

**CITY OF GARLAND, TEXAS  
Comprehensive Annual Financial Report  
Year Ended September 30, 2001**

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City of Garland, Texas

# Comprehensive Annual Financial Report

for the fiscal year ending September 30, 2001

**9-11-01**

*"These acts shattered steel, but they  
cannot dent the steel of American resolve."*

President George W. Bush



Prepared by the Department of Finance and the Accounting Office

To Protect  
And Serve

**CITY OF GARLAND, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2001**

**CITY COUNCIL**

Jim Spence, Mayor  
Michael Holden, District 1  
Jim Dunn, District 2  
Bob Schwarz, District 3  
Weldon Bradley, District 4  
Jackie Feagin, District 5  
Sharon Stotts, District 6  
Lowell Hyatt, District 7  
Johnny Beach, District 8

**CITY MANAGER**

Jeffrey B. Muzzy

**MANAGING DIRECTOR OF FINANCIAL SERVICES**

George Kauffman

**Prepared by**

Department of Finance  
Accounting Office

**GARLAND**



January 11, 2002

To the citizens of the City of Garland, Texas:

The Comprehensive Annual Financial Report of the City of Garland, Texas (City), for the fiscal year ended September 30, 2001, is hereby submitted. The report is published to provide detailed information concerning the financial condition of the City to our citizens and the financial community, as well as other interested parties. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation including all disclosures, rests with the City. To the best of our knowledge and belief, the financial statements, supporting schedules and statistical tables contained in this report present fairly, in all material respects, the financial position and the results of operations of the City for the fiscal year ended September 30, 2001. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter and the City's organizational chart. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the schedule of federal and state financial awards, findings and recommendations, and independent auditors' reports on the internal controls and compliance with applicable laws and regulations, will be issued in a separate report.

This report includes all funds and account groups of the City (the primary government), as well as its three component units: the Garland Housing Finance Corporation (GHFC), the Garland Economic Development Authority, Inc. (GEDA), and the Garland Health Facilities Development Corporation (GHFDC). Each of these component units is chartered as a nonprofit corporation under IRC 501 c (3), and is a legally separate entity for which the City is financially accountable. The primary reason that these three nonprofit corporations (GHFC, GEDA, & GHFDC) are included in this report is because the members of each board are appointed by the City Council. The Garland Independent School District (GISD) is excluded from this report because it is a separate governmental entity with a separately elected board of trustees.

The City provides a full range of services. These services include police and fire protection; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, enterprise fund activities provide electric, water and wastewater utility services. Golf course facilities, storm water facilities and sanitation collection services are also provided under enterprise fund operations.

## ECONOMIC CONDITIONS AND TRENDS

The City is strategically located in Dallas County approximately 15 miles northeast of downtown Dallas. The City's population of 215,768 (as estimated by the City's Planning Department as of January 1, 2001) makes it the tenth largest city in the state of Texas and places it among the top 100 largest municipalities in the United States. The Texas Workforce Commission estimates that the community had an unemployment rate of 4.7%, as compared to a statewide rate of 5.2% at September 30, 2001.

Since Garland was founded in 1891, it has evolved from a rural community with an economy based on agriculture to an industrial based community providing a home for more than 5,000 businesses. The most dramatic economic growth occurred during World War II, when industry came to town to supply the military with aviation parts and equipment. During the 1950s, Desoto Paint, Sherwin Williams, and Intercontinental Manufacturing came to Garland. The City's industrial base expanded during the 60's and 70's with the addition of defense oriented high tech firms. The City's industrial base of electronics-related manufacturing, metal fabrication, paints and chemicals, and food processing provides a diverse and stable environment for businesses to operate. Garland has continued to attract new industry because of its location and access to major highways and rail systems.

Economic development during 2001 was bolstered by the Garland Economic Development Partnership (GEDP). Now in its seventh year, this entity provides a vehicle for the combined efforts of the City, the Chamber of Commerce, and the Garland Independent School District as they pursue a united strategy to build the community's commercial tax base by actively promoting a business-friendly environment to enterprises seeking to relocate or expand their operations.

The economic forecast for 2002 continues to be optimistic despite the events on September 11, 2001: Retail development projects including a Super Walmart, Sam's Warehouse and a Super Target are underway in the State Highway 190 corridor and, another Super Walmart opened in the Interstate 30 corridor. Redevelopment projects like Ridgewood Shopping Center's new Fiesta grocery store and, a new 460,000 square foot warehouse on Miller Road are underway. Ground breaking is expected during 2003 for the new Firewheel Town Center.

The value of the City's 2001 assessed property increased by \$627 million, or 7.9% over the 2000 value. Of the increase, \$144.8 million was for new property and \$482.2 million was for existing property. Over the past five years the property tax base has grown from 6.2 billion in 1996 to the current base of 8.6 billion. This represents an average annual growth of \$478 million (6.7%) a year over the previous five years. Property taxes and sales taxes combined constitute half of the revenue for the general fund, and the outlook for 2002 remains optimistic.

## MAJOR INITIATIVES

**For the current year:** With the adoption of the 2001 operating and capital improvement budgets, the City Council continued the direction of its legislative agenda to enhance public and community safety, provide quality infrastructure and facilities, provide effective and efficient community service, and provide an environment for business expansion.

**Public and Community Safety.** The Fire Department completed an in-house paramedic school that resulted in the number of paramedics being increased to 130. Property was purchased for Fire Station No. 11 and negotiations are underway to purchase land for Fire Station No. 10. In addition Fire Station No. 4 was relocated during the year and Station No. 2 will be relocated next year. The addition of the new fire stations and the paramedics will provide citizens with better fire and medical coverage across the City.

The Health Department teamed with employees of the Fire, Police, Emergency Management, and other City departments to plan for a coordinated, rapid response to bio-terrorism. Several short courses and in-house training exercises were completed. This bio-terrorism readiness training will continue indefinitely.

Volunteers continue to contribute to the Police Department. During the year 58 volunteers donated more than 80,000 hours of service valued at \$1,144,000. The time and service that they provide enables police officers, detectives, and investigators to spend more time working the streets and solving crimes. The Sex Offender Apprehension and Registration Unit was recognized by the Texas Department of Public Safety for having the most up-to-date records on file in the State. The Forensic Unit was the first to successfully get digital photographs admitted into court as evidence in Dallas County.

**Quality Infrastructure and Facilities.** Paving activity continued with \$12.3 million transferred from the General, Water, Sewer, Sanitation, and Equipment Replacement Funds to the Infrastructure Repair Fund. During the fiscal year, repair efforts resulted in 20 miles of streets being returned to excellent condition through the repair of concrete slabs. This total includes 15.5 miles of arterial streets and 1.2 miles of street repairs funded through the CDBG program. Over 2.6 miles of concrete streets and 2.7 miles of alleys were completely rebuilt with concrete. In addition, 2.6 miles of asphalt streets were rehabilitated and over two miles of concrete alleys were restored to excellent condition through the efforts of the Streets Department.

In an effort to provide more efficient transportation to our citizens, the Transportation Department evaluated traffic congestion along the President George Bush Turnpike. Engineering recommendations were made to the North Texas Tollway Authority to help alleviate the traffic congestion. As a result of this action the North Texas Tollway Authority began construction of a third lane to the freeway. In addition, new traffic signals were installed at several locations throughout Garland, including Jupiter at Wood and Broadway at Broadway Commons, to facilitate safe and efficient movement of vehicles to and from adjacent streets and shopping areas.

Construction of a new Landfill is on time and under budget. This state-of-the-art sanitary landfill is scheduled to open in February 2002. It will provide the citizens with ample landfill space for the next 40 to 50 years.

The City's electric utility completed construction of an 85-Megawatt combustion turbine that will be used to meet peak demand requirements. Plant overhauls were completed at both Olinger and Newman power plants. Phase I of the Nox retrofit program for Newman #5 and Olinger #1 has also been completed and we continue to have improvement in reliability as a result of the rebuilding of our distribution system.

The Water Department completed several replacement projects this year including Club Meadow, Red Oak, Green Valley, Gatewood, and Thistle. These projects resulted in replacing 6,300 feet of water lines. The construction division also began to replace 200 feet of sanitary sewer lines on Edgefield with other projects being planned.

**Effective and Efficient Community Service.** The City's Citizen Outreach programs include bi-monthly publication of the *Garland City Press*, and television broadcast of all City Council meetings, City Council work sessions and, Planning Commission meetings on local cable access channel COG-16. The City also has a website presence on the Internet accessible at <http://www.ci.garland.tx.us>.

The new South Garland Branch Library opened providing citizens many new and innovative features. With the addition of the new library, the City provides five libraries with approximately 380,000 books. Also, the Parks Department opened the Gale Fields Recreation Center in East Garland. With the addition of the recreation center, the City provides five recreation centers serving the community.

Code Compliance instituted weekend schedules and added six new inspectors. Through the proactive efforts of the code inspectors and supervisors, 91% of violations were addressed. The Housing Standards Board heard 42 cases and 12 substandard structures were demolished. These efforts continue to enhance the quality of our neighborhoods.

In addition to meeting the basic service needs of the citizens, the Star Spangled 4th continued to provide quality family entertainment for the community. Performers for this year's July 4th celebration included The Temptations, The Charlie Daniels Band, and Point of Grace. Additionally, the City was honored with the Gala Award for Best Fair/Festival of 2000 from Special Events Magazine. The event continues to bring thousands of citizens as well as visitors from throughout the state to downtown Garland each summer.

**Provide an Environment of Business Expansion.** Tax abatements are available to new or expanding companies for new construction projects. To qualify for tax abatements construction projects are scored based on the number of new jobs created, local annual payroll created, property tax valuation added and electric consumption used. The tax abatements reduce real estate property taxes over a five-year horizon.

During the year, the City granted the freeport tax exemption related to commercial inventory, to encourage growth of its \$4 billion commercial tax base. By taking this action, the City joins Dallas County and the Garland Independent School District in providing this tax exemption.

The City continues to evaluate land use, zoning, development standards, and economic development strategies for freeway corridors. Zoning and land use components have been completed. A study concerning economic development opportunities within the I-30, I-635, and South First Street corridors is nearing completion. In conjunction with the construction of the DART light rail station in downtown Garland, an evaluation of the zoning and development regulations within the downtown area has been performed to carry out recommendations of the Station Area Plan and the Downtown Master Plan.

**For the future:** During a July 2001 retreat, the City Council refined the City's five year goals, broadly stated below:

**City Council Goals**  
Strong Local Economy  
Choice of Quality Neighborhoods  
Valued Services  
Effective Transportation System  
Vibrant Downtown

Steps taken by the City Council through adoption of the **2001-2002 Operating Budget** to achieve specific objectives inferred by these goals are:

- An Increase of 0.75 cents in the ad valorem tax rate to fund debt service costs, which increased as a result of the 1997 voter-approved bond program.
- Addition of 26 full-time positions and 1 part-time employee.
- An increase in the sewer rate as a result of increasing debt service cost associated with capital improvements to the Wastewater facilities.
- An increase in the solid waste collection rate to fund additional landfill disposal costs and provide additional trucks and personnel for the brush and bulky goods collection program.
- Continued emphasis on street maintenance and repair through a \$12.3 million transfer to the Infrastructure Repair Fund.

**FINANCIAL INFORMATION**

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

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

As a part of the City's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to Federal financial awards programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended September 30, 2001, indicated no instances of material weaknesses with internal controls. Information relating to the Single Audit is published in a separate report.

**Budgetary Controls.** The City maintains budgetary controls in addition to the internal control system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Project-length financial plans are adopted for the capital improvement funds. While the budget is developed and controlled at the departmental level, the level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated budget) is established at the fund level.

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

**The City continues to meet its responsibility for sound financial management.** This fact is demonstrated by the financial statements and schedules included in the financial section of this report. The tables on the following pages contain data excerpted from those statements to provide a summary of activity in the general fund during the year.

**General City Functions.** The following schedule presents a summary of **general fund revenue** for the fiscal year ended September 30, 2001, and in relation to the prior year.

Revenues and Other Financing Sources	Amount 2001	Percent of Total 2001	Amount 2000	Percent of Total 2000	Increase (Decrease) From 2000	Percent of Increase (Decrease) From 2000
Taxes	\$ 48,064,858	50.07%	\$ 46,238,520	51.02%	\$ 1,826,338	3.95%
Franchise fees	7,671,616	7.85%	6,248,115	6.90%	1,292,536	20.69%
Service charges	11,494,440	11.97%	11,207,515	12.37%	286,925	2.56%
Licenses and permits	1,769,018	1.84%	1,510,857	1.67%	258,161	17.09%
Earnings on investments	1,793,299	1.87%	1,321,639	1.46%	471,660	35.69%
Intergovernmental	364,992	0.38%	334,126	0.37%	30,866	9.24%
Intragovernmental	20,012,800	20.98%	19,174,705	21.16%	969,060	5.05%
Fines and forfeits	4,168,074	4.34%	4,036,751	4.45%	131,323	3.25%
Rents and concessions	626,360	0.65%	544,290	0.60%	82,070	15.08%
Transfer In	47,500	0.05%	-	0.00%	47,500	100.00%
Total revenues and other financing sources	<u>\$ 96,012,957</u>	<u>100.00%</u>	<u>\$ 90,616,518</u>	<u>100.00%</u>	<u>\$ 5,396,439</u>	<u>5.96%</u>

Significant changes in General Fund revenues between the 2001 and 2000 fiscal years are:

- ◆ Tax revenue increased as a result of continued growth in the city's ad valorem tax base.
- ◆ Franchise fees increase as a result of increased revenues for the local gas utility.
- ◆ Licenses and permits increased as a result of an increase in the number of building permits issued during the year.
- ◆ Earnings on investments increased as a result of the General Fund's higher investment balances in relationship with the other funds in the City's pooled investment account.
- ◆ Rents and concessions increased due to a new golf course management contract.

The following schedule presents a summary of **general fund expenditures** (budget basis) and detail changes in spending between Fiscal Year 2001 and Fiscal Year 2000.

Expenditures and Other Financing Uses	Amount 2001	Percent of Total 2001	Amount 2000	Percent of Total 2000	Increase (Decrease) From 2000	Percent of Increase (Decrease) From 2000
General government	\$ 7,468,670	7.68%	\$ 7,011,395	7.80%	\$ 457,275	6.52%
Public safety	50,676,933	52.10%	48,246,794	53.64%	2,430,139	5.04%
Public works	6,131,095	6.30%	5,848,079	6.50%	283,016	4.84%
Culture and recreation	10,332,719	10.62%	9,619,379	10.70%	713,340	7.42%
Public health	2,088,095	2.15%	2,076,463	2.31%	11,632	0.56%
Nondepartmental	11,396,820	11.72%	10,741,459	11.94%	655,361	6.10%
Transfer out	9,167,406	9.43%	6,395,335	7.11%	2,772,071	43.35%
Total expenditures and other financing uses	\$ <u>97,261,738</u>	<u>100.00%</u>	\$ <u>89,938,904</u>	<u>100.00%</u>	\$ <u>7,322,834</u>	8.14%

General Fund expenditures increased between the 2001 and 2000 fiscal years as a result of:

- ◆ A pay increase for Police and Fire civil service personnel on October 1, 2000.
- ◆ Pay increases for non-civil service employees on October 1, 2000 and April 1, 2001.
- ◆ Addition of 10 Police officers, a Forensic Investigator and a Telecommunication Technician in the Police Department.
- ◆ Addition of 4 new Code Inspector Positions.
- ◆ Addition of 2 new Zoning Inspector Positions.
- ◆ Additional staff and operating cost for the new South Branch Library.

**General Fund Balance.** For the fiscal year, expenditures and transfers out of \$97,261,738 exceeded revenues of \$96,012,957, resulting in an excess of expenditures and transfers out over revenues of \$1,248,781. It is the City's declared policy to maintain a minimum unreserved fund balance of 30 days of expenditures, and the General Fund unreserved fund balance at September 30, 2001, is equivalent to 58 days of expenditures.

**Enterprise Operations.** The City's enterprise operations are composed of eight separate and distinct activities: electric, water, sewer, golf course, heliport, storm water management, parks performance, and sanitation. Each of these eight activities is accounted for in separate funds. For Electric, it is the City's policy to maintain a working cash balance at September 30, equivalent to 45 days of expenditures on a cash basis. The days of working cash for the Electric fund at September 30 is equivalent to 61 days. For the Water, and Sewer Utility Funds, it is the City's policy to maintain a working capital balance at September 30, equivalent to 45 days of expenditures on a cash basis. The days of working capital for the Water and Sewer Funds at September 30, 2001, is equivalent to 103 and 40 days respectively.

Firewheel Golf Park continues to attract large numbers of golfers. Construction of additional twenty-seven holes was completed and a new clubhouse nears completion. With the addition of the new course, Firewheel became the largest municipally owned golf course in Texas with 63 holes of play.

**Debt Administration.** At September 30, 2001, the City had numerous debt issues outstanding. These issues include \$146,529,999 in general obligation bonds, \$14,154,999 in revenue bonds, and \$172,904,996 in certificates of obligation. The City has maintained its AA rating from Standard & Poor's Corporation, and AA+ rating from Fitch IBCA on general obligation bonds and certificates of obligation.

For the fiscal year, bond issues and applicable average effective interest rates are as follows:

<u>Issue</u>	<u>\$ Principal</u>	<u>Net Interest Cost</u>
General Obligation Bonds, Series 2001	14,315,000	4.958%
Certificates of Obligation, Series 2001	45,320,000	4.869%

**Cash management.** Cash temporarily idle during the year was invested in short-term money market instruments including demand deposits, certificates of deposit, U.S. Treasury obligations, U.S. Government agency obligations, reverse repurchase agreements, government investment pools and money market funds. In order to facilitate cash management, the operating cash of certain funds is pooled into a common account. The average yield for investments was 5.48%, and the earned investment income reported in the financial statements totals \$25,094,739 for the year ended September 30, 2001.

The objectives of the City's investment policy are to minimize credit and market risks while maintaining liquidity and a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized with U.S. Treasury obligations. All collateral on deposits was held either by the City's agent or by a financial institution's trust department in the City's name. Investments in U.S. Government securities held by the City at September 30, 2001, are classified in the category of lowest risk, and amounts invested in governmental investment pools and money market funds are not categorized as specified by the Governmental Accounting Standards Board.

