School District	\$ 306,677,164	5.50%	\$ 16,867,244
Coppell Independent School District	382,497,416	2.12%	8,108,945
Dallas County	151,495,000	0.10%	151,495
Dallas County Community College District	182,800,000	0.10%	182,800
Dallas County Hospital District	671,290,000	0.10%	671,290
Dallas County Schools	36,801,240	0.10%	36,801
Denton County	590,380,000	less than .01%	-
Grapevine-Colleyville Independent School District	435,416,058	62.44%	271,873,787
Northwest Independent School District	934,245,475	0.06%	560,547
Tarrant County	266,375,000	5.32%	14,171,150
Tarrant County Hospital District	17,735,000	5.32%	943,502
			<u>313,567,561</u>
Subtotal overlapping debt			313,567,561
Total direct - City of Grapevine	\$ 177,201,706	100%	<u>177,201,706</u>
Direct and Overlapping Debt			<u><u>\$ 490,769,267</u></u>
Total Direct and Overlapping Debt % of A.V.:		5.45%	
Total Direct and Overlapping Debt per Capita:		\$ 9,260	

The percentage of overlapping debt applicable is estimated using taxable assessed property values.

Source: Municipal Advisory Council of Texas

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(Unaudited)

Tax rate limitations imposed by the Home Rules Section of the Texas Constitution, Article II, Section 5, provide that a maximum tax rate of \$2.50 per \$100 valuation may be imposed in any one year.

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands, except for Coverage)

Fiscal Year	4B Economic Development Fund				
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Principal and Interest Payments	Coverage
2014	3,772	492	3,280	443	7.40
2015	3,983	1,430	2,553	1,594	1.60
2016	4,170	3,224	946	1,595	0.59
2017	4,062	2,167	1,895	1,593	1.19
2018	4,256	1,918	2,338	1,593	1.47
2019	4,394	1,642	2,752	1,396	1.97

Notes: ^a Includes tax revenues only

^b Includes transfers out

Debt was issued in FY 2014, so prior data is not available.

Source: Comprehensive Annual Financial Report

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands, except for Coverage)

Fiscal Year	Tax Increment Financing District Reinvestment Zone Number Two				Coverage
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Principal and Interest Payments	
2010	5,749	726	5,023	2,677	1.88
2011	4,291	731	3,560	2,664	1.34
2012	5,736	1,548	4,188	2,672	1.57
2013	3,637	2,283	1,354	2,679	0.51
2014	5,878	2,446	3,432	2,681	1.28
2015	4,246	2,678	1,568	2,683	0.58
2016	4,416	2,714	1,702	2,273	0.75
2017	4,697	1,410	3,287	2,282	1.44
2018	4,818	1,410	3,408	2,281	1.49
2019	5,806	1,430	4,376	2,287	1.91

Notes: ^a Includes tax revenues only^b Includes transfers out.

Source: Grapevine Tax Increment Financing District Reinvestment Zone Number Two Basic Financial Statements

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

(Unaudited) (Amounts Expressed in Thousands except for Median Age and Unemployment Rate)

Calendar Year	(1) Estimated Population	(1) Personal Income	(1) Personal Income Per Capita	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
2010	50	1,900	38	36	14	6.0%
2011	47	1,692	36	35	14	6.3%
2012	48	1,711	36	35	14	5.6%
2013	49	1,862	38	38	14	5.1%
2014	49	1,911	39	38	14	4.7%
2015	49	2,058	42	39	14	3.3%
2016	50	2,197	42	39	14	3.6%
2017	51	2,252	44	39	14	3.4%
2018	52	2,249	44	39	14	3.3%
2019	53	2,303	45	39	14	3.0%

Sources:

- (1) Estimate from City Economic Development Dept staff; (population as of 12.31.15) Neilsen/Clarita's Report, ERSI
- (2) Grapevine/Colleyville ISD
- (3) ESRI, 2018

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited) (Amounts Expressed in Thousands except for Percentage of Total City Employment)

2019			2010		
Employer	Employees	Percentage of of Total City Employment (1)	Employer	Employees	Percentage of of Total City Employment
DFW International Airport	14.3	27.03%	DFW International Airport	16.0	31.37%
Game Stop Corporation	2.9	5.39%	Gaylord Texan Resort and Convention Center	2.0	3.92%
Gaylord Texan Resort and Convention Center	2.0	3.78%	Grapevine/Colleyville ISD	1.6	3.14%
Grapevine/Colleyville ISD	1.9	3.52%	United Parcel Service	1.0	1.96%
City of Grapevine	0.7	1.32%	Baylor Medical Center	1.0	1.96%
Baylor Scott-White Medical Center	0.7	1.25%	Game Stop	0.5	0.98%
Cotton Patch Café Inc	0.7	1.23%	City of Grapevine	0.5	0.98%
Great Wolf Lodge Grapevine	0.6	1.13%	DFW Hilton Hotel	0.5	0.98%
Kubota Tractor Corp	0.5	0.85%	Pavestone Manufacturing	0.5	0.98%
Pavestone Co	<u>0.4</u>	<u>0.79%</u>	Wal-Mart/Sams (250-500)	<u>0.3</u>	<u>0.49%</u>
	<u>24.7</u>	<u>46.29%</u>		<u>23.9</u>	<u>46.76%</u>