**Risk management.** The City is self-insured with respect to general liability, auto liability, workers' compensation, and long term disability. Separate funds are maintained to account for proceeds from other funds for the payment of claims and to provide a loss reserve for potential future claims. On a biennial basis, the City commissions an actuarial study to determine adequate levels of funding to provide reserves for future claims. The actuarial study is conducted in even number years, so there was no change in the reserves for the current year. **Actuarially determined reserves**, listed by coverage, at September 30 are:

<u>Description</u>	<u>2001</u>	<u>2000</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Self Insurance Fund:				
Auto Liability	\$ 357,980	357,980	-	-
General Liability	666,555	666,555	-	-
Workers Comp	3,332,534	3,332,534	-	-
Total Self Insurance Fund	<u>4,357,069</u>	<u>4,357,069</u>	<u>-</u>	<u>-</u>
Long Term Disability Fund:				
LTD Incurred But Not Reported	357,962	357,962	-	-
LTD Liability	2,028,449	2,028,449	-	-
Total Long Term Disability Fund	<u>2,386,411</u>	<u>2,386,411</u>	<u>-</u>	<u>-</u>
Total Actuarially Determined Reserves	<u>\$ 6,743,480</u>	<u>6,743,480</u>	<u>-</u>	<u>-</u>

**Group Health.** Like other public and private employers across the nation, the City has encountered significant problems in providing affordable, quality health care for its employees. Health plan benefit utilization continues to increase while health care service costs outpace inflation and catastrophic claims demand significantly more of the available resources. Management continues to review and change plan design to provide a financially sound and affordable health plan.

**Fiduciary Operations.** Funds from the Narcotic Seizure Fund were used to purchase equipment and conduct additional training as the Police Department continues to battle gangs and violence in the ongoing war on drugs.

**OTHER INFORMATION**

**Independent audit.** Article IV, Section 7 of the City Charter requires an annual audit be performed by independent, certified public accountants. The accounting firm of Deloitte & Touche LLP was selected in April 1999, by the City Council to perform annual audits. In addition to meeting the requirements set forth in the Charter, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The independent auditors' report on the general purpose financial statements and combining and individual fund and account group financial statements and schedules is included in the financial section of this report. The independent auditors' reports related specifically to the single audit will be issued in a separate document.

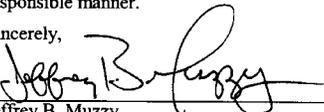
**Awards.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2000. This was the twenty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to determine its eligibility for another certificate.

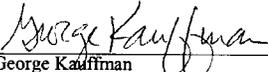
**Acknowledgments.** The preparation of this Comprehensive Annual Financial Report was accomplished with the professional and dedicated efforts of the staff of the Accounting Office. Appreciation is also extended to those individuals in other departments who contributed, directly and indirectly, to the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

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

Sincerely,

  
\_\_\_\_\_  
Jeffrey B. Muzzy  
City Manager

  
\_\_\_\_\_  
Marsha L. Meeks  
Assistant City Manager

  
\_\_\_\_\_  
George Kauffman  
Managing Director of Financial Services

  
\_\_\_\_\_  
Steve Anderson  
Accounting Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Garland,  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2000

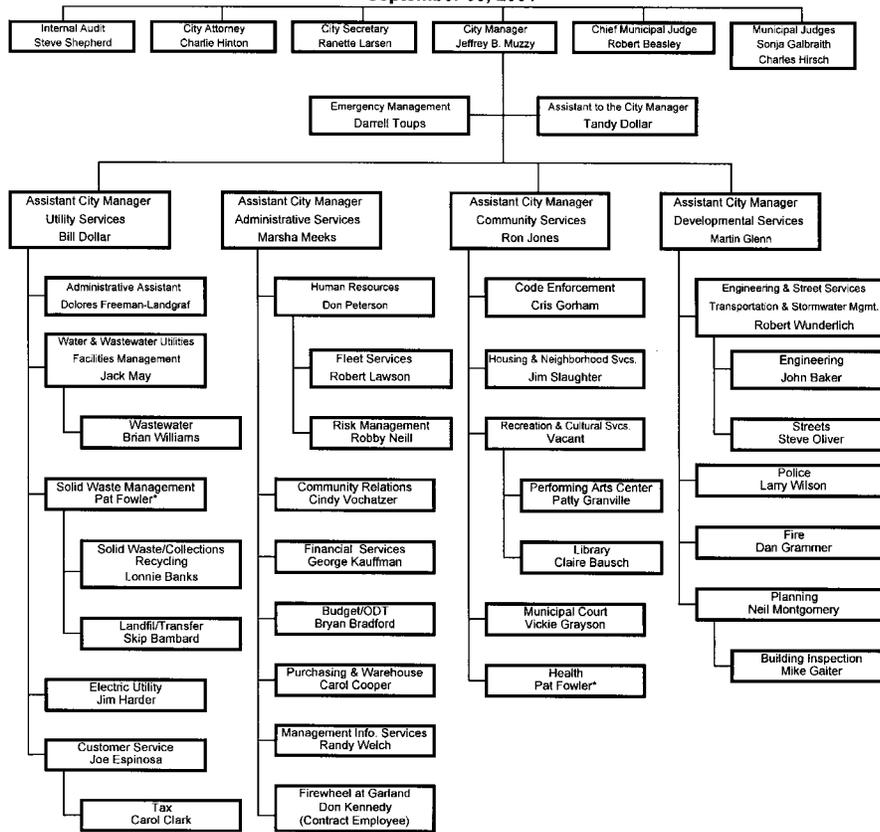
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*Annika Gruwe*  
President

*Jeffrey L. Esser*  
Executive Director

**CITIZENS OF GARLAND  
CITY COUNCIL  
September 30, 2001**



\*Managing Director reports to two Assistant City Managers for separate programs

**GARLAND**

Deloitte & Touche LLP  
JPMorgan Chase Tower, Suite 1600  
2200 Ross Avenue  
Dallas, Texas 75201-6778

Tel: (214) 840-7000  
www.us.deloitte.com

**Deloitte  
& Touche**

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying general purpose financial statements of the City of Garland (the "City") as of September 30, 2001, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of September 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and its component units for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 7, beginning in fiscal year 2001, the City implemented Government Accounting Standards Board Statement No. 33 and recorded capital contributions to proprietary funds as revenue rather than as additions to contributed capital.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining individual fund and account group financial statements listed in the foregoing table of contents, are also presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. These financial statements are the responsibility of the

City's management. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion is fairly stated, in all material respects, when considered in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2002, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion on it.

*Deloitte + Touche LLP*

January 11, 2002

CITY OF GARLAND, TEXAS

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units  
 September 30, 2001  
 With comparative totals as of September 30, 2000

Exhibit 1

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)		Component Units	Totals Reporting Entity (Memorandum Only)		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Expendable Trust	General Fixed Assets	General Long-term Debt	2001	2000		2001	2000	
<b>Assets and other debits</b>															
<b>Assets:</b>															
Cash and cash equivalents (note 18)	\$ 4,164,736	4,278,043	272,701	15,441,391	9,598,059	3,887,361	1,081,222	-	-	38,723,513	25,420,151	3,350,371	-	42,073,884	28,397,111
Investments (note 18)	12,760,581	14,186,410	-	47,812,669	33,086,777	13,391,483	2,603,638	-	-	123,841,538	154,874,021	-	-	123,841,538	154,874,021
Receivables, net of allowances for uncollectible amounts:															
Accounts:	6,659,134	-	-	-	37,764,788	-	-	-	-	44,423,922	51,683,077	74,126	-	44,498,048	51,755,887
Taxes (note 4)	568,080	-	394,314	-	-	-	-	-	-	962,394	671,119	-	-	962,394	671,119
Accrued interest	273,482	195,446	506	592,342	370,014	148,913	31,248	-	-	1,612,951	2,143,351	466	-	1,613,417	2,143,871
Assessments	-	336,177	-	-	-	-	-	-	-	336,177	354,833	-	-	336,177	354,833
Other	-	32,439	-	-	-	237,853	-	-	-	336,177	354,833	-	-	336,177	354,833
Due from other funds (note 9)	-	-	-	-	5,810,239	597,457	-	-	-	270,292	177,356	-	-	270,292	177,356
Due from other governments	96,834	1,013,347	-	-	-	-	-	-	-	6,407,696	2,767,236	-	-	6,407,696	2,767,236
Due from component unit (note 20)	-	51,619	-	-	-	-	-	-	-	1,110,681	5,583,473	-	-	1,110,681	5,583,473
Advance to other funds (note 9,14)	-	-	-	-	2,621,422	-	-	-	-	51,619	67,075	-	-	51,619	67,075
Inventories	-	-	-	-	2,389,093	3,163,206	-	-	-	2,621,422	3,392,048	-	-	2,621,422	3,392,048
Prepaid items	-	528,878	-	-	-	-	-	-	-	5,552,299	6,749,681	-	-	5,552,299	6,749,681
Restricted Assets:										528,878	549,543	346,700	-	875,578	670,500
Cash and cash equivalents (note 18)	-	-	-	-	27,626,708	487,566	-	-	-	28,114,274	8,758,164	2,998,260	-	31,112,534	10,920,581
Investments (note 18)	-	-	-	-	113,448,124	1,680,363	-	-	-	115,128,487	94,445,173	-	-	115,128,487	94,445,173
Accrued interest receivable	-	-	-	-	1,287,388	19,725	-	-	-	1,307,113	1,316,486	-	-	1,307,113	1,316,486
Property, plant and equipment, net of accumulated depreciation (note 6)	-	-	-	-	405,305,090	14,705,479	-	555,908,191	-	975,918,760	913,411,391	9,340,548	985,259,308	923,551,562	
Other debits:															
Amount available in debt service fund	-	-	-	-	-	-	-	-	299,996	299,996	1,205,296	-	-	299,996	1,205,296
Amount to be provided for the retirement of general long-term debt	-	-	-	-	-	-	-	-	-	175,873,116	175,873,116	-	-	175,873,116	161,480,748
<b>Total assets and other debits</b>	<b>\$ 24,522,847</b>	<b>20,623,859</b>	<b>667,521</b>	<b>63,846,402</b>	<b>639,307,702</b>	<b>38,319,406</b>	<b>3,716,108</b>	<b>555,908,191</b>	<b>176,173,112</b>	<b>1,523,085,148</b>	<b>1,435,260,224</b>	<b>16,110,471</b>	<b>-</b>	<b>1,539,195,619</b>	<b>1,450,724,059</b>
<b>Liabilities</b>															
<b>Current liabilities:</b>															
Accounts payable	\$ 6,685,005	2,087,023	-	2,557,831	15,515,866	3,697,090	25,863	-	-	30,568,678	24,921,352	400,756	-	30,969,434	25,284,727
Accrued interest payable:															
Certificates of obligation	-	-	-	-	1,359,816	53,192	-	-	-	1,413,008	1,803,321	-	-	1,413,008	1,803,321
General obligation	-	-	-	-	132,467	-	-	-	-	132,467	142,117	-	-	132,467	142,117
Certificates of obligation (note 14)	-	-	-	-	4,877,249	484,254	-	-	-	5,361,503	3,202,225	-	-	5,361,503	3,202,225
General obligation (note 14)	-	-	-	-	1,595,017	-	-	-	-	1,595,017	1,655,972	-	-	1,595,017	1,655,972

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)		Component Units	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Expendable Trust	General Fixed Assets	General Long-term Debt	2001	2000		2001	2000
<b>Liabilities Continued</b>														
Customer deposits	\$ -	-	-	-	-	5,359,439	-	-	-	5,359,439	4,880,977	199,340	5,558,779	5,077,602
Due to other funds (note 9)	-	1,419,012	-	882,462	1,442,336	2,663,886	-	-	-	6,407,696	2,767,236	-	6,407,696	2,767,236
Due to primary government (note 20)	-	-	-	-	-	-	-	-	-	-	-	51,619	51,619	67,075
Compensated absences (note 14)	-	-	-	-	1,378,575	544,702	-	-	13,026,077	14,949,354	13,589,465	-	14,949,354	13,589,465
Payable from restricted assets:														
Accounts payable	-	-	-	-	1,313,702	-	-	-	-	1,313,702	3,033,902	-	1,313,702	3,033,902
Accrued interest payable - revenue bonds	-	-	-	-	70,523	-	-	-	-	70,523	107,164	-	70,523	107,164
Revenue bonds payable (note 14)	-	-	-	-	6,265,000	-	-	-	-	6,265,000	7,240,000	-	6,265,000	7,240,000
Deferred revenues	4,254,770	10,029,515	367,525	1,959,392	-	-	1,244,630	-	-	17,855,832	13,521,207	15,786	17,871,618	13,544,279
Due to other governments	-	19,788	-	430,097	242,615	9,909	-	-	-	702,389	695,280	-	702,389	695,280
Bonds payable: (note 14)														
General obligation	-	-	-	-	19,652,181	-	-	-	125,282,802	144,934,983	142,072,215	-	144,934,983	142,072,215
Revenue	-	-	-	-	7,889,999	-	-	-	-	7,889,999	14,154,999	-	7,889,999	14,154,999
Certificates of obligation	-	-	-	-	131,974,553	3,299,635	-	-	32,269,309	167,543,497	129,497,771	-	167,543,497	129,497,771
Unamortized bond issue cost	-	-	-	-	(1,199,494)	-	-	-	-	(1,199,494)	(1,374,276)	-	(1,199,494)	(1,374,276)
Advance from other funds (note 9, 14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retainage payable	-	-	-	592,086	579,393	-	-	-	-	2,621,422	3,592,048	-	2,621,422	3,592,048
Landfill closure cost (note 19)	-	612,379	-	-	-	-	-	-	-	1,171,479	869,647	-	1,171,479	869,647
Insurance claims payable (note 8)	-	-	-	-	-	-	-	-	5,594,924	6,207,303	6,291,417	-	6,207,303	6,291,417
Total liabilities	10,939,775	14,167,697	367,525	6,421,868	193,089,798	28,168,442	1,270,493	-	176,173,112	450,598,710	381,402,883	667,501	431,266,211	382,053,030
<b>Equity and other credits</b>														
Contributed capital: (note 7)														
Federal grants	-	-	-	-	28,228,315	-	-	-	-	28,228,315	28,228,315	-	28,228,315	28,228,315
Other	-	-	-	-	86,603,554	936,670	-	-	-	87,540,224	87,540,224	9,089,083	96,629,307	96,859,307
Investment in general fixed assets (note 6)	-	-	-	-	-	-	-	555,908,191	-	555,908,191	514,073,623	-	555,908,191	514,073,623
Retained earnings:														
Reserved for:														
Bond reserve fund	-	-	-	-	5,242,833	-	-	-	-	5,242,833	4,867,861	-	5,242,833	4,867,861
Unreserved	-	-	-	-	326,145,202	9,214,294	-	-	-	335,357,496	344,732,586	6,353,887	341,711,383	350,227,191
Fund balance:														
Reserved for:														
Debt service	-	-	299,996	-	-	-	-	-	-	299,996	1,205,296	-	299,996	1,205,296
Unreserved:														
Designated for capital projects	-	-	-	57,424,534	-	-	-	-	-	57,424,534	50,239,132	-	57,424,534	50,239,132
Designated for trust purposes	-	-	-	-	-	-	2,445,615	-	-	2,445,615	2,277,251	-	2,445,615	2,277,251
Undesignated	13,383,072	6,456,162	-	-	-	-	-	-	-	20,039,234	20,093,053	-	20,039,234	20,093,053
Total retained earnings / fund balances	13,383,072	6,456,162	299,996	57,424,534	331,386,035	9,214,294	2,445,615	-	-	420,869,708	424,015,179	6,353,887	427,163,595	429,109,784
Total equity and other credits	13,383,072	6,456,162	299,996	57,424,534	446,217,904	10,150,864	2,445,615	555,908,191	-	1,092,486,438	1,038,391,341	16,110,471	1,107,529,408	1,068,671,029
Total liabilities, equity and other credits	\$ 24,522,847	20,623,859	667,521	63,846,402	639,307,702	38,319,406	3,716,108	555,908,191	176,173,112	1,523,085,148	1,435,260,224	16,110,471	1,539,195,619	1,450,724,059

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

CITY OF GARLAND, TEXAS

Exhibit 2

Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 All Governmental Fund Types and Expendable Trust Funds  
 For the fiscal year ended September 30, 2001  
 with comparative totals for year ended September 30, 2000

	Governmental Fund Types					Totals	
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Fund Type Expendable Trust	(Memorandum Only)	
						2001	2000
<b>Revenues:</b>							
Taxes (note 4)	\$ 48,064,858	480,836	20,552,180	-	-	69,097,874	65,146,444
Franchise fees	7,671,616	-	-	-	-	7,671,616	6,248,115
Service charges	11,495,440	-	-	-	-	11,494,440	11,207,515
Licenses and permits	1,769,018	-	-	-	-	1,769,018	1,510,857
Earnings on investments	1,793,299	1,457,442	604,892	4,695,006	270,121	8,826,760	6,126,853
Intergovernmental	364,992	12,193,992	-	157,004	-	12,715,988	11,616,479
Intragovernmental (note 3)	20,012,800	-	-	-	-	20,012,800	19,174,705
Fines and forfeits	4,168,074	-	-	-	-	4,168,074	4,036,751
Rents and concessions	626,360	-	-	-	-	626,360	544,280
Assessments	-	-	-	51,879	-	51,879	49,962
Impact Fees	-	14,981	-	-	-	14,981	-
Contributions	-	32,130	-	1,242,356	1,336	1,275,822	1,832,135
Awards	-	-	-	-	123,901	123,901	150,295
Program income	-	355,456	-	-	-	355,456	222,549
Special event income	-	695,189	-	-	-	695,189	956,352
Miscellaneous and other	-	1,208,749	-	242,267	-	1,451,016	1,412,698
Total revenues	95,965,457	16,438,775	21,157,072	6,388,512	395,358	140,345,174	130,236,000
<b>Expenditures:</b>							
Current:							
General government	7,468,670	-	-	-	-	7,468,670	7,011,395
Public safety	50,676,933	-	-	-	-	50,676,933	48,246,794
Public works	6,131,095	-	-	-	-	6,131,095	5,848,079
Culture and recreation	10,332,719	-	-	-	-	10,332,719	9,619,379
Public health	2,088,095	-	-	-	-	2,088,095	2,076,463
Nondepartmental	11,396,820	-	-	-	-	11,396,820	10,741,459
Operations	-	27,104,975	-	-	-	27,233,002	21,924,791
Capital outlay	-	1,318,236	-	32,057,753	128,027	33,474,956	19,672,810
Debt service:							
Principal retirement	-	-	11,869,987	-	-	11,869,987	11,983,282
Interest	-	-	9,782,351	-	-	9,782,351	8,333,063
Tra City Academy	-	-	74,175	-	-	74,175	74,077
Advance from other funds (note 9, 14)	-	-	-	-	-	-	74,441
Other and fiscal expense	-	-	335,859	-	-	335,859	371,071
Total expenditures	88,094,332	28,423,211	22,062,372	32,057,753	226,994	170,864,662	145,677,104
Excess (deficiency) of revenues over expenditures	7,871,125	(11,984,436)	(905,300)	(25,669,241)	168,364	(30,519,488)	(15,741,104)
<b>Other financing sources (uses):</b>							
Net proceeds of long-term debt (note 14)	-	-	-	23,678,068	-	23,678,068	15,649,936
Operating transfers in (note 9)	47,500	12,588,945	-	10,360,575	-	22,997,020	10,785,378
Operating transfers out (note 9)	(9,167,406)	(5,547)	-	(1,184,000)	-	(10,360,953)	(6,525,874)
Total other financing sources (uses)	(9,119,906)	12,579,398	-	32,854,643	-	36,314,135	19,909,440
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,248,781)	594,962	(905,300)	7,185,402	168,364	5,794,647	4,168,336
Fund balances, beginning of year	14,831,853	5,861,200	1,205,296	50,239,132	2,277,251	74,414,732	70,246,396
Fund balances, end of year	\$ 13,583,072	6,456,162	299,996	57,424,534	2,445,615	80,209,379	74,414,732