Sources: City of Grapevine Economic Development Department, Infogroup, Inc.

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Whole Numbers)

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government and administration	59	59	57	58	61	63	63	63	62	61
Public safety	236	237	237	240	241	245	246	258	261	261
Development services	15	15	15	15	16	19	19	19	19	19
Culture and recreational	175	169	169	172	175	206	207	209	220	225
Water and sewer	60	59	59	59	60	59	59	59	59	59
Golf course	28	26	26	26	26	26	25	25	25	25
Public works	<u>67</u>	<u>65</u>	<u>65</u>	<u>66</u>	<u>66</u>	<u>66</u>	<u>66</u>	<u>67</u>	<u>68</u>	<u>68</u>
Total	<u>640</u>	<u>630</u>	<u>628</u>	<u>636</u>	<u>645</u>	<u>684</u>	<u>685</u>	<u>700</u>	<u>714</u>	<u>718</u>

Source: Human Resources Department - City of Grapevine

THIS PAGE LEFT BLANK INTENTIONALLY

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Whole Numbers)

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
City Secretary:										
Ordinances prepared	78	67	68	61	74	72	90	84	88	87
Resolutions prepared	41	70	97	114	89	92	106	106	100	35
Fiscal Services:										
Invoices processed	23,760	21,605	18,567	18,719	17,410	17,556	19,098	18,944	17,075	16,690
Ratio of ACH/checks	-	0.02	1.06	27.48	47.50	49.60	53.60	58.80	57.10	55.73
Public safety:										
Police:										
Calls for service	65,361	66,686	67,634	58,680	44,266	53,372	52,613	47,751	43,402	41,059
Traffic citations	25,533	18,995	23,817	21,447	24,441	19,138	14,566	13,269	11,705	13,574
Criminal offenses	3,552	3,346	1,366	3,219	2,948	2,743	2,812	2,740	2,570	2,664
Fire:										
Fire runs	4,595	5,079	5,135	5,156	5,101	5,588	5,905	6,161	6,026	6,192
Ambulance runs	3,015	3,343	3,026	3,541	3,614	3,715	4,893	4,432	4,047	4,291
Municipal Court:										
Cases filed	28,929	21,828	25,860	23,855	24,298	19,012	16,398	15,578	14,088	13,574
Cultural and recreational:										
Parks & Recreation:										
Recreation center membership-family	5,161	4,937	4,658	4,677	2,731	9,856	11,512	12,126	12,273	9,969
Recreation center membership-individual	2,969	2,923	2,861	2,852	2,502	5,227	4,660	5,687	4,748	4,046
Athletic league registrants- youth	5,984	4,750	7,014	6,126	6,250	5,324	6,860	1,450	1,500	3,472
Athletic league registrants- adult	10,944	9,500	10,536	9,588	9,248	7,720	7,370	5,746	5,092	1,863
Public swim attendance	33,039	31,744	38,274	48,680	46,120	75,245	101,774	106,359	98,192	92,436
% Campground occupancy rate	68.00	57.00	61.00	63.00	61.00	53.00	13.83	70.99	71.65	41.81
Total acres maintained	1,662	1,662	1,662	1,662	1,662	1,677	1,677	1,677	1,740	1,556
Library:										
Volumes	197,509	205,194	186,817	197,377	204,206	252,227	259,203	234,546	230,284	274,810
Annual circulation	341,726	330,975	316,236	303,622	293,434	301,522	307,662	345,429	342,303	355,594
Public works:										
Development services:										
Permits issued	3,812	4,121	3,982	3,877	4,500	4,139	4,340	4,369	4,501	4,410

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Whole Numbers)