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

CITY OF GARLAND, TEXAS

Exhibit 3

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 General, Special Revenue and Debt Service Funds  
 For the budget year ended September 30, 2001

	General Fund			Budgeted Special Revenue Funds			Debt Service Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Taxes (note 4)	\$ 48,044,585	48,064,858	20,273	495,762	480,836	(14,926)	20,730,773	20,552,180	(178,593)
Franchise fees	7,395,279	7,671,616	276,337	-	-	-	-	-	-
Service charges	11,202,551	11,494,440	291,889	-	-	-	-	-	-
Licenses and permits	1,541,570	1,769,018	227,448	-	-	-	-	-	-
Earnings on investments	1,429,010	1,793,299	364,289	365,000	501,562	136,562	650,000	604,892	(45,108)
Intragovernmental	351,332	364,992	13,660	-	-	-	-	-	-
Intragovernmental (note 3)	20,863,173	20,012,800	(850,373)	-	-	-	-	-	-
Fines and forfeits	3,778,444	4,168,074	389,630	-	-	-	-	-	-
Rents and concessions	500,665	626,360	125,695	-	-	-	-	-	-
Assessments	-	-	-	-	14,981	14,981	-	-	-
Contributions	-	-	-	156,000	32,080	(123,920)	-	-	-
Special event income	-	-	-	550,641	695,189	144,548	-	-	-
Miscellaneous	-	-	-	130,000	123,118	(6,882)	-	-	-
Total revenues	95,106,609	95,965,457	858,848	1,697,403	1,847,766	150,363	21,380,773	21,157,072	(223,701)
Expenditures:									
Current:									
General government	7,871,426	7,468,670	402,756	-	-	-	-	-	-
Public safety	51,272,765	50,676,933	595,832	-	-	-	-	-	-
Public works	6,513,756	6,131,095	382,661	-	-	-	-	-	-
Culture and recreation	10,733,783	10,332,719	401,064	-	-	-	-	-	-
Public health	2,021,451	2,088,095	(66,644)	-	-	-	-	-	-
Nondepartmental	11,324,437	11,396,820	(72,383)	-	-	-	-	-	-
Operations	-	-	-	16,448,678	13,192,064	3,256,614	-	-	-
Capital outlay	-	-	-	1,067,704	1,058,218	9,486	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	11,869,987	11,869,987	-
Interest	-	-	-	-	-	-	9,782,352	9,782,351	1
Tri city academy	-	-	-	-	-	-	74,175	74,175	-
Advance from other funds (note 9)	-	-	-	-	-	-	-	-	-
Fiscal charges and other	-	-	-	-	-	-	262,669	335,859	(73,190)
Total expenditures	89,737,618	88,094,332	1,643,286	17,516,382	14,250,282	3,266,100	21,989,183	22,062,372	(73,189)
Excess (deficiency) of revenues over expenditures	5,368,991	7,871,125	2,502,134	(15,818,979)	(12,402,516)	3,416,463	(608,410)	(905,300)	(296,890)
Other financing sources (uses):									
Operating transfers in (note 9)	47,500	47,500	-	12,345,401	12,345,401	-	-	-	-
Operating transfers out (note 9)	(9,167,406)	(9,167,406)	-	(9,802)	(9,547)	255	-	-	-
Total other financing sources (uses)	(9,119,906)	(9,119,906)	-	12,335,599	12,335,854	255	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,750,915)	(1,248,781)	2,502,134	(3,483,380)	(66,662)	3,416,718	(608,410)	(905,300)	(296,890)
Fund balances (deficit), beginning	14,831,853	14,831,853	-	3,010,848	3,010,848	-	1,205,296	1,205,296	-
Fund balances (deficit), end of	\$ 11,080,938	13,583,072	2,502,134	(472,532)	2,944,186	3,416,718	596,886	299,996	(296,890)

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

**GARLAND**

CITY OF GARLAND, TEXAS

Exhibit 4

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings  
 All Proprietary Fund Types and Discretely Presented Component Units  
 For the fiscal year ended September 30, 2001  
 With comparative totals for fiscal year ended September 30, 2000

	2001		Totals Primary Government (Memorandum Only)		2001	Total Reporting Entity (Memorandum Only)	
	Enterprise	Internal Service	2001	2000	Component Units	2001	2000
Operating revenues:							
Charges for services	\$ 245,688,514	28,007,956	273,696,470	267,805,172	39,696	273,736,166	267,844,868
Rental Income	-	-	-	-	4,957,733	4,957,733	4,722,042
Premiums	-	17,135,726	17,135,726	15,329,320	-	17,135,726	15,329,320
Intergovernmental	13,182	-	13,182	-	191,938	205,120	-
Other	1,149,752	809,331	1,959,083	2,000,797	510,966	2,470,049	2,925,183
Total operating revenues	246,851,448	45,953,013	292,804,461	285,135,289	5,700,333	298,504,794	261,092,931
Operating expenses before depreciation:							
Operations	211,015,009	47,340,521	258,355,530	222,526,954	4,276,169	262,631,699	226,827,720
Payments in lieu of taxes (note 3)	14,572,779	-	14,572,779	13,722,478	-	14,572,779	13,722,478
General and administrative (note 3)	3,469,149	900,650	4,369,799	3,476,032	-	4,369,799	3,476,032
Total operating expenses before depreciation	229,056,937	48,241,171	277,298,108	239,725,464	4,276,169	281,574,277	244,026,230
Operating income before depreciation	17,794,511	(2,288,158)	15,506,353	45,409,825	1,424,164	16,930,517	46,795,183
Depreciation expense	19,982,615	4,779,656	24,762,271	23,406,444	467,882	25,230,153	23,868,366
Operating income (loss)	(2,188,104)	(7,067,814)	(9,255,918)	22,003,381	956,282	(8,299,636)	22,926,817
Nonoperating revenues (expenses):							
Earnings on investments	14,776,807	1,497,172	16,273,979	11,658,783	34,540	16,308,519	11,707,482
Loss on Impairment	-	-	-	-	(361,541)	(361,541)	-
Interest expense	(7,473,565)	(172,186)	(7,645,751)	(7,071,246)	-	(7,645,751)	(7,071,246)
Total nonoperating revenues (expenses)	7,303,242	1,324,986	8,628,228	4,587,537	(327,001)	8,301,227	4,636,236
Income (loss) before contributions and operating transfers	5,115,138	(5,742,828)	(627,690)	26,590,918	629,281	1,591	27,563,053
Capital Contributions (note 7)	4,263,639	-	4,263,639	-	-	4,263,639	-
Operating transfers in (note 9)	2,500,000	365,860	2,865,860	1,018,057	-	2,865,860	1,018,057
Operating transfers out (note 9)	(13,079,697)	(2,422,230)	(15,501,927)	(5,277,561)	-	(15,501,927)	(5,277,561)
Net contributions and operating transfers	(6,316,058)	(2,056,370)	(8,372,428)	(4,259,504)	-	(8,372,428)	(4,259,504)
Net income (loss)	(1,200,920)	(7,799,198)	(9,000,118)	22,331,414	629,281	(8,370,837)	23,303,549
Add back depreciation on contributed assets	-	-	-	-	230,000	230,000	230,000
Retained earnings, beginning of year	332,586,955	17,013,492	349,600,447	327,269,033	5,494,606	355,095,052	331,561,503
Retained earnings, end of year	\$ 331,386,035	9,214,294	340,600,329	349,600,447	6,353,887	346,954,215	355,095,052

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

CITY OF GARLAND, TEXAS

Exhibit 5

Combined Statement of Cash Flows  
 All Proprietary Fund Types and Discretely Presented Component Units  
 For the fiscal year ended September 30, 2001  
 With comparative totals for September 30, 2000

	2001		Total Primary Government (Memorandum Only)		2001	Total Reporting Entity (Memorandum Only)	
	Enterprise	Internal Service	2001	2000	Component Units	2001	2000
<b>Cash flows from operating activities:</b>							
Cash received from customers	\$ 253,998,294	46,311,140	300,309,434	270,741,403	5,268,901	305,578,335	275,502,322
Cash received for customer deposits	-	478,462	478,462	507,697	2,715	481,177	519,894
Cash payments to suppliers for goods and services	(186,005,949)	(34,800,924)	(220,806,873)	(185,821,573)	(3,216,853)	(224,023,726)	(190,036,128)
Cash payments to employees for services	(26,870,379)	(10,969,753)	(37,840,132)	(33,848,507)	(1,021,935)	(38,862,067)	(33,848,507)
Cash payments to affiliates	-	-	-	-	(15,456)	(15,456)	(30,912)
Payment in lieu of taxes	(14,523,694)	-	(14,523,694)	(13,722,478)	-	(14,523,694)	(13,722,478)
Other operating revenues (payments)	1,149,752	-	1,149,752	1,064,497	197,088	1,346,840	2,011,858
Net cash provided by operating activities	27,748,024	1,018,925	28,766,949	38,921,039	1,214,460	29,981,409	40,396,049
<b>Cash flows from non-capital financing activities:</b>							
Due to other funds - increases	1,427,128	2,663,886	4,091,014	15,208	-	4,091,014	15,208
Due to other government - increases	-	-	-	86,334	-	-	86,334
Due to other government - decreases	(1,440)	-	(1,440)	-	-	(1,440)	-
Due from other funds - increases	(3,752,266)	-	(3,752,266)	(660,646)	-	(3,752,266)	(660,646)
Due from other funds - decreases	-	100,421	100,421	472,993	-	100,421	472,993
Advances to other funds - decreases	970,626	-	970,626	1,674,321	-	970,626	1,674,321
Advances from other funds - decreases	-	(970,626)	(970,626)	(1,118,071)	-	(970,626)	(1,118,071)
Due to other funds - decreases	-	-	-	(48,546)	-	-	(48,546)
Transfers in from other funds	2,500,000	365,860	2,865,860	1,018,057	-	2,865,860	1,018,057
Transfers out to other funds	(13,079,697)	(2,422,230)	(15,501,927)	(5,277,562)	-	(15,501,927)	(5,277,562)
Net cash provided (used) for non-capital financing activities	(11,935,649)	(262,689)	(12,198,338)	(3,837,912)	-	(12,198,338)	(3,837,912)
<b>Cash flows from capital and related financing activities:</b>							
<b>Proceeds from sale of:</b>							
Certificates of obligation	14,446,886	2,334,306	16,781,192	58,824,253	-	16,781,192	58,824,253
Acquisition and construction of capital assets	(36,048,717)	(5,132,239)	(41,180,956)	(55,226,964)	(29,800)	(41,210,756)	(57,305,610)
<b>Principal paid on:</b>							
Revenue bonds	(7,240,000)	-	(7,240,000)	(7,400,000)	-	(7,240,000)	(7,400,000)
Certificates of obligation	(2,902,754)	(299,471)	(3,202,225)	(2,643,220)	-	(3,202,225)	(2,643,220)
General obligation bonds	(1,655,972)	-	(1,655,972)	(1,581,945)	-	(1,655,972)	(1,581,945)
Advances from other funds	-	(508,500)	(508,500)	(485,250)	-	(508,500)	(485,250)
<b>Interest paid on:</b>							
Revenue bonds	(976,356)	-	(976,356)	(1,419,476)	-	(976,356)	(1,419,476)
Certificates of obligation	(7,053,479)	(41,551)	(7,095,030)	(2,837,624)	-	(7,095,030)	(2,837,624)
General obligation bonds	(1,237,037)	-	(1,237,037)	(1,325,591)	-	(1,237,037)	(1,325,591)
Advances from other funds	-	(88,811)	(88,811)	(120,048)	-	(88,811)	(120,048)
	\$ (42,667,429)	(3,736,266)	(46,403,695)	(14,215,865)	(29,800)	(46,433,495)	(16,294,511)

CITY OF GARLAND, TEXAS

Exhibit 5, Continued

Combined Statement of Cash Flows, (Continued)  
 All Proprietary Fund Types and Discretely Presented Component Units  
 For the fiscal year ended September 30, 2001  
 With comparative totals for September 30, 2000

	2001		Total Primary Government (Memorandum Only)		2001	Total Reporting Entity (Memorandum Only)	
	Enterprise	Internal Service	2001	2000	Component Units	2001	2000
Cash flows from investing activities:							
Purchase of investment securities	\$ (92,710,828)	(14,591,589)	(107,302,417)	(98,561,555)	-	(107,302,417)	(98,561,555)
Proceeds from the sale and maturates of investment securities	123,605,424	17,764,860	141,370,284	41,349,551	-	141,370,284	41,349,551
Earnings on investments	15,262,316	1,574,087	16,836,403	10,705,209	34,594	16,870,997	10,753,775
Net cash provided (used) by investing activities	46,156,912	4,747,358	50,904,270	(46,506,795)	34,594	50,938,864	(46,458,229)
Net increase (decrease) in cash and cash equivalents	19,301,858	1,767,328	21,069,186	(25,639,533)	1,219,254	22,288,440	(26,194,603)
Cash and cash equivalents at beginning of year	17,922,909	2,607,599	20,530,508	46,170,041	5,129,377	23,656,719	49,851,322
Cash and cash equivalents at end of year	\$ 37,224,767	4,374,927	41,599,694	20,530,508	6,348,631	45,945,159	23,656,719
Reconciliation of operating income to net cash provided by operating activities:							
Operating income	\$ (2,188,104)	(7,067,814)	(9,255,918)	22,003,381	956,282	(8,299,636)	22,926,817
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	19,982,615	4,779,656	24,762,271	23,406,444	467,882	25,230,153	23,868,366
Provision for uncollectible accounts	727,409	198,896	926,305	30,458	-	926,305	30,458
Change in assets and liabilities:							
Decrease (increase) in accounts receivable	7,638,074	(294,953)	7,343,121	(13,283,357)	(1,316)	7,341,805	(13,253,916)
Decrease (increase) in due to affiliate	-	-	-	-	(15,456)	(15,456)	(30,912)
Decrease (increase) in inventory	710,289	487,093	1,197,382	748,539	-	1,197,382	748,539
Decrease (increase) in prepaid items	-	-	-	-	(225,742)	(225,742)	4,803
Increase (decrease) in accounts payable	727,863	1,612,681	2,340,544	5,127,639	37,381	2,377,925	5,209,048
Increase (decrease) in customer deposits	-	478,462	478,462	507,697	2,715	481,177	519,894
Increase (decrease) in deferred revenue	-	-	-	-	(7,286)	(7,286)	(7,286)
Increase (decrease) in compensated absences	149,878	28,835	178,713	(16,595)	-	178,713	(16,595)
Increase (decrease) in insurance claims payable	-	796,069	796,069	396,833	-	796,069	396,833
Total adjustments	29,936,128	8,086,739	38,022,867	16,917,658	258,178	38,281,045	17,469,232
Net cash provided by operating activities	\$ 27,748,024	1,018,925	28,766,949	38,921,039	1,214,460	29,981,409	40,396,049
Noncash investing, capital and financing activities:							
Capitalized interest expense	\$ 1,489,661	-	1,489,661	-	-	1,489,661	-
Capitalized general & administrative expense	714,489	-	714,489	1,345,958	-	714,489	1,345,958
Contributions from developers	4,263,639	-	4,263,639	2,003,164	-	4,263,639	2,003,164
Loss on impairment	-	-	-	-	361,541	361,541	-

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

**GARLAND**

## CITY OF GARLAND, TEXAS

### Notes to Combined Financial Statements

September 30, 2001

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Garland, Texas, (the City) relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) in various statements and interpretations. The following represent the more significant accounting and reporting policies and practices used by the City:

##### A. Reporting Entity

The City was incorporated in April 1891 under the provisions of Home Rule Amendment to the State Constitution. Operating under a Council-Manager form of government, the City provides the following services as authorized by its Charter: public safety, public works, culture, recreation, community development, and utilities. The City's combined financial statements include the accounts of all City operations.

The City is a municipal corporation governed by an elected mayor and eight-member council. The City receives funding from state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined in pronouncements by the Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Reporting Entity," since Council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

##### **Discretely Presented Component Units**

- The Garland Housing Finance Corporation (GHFC) was organized to finance the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at affordable prices.
- The Garland Health Facilities Development Corporation (GHFDC) was organized to provide tax-exempt revenue bond financing for eligible health-related businesses in the City.
- The Garland Economic Development Authority (GEDA), Inc. was organized to provide tax-exempt revenue bond financing for eligible business locating or expanding in the City.

Each component unit is governed by a board of directors that are appointed by and serve at the discretion of the City Council. All three component units are reported as proprietary entities and maintain their accounts on an accrual basis of accounting.

Complete financial statements for all three component units may be obtained from the City of Garland, Finance Department, 200 North Fifth, Garland Texas 75040.

##### B. Basis of Presentation - Fund Accounting

Accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund balance and retained earnings, revenues, expenditures and expenses. Various funds and account groups are grouped as follows in the combined financial statements.

## CITY OF GARLAND, TEXAS

### **Governmental Fund Types**

Governmental Fund Types are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

### **Proprietary Fund Types**

Proprietary Fund Types are used to account for the City's ongoing organizations and activities, which are similar to those often, found in the private sector. The measurement focus is upon determination of net income. The following are the City's Proprietary Fund Types:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

### **Fiduciary Fund Types**

Fiduciary Fund Types account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and other funds. These are reported as Expendable Trust Funds. Expendable Trust Funds are accounted for and reported in essentially the same manner as governmental funds.

### **Account Groups**

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The following are the City's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the City, other than those accounted for in the proprietary funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the City except that accounted for in the proprietary funds. Long-term debt of the City includes general obligation bonds, certificates of obligation, compensated absences, and landfill post-closure cost.

## CITY OF GARLAND, TEXAS

### **C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues, and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The City applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The modified accrual basis of accounting is used by all governmental fund types and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, intergovernmental revenue, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City also are recognized as revenue. Fines, permits and concession revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant moneys are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Utility customers are billed monthly on a cycle billing basis with revenues being recorded when customers are billed. Additionally, estimated unbilled revenues are recorded at the end of the accounting period. Unbilled electric revenue includes estimated accruals for the excess amount of fuel costs incurred over base fuel costs. Unbilled water revenue includes estimated accruals for the excess amount of water costs incurred over base water costs. These unbilled costs are to be recovered through fuel and water cost adjustment billings to customers.

### **D. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Outstanding encumbrances lapse at year-end and the subsequent year's budget is amended for the outstanding encumbrances.

### **E. Transfers**

All recurring or routine transfers are appropriately treated as operating transfers and are included in the results of operations of both governmental and proprietary funds. Non recurring or non-routine transfers of equity between funds are accounted for as residual equity transfers.

## CITY OF GARLAND, TEXAS

### **F. Investments**

In order to facilitate cash management, the operating cash of certain funds is pooled into a common bank account for the purpose of increasing income through combined investment activities. Investments are recorded at fair value. For the purposes of the statement of cash flows, investments with a remaining maturity when purchased of three months or less are considered to be cash equivalents.

Investments are distributed to the appropriate funds utilizing a formula based on a pro rata allocation reflecting the respective quick asset balance of each fund at fiscal year end. Interest income is distributed monthly to the appropriate funds utilizing a formula based on the interfund cash and investment relationships at each month end.

### **G. Advance to Other Funds**

Noncurrent portions of long-term interfund loans receivable (reported in "Advance to" asset accounts) are offset by a reserve of fund balance which indicates that they do not constitute "available spendable resources" and, therefore, are not available for appropriation.

### **H. Inventories**

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

### **I. General Fixed Assets**

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. When purchased, fixed assets are recorded as expenditures in the Governmental Fund Types and capitalized at cost in the General Fixed Assets Account Group. All fixed assets are valued at historical cost or estimated cost if actual historical cost is not available. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized along with other general fixed assets. Contributed fixed assets are valued at their estimated fair market value on the date donated.

Depreciation has not been provided on general fixed assets, nor has interest been capitalized.

### **J. Property, Plant and Equipment**

Property, plant and equipment owned by the Proprietary Fund Types is stated at the historical cost of construction or, with respect to contributions in aid of construction from third parties (principally developers), at an estimated value which approximates cost of construction. The cost of construction in the Proprietary Funds includes an allowance for funds used during construction, which is the cost, during the period of long-term debt, used for construction purposes. During the year ended September 30, 2001, \$7,645,751 of interest costs was incurred. Also, to the extent the construction is performed by the City, the cost includes payroll, payroll-related costs, and certain general and administrative expenses.

Maintenance, repairs, and minor renewals are charged to operating expense; major property replacements are capitalized.

**CITY OF GARLAND, TEXAS**

Depreciation is computed on the straight-line basis at rates based on the estimated service lives of the various classes of property. Depreciation of current year additions and retirements is computed at one-half the straight-line rate. Depreciation on purchased and contributed assets is charged to operations of the proprietary funds. A summary of depreciation rates and estimated service lives by classes of property is as follows:

<u>Class or Property</u>	<u>Rate</u>	<u>Estimated Service Lives</u>
Electric System	2.5% - 10%	10 - 40 years
Water System	2.5% - 10%	10 - 40 years
Sanitary Sewer System	2.5% - 10%	10 - 40 years
Sanitation	5% - 20%	5 - 40 years
Golf Park	5% - 20%	5 - 40 years
Business Ventures	5% - 20 %	5 - 40 years
Storm Water Management	5% - 20%	5 - 40 years
Internal Service	10%	10 years
GHFC - Apartment Complex	2.5%	40 years

**K. Vacation, Sick Leave and Compensatory Time**

City employees are granted vacation, sick leave, and compensatory time in varying amounts. Employees are reimbursed upon termination for accumulated vacation and only non-exempt employees are reimbursed for compensatory time. Employees are not reimbursed upon termination for accumulated sick leave except for police and firefighters who are reimbursed up to a maximum of 90 days accumulated sick leave.

The liability for accumulated vacation for all employees of the general government amounted to \$4,405,059 and \$135,166 for non-exempt employees compensatory time at September 30, 2001. The liability for accumulated sick leave for police and firefighters was \$8,485,852. Accumulated vacation amounted to \$1,805,296 and compensatory time for non-exempt employees amounted to \$117,981 in the proprietary funds at September 30, 2001, has been accrued as incurred and reported as a current liability. The liabilities for accumulated vacation, sick leave and compensatory time for non-exempt employees for governmental fund types, which represent normal accumulations, have been recorded in the General Long-Term Debt Account Group in accordance with provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable.

**L. Budgetary Data**

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

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

Annual appropriations for the General Fund, Hotel/Motel Fund, Infrastructure Repair Fund, and the Debt Service Fund, as approved, are presented as budget in the accompanying financial statements. Supplemental appropriations of \$4,449,045 in the General Fund were approved by City Council for the fiscal year. Appropriations lapse at year-end.

**CITY OF GARLAND, TEXAS**

**M. Budgetary Basis of Accounting**

The General Fund, Hotel/Motel Tax Fund (Special Revenue), Infrastructure Fund (Special Revenue) and Debt Service Fund are budgeted on a basis consistent with generally accepted accounting principles (GAAP basis). The actual results of operations for these funds are presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual on a budgetary basis in accordance with the City Charter in order to provide a meaningful comparison of actual results with the budget.

A summary of the results of operations and fund balance of the budgeted and unbudgeted Special Revenue Funds at September 30, 2001, on the GAAP basis are as follows:

	Special Revenue Funds	
	Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Fund Balance (Deficit) September 30, 2001
Budgeted funds:		
Hotel/Motel Tax	\$ (182,876)	(534,031)
Infrastructure Repair	116,214	3,478,217
Total budgeted funds	(66,662)	2,944,186
Unbudgeted funds:		
Housing Assistance Program	(60)	--
Neighborhood Services	188,388	1,555,630
Impact Fees	585,827	1,802,716
Landfill Closure	95,200	153,630
Police Training Grant	(207,731)	--
Total unbudgeted funds	661,624	3,511,976
Total GAAP basis	594,962	6,456,162

**N. Memorandum Only - Total Columns**

The "Memorandum Only" captions on the combined financial statements are presented for overview informational purposes only and to facilitate financial analysis. No consolidating entries or interfund eliminations were made in the aggregation of the totals; thus, they do not present consolidated information and are not intended to fairly present financial position, results of operations, or changes in cash flows for the City of Garland as a whole in conformity with generally accepted accounting principles.

## CITY OF GARLAND, TEXAS

### **O. Comparative Data**

Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data (presentation of prior year totals by fund type in each of the statements) has not been included since the inclusion would make the statements unduly complex and difficult to read. Various accounts in prior year totals have been reclassified to conform with current year presentation.

### **P. Reserved Fund Balances/Retained Earnings**

Fund balances/retained earnings may be reserved for capital improvements, encumbrances, prepaid items, or debt reserve requirements. At September 30, 2001, all outstanding encumbrances were closed and reopened in the subsequent fiscal year. Retained earnings of the enterprise funds have debt reserve requirements of \$5,242,833.

## **2. FUND DEFICITS AND BUDGET COMPLIANCE**

At September 30, 2001, the Hotel/Motel Tax Fund, a Special Revenue fund, had a fund deficit of \$534,031 and expenditures exceeded appropriations by \$46,159. Revenues recognized in future years will eliminate that deficit. The Debt Service fund had an excess of expenditures over appropriations amounting to \$73,189.

Additionally, the following Proprietary Funds, had retained deficits at September 30, 2001:

The Heliport Fund retained deficit is a result of depreciating assets acquired with Federal Grant proceeds, which is, reported as contributed capital. When the retained deficit of \$285,125 is subtracted from contributed capital of \$2,529,045 the net Heliport Fund equity totals \$2,243,920.

The Group Health Fund deficit of \$5,258,047 was increased by \$3,786,073 from the prior year. This deficit will be eliminated through changes to plan design with higher employee deductibles.

The Self-Insurance Fund deficit of \$3,186,159 is the result of increasing insurance claims. This deficit will be eliminated by increasing charges to other operating funds in future years.

The Long Term Disability Insurance Fund retained deficit of \$1,792,159 is the result of an accrual of claims incurred but not reported of \$2,386,411. The accrual was made on the basis of an actuarial analysis completed in January 2001. This deficit will be eliminated through increased rates over the next 15 years.

The Fleet Service Fund had a deficit of \$708,347. This deficit will be eliminated through future increases in rates.

**CITY OF GARLAND, TEXAS**

**3. INTRAGOVERNMENTAL REVENUES**

During the fiscal year, the City's General Fund allocated to other funds a portion of the costs of providing certain services to the various funds. Services provided by General Fund activities include, but are not limited to, administration, legal, accounting, budgeting, personnel, purchasing and engineering

These allocations, detailed in the table below, are based on actual expenditures incurred and actual services rendered.

Fund Allocated To:	General
Debt Service	\$ 262,669
Electric	2,111,751 (1)
Water	455,515 (1)
Sewer	886,295 (1)
Sanitation	313,252
Golf	129,097
Storm Water Management	263,395
Parks Performance	23,220
Heliport	561
Information Technology	364,241
Facilities Management	197,442
Warehouse	87,001
Customer Service	251,966
Hotel/Motel	16,404
Total	\$ 5,362,809

(1) \$714,485 of these amounts has been capitalized as part of construction costs.

The Electric, Water, Sewer, and Sanitation Utility Funds have incurred an operating payment in lieu of taxes to the General Fund in the amount of \$14,572,779. The purpose of the payment is to recognize franchise taxes and ad valorem taxes charged by the General Fund. Franchise taxes are based on the gross revenues of the Electric, Water, Sewer and Sanitation Utility Funds and ad valorem taxes are based on the value of real and personal property of the Electric, Water and Sewer Utility Funds.

The General Fund recognized revenue for indirect cost reimbursement in the amount of \$77,212 from the Special Revenue Fund. The purpose of the indirect cost reimbursement is to reimburse the cost of services performed by the General Fund on behalf of the Special Revenue Fund. The services performed by the General Fund include, but are not limited to, administration, legal, accounting, budgeting, personnel, purchasing, engineering, and equipment maintenance.

## CITY OF GARLAND, TEXAS

### 4. PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established by the Dallas Central Appraisal District at 100% of estimated market value. The tax rate to finance general governmental services, including debt service, for the year ended September 30, 2001, was \$ 0.6336 per \$100 of assessed valuation. The assessed value for the roll of January 1, 2000, upon which the 2000 levy was based, was \$7,927,479,666.

Property taxes attach an enforceable lien on property as of January 1. Taxes are due immediately following the October 1 levy date and are considered delinquent after January 31 of the following year. Penalty and interest are charged at 7% on delinquent taxes beginning February 1, and increases each month to 18% on July 1. After all collection efforts have failed, the City files suit to collect the delinquent taxes.

Under GASB 33 'Accounting and Financial Reporting for Nonexchange Transactions,' property taxes are an imposed nonexchange revenue. 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, 2001.

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

### 5. RETIREMENT PLANS

#### Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of 745 administered by TMRS, an agent multiple-employer public employee retirement system. A copy of separately audited financial statements of the plan could be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153.

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

Members can retire at ages 60 and above with 10 or more years of service or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 10 years, but he/she must leave his/her accumulated contributions in the plan. If a member withdraws his/her own money, he/she is not entitled to the employer-financed monetary credits, even if he/she was vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

## CITY OF GARLAND, TEXAS

### Contributions

The contribution rate for employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

The City's total payroll in fiscal year 2001 was \$91,585,996, and the City's contributions were based on a payroll of \$85,930,288. Both the City and the covered employees made the required contributions, amounting to \$12,206,011 for the City and \$6,015,120 (7%) for the employees.

A summary of City and employee contributions for the fiscal year ending September 30, 2001, follows:

	Gross Earnings	Normal		Unfunded Actuarial Liability		Death and Disability Benefit		Total Rate	Total Contribution
		Rate	Contribution	Rate	Contribution	Rate	Contribution		
<b>City Contribution:</b>									
Months in calendar year 2000	\$23,412,309	10.19%	\$2,385,714	3.77%	\$882,644	0.23%	\$53,848	14.19%	\$3,322,207
Months in calendar year 2001	<u>62,517,979</u>	10.11%	<u>6,320,568</u>	3.87%	<u>2,419,446</u>	0.23%	<u>143,791</u>	14.21%	<u>8,883,805</u>
Total Fiscal Year	<u>\$85,930,288</u>		<u>\$8,706,282</u>		<u>\$3,302,090</u>		<u>\$197,640</u>		<u>\$12,206,011</u>
<b>Employee Contribution:</b>									
Months in calendar year 2000	\$23,412,309	7.00%	\$1,638,863	-	-	-	-	7.00%	\$1,638,863
Months in calendar year 2001	<u>62,517,979</u>	7.00%	<u>4,376,259</u>	-	-	-	-	7.00%	<u>4,376,259</u>
Total Fiscal Year	<u>\$85,930,288</u>		<u>\$6,015,120</u>		<u>-</u>		<u>-</u>		<u>\$6,015,120</u>
<b>Total City and Employee Contributions</b>			<u>\$14,721,403</u>		<u>\$3,302,090</u>		<u>\$197,640</u>		<u>\$18,221,133</u>

### **Three Year Trend Information**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1999	11,504,898	100%	--
2000	11,446,106	100%	--
2001	12,206,011	100%	--

## CITY OF GARLAND, TEXAS

### Actuarial Assumptions

Actuarial Cost Method	- Unit Credit
Amortization Method	- Level Percent of Payroll
Remaining Amortization Period	- 25 Years - Open Period
Asset Valuation Method	- Amortized Cost (to accurately reflect the requirements of GASB stmt., No. 25, paragraphs 36e and 138)
Investment Rate of Return	- 8%
Projected Salary Increases	- None
Includes Inflation At	- None
Cost-of-living Adjustments	- None

### Schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12-31-1999	201,873,511	256,206,399	78.8%	54,332,888	75,439,857	72.0%
12-31-2000	216,171,046	274,873,063	78.6%	58,702,017	76,310,319	76.9%
12-31-2001	231,692,041	297,767,673	77.8%	66,075,632	81,279,170	81.3%

### 6. FIXED ASSETS

A summary of changes in general fixed assets for the year ended September 30, 2001, follows:

	October 1, 2000	Additions	Deductions	September 30, 2001
Land	\$ 43,084,434	924,511	--	44,008,945
Buildings	37,893,932	9,182,498	--	47,076,430
Improvements other than buildings	315,786,662	15,090,388	--	330,877,050
Equipment	79,654,845	8,849,306	751,695	87,752,456
Construction in progress	37,653,750	32,789,199	24,249,639	46,193,310
	<u>\$ 514,073,623</u>	<u>66,835,902</u>	<u>25,001,334</u>	<u>555,908,191</u>

## CITY OF GARLAND, TEXAS

A summary of proprietary fund type property, plant and equipment at September 30, 2001, follows:

	Land	System	Construction In Progress	Total Assets	Accumulated Depreciation	Loss on Impairment	Net Property, Plant and Equipment
Utility Fund:							
Electric	\$ 390,398	275,621,819	39,372,181	315,384,398	(144,678,555)	-	170,705,843
Water	238,471	123,044,571	1,754,897	125,037,939	(49,889,786)	-	75,148,153
Sewer	311,813	219,380,098	3,842,067	223,533,978	(89,520,742)	-	134,013,236
Sanitation Fund	298,936	9,345,749	95,929	9,740,614	(5,865,380)	-	3,875,234
Golf Fund	5,376,882	3,431,201	11,228,274	20,036,357	(1,676,715)	-	18,359,642
Heliport Fund	1,538,974	956,383	-	2,495,357	(348,691)	-	2,146,666
Storm Water Management Fund	-	2,194,334	-	2,194,334	(1,185,173)	-	1,009,161
Parks Performance Fund	-	129,003	-	129,003	(81,848)	-	47,155
Self Insurance Fund	-	47,631	-	47,631	(41,325)	-	6,306
Print Shop Fund	-	288,187	-	288,187	(282,976)	-	5,211
Fleet Services Fund	-	2,018,838	1,107	2,019,945	(740,224)	-	1,279,721
Equipment Replacement Fund	-	15,738,042	-	15,738,042	(8,624,241)	-	7,113,801
Information Technology Fund	-	14,371,575	15,266	14,386,841	(8,446,636)	-	5,940,205
Facilities Management Fund	-	345,969	-	345,969	(275,814)	-	70,155
Warehouse	-	107,484	4,053	111,537	(34,523)	-	77,014
Customer Service	-	476,052	998	477,050	(263,984)	-	213,066
Total primary government	\$ 8,155,474	667,496,936	56,314,772	731,967,182	(311,956,613)	-	420,010,569
GHFDC	502,641	-	-	502,641	-	(361,541)	141,100
GHFC	1,300,000	9,995,635	-	11,295,635	(2,096,187)	-	9,199,448
Total Reporting Entity	\$ 9,958,115	677,492,571	56,314,772	743,765,458	(314,052,800)	(361,541)	429,351,117

### 7. CONTRIBUTED CAPITAL

Contributed capital to the Proprietary Funds consists of contributions in aid of construction from developers and pro rata and meter charges to customers, Community Development Block Grant, Garland Local Development Corporation, transfers from the General Fixed Asset Account Group, and assets constructed in Capital Projects. Beginning in fiscal year 2001, the City implemented GASB Statement No.33 and recorded capital contributions to proprietary funds as revenue rather than additions to contributed capital. Total contributions in 2001 for the enterprise funds were \$4,263,639.