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public works:										
Streets:										
Square yard of overlay completed	101,100	99,000	92,604	53,167	75,555	82,202	98,693	79,238	66,432	61,957
Linear feet of gutter wedge milled	16,278	17,500	15,123	72,713	45,792	43,359	50,034	48,404	37,540	27,972
Linear feet of curb and gutter replaced	1,847	1,600	4,015	3,969	944	300	3,926	1,605	3,812	4,187
Number of blocks crack sealed	193	210	205	257	174	133	179	149	174	117
Square feet of concrete rehab	43,340	4,000	39,002	47,813	96,068	15,706	28,735	49,069	27,112	47,708
Tourism:										
Convention and visitor bureau:										
Nash farm attendance	-	-	7,158	8,468	13,500	14,588	11,566	14,868	11,759	15,085
Main street days attendance	110,148	160,990	150,292	139,770	148,260	154,032	178,672	169,560	168,480	141,570
Grapefest attendance	266,129	243,180	262,322	262,910	266,170	263,832	260,151	268,180	260,001	261,000
Water and sewer										
Number of water connections	14,343	14,384	14,460	14,517	14,476	14,564	14,665	14,732	14,788	14,869
Average daily consumption MG (water)	10.23	11.98	10.74	10.40	9.35	9.40	9.30	9.21	9.45	7.75
System capacity - MG (Water)	27	27	27	27	27	27	27	27	27	27
Number of sewer connections	13,130	13,081	13,103	13,315	13,387	13,452	13,570	13,632	13,696	13,766
Number of refuse customers	11,865	11,895	11,911	11,964	12,110	12,175	12,272	12,318	12,394	12,416
Sewer system capacity (MGD)	8	8	8	8	8	8	8	8	8	8
Lake Enterprise:										
Numbers of golfers, annually	56,053	65,052	67,555	71,706	68,368	48,689	55,913	64,424	64,382	62,510

Source: City departments

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Whole Numbers)

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	30	32	32	35	35	35	35	35	35	37
Motorcycle Units	10	10	8	8	8	8	8	8	8	8
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Fire engines/trucks	8	9	9	10	10	10	10	10	10	10
EMS trucks	4	4	4	5	5	5	5	5	5	5
Public works:										
Streets - paved (miles)	208	208	208	208	208	208	208	208	211	211
Traffic signals	74	75	75	75	75	75	75	75	76	76
Parks and recreation:										
Acreage*	1,662	1,662	1,662	1,662	1522	1,677	1,677	1,677	1,556	1,556
Playgrounds	35	35	35	36	37	37	37	37	32	36
Swimming pools	2	2	2	2	2	3	3	3	3	3
Splash parks	-	-	2	2	2	2	2	2	3	3
Tennis courts	8	8	8	8	8	8	8	8	8	8
Recreation centers	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	280	280	280	290	292	293	295	295	300	305
Wastewater:										
Sanitary sewers (miles)	220	221	221	224	225	226	228	228	226	227

Source: City departments

*Golf course included and land leased from Corp. of Engineers

THIS PAGE LEFT BLANK INTENTIONALLY

**INTERNAL CONTROL AND
COMPLIANCE SECTION**

THIS PAGE LEFT BLANK INTENTIONALLY

**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**

Honorable Mayor and
Members of the City Council
City of Grapevine, Texas

We have audited, 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, 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 Grapevine, Texas (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 12, 2020.

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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies as item 2019-001.

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*.

The City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Waco, Texas
March 12, 2020

CITY OF GRAPEVINE, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES

SEPTEMBER 30, 2019

Item 2019-001 (Recurring)

Criteria:

To perform their job responsibilities, system administrators must be given control over computer systems. An organization should have proper controls in place to ensure that only appropriate employees have administrator rights and privileges. Administrator user accounts should be reviewed annually, user accounts should be protected with strong passwords and their actions on computer systems should be monitored for questionable activities.

Condition:

The City currently uses almost 200 separate on-site and cloud-based systems. Generally, the administrators for these systems also work in the respective departments where the software is used. The administrator user accounts are the owner's primary accounts that are used within the system.

Because this administrative responsibility is being maintained at the department level, requirements like mandatory password changes, locking individual system access to terminated employees and monitoring general system access on an ongoing basis is not always being done.

Effect:

Segregation of duties is ineffective. Without sufficient segregation of duties, the risk significantly increases that errors, including misappropriation of assets, could occur and not be detected on a timely basis.

Recommendation:

Management should consider a formal evaluation of the risks associated with this lack of duties segregation. Consideration should be given to identifying and implementing controls that could help mitigate the risks associated with a lack of segregation of duties, such as granting administrative-level application access only to users who do not participate in the related control activities.

Management's Response:

The City acknowledged that there were control deficiencies in this area prior to our annual audit and we have already started reviewing systems access controls within the City. In addition to these procedures, we will also perform an evaluation to determine the resources that will be necessary to ensure that proper segregation of duties is maintained and appropriate control procedures are in place regarding systems administration.

THIS PAGE LEFT BLANK INTENTIONALLY