**CITY OF GARLAND, TEXAS**

Contributed capital for component units consists of the following:

	October 1, 2000	Depreciation	September 30, 2001
GHFC:			
Village of Eastgate	\$ 9,220,083	(230,000)	8,990,083
GHFDC:			
Contributed Land	99,000	--	99,000
	<u>\$ 9,319,083</u>	<u>(230,000)</u>	<u>9,089,083</u>

**8. SELF INSURANCE**

Self-insurance for general and auto liability exposure is maintained in the Self-Insurance Fund in the Internal Service Fund group. Self-insurance for workers' compensation is also maintained in the Self-Insurance Fund. A private insurance company administers workers' compensation claims and losses for the City.

Self-insurance premiums of \$7,692,393 were collected from insured funds. Claims settlement and loss expenses are accrued in the Self Insurance Fund for the estimated settlement value of claims reported and incurred but not reported arising from incidents during the period. A liability, insurance claims payable, has been established. The reported liability includes actuarially determined present value projected losses for general, auto and worker's compensation exposure. In determining projected losses, coverages with material incurred losses were compared to expected industry loss levels for prior periods. Based on this comparison, an experience modifier was selected and applied to current indicated industry premiums per exposure unit to obtain expected losses at the selected per occurrence limits. Based on a current independent actuarial analysis completed in January 2000, claims payable is estimated at \$4,357,069.

Long-Term Disability claims are paid from the LTD Insurance Fund, which is funded with City and employee contributions. A private company administers the long-term disability claims and losses for the City. An actuarially determined liability of \$2,386,411 has been established for projected future long-term disability claims.

Group medical benefits are paid from the Group Health Fund, which has an annually negotiated stop loss provision. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage. At September 30, 2001, a liability of \$2,691,433 was recognized for open claims and claims incurred but not reported.

The City provides post employment health and dental care benefits for all retired employees and their dependents under the same plan as active employees in accordance with City Directives, which are approved by City management. Premiums are paid entirely by the retired employees and claims are paid through the Group Health Fund. For the year ended September 30, 2001, claims paid for the 338 retirees in the plan totaled \$1,848,896 and premium contributions received from the retired employees totaled \$698,219.

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

**CITY OF GARLAND, TEXAS**

Changes in the self-insurance, long-term disability and group health insurance claims payable in fiscal years 2000 and 2001 are:

<u>Internal Service Fund</u>	<u>Beginning of Fiscal - Year Liability</u>	<u>Current - Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year - End</u>
Self Insurance – 2000	4,561,758	4,182,358	4,387,047	4,357,069
Self Insurance – 2001	4,357,069	8,086,609	8,086,609	4,357,069
Long-Term Disability – 2000	1,964,398	807,867	385,854	2,386,411
Long-Term Disability – 2001	2,386,411	368,595	368,595	2,386,411
Group Health – 2000	1,715,855	7,215,786	7,036,277	1,895,364
Group Health – 2001	1,895,365	11,561,798	10,765,730	2,691,433

**9. INTERFUND TRANSACTIONS**

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

	<u>Transfers From:</u>		<u>Transfers To:</u>			
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total Transfer From</u>
General	\$ -	5,933,623	600,000	2,500,000	133,783	9,167,406
Special Revenue	-	-	-	-	9,547	9,547
Enterprise	47,500	5,541,322	7,300,000	-	190,875	13,079,697
Internal Service	-	1,114,000	1,276,575	-	31,655	2,422,230
Capital Projects	-	-	1,184,000	-	-	1,184,000
<b>Total</b>	<b>\$ 47,500</b>	<b>12,588,945</b>	<b>10,360,575</b>	<b>2,500,000</b>	<b>365,860</b>	<b>25,862,880</b>

**CITY OF GARLAND, TEXAS**

A summary of interfund receivables and payables at September 30, 2001, is as follows:

Interfund Receivable	Interfund Payable								Interfund Receivable
	FLEET	Community Development	Hotel / Motel Tax	NETLS	Police Training	Building Capital Projects	Group Health	Golf	
Electric	\$316,678	196,770	549,802	644,169	28,271	175,000	2,347,208	1,442,336	5,700,234
Water	-	-	-	-	-	100,000	-	-	100,000
Sanitation	-	-	-	-	-	10,005	-	-	10,005
Fleet Services	-	-	-	-	-	415,000	-	-	415,000
Information Technology	-	-	-	-	-	177,878	-	-	177,878
Customer Service	-	-	-	-	-	4,579	-	-	4,579
<b>Total</b>	<u>\$316,678</u>	<u>196,770</u>	<u>549,802</u>	<u>644,169</u>	<u>28,271</u>	<u>882,462</u>	<u>2,347,208</u>	<u>1,442,336</u>	<u>6,407,696</u>

Additionally, City Council approved interfund loans that are reported as "Advances to/from other funds". These advances were made in-lieu of issuing certificates of obligation to fund the purchase of equipment and capital improvements for the Information Technology Fund. All advances will be repaid to the Electric and Sewer Funds according to terms approved by the City Council.

	Advance From Other Funds	Advance To Other Funds		Total Advance From Other Funds
		Electric	Sewer	
MIS Fund	\$ 374,000	165,000		539,000
Warehouse	2,082,422	-		2,082,422
<b>Total Advance To Other Funds</b>	<b>\$ 2,456,422</b>	<b>165,000</b>		<b>2,621,422</b>

A summary of advances to/from at September 30, 2001, is as follows:

**10. TEXAS MUNICIPAL POWER AGENCY**

The Texas Municipal Power Agency (TMPA) was created in 1975 pursuant to legislation that was passed by the 64th Legislative Session. In 1976, the City along with the cities of Bryan, Denton, and Greenville entered into identical Power Sales Contracts with TMPA. Under the Power Sales Contracts each member city is required to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at rates set to cover TMPA's operating cost and retirement of debt. In the event that revenues are insufficient to cover all costs to retire the outstanding debt, each of the member cities has guaranteed a portion of the unpaid debt based on a percentage which is determined by each member cities' annual net energy load. The City of Garland does not own an equity interest in TMPA.

TMPA, a municipal corporation, is governed by a Board of Directors consisting of eight members. The governing body of each of the four Cities appoints two members to the Board. An affirmative vote of five Directors, plus a weighted majority vote based on the respective energy usage of the Cities, is required for major decisions.

TMPA is excluded from this report because it is a separate entity, which is governed by a separate board of directors. Financial statements for TMPA are available from TMPA or through the City of Garland's Finance Department.

**CITY OF GARLAND, TEXAS**

**11. FUEL CONTRACT**

Effective October 1, 2000, the City entered into a contract with Phillips Gas Marketing Company (Phillips), which extends through January 1, 2004, for the purpose of providing a non-curtable source of natural gas for the City's electric utility. Under the terms of the contract the City agrees to purchase 2.754 million MMBtu annually. All of the gas purchased will be used by the City to generate electric energy.

**12. BONDS AUTHORIZED BUT UNISSUED**

At September 30, 2001, the City has authorized but not issued general obligation bonds in the amount of \$75,356,586 as follows:

	Balance at October 1, 2000	Issued	Balance at September 30, 2001
Streets Improvements	\$ 55,793,500	6,317,000	49,476,500
Park Improvements	7,294,000	1,280,000	6,014,000
Drainage Improvements	6,360,000	1,358,000	5,002,000
Municipal Facilities	364,000	--	364,000
Library Improvements	1,079,000	200,000	879,000
Public Safety	<u>18,781,086</u>	<u>5,160,000</u>	<u>13,621,086</u>
	\$ <u>89,671,586</u>	<u>14,315,000</u>	<u>75,356,586</u>

Authorized but unissued revenue bonds in the amount of \$2,093,000 are available for future issue as follows:

	Balance at October 1, 2000	Authorized	Issued	Balance at September 30, 2001
Electric	\$ 1,917,000	--	--	1,917,000
Water	1,000	--	--	1,000
Sewer	175,000	--	--	175,000
	\$ <u>2,093,000</u>	<u>--</u>	<u>--</u>	<u>2,093,000</u>

**13. SEGMENTS OF ENTERPRISE ACTIVITIES**

The City maintains eight Enterprise Funds. Utility services are provided by the Electric, Water, Sewer, and Sanitation Funds. The Golf Fund provides a 36-hole golf facility. The Heliport Fund provides helicopter landing and fuel services. The Storm Water Management Fund manages storm water drainage improvement projects and the Parks Performance Fund provides recreation activities.

## CITY OF GARLAND, TEXAS

Segment information as of and for the year ended September 30, 2001, is as follows:

	Electric Fund	Water Fund	Sewer Fund	Golf Fund	Heliport Fund	Storm Water Management Fund	Parks Performance Fund	Sanitation Fund	Total
Operating revenues	\$ 187,860,954	22,274,030	20,516,281	1,624,533	6,000	2,956,324	441,836	11,171,490	246,851,448
Operating income before depreciation	6,101,780	3,664,908	7,848,369	(596,431)	999	(112,379)	90,284	796,981	17,794,511
Depreciation	9,031,164	3,163,864	6,524,136	156,690	38,743	167,253	16,662	884,103	19,982,615
Operating income (loss)	(2,929,384)	501,044	1,324,233	(753,121)	(37,744)	(279,632)	73,622	(87,122)	(2,188,104)
Transfer from (to) other funds	2,346,920	(6,677,148)	(6,183,268)	(4,406)	-	(2,815)	(47,500)	(11,480)	(10,579,697)
Net income (loss)	6,946,103	(3,609,170)	(3,141,516)	(1,127,523)	(30,122)	(212,265)	43,044	(69,471)	(1,200,920)
Current capital contributions Other (note 7)	-	2,299,297	1,964,342	-	-	-	-	-	4,263,639
Property, plant and equipment Additions	50,599,555	6,601,051	13,084,009	2,328,167	-	405,248	20,642	442,739	73,481,411
Deletions	292,521	50,513	111,831	29,221	-	290,137	-	531,319	1,305,542
Net working capital	56,110,498	6,836,465	1,322,734	(2,233,707)	97,254	747,803	220,248	1,658,378	64,759,673
Total assets	344,552,520	92,034,863	170,928,796	20,473,482	2,243,920	1,876,221	282,611	6,915,289	639,307,702
Bonds payable - excluding current portion	83,587,388	15,938,498	47,833,455	10,217,392	-	-	-	1,940,000	159,516,733
Total equity	241,667,289	72,261,055	116,345,185	7,700,494	2,243,920	1,756,964	267,403	3,975,594	446,217,904

#### 14. LONG-TERM DEBT

General Obligation Bonds, Certificates of Obligation, and Advances from other funds other than those applicable to Proprietary Fund operations, are reflected in the General Long-Term Debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. The City intends to retire all general long-term debt, plus interest, from ad valorem taxes and other current revenues. Revenue Bonds, applicable Certificates of Obligation and applicable General Obligation Bonds are reflected in the appropriate Proprietary Fund operation. Current requirements for principal and interest expenses are accounted for in the appropriate Proprietary Fund operation. The revenue bonds issued by the City's Utility System are payable as to both principal and interest solely from, and are secured by a lien on, and pledge of, the revenues of those combined systems, after deduction of reasonable operation and maintenance expenses. The ordinances authorizing the Utility System revenue bonds stipulate that the City will deposit, in addition to current principal and interest requirements, certain amounts as a restricted asset. Deposits in such reserve funds at September 30, 2001 are adequate to meet the various debt service requirements of the bond ordinances.

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

## CITY OF GARLAND, TEXAS

General Obligation and Certificate of Obligation Bond issues for the year are as follows:

<u>Issue</u>	<u>\$ Principal</u>	<u>Net Interest Cost</u>
General Obligation Bonds, Series 2001	14,315,000	4.958%
Certificates of Obligation, Series 2001	45,320,000	4.869%

In prior years, the City defeased certain General Obligation Bonds, Certificates of Obligation and Utility System Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's combined financial statements. At September 30, 2001, \$28,340,000 of General Obligation Bonds, \$13,515,000 of Certificates of Obligation, all of which are considered defeased, is still outstanding.

The annual requirements to amortize outstanding debt and advances from other funds as of September 30, 2001, including interest payments of \$150,065,539 are summarized in the table below. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable, and have not been included.

Years Ending September 30	General Long-Term Debt			Proprietary Fund Types		
	General Obligation	Certificates of Obligation	Revenue	Certificates of Obligation	General Obligation	Advance From Other Funds
2002	\$ 18,421,080	4,435,321	6,924,043	13,138,804	2,650,810	565,000
2003	15,395,117	4,208,898	6,310,093	13,086,213	2,677,473	-
2004	13,483,960	3,905,083	886,555	13,147,752	2,935,441	-
2005	11,897,412	3,769,179	342,676	12,924,844	2,900,789	-
2006	11,079,415	3,566,502	340,317	12,386,782	2,867,441	-
2007-2027	106,707,005	24,209,420	515,546	153,829,501	14,686,068	-
	176,983,989	44,094,403	15,319,228	218,513,896	28,718,022	565,000
Less interest	51,701,187	11,825,094	1,164,229	77,878,205	7,470,824	26,000
	\$ 125,282,802	32,269,309	14,154,999	140,635,691	21,247,198	539,000

## CITY OF GARLAND, TEXAS

The table below summarizes long-term debt and advance from other fund transactions, including current portion, for the year ended September 30, 2001.

	Balance at October 1, 2000	Increased	Retired	Balance at September 30, 2001
<b>General Long-Term Debt</b>				
General obligation bonds	\$ 120,825,017	14,315,000	9,857,215	125,282,802
Certificates of obligation	24,919,012	9,363,068	2,012,771	32,269,309
Landfill post closure cost	5,097,114	497,810	-	5,594,924
Compensated absences	11,844,901	1,181,176	-	13,026,077
	<u>162,686,044</u>	<u>25,357,054</u>	<u>11,869,986</u>	<u>176,173,112</u>
<b>Proprietary Fund Types</b>				
Utility System revenue bonds,	21,394,999	-	7,240,000	14,154,999
General obligation bonds	22,903,170	-	1,655,972	21,247,198
Certificates of obligation	107,880,984	35,956,932	3,202,225	140,635,691
Advance from other funds	3,592,048	-	970,626	2,621,422
Compensated absences	1,744,564	178,713	-	1,923,277
	<u>157,515,765</u>	<u>36,135,645</u>	<u>13,068,823</u>	<u>180,582,587</u>
Total long-term debt	<u>\$ 320,201,809</u>	<u>61,492,699</u>	<u>24,938,809</u>	<u>356,755,699</u>

### 15. OTHER COMMITMENTS AND AGREEMENTS

The City's arbitrage rebate liability at September 30, 2001, as defined in Section 148 (f) (2) of the Internal Revenue Code of 1986, is \$702,389 and is reported on the Combined Balance Sheet in Due to Other Governments. The arbitrage rebate liability is related to debt issued to finance governmental capital projects.

The estimated cost to complete construction contracts outstanding at September 30, 2001, is \$3,793,607.

### 16. DEFERRED COMPENSATION PLAN

The City offers its employees three deferred compensation plans created in accordance with Internal Revenue Code Section 457. The Plans are administered by the Internal City Management Association Retirement Corporation (ICMARC), Hartford Variable Annuity Life Insurance Company, and Variable Annuity Life Insurance Company (VALIC). The plans, available to all permanent City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

At October 1, 1998, as a result of legislative changes, all amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property and rights of the City subject only to the claims of the City's general creditors. Therefore, the Deferred Compensation Investments are no longer reported in the City's financial statements.

**CITY OF GARLAND, TEXAS**

**17. COMPONENT UNIT INFORMATION**

Condensed financial information for the discretely presented component units as of September 30, 2001 are as follows:

Description	Garland			Total
	Garland Housing Finance Corporation	Health Facilities Development Corporation	Garland Economic Development Corporation	
Current assets	\$6,509,575	164,094	96,254	6,769,923
Property, plant and equipment, net of accumulated depreciation	9,199,448	141,100	-	9,340,548
Current liabilities	400,732	-	-	400,732
Due to primary government	51,643	-	-	51,643
Deposits	199,340	-	-	199,340
Deferred revenue	15,787	-	-	15,787
Operating revenues	5,468,699	25,430	14,266	5,508,395
Operating grant revenue	191,938	-	-	191,938
Operating expenses	4,270,472	3,447	2,250	4,276,169
Operating income	1,390,165	21,983	12,016	1,424,164
Depreciation expense	467,882	-	-	467,882
Net income	951,854	26,952	12,016	990,822

Each component unit was created to issue revenue bonds to provide financial assistance to qualified homeowners and businesses. Even though the bonds are outstanding, there is no liability to the City or the component unit (no commitment debt), as all liability transfers to the trustee of the bond issue. A summary of outstanding conduit bonds by component unit at September 30, 2001, is as follows:

Series	Garland			Total
	Garland Housing Finance Corporation	Health Facilities Development Corporation	Garland Economic Development Corporation	
1984	\$ -	-	9,500,000	9,500,000
1985	-	-	800,000	800,000
1994	2,885,000	-	-	2,885,000
1995	-	-	2,847,410	2,847,410
1997	-	25,213,725	-	25,213,725
1998	14,952,287	-	-	14,952,287
2000	9,096,879	-	-	9,096,879
	<u>\$26,934,166</u>	<u>25,213,725</u>	<u>13,147,410</u>	<u>65,295,301</u>

## CITY OF GARLAND, TEXAS

### 18. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, except for the Debt Service Fund and Revenue Bond Reserve and Retirement. Each fund type's portion of this pool is reported on the Combined Balance Sheet as "Cash and cash equivalents", and "Investments." The deposits and investments of the Debt Service Fund are held separately in accounts under the control of the City and are also reported on the Combined Balance Sheet as "Cash and cash equivalents", and "Investments."

The investment policies of the City are governed by State statutes and a City Council adopted Statement of Investment Policy. Major provisions of the City's investment policy include: statement of investment objectives, authorized investment instruments, statement of internal controls, safekeeping and custodial procedures, statement of risk tolerance, bank and security dealer selection and retention procedures, and investment reporting procedures.

**Deposits** - At year-end, the carrying amount of the City's deposits was \$(1,305,427) and the bank balance was \$2,466,927. This bank balance was completely covered by federal depository insurance or by collateral held by the City's safekeeping agent in the City's name.

**Investments** - Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, obligations of the State of Texas and related agencies, obligations of states, agencies, counties, cities and other political subdivisions of any state rated A or above by Standard & Poor's Corporation or Moody's Investors Service, certificates of deposit issued by state and national banks domiciled in Texas, fully collateralized direct repurchase agreements, reverse repurchase agreements, and commercial paper. The investments reported at September 30, 2001 are similar to those held during the fiscal year.

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market price at September 30, 2001, to be the fair value of investments. The fair value at the position in TexPool and Logic is the same as the value of the pool shares.

The City's investments are categorized in order to give an indication of the level of risk assumed by the entity at year-end. At September 30, 2001, all investments were classified in Category 1, which includes investments that are insured and registered. All investment securities were held by the City or by its agent in the City's name. The Comptroller maintains oversight of the services provided to TexPool by Chase Bank of Texas National Association and First Southwest Asset Management, Inc. ("Chase Bank of Texas and First Southwest"). In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. Administration of LOGIC is performed by a Board of Directors, which is an administrative Agency Created under the Interlocal Act. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days.

	Category 1	Carrying \ Fair Value
U.S. Government securities	\$ 233,254,439	238,970,044
Commercial Paper	1,983,644	1,983,644
TEXPOOL(uncategorized)	-	50,147,004
LOGIC Pooled Investment Trust(uncategorized)	-	16,012,567
Total investments	<u>\$ 235,238,083</u>	<u>307,113,259</u>

## CITY OF GARLAND, TEXAS

Investments, which mature within three months or less of the date purchased, are included as cash equivalents on the balance sheet and statement of cash flows.

At September 30, 2001, GHFC's bank balance totaled \$6,128,445. All of which is classified in Category 1.

At September 30, 2001, GHFDC's bank balances totaled \$138,198. Of which \$100,000 is classified in Category 1 and \$38,198 is classified in Category 3.

At September 30, 2001, GEDA's bank balances totaled \$81,988. All of which is classified in Category 1.

### 19. LANDFILL CLOSURE AND POSTCLOSURE CARE COST

Effective for the fiscal year ended September 30, 1994, the City implemented Statement of Governmental Accounting Standards No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs" which established the requirements for accounting recognition of the landfill closure and postclosure care costs to be paid at or near the date of landfill closure. As of September 30, 2001, the total estimated landfill closure/postclosure cost for the City's Castle Drive landfill, Raney landfill and transfer station is \$7,104,467, \$24,638,237 and \$20,940 respectively. The \$5,594,924 reported in the General Long-Term Debt Account Group as landfill closure and postclosure care liability represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the Castle landfill, zero percent use of the Raney landfill, 100 percent of the closure cost for the transfer station, less expenditures to date of \$918,104, and less \$612,379 for the landfill closure cost liability carried in the Landfill Closure Fund which is a Special Revenue Fund. The City will recognize the remaining estimated closure and postclosure care costs of \$24,638,237 as the percentage of capacity depletion increases. These amounts are based on an engineering study performed in 1996, which estimated cost to perform all closure and postclosure care. In addition, the closure and postclosure care cost were adjusted for inflation annually based on the most recent Implicit Price Deflator for Gross National Product published by the United States Department of Commerce. Actual cost may differ from the estimate due to inflation, changes in technology, or regulatory changes.

Since the City's Landfill operation is a general government function, a special revenue fund was established to account for actual landfill closure and postclosure care funding sources and expenditures as they are incurred. The landfill closure cost liability of \$612,379 reported for the Landfill Closure Fund represents the amount expected to be paid from available resources to close the landfill. Expenditures to date of \$918,104 were paid for landfill closure projects. Based on the City's current landfill closure financial strategy, \$2.78 million in Certificates of Obligation will be issued to finance the one time closure cost and the on-going post closure care will be paid from operating funds.

### 20. RELATED PARTY TRANSACTIONS

The City has paid certain legal and professional fees amounting to \$51,619 on behalf of GHFC relating to the acquisition of the Villages of Eastgate apartment complex from HUD. This transaction is reported as due from component unit for the City and as due to primary government for GHFC.

### 21. CONTINGENT LIABILITIES

The U.S. Department of Justice has filed a lawsuit against the City claiming discrimination in the hiring practices of the Police and Fire Departments. The City Attorney and City management is of the opinion that the City is in compliance with all applicable state and federal laws regarding the hiring of civil service employees within the Police and Fire Departments.

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

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

## **CITY OF GARLAND, TEXAS**

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

GHFC participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, GHFC's compliance with applicable grant or contract requirements will be established at some future date. The amount, if any, of revenues which may be disallowed by the granting agencies cannot be determined at this time, and accordingly, no accrual has been made for them, as management believes this to be immaterial. Additionally, in the event that federal revenues are reduced, the impact on GHFC cannot be determined.

**GARLAND**

**Combining, Individual Fund  
and Account Group  
Financial Statements and Schedules**

**GARLAND**

## **General Fund**

The General Fund is used to account for all financial resources traditionally associated with general government except those required to be accounted for in another fund.

## CITY OF GARLAND, TEXAS

Balance Sheets  
 General Fund  
 September 30, 2001  
 With comparative balances as of September 30, 2000

	<u>2001</u>	<u>2000</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 4,164,736	2,299,386
Investments	12,760,581	15,603,771
Receivables, net of allowance for uncollectibles:		
Accounts	6,659,134	5,552,806
Taxes	568,080	403,590
Accrued interest	273,482	293,848
Due from other funds	-	4,167
Due from other governments	96,834	-
<b>Total assets</b>	<b>\$ <u>24,522,847</u></b>	<b><u>24,157,568</u></b>
<b><u>Liabilities and Fund Balance</u></b>		
Liabilities:		
Accounts payable	\$ 6,685,005	5,958,861
Deferred revenues	4,254,770	3,366,854
<b>Total liabilities</b>	<b><u>10,939,775</u></b>	<b><u>9,325,715</u></b>
Fund balances:		
Unreserved	13,583,072	14,831,853
<b>Total fund balance</b>	<b><u>13,583,072</u></b>	<b><u>14,831,853</u></b>
<b>Total liabilities and fund balance</b>	<b>\$ <u>24,522,847</u></b>	<b><u>24,157,568</u></b>

**CITY OF GARLAND, TEXAS**

**A-2**

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 General Fund  
 Year Ended September 30, 2001  
 With comparative totals for year ended September 30, 2000

	2001		Variance	2000
	Budget	Actual	Favorable (Unfavorable)	Actual
<b>Revenues:</b>				
Taxes	\$ 48,044,585	48,064,858	20,273	46,238,520
Franchise fees	7,395,279	7,671,616	276,337	6,248,115
Service charges	11,202,551	11,494,440	291,889	11,207,515
Licenses and permits	1,541,570	1,769,018	227,448	1,510,857
Earnings on investments	1,429,010	1,793,299	364,289	1,321,639
Intergovernmental	351,332	364,992	13,660	334,126
Intragovernmental	20,863,173	20,012,800	(850,373)	19,174,705
Fines and forfeits	3,778,444	4,168,074	389,630	4,036,751
Rents and concessions	500,665	626,360	125,695	544,290
<b>Total revenues</b>	<u>95,106,609</u>	<u>95,965,457</u>	<u>858,848</u>	<u>90,616,518</u>
<b>Expenditures:</b>				
Current:				
General government	7,871,426	7,468,670	402,756	7,011,395
Public safety	51,272,765	50,676,933	595,832	48,246,794
Public works	6,513,756	6,131,095	382,661	5,848,079
Culture and recreation	10,733,783	10,332,719	401,064	9,619,379
Public health	2,021,451	2,088,095	(66,644)	2,076,463
Nondepartmental	11,324,437	11,396,820	(72,383)	10,741,459
<b>Total expenditures</b>	<u>89,737,618</u>	<u>88,094,332</u>	<u>1,643,286</u>	<u>83,543,569</u>
Excess of revenues over expenditures	<u>5,368,991</u>	<u>7,871,125</u>	<u>2,502,134</u>	<u>7,072,949</u>
<b>Other financing sources (uses):</b>				
Operating transfer in	47,500	47,500	-	-
Operating transfers out	(9,167,406)	(9,167,406)	-	(6,395,335)
<b>Total other financing sources (uses)</b>	<u>(9,119,906)</u>	<u>(9,119,906)</u>	<u>-</u>	<u>(6,395,335)</u>
Excess of revenues and other sources over expenditures and other uses	<u>(3,750,915)</u>	<u>(1,248,781)</u>	<u>2,502,134</u>	<u>677,614</u>
Fund balances, beginning of year	14,831,853	14,831,853	-	14,154,239
<b>Fund balances, end of year</b>	<u>\$ 11,080,938</u>	<u>13,583,072</u>	<u>2,502,134</u>	<u>14,831,853</u>

**CITY OF GARLAND, TEXAS**

**A-3**

Schedule of Revenues - Budget and Actual  
 General Fund  
 Year ended September 30, 2001  
 With comparative totals for year ended September 30, 2000

	<b>2001</b>		<b>Variance Favorable (Unfavorable)</b>	<b>2000</b>
	<b>Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Taxes:</b>				
General property taxes	\$ 29,610,233	29,608,446	(1,787)	27,803,412
Sales tax	18,265,000	18,273,744	8,744	18,263,423
Bingo tax	70,000	78,090	8,090	69,994
Mixed drink tax	99,352	104,578	5,226	101,691
Total Taxes	<u>48,044,585</u>	<u>48,064,858</u>	<u>20,273</u>	<u>46,238,520</u>
<b>Franchise fees</b>	<u>7,395,279</u>	<u>7,671,616</u>	<u>276,337</u>	<u>6,248,115</u>
<b>Service charges:</b>				
Sanitation service	6,262,937	6,184,907	(78,030)	6,321,614
Ambulance	1,095,500	1,203,121	107,621	1,147,683
Police services	898,800	876,726	(22,074)	888,418
Impounded vehicle	247,300	278,866	31,566	343,587
E-911	1,420,000	1,365,857	(54,143)	1,522,377
False alarm	55,500	53,340	(2,160)	59,448
Public health	85,188	94,014	8,826	84,384
Swimming pool	417,225	443,793	26,568	364,398
Mowing liens	125,800	144,391	18,591	127,047
Salvage revenue	279,300	385,280	105,980	320,441
Other	315,001	464,145	149,144	28,118
Total Service charges	<u>11,202,551</u>	<u>11,494,440</u>	<u>291,889</u>	<u>11,207,515</u>
<b>Licenses and Permits:</b>				
Rezoning fee	73,000	73,065	65	68,084
Building permits	567,500	746,752	179,252	486,731
Other permits and licenses	428,070	464,849	36,779	542,097
Electric and plumbing	142,000	146,445	4,445	125,645
Signs permits	45,000	49,285	4,285	53,630
Oversized permit	-	-	-	200
Animal license	32,000	35,818	3,818	34,357
Pound	90,500	89,708	(792)	88,805
Inspection Fees	163,500	163,096	(404)	111,308
Total Licenses and Permits	<u>1,541,570</u>	<u>1,769,018</u>	<u>227,448</u>	<u>1,510,857</u>

A-3. continued

**CITY OF GARLAND, TEXAS**

Schedule of Revenues - Budget and Actual  
 General Fund  
 Year ended September 30, 2001  
 With comparative totals for year ended September 30, 2000

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
<b>Earnings on investments</b>	<u>1,429,010</u>	<u>1,793,299</u>	<u>364,289</u>	<u>1,321,639</u>
<b>Intergovernmental:</b>				
Federal grants	230,000	250,744	20,744	191,649
State and other grants	121,332	114,248	(7,084)	142,477
Total Intergovernmental	<u>351,332</u>	<u>364,992</u>	<u>13,660</u>	<u>334,126</u>
<b>Intragovernmental:</b>				
Lieu of property and franchise taxes	15,422,207	14,572,779	(849,428)	13,857,277
General and administrative (net)	5,362,809	5,362,809	-	5,200,763
Indirect costs	78,157	77,212	(945)	116,665
Total Intragovernmental	<u>20,863,173</u>	<u>20,012,800</u>	<u>(850,373)</u>	<u>19,174,705</u>
<b>Fines and Forfeits:</b>				
Municipal court	3,687,400	4,074,717	387,317	3,950,536
Library fines	91,044	93,357	2,313	86,215
Total Fines and Forfeits	<u>3,778,444</u>	<u>4,168,074</u>	<u>389,630</u>	<u>4,036,751</u>
<b>Rents and Concessions:</b>				
Surf and swim concessions	98,000	97,467	(533)	141,925
Park concession	33,800	45,873	12,073	30,793
Other Rentals	239,365	354,362	114,997	244,971
Performing arts center rental	119,000	117,616	(1,384)	119,365
Pace house rental	10,500	11,042	542	7,236
Total Rents and Concessions	<u>500,665</u>	<u>626,360</u>	<u>125,695</u>	<u>544,290</u>
<b>Total Revenues</b>	<u>\$ 95,106,609</u>	<u>95,965,457</u>	<u>858,848</u>	<u>90,616,518</u>

**GARLAND**

**CITY OF GARLAND, TEXAS**

A-4

Schedule of Expenditures - Budget and Actual  
 General Fund  
 Year ended September 30, 2001  
 With comparative totals for year ended September 30, 2000

	2001		Variance	2000
	Budget	Actual	Favorable (Unfavorable)	Actual
<b>General Government:</b>				
Administration	\$ 1,178,243	1,095,868	82,375	987,381
City Attorney	1,072,946	1,074,891	(1,945)	1,022,334
Personnel	888,564	883,827	4,737	829,004
Internal Audit	367,219	349,454	17,765	344,623
Financial Services	1,498,618	1,310,431	188,187	1,175,868
Budget and Research	501,248	478,494	22,754	480,913
Tax Collection	639,371	652,594	(13,223)	603,829
City Secretary	354,500	342,648	11,852	384,670
Purchasing	616,088	596,244	19,844	571,949
Community Relations	754,629	684,219	70,410	610,824
Total general government	<u>7,871,426</u>	<u>7,468,670</u>	<u>402,756</u>	<u>7,011,395</u>
<b>Public Safety:</b>				
Municipal Court	1,485,281	1,394,438	90,843	1,365,354
Fire	17,297,326	17,472,871	(175,545)	16,867,586
Police	29,347,314	28,862,712	484,602	27,553,430
Code Enforcement	1,648,724	1,608,893	39,831	1,177,961
Building Inspection	1,338,900	1,201,363	137,537	1,166,248
Emergency Management	155,220	136,656	18,564	116,215
Total public safety	<u>51,272,765</u>	<u>50,676,933</u>	<u>595,832</u>	<u>48,246,794</u>
<b>Public Works:</b>				
Engineering	1,188,465	1,026,109	162,356	878,509
Planning	797,591	606,601	190,990	745,565
Solid Waste Landfill	2,476,562	2,525,762	(49,200)	2,272,247
Transportation	2,051,138	1,972,623	78,515	1,951,758
Total public works	<u>6,513,756</u>	<u>6,131,095</u>	<u>382,661</u>	<u>5,848,079</u>
<b>Culture and Recreation:</b>				
Parks and Recreation	6,975,415	6,757,552	217,863	6,396,373
Library	3,758,368	3,575,167	183,201	3,223,006
Total culture and recreation	<u>10,733,783</u>	<u>10,332,719</u>	<u>401,064</u>	<u>9,619,379</u>
<b>Public Health:</b>				
Health	2,021,451	2,088,095	(66,644)	2,076,463
Total public health	<u>2,021,451</u>	<u>2,088,095</u>	<u>(66,644)</u>	<u>2,076,463</u>
Nondepartmental and insurance	11,324,437	11,396,821	(72,384)	10,741,459
<b>Total Expenditures</b>	<u>\$ 89,737,618</u>	<u>88,094,333</u>	<u>1,643,285</u>	<u>83,543,569</u>

**GARLAND**

## Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted to expenditures for specific purposes.

**Community Development Block Grant Fund** - to account for Federal grant revenues provided through the Department of Housing and Urban Development for the development of environmental and economic opportunities, principally for persons of low and moderate income.

**Housing Assistance Program Fund** - to account for Federal revenues provided through the Department of Housing and Urban Development for housing assistance payments for low income tenants.

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

**Hotel/Motel Tax Fund** - to account for the receipt of hotel/motel occupancy taxes.

**Impact Fees Fund** - to account for fees charged to develop property.

**Infrastructure Repair Fund** - to account for franchise fees transferred from the General Fund to maintain City streets and alley's.

**Landfill Closure Fund** - to account for landfill closure and postclosure care cost.

**NETLS Fund** - (Northeast Texas Library System) to account for federal grant revenues provided through the Department of Education for the development of library systems in the Northeast Texas area.

**Police Training Grant** - to account for grant funding of Police training.

CITY OF GARLAND, TEXAS

Combining Balance Sheet  
 Special Revenue Funds  
 September 30, 2001  
 with comparative totals as of September 30, 2000

B-1

	2001									2000	
	Community Development Block Grant	Housing Assistance Program	Neighborhood Services	Hotel/Motel Tax	Impact Fees	Infrastructure Repair	Landfill Closure	NETLS	Police Training Grant	Total	Total
<b>Assets</b>											
Cash and cash equivalents	\$ -	607,764	365,416	-	1,894,055	1,045,351	202,214	500	162,743	4,278,043	1,994,548
Investments	-	2,095,656	1,258,190	-	6,531,726	3,603,674	697,164	-	-	14,186,410	11,589,544
Accrued interest receivable	-	26,295	18,217	-	77,138	64,715	9,979	-	102	196,446	131,125
Assessments receivable	-	-	-	-	-	336,177	-	-	-	336,177	354,685
Other accounts receivable	-	-	2,439	30,000	-	-	-	-	-	32,439	32,801
Due from other funds	-	-	-	-	-	-	-	-	-	-	7,218
Due from other governments	327,280	-	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	51,619	-	-	-	-	686,567	-	1,013,847	1,167,202
Prepaid items	-	528,878	-	-	-	-	-	-	-	528,878	67,075
<b>Total assets</b>	<b>\$ 327,280</b>	<b>3,258,593</b>	<b>1,695,881</b>	<b>30,000</b>	<b>8,502,919</b>	<b>5,049,917</b>	<b>909,357</b>	<b>687,067</b>	<b>162,845</b>	<b>20,623,859</b>	<b>15,893,741</b>
<b>Liabilities and Fund Balances</b>											
Accounts payable	\$ 130,510	544,659	88,632	14,229	-	1,138,017	143,112	23,366	4,498	2,087,023	1,066,873
Due to other funds	196,770	-	-	549,802	-	-	-	644,169	28,271	1,419,012	1,757,760
Deferred revenues	-	2,713,934	51,619	-	6,700,203	433,683	-	-	130,076	10,029,515	6,002,387
Due to other governments	-	-	-	-	-	-	236	-	-	19,768	11,218
Landfill closure	-	-	-	-	-	-	-	19,532	-	612,379	1,194,303
<b>Total liabilities</b>	<b>327,280</b>	<b>3,258,593</b>	<b>140,251</b>	<b>564,031</b>	<b>6,700,203</b>	<b>1,571,700</b>	<b>755,727</b>	<b>687,067</b>	<b>162,845</b>	<b>14,167,697</b>	<b>10,032,541</b>
Fund balances (deficit):											
Unreserved - undesignated	-	-	1,555,630	(534,031)	1,802,716	3,478,217	153,630	-	-	6,456,162	5,861,200
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>-</b>	<b>1,555,630</b>	<b>(534,031)</b>	<b>1,802,716</b>	<b>3,478,217</b>	<b>153,630</b>	<b>-</b>	<b>-</b>	<b>6,456,162</b>	<b>5,861,200</b>
<b>Total liabilities and fund balances</b>	<b>\$ 327,280</b>	<b>3,258,593</b>	<b>1,695,881</b>	<b>30,000</b>	<b>8,502,919</b>	<b>5,049,917</b>	<b>909,357</b>	<b>687,067</b>	<b>162,845</b>	<b>20,623,859</b>	<b>15,893,741</b>

CITY OF GARLAND, TEXAS

B-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
 Special Revenue Funds  
 For the period ended September 30, 2001  
 with comparative totals for the year ended September 30, 2000

	2001									2000	
	Community Development Block Grant	Housing Assistance Program	Neighborhood Services	Hotel/ Motel Tax	Impact Fees	Infrastruc- ture Repair	Landfill Closure	NETLS	Police Training Grant	Total	Total
<b>Revenues:</b>											
Occupancy taxes	\$ -	-	-	480,836	-	-	-	-	-	480,836	477,944
Earnings on investments	-	107,548	117,669	-	624,686	501,562	95,200	-	10,777	1,457,442	576,129
Intergovernmental	2,037,399	7,384,272	1,262,215	-	-	-	-	1,421,369	88,737	12,193,992	11,282,353
Assessments	-	-	-	-	-	-	-	-	-	-	-
Impact fees	-	-	-	-	-	14,981	-	-	-	14,981	-
Contributions	-	50	-	32,080	-	-	-	-	-	32,130	134,658
Program income	66,191	-	289,265	-	-	-	-	-	-	355,456	222,549
Special event income	-	-	-	695,189	-	-	-	-	-	695,189	956,352
Miscellaneous and other	-	803,260	228,511	9,203	-	113,915	-	35,139	18,721	1,208,749	953,403
<b>Total revenues</b>	<u>2,103,590</u>	<u>8,295,130</u>	<u>1,897,660</u>	<u>1,217,308</u>	<u>624,686</u>	<u>630,458</u>	<u>95,200</u>	<u>1,456,508</u>	<u>118,235</u>	<u>16,438,775</u>	<u>14,603,388</u>
<b>Expenditures:</b>											
Current:											
Operations	2,099,271	8,295,190	1,952,816	1,399,939	38,859	11,792,125	-	1,388,881	137,894	27,104,975	21,858,863
Capital outlay	4,319	-	-	-	-	1,058,218	-	67,627	188,072	1,318,236	931,404
<b>Total expenditures</b>	<u>2,103,590</u>	<u>8,295,190</u>	<u>1,952,816</u>	<u>1,399,939</u>	<u>38,859</u>	<u>12,850,343</u>	<u>-</u>	<u>1,456,508</u>	<u>325,966</u>	<u>28,423,211</u>	<u>22,790,267</u>
<b>Excess (deficiency) of revenues over expenditures</b>	-	(60)	(55,156)	(182,631)	585,827	(12,219,885)	95,200	-	(207,731)	(11,984,436)	(8,186,879)
<b>Other financing sources (uses):</b>											
Operating transfers in	-	-	243,544	-	-	12,345,401	-	-	-	12,588,945	10,128,625
Operating transfers out	-	-	-	(245)	-	(9,302)	-	-	-	(9,547)	(30,539)
<b>Total other financing sources (uses)</b>	-	-	243,544	(245)	-	12,336,099	-	-	-	12,579,398	10,098,086
<b>Excess (deficiency) of revenues over expenditures and other uses</b>	-	(60)	188,388	(182,876)	585,827	116,214	95,200	-	(207,731)	594,962	1,911,207
<b>Fund balances (deficits), October 1, 2000</b>	-	60	1,367,242	(351,155)	1,216,889	3,362,003	58,430	-	207,731	5,861,200	3,949,993
<b>Fund balances (deficits), September 30, 2001</b>	\$ -	-	1,555,630	(534,031)	1,802,716	3,478,217	153,630	-	-	6,456,162	5,861,200

**GARLAND**

CITY OF GARLAND, TEXAS

B-3

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Actual  
 Special Revenue Funds  
 For the period ended September 30, 2001  
 with comparative totals for the year ended September 30, 2000

	September 30, 2001									2000
	Hotel/Motel Tax			Infrastructure Repair			Total Special Revenue			Actual
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues:										
Occupancy taxes	\$ 495,762	480,836	(14,926)	-	-	-	495,762	480,836	(14,926)	477,944
Earnings on investments	-	-	-	365,000	501,562	136,562	365,000	501,562	136,562	75,832
Assessments	-	-	-	-	14,981	14,981	-	14,981	14,981	-
Contributions	156,000	32,080	(123,920)	-	-	-	156,000	32,080	(123,920)	131,939
Special event income	550,641	695,189	144,548	-	-	-	550,641	695,189	144,548	956,352
Miscellaneous and other	5,000	9,203	4,203	125,000	113,915	(11,085)	130,000	123,118	(6,882)	93,500
Total revenues	1,207,403	1,217,308	9,905	490,000	630,458	140,458	1,697,403	1,847,766	150,363	1,735,567
Expenditures:										
Current:										
Operations	1,353,780	1,399,939	(46,159)	15,094,898	11,792,125	3,302,773	16,448,678	13,192,064	3,256,614	9,235,555
Capital	-	-	-	1,067,704	1,058,218	9,486	1,067,704	1,058,218	9,486	599,931
Total expenditures	1,353,780	1,399,939	(46,159)	16,162,602	12,850,343	3,312,259	17,516,382	14,250,282	3,266,100	9,835,486
Excess (deficiency) of revenues over expenditures	(146,377)	(182,631)	(36,254)	(15,672,602)	(12,219,885)	3,452,717	(15,818,979)	(12,402,516)	3,416,463	(8,099,919)
Other financing sources:										
Operating transfers in	-	-	-	12,345,401	12,345,401	-	12,345,401	12,345,401	-	9,801,381
Operating transfers out	-	(245)	(245)	(9,802)	(9,302)	500	(9,802)	(9,547)	255	(30,539)
Total other financing sources	-	(245)	(245)	12,335,599	12,336,099	500	12,335,599	12,335,854	255	9,770,842
Excess (deficiency) of revenues and other sources over expenditures and other uses	(146,377)	(182,876)	(36,499)	(3,337,003)	116,214	3,453,217	(3,483,380)	(66,662)	3,416,718	1,670,923
Fund balances (deficit), beginning of year	(351,155)	(351,155)	-	3,362,003	3,362,003	-	3,010,848	3,010,848	-	1,339,925
Fund balances (deficit), end of year	\$ (497,532)	(534,031)	(36,499)	25,000	3,478,217	3,453,217	(472,532)	2,944,186	3,416,718	3,010,848

**GARLAND**

## **Capital Projects Funds**

The Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary type funds). The City has three Capital Projects Funds as follows:

**Park Fund** - to account for the cost of making improvements to and development of park sites within the City.

**Streets and Drainage Fund** - to account for the construction cost of street and drainage improvements within the City.

**Building Fund** - to account for the cost of construction improvements to the City facilities and buildings.

## CITY OF GARLAND, TEXAS

C-1

Combining Balance Sheet  
 Capital Projects Funds  
 September 30, 2001  
 With comparative totals as of September 30, 2001

	2001				2000
	Parks	Streets and Drainage	Building	Total	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 2,001,546	4,983,328	8,456,517	15,441,391	8,004,400
Investments	6,902,123	17,184,340	23,726,206	47,812,669	44,371,450
Receivables:					
Accrued interest	89,514	209,867	292,961	592,342	621,766
Due from other governments	-	-	-	-	4,416,271
<b>Total assets</b>	<b>\$ 8,993,183</b>	<b>22,377,535</b>	<b>32,475,684</b>	<b>63,846,402</b>	<b>57,413,887</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 386,494	605,528	1,565,809	2,557,831	2,631,972
Due to other funds	-	-	882,462	882,462	982,883
Deferred revenues	-	1,959,392	-	1,959,392	2,720,498
Due to other governments	40,763	205,241	184,093	430,097	430,098
Retainage payable	203,311	144,885	243,890	592,086	409,304
<b>Total liabilities</b>	<b>630,568</b>	<b>2,915,046</b>	<b>2,876,254</b>	<b>6,421,868</b>	<b>7,174,755</b>
<b>Fund balances:</b>					
Unreserved - designated for capital projects	8,362,615	19,462,489	29,599,430	57,424,534	50,239,132
<b>Total fund balances</b>	<b>8,362,615</b>	<b>19,462,489</b>	<b>29,599,430</b>	<b>57,424,534</b>	<b>50,239,132</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,993,183</b>	<b>22,377,535</b>	<b>32,475,684</b>	<b>63,846,402</b>	<b>57,413,887</b>

## CITY OF GARLAND, TEXAS

C-2

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Capital Project Funds

For fiscal year ended September 30, 2001

With comparative totals for the year ended September 30,

	2001				2000
	Parks	Streets and Drainage	Building	Total	Total
<b>Revenues:</b>					
Earnings on investments	739,485	1,617,897	2,337,624	4,695,006	3,211,811
Street assessments	-	51,879	-	51,879	49,962
Dart Contributions	-	1,242,356	-	1,242,356	1,695,772
Intergovernmental	-	-	157,004	157,004	-
Miscellaneous and other	76,366	145,548	20,353	242,267	454,535
Total revenues	<u>815,851</u>	<u>3,057,680</u>	<u>2,514,981</u>	<u>6,388,512</u>	<u>5,412,080</u>
<b>Expenditures:</b>					
Capital outlay	<u>5,897,372</u>	<u>12,118,518</u>	<u>14,041,863</u>	<u>32,057,753</u>	<u>18,647,562</u>
Total expenditures	<u>5,897,372</u>	<u>12,118,518</u>	<u>14,041,863</u>	<u>32,057,753</u>	<u>18,647,562</u>
<b>Deficiency of revenues over expenditures</b>	<u>(5,081,521)</u>	<u>(9,060,838)</u>	<u>(11,526,882)</u>	<u>(25,669,241)</u>	<u>(13,235,482)</u>
<b>Other financing sources:</b>					
Net proceeds of long-term debt	2,083,400	8,930,312	12,664,356	23,678,068	15,649,936
Operating transfers out	-	-	(1,184,000)	(1,184,000)	(100,000)
Operating transfers in	<u>3,575,000</u>	<u>2,700,000</u>	<u>4,085,575</u>	<u>10,360,575</u>	<u>655,000</u>
Total other financing sources	<u>5,658,400</u>	<u>11,630,312</u>	<u>15,565,931</u>	<u>32,854,643</u>	<u>16,204,936</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>576,879</u>	<u>2,569,474</u>	<u>4,039,049</u>	<u>7,185,402</u>	<u>2,969,454</u>
Fund balance, beginning of year	<u>7,785,736</u>	<u>16,893,015</u>	<u>25,560,381</u>	<u>50,239,132</u>	<u>47,269,678</u>
<b>Fund balance, end of year</b>	<u><u>8,362,615</u></u>	<u><u>19,462,489</u></u>	<u><u>29,599,430</u></u>	<u><u>57,424,534</u></u>	<u><u>50,239,132</u></u>

**GARLAND**

## **Enterprise Funds**

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

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

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

**Sewer Fund** - to account for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide sewer services for the residents of the City.

**Golf Fund** - to account for the resources and expense associated with a public golf course, administered by a golf professional under the direct supervision of the City Manager.

**Helicopter Fund** - to account for the resources and expenses associated with the operations of a heliport.

**Storm Water Management Fund** - to account for the resources and expenses associated with controlling the quality of storm water discharges into lakes and streams.

**Parks Performance Fund** - to account for the resources and expense associated with the operation of recreation activities that receive revenues from user fees.

**Sanitation Fund** - to account for the resources and expenses associated with the collection and recycling of residential and commercial waste.

CITY OF GARLAND, TEXAS

Combining Balance Sheet

Enterprise Funds

September 30, 2001

With comparative totals as of September 30, 2000

D-1

	2001								2000	
	Utility			Golf	Helipori	Storm Water Management	Parks Performance	Sanitation	Total	
	Electric	Water	Sewer							
<b>Assets</b>									<b>Total</b>	
<b>Current assets:</b>										
Cash and cash equivalents	\$ 6,848,672	1,744,182	513,593	-	21,574	123,309	52,374	294,355	9,598,059	9,161,249
Investments	23,614,506	6,011,976	1,769,794	-	74,767	424,888	180,854	1,009,992	33,086,777	62,362,043
Accounts receivable net of allowance for uncollectible amounts	32,924,319	809,039	2,427,096	-	-	313,088	-	1,291,246	37,764,788	46,130,271
Accrued interest receivable	248,772	70,648	32,262	(1,733)	913	5,775	2,228	11,149	370,014	815,347
Due from other funds	5,700,234	100,000	-	-	-	-	-	10,005	5,810,239	2,057,973
Advance to other funds	2,456,422	-	165,060	-	-	-	-	-	2,621,422	3,592,048
Inventories	2,389,093	-	-	-	-	-	-	-	2,389,093	3,099,382
<b>Total current assets</b>	<b>74,182,018</b>	<b>8,735,845</b>	<b>4,907,745</b>	<b>(1,733)</b>	<b>97,254</b>	<b>867,060</b>	<b>235,456</b>	<b>2,616,747</b>	<b>91,640,392</b>	<b>127,218,313</b>
<b>Restricted assets:</b>										
Revenue bond retirement fund:										
Cash and cash equivalents	1,039,778	856,611	906,334	-	-	-	-	-	2,802,723	-
Investments	120,388	-	-	-	-	-	-	-	120,388	3,637,540
<b>Total revenue bond retirement fund</b>	<b>1,160,166</b>	<b>856,611</b>	<b>906,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,923,111</b>	<b>3,637,540</b>
Revenue bond reserve fund:										
Cash and cash equivalents	382,663	611,967	819,763	-	-	-	-	-	1,814,393	587,983
Investments	770,866	1,208,807	1,652,467	-	-	-	-	-	3,632,140	4,392,464
Accrued interest receivable	5,419	7,682	11,475	-	-	-	-	-	24,576	77,397
<b>Total revenue bond reserve fund</b>	<b>1,158,948</b>	<b>1,828,456</b>	<b>2,483,705</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,471,109</b>	<b>5,057,844</b>
Rate Mitigation:										
Cash and cash equivalents	7,397,564	-	-	-	-	-	-	-	7,397,564	616,001
Investments	55,860,091	-	-	-	-	-	-	-	55,860,091	34,876,281
Accrued interest	605,469	-	-	-	-	-	-	-	605,469	505,141
<b>Total Rate Mitigation</b>	<b>63,863,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,863,124</b>	<b>35,997,423</b>
Construction funds:										
Cash and cash equivalents	7,455,905	1,217,188	6,374,383	470,246	-	-	-	94,306	15,612,028	7,557,676
Investments	25,710,885	4,196,923	21,981,213	1,621,346	-	-	-	325,138	53,835,505	51,494,573
Accrued interest receivable	315,631	51,687	262,180	23,981	-	-	-	3,864	657,343	733,381
<b>Total revenue bond construction funds</b>	<b>33,482,421</b>	<b>5,465,798</b>	<b>28,617,776</b>	<b>2,115,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>423,308</b>	<b>70,104,876</b>	<b>59,785,630</b>
<b>Total restricted assets</b>	<b>99,664,659</b>	<b>8,150,865</b>	<b>32,007,815</b>	<b>2,115,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>423,308</b>	<b>142,362,220</b>	<b>104,478,437</b>
<b>Property, plant, and equipment - at cost:</b>										
Land	390,398	238,471	311,813	5,376,882	1,538,074	-	-	298,936	8,155,474	8,155,474
System	275,621,819	123,044,571	219,380,098	3,431,201	956,383	2,194,334	129,003	9,345,749	634,103,158	592,967,710
Construction in progress	39,372,181	1,754,897	3,842,067	11,228,274	-	-	-	95,929	56,293,348	58,406,684
Less accumulated depreciation	(144,678,555)	(49,889,786)	(89,520,742)	(1,676,715)	(348,691)	(1,185,173)	(81,848)	(5,865,380)	(293,246,890)	(274,544,427)
<b>Net property, plant and equipment</b>	<b>170,705,843</b>	<b>75,148,153</b>	<b>134,013,236</b>	<b>18,359,642</b>	<b>2,146,666</b>	<b>1,009,161</b>	<b>47,155</b>	<b>3,875,234</b>	<b>405,305,090</b>	<b>384,985,441</b>
<b>Total assets</b>	<b>\$ 344,552,520</b>	<b>92,034,863</b>	<b>170,928,796</b>	<b>20,473,482</b>	<b>2,243,920</b>	<b>1,876,221</b>	<b>282,611</b>	<b>6,915,289</b>	<b>639,307,702</b>	<b>616,682,191</b>

CITY OF GARLAND, TEXAS  
 Combining Balance Sheet, Continued  
 Enterprise Funds

D-1 Continued

	2001									2000
	Utility			Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total	Total
	Electric	Water	Sewer							
<b>Liabilities, Contributions, and Retained Earnings (Deficits)</b>										
<b>Current liabilities:</b>										
Payable from current assets:										
Accounts payable	\$ 13,565,443	1,053,320	377,751	119,278	-	96,840	15,208	288,026	15,515,866	13,172,690
Retainage	372,190	-	-	207,203	-	-	-	-	579,393	460,343
Accrued interest payable:										
General obligation bonds	151	27,462	100,619	3,684	-	-	-	551	132,467	142,117
Certificates of obligation	824,722	91,584	361,643	66,776	-	-	-	15,091	1,359,816	1,791,953
General obligation bonds	483	74,889	1,480,585	22,004	-	-	-	17,056	1,595,017	1,655,972
Certificates of obligation	2,563,096	516,617	1,011,273	311,823	-	-	-	474,440	4,877,249	2,902,754
Due to other funds	-	-	-	1,442,336	-	-	-	-	1,442,336	26,593
Compensated absences	745,435	135,508	253,140	58,870	-	22,417	-	163,205	1,378,575	1,228,697
	<u>18,071,520</u>	<u>1,899,380</u>	<u>3,585,011</u>	<u>2,231,974</u>	<u>-</u>	<u>119,257</u>	<u>15,208</u>	<u>958,369</u>	<u>26,880,719</u>	<u>21,381,119</u>
Payable from restricted assets:										
Accounts payable	263,188	9,216	674,626	312,982	-	-	-	53,690	1,313,702	3,033,902
Due to other governments	156,990	21,941	40,637	10,640	-	-	-	12,407	242,615	244,055
Accrued interest payable - revenue bonds	6,604	25,710	38,209	-	-	-	-	-	70,523	107,164
Revenue bonds payable	815,773	2,152,521	3,296,706	-	-	-	-	-	6,265,000	7,240,000
	<u>1,242,555</u>	<u>2,209,388</u>	<u>4,050,178</u>	<u>323,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,097</u>	<u>7,891,840</u>	<u>10,625,121</u>
<b>Total current liabilities</b>	<u>19,314,075</u>	<u>4,108,768</u>	<u>7,635,189</u>	<u>2,555,596</u>	<u>-</u>	<u>119,257</u>	<u>15,208</u>	<u>1,024,466</u>	<u>34,772,559</u>	<u>32,006,240</u>
<b>Other liabilities:</b>										
Revenue bonds payable	436,718	3,059,850	4,393,431	-	-	-	-	-	7,889,999	14,154,999
Certificates of obligation	83,125,692	8,327,747	29,013,676	9,623,421	-	-	-	1,884,017	131,974,553	103,229,206
General obligation bonds	24,978	4,550,901	14,426,348	593,971	-	-	-	55,983	19,652,181	21,247,198
Unamortized bond issue cost	(16,232)	(273,458)	(885,033)	-	-	-	-	(24,771)	(1,199,494)	(1,374,276)
<b>Total other liabilities</b>	<u>83,571,156</u>	<u>15,665,040</u>	<u>46,948,422</u>	<u>10,217,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,915,229</u>	<u>158,317,239</u>	<u>137,257,127</u>
<b>Total liabilities</b>	<u>102,885,231</u>	<u>19,773,808</u>	<u>54,583,611</u>	<u>12,772,988</u>	<u>-</u>	<u>119,257</u>	<u>15,208</u>	<u>2,939,695</u>	<u>193,089,798</u>	<u>169,263,367</u>
<b>Contributed capital:</b>										
Federal grants	-	428,554	25,892,139	-	1,907,622	-	-	-	28,228,315	28,228,315
Other	44,355	43,573,152	32,984,498	5,956,101	621,423	185,897	-	3,238,128	86,603,554	86,603,554
<b>Total contributions</b>	<u>44,355</u>	<u>44,001,706</u>	<u>58,876,637</u>	<u>5,956,101</u>	<u>2,529,045</u>	<u>185,897</u>	<u>-</u>	<u>3,238,128</u>	<u>114,831,869</u>	<u>114,831,869</u>
<b>Retained Earnings (Deficits):</b>										
Reserved for bond reserve fund	1,086,441	1,828,456	2,327,936	-	-	-	-	-	5,242,833	4,867,861
Unreserved	240,536,493	26,430,893	55,140,612	1,744,393	(285,125)	1,571,067	267,403	737,466	326,143,202	327,719,094
<b>Total retained earnings (deficits)</b>	<u>241,622,934</u>	<u>28,259,349</u>	<u>57,468,548</u>	<u>1,744,393</u>	<u>(285,125)</u>	<u>1,571,067</u>	<u>267,403</u>	<u>737,466</u>	<u>331,386,035</u>	<u>332,586,955</u>
<b>Total liabilities, contributions, and retained earnings (deficits)</b>	<u>\$ 344,552,520</u>	<u>92,034,863</u>	<u>170,928,796</u>	<u>20,473,482</u>	<u>2,243,920</u>	<u>1,876,221</u>	<u>282,611</u>	<u>6,915,289</u>	<u>639,307,702</u>	<u>616,682,191</u>

**GARLAND**

Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficits)  
 Enterprise Funds  
 For the fiscal year ended September 30, 2001  
 With comparative totals for year ended September 30, 2000

D-2

	2001								2000	
	Utility			Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total	Total
	Electric	Water	Sewer							
<b>Operating revenues:</b>										
Charges for services	\$ 186,934,907	22,236,117	20,356,849	1,622,819	6,000	2,956,198	428,654	11,146,970	245,688,514	241,030,437
Intergovernmental	-	-	-	-	-	-	13,182	-	13,182	-
Other	926,047	37,913	159,432	1,714	-	126	-	24,520	1,149,752	1,064,493
<b>Total operating revenues</b>	<b>187,860,954</b>	<b>22,274,030</b>	<b>20,516,281</b>	<b>1,624,533</b>	<b>6,000</b>	<b>2,956,324</b>	<b>441,836</b>	<b>11,171,490</b>	<b>246,851,448</b>	<b>242,094,930</b>
<b>Operating expenses before depreciation:</b>										
Salaries and wages	14,503,584	2,045,409	4,370,871	1,436,346	-	1,116,494	83,558	3,666,688	27,222,950	23,759,066
Demand charges	50,260,826	-	-	-	-	-	-	-	50,260,826	46,772,255
Fuel purchases	79,772,846	-	-	-	-	-	-	-	79,772,846	70,015,995
Water purchases	-	9,517,341	-	-	-	-	-	-	9,517,341	9,301,355
Landfill fees	-	-	-	-	-	-	-	-	-	-
Maintenance, repairs, and supplies	13,595,070	2,004,545	4,202,805	655,521	4,440	1,688,262	244,774	2,945,875	29,453,477	27,614,404
Telecommunication services	222,272	54,051	55,842	-	-	-	-	3,058,060	332,165	21,444,837
Customer services	4,282,601	1,050,887	431,625	-	-	-	-	-	5,765,113	262,808
Warehouse operations	329,336	6,684	5,241	-	-	-	-	-	341,261	4,516,611
Data processing	803,522	696,585	132,115	-	-	-	-	-	1,632,222	507,388
Facilities management	168,312	497,831	109,865	-	-	-	-	-	776,008	1,581,425
Bad debt expense	1,260,697	86,506	91,631	-	-	-	-	-	68,885	788,845
Insurance and other expenses	4,541,472	393,582	279,488	-	-	-	-	68,885	1,507,719	985,248
Payments in lieu of taxes	9,971,033	2,022,799	2,529,862	-	-	-	-	272,664	5,487,206	4,264,150
General and administrative	2,111,751	455,515	886,295	129,097	561	263,947	23,220	49,085	14,572,779	13,722,478
Capitalized general and administrative	(64,148)	(222,613)	(427,728)	-	-	-	-	313,252	4,183,638	3,841,010
<b>Total operating expenses before depreciation</b>	<b>181,759,174</b>	<b>18,609,122</b>	<b>12,667,912</b>	<b>2,220,964</b>	<b>5,001</b>	<b>3,068,703</b>	<b>351,552</b>	<b>10,374,509</b>	<b>229,056,937</b>	<b>203,178,917</b>
Operating income before depreciation	6,101,780	3,664,908	7,848,369	(596,431)	999	(112,379)	90,284	796,981	17,794,511	38,916,013
Depreciation	9,031,164	3,163,864	6,524,136	156,690	38,743	167,253	16,662	884,103	19,982,615	19,193,844
<b>Operating income (loss)</b>	<b>(2,929,384)</b>	<b>501,044</b>	<b>1,324,233</b>	<b>(753,121)</b>	<b>(37,744)</b>	<b>(279,632)</b>	<b>73,622</b>	<b>(87,122)</b>	<b>(2,188,104)</b>	<b>19,722,169</b>
<b>Nonoperating revenues (expenses):</b>										
Earnings on investments:										
Current operations	7,797,145	833,641	460,482	3,124	7,622	70,182	16,922	162,599	9,351,717	6,916,963
Revenue bond retirement and reserve fund	125,563	170,987	362,362	-	-	-	-	-	558,912	516,828
Construction fund	2,477,583	280,784	1,841,084	241,480	-	-	-	25,247	4,866,178	2,903,659
<b>Total earnings on investments</b>	<b>10,400,291</b>	<b>1,285,412</b>	<b>2,563,928</b>	<b>244,604</b>	<b>7,622</b>	<b>70,182</b>	<b>16,922</b>	<b>187,846</b>	<b>14,776,807</b>	<b>10,337,450</b>
Interest expense:										
Revenue bonds	(124,707)	(385,037)	(578,330)	-	-	-	-	-	(1,088,074)	(1,529,969)
Certificates of obligation	(4,235,468)	(401,736)	(1,264,269)	(584,560)	-	-	-	(139,813)	(6,525,846)	(4,052,986)
General obligation bonds	(1,210)	(231,002)	(968,152)	(30,040)	-	-	-	(18,902)	(1,249,306)	(1,321,598)
Less: capitalized utility in service	1,489,661	-	-	-	-	-	-	-	1,489,661	-
<b>Total interest expense</b>	<b>(2,871,724)</b>	<b>(1,017,775)</b>	<b>(2,810,751)</b>	<b>(614,600)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(158,715)</b>	<b>(7,473,565)</b>	<b>(6,904,553)</b>
Income (loss) before contributions and operating transfers	4,539,183	768,681	1,077,410	(1,123,117)	(30,122)	(209,450)	90,544	(57,991)	5,115,138	23,155,066
Contributions and Operating transfers:										
Contributions	-	2,299,297	1,964,342	-	-	-	-	-	4,263,639	-
Transfers in from other funds	2,500,000	-	-	-	-	-	-	-	2,500,000	-
Transfers (out) to other funds	(153,080)	(6,677,148)	(6,183,268)	(4,406)	-	(2,815)	(47,500)	(11,480)	(13,079,697)	(1,804,848)
Net contributions and transfers	2,346,920	(4,377,851)	(4,218,926)	(4,406)	-	(2,815)	(47,500)	(11,480)	(6,316,058)	(1,804,848)
<b>Net income (loss)</b>	<b>6,946,103</b>	<b>(3,609,170)</b>	<b>(3,141,516)</b>	<b>(1,127,523)</b>	<b>(30,122)</b>	<b>(212,265)</b>	<b>43,044</b>	<b>(69,471)</b>	<b>(1,200,920)</b>	<b>21,350,218</b>
Retained earnings (deficit), beginning of year	234,676,831	31,868,519	60,610,064	2,871,916	(255,003)	1,783,332	224,359	806,937	332,886,955	311,236,737
<b>Retained earnings (deficit), end of year</b>	<b>\$ 241,622,934</b>	<b>28,259,349</b>	<b>57,468,548</b>	<b>1,744,393</b>	<b>(285,125)</b>	<b>1,571,067</b>	<b>267,403</b>	<b>737,466</b>	<b>331,686,035</b>	<b>332,586,935</b>

CITY OF GARLAND, TEXAS  
 Combining Statement of Cash Flows  
 Enterprise Funds  
 September 30, 2001  
 With comparative totals for year ended September 30, 2000

D-3

	2001								2000	
	Utility			Golf	Heliport	Storm Water Management	Parks		Total	Total
	Electric	Water	Sewer				Performance	Sanitation		
<b>Cash flows from operating activities:</b>										
Cash received from customers	\$ 192,437,048	24,815,925	29,618,006	1,712,253	6,000	2,967,071	441,836	11,000,155	253,998,294	227,842,845
Cash payments to suppliers for goods and services	(156,408,312)	(14,458,655)	(5,585,639)	(775,820)	(5,001)	(1,926,187)	(348,136)	(6,498,199)	(186,005,949)	(160,041,969)
Cash payments to employees for services	(14,327,174)	(2,011,494)	(4,341,042)	(1,421,866)	-	(1,128,282)	-	(3,640,521)	(26,870,379)	(23,541,349)
Payment in lieu of taxes	(9,971,033)	(2,022,799)	(2,529,862)	-	-	-	-	-	(14,523,694)	(13,722,478)
Other operating revenues	926,047	37,913	159,432	1,714	-	126	-	24,520	1,149,752	1,064,497
Net cash provided by operating activities	12,656,576	6,360,890	8,320,895	(483,719)	999	(87,272)	93,700	885,955	27,748,024	31,601,546
<b>Cash flows from non capital financing activities:</b>										
Due to other funds (increase)	-	-	-	1,427,128	-	-	-	-	1,427,128	15,208
Due from other funds (increases)	(3,752,266)	-	-	-	-	-	-	-	(3,752,266)	(660,646)
Advance to other funds (decreases)	815,626	-	155,000	-	-	-	-	-	970,626	1,674,321
Due to other governments (decreases)	-	(1,440)	-	-	-	-	-	-	(1,440)	76,425
Transfers in	2,500,000	-	-	-	-	-	-	-	2,500,000	-
Transfers (out)	(153,080)	(6,677,148)	(6,183,268)	(4,406)	-	(2,815)	(47,500)	(11,480)	(13,079,697)	(1,804,849)
Net cash provided (used) by non capital financing activities	(589,720)	(6,678,588)	(6,028,268)	1,422,722	-	(2,815)	(47,500)	(11,480)	(11,935,649)	(699,541)
<b>Cash flows from capital and related financing activities:</b>										
Proceeds from sale of:										
Certificates of obligation	-	2,478,806	11,968,080	-	-	-	-	-	14,446,886	58,824,253
Acquisition and construction of capital assets	(26,771,188)	(2,387,688)	(3,641,653)	(2,445,133)	-	(405,247)	(20,642)	(377,166)	(36,048,717)	(48,886,853)
Principal paid on:										
Revenue bonds	(1,506,735)	(2,301,816)	(3,431,449)	-	-	-	-	-	(7,240,000)	(7,400,000)
Certificates of obligation	(1,031,925)	(454,949)	(703,639)	(145,950)	-	-	-	(566,291)	(2,902,754)	(2,408,628)
General obligation bonds	(186)	(28,897)	(1,371,258)	(14,093)	-	-	-	(241,538)	(1,655,972)	(1,581,945)
Interest paid on:										
Revenue bonds	(129,388)	(396,650)	(450,318)	-	-	-	-	-	(976,356)	(1,419,476)
Certificates of obligation	(4,697,445)	(363,186)	(1,143,057)	(710,401)	-	-	-	(139,390)	(7,053,479)	(2,781,828)
General obligation bonds	(1,211)	(209,246)	(976,116)	(30,135)	-	-	-	(20,329)	(1,237,037)	(1,325,591)
Net cash provided (used) by capital and related financing activities	\$ (34,138,078)	(3,663,626)	250,590	(3,345,712)	-	(405,247)	(20,642)	(1,344,714)	(42,667,429)	(6,980,068)

CITY OF GARLAND, TEXAS  
 Combining Statement of Cash Flows (Continued)  
 Enterprise Funds  
 September 30, 2001

D-3, Continued

With comparative totals for year ended September 30, 2000

	2001								2000	
	Electric	Utility Water	Sewer	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total	Total
<b>Cash flows from investing activities:</b>										
Purchase of investment securities	\$ (40,957,463)	(17,119,598)	(31,473,790)	(1,384,496)	(72,745)	(362,871)	(199,772)	(1,140,093)	(92,710,828)	(88,155,354)
Proceeds from the sale and maturates of investment securities	64,194,438	21,943,788	31,455,806	3,444,306	74,390	772,391	185,091	1,535,214	123,605,424	33,426,694
Earnings on investments	10,690,769	1,372,522	2,600,418	276,875	7,713	88,511	17,108	208,400	15,262,316	9,491,223
Net cash provided (used) by investing activities	33,927,744	6,196,712	2,582,434	2,336,685	9,358	498,031	2,427	603,521	46,156,912	(45,237,437)
Net increase (decrease) in cash and cash equivalents	11,856,522	2,215,388	5,125,651	(70,024)	10,357	2,697	27,985	133,282	19,301,858	(21,315,500)
Cash and cash equivalents at beginning of year	11,268,060	2,214,560	3,488,422	540,270	11,217	120,612	24,389	255,379	17,922,909	39,238,409
<b>Cash and cash equivalents at end of year</b>	<b>\$ 23,124,582</b>	<b>4,429,948</b>	<b>8,614,073</b>	<b>470,246</b>	<b>21,574</b>	<b>123,309</b>	<b>52,374</b>	<b>388,661</b>	<b>37,224,767</b>	<b>17,922,909</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>										
Operating income (loss)	\$ (2,929,384)	501,044	1,324,233	(753,121)	(37,744)	(279,632)	73,622	(87,122)	(2,188,104)	19,722,174
Adjustments to reconcile operating income to net cash provided by operating activities:										
Depreciation	9,031,164	3,163,864	6,524,136	156,690	38,743	167,253	16,662	884,103	19,982,615	19,193,844
Provision for uncollectible accounts	689,248	16,842	9,150	-	-	-	-	12,169	727,409	30,458
Change in assets and liabilities:										
(Increase) decrease in accounts receivable	4,812,893	2,562,966	252,007	89,434	-	10,873	-	(90,099)	7,638,074	(13,141,561)
(Increase) decrease in inventory	710,289	-	-	-	-	-	-	-	710,289	(137,267)
Increase (decrease) in accounts payable	234,626	99,395	206,916	14,352	-	26,022	3,416	143,136	727,863	5,960,565
Increase (decrease) in compensated absences	107,740	16,779	4,453	8,926	-	(11,788)	-	23,768	149,878	(26,667)
Total adjustments	15,585,960	5,859,846	6,996,662	269,402	38,743	192,360	20,078	973,077	29,936,128	11,879,372
<b>Net cash provided by operating activities</b>	<b>\$ 12,656,576</b>	<b>6,360,890</b>	<b>8,320,895</b>	<b>(483,719)</b>	<b>999</b>	<b>(87,272)</b>	<b>93,700</b>	<b>885,955</b>	<b>27,748,024</b>	<b>31,601,546</b>
<b>Non cash investing, capital and financing activities:</b>										
Capitalized interest expense	\$ 1,489,661	-	-	-	-	-	-	-	1,489,661	-
Capitalized general & administrative expense	64,148	222,613	427,728	-	-	-	-	-	714,489	1,037,976
Capital contributions from developers	-	2,299,297	1,964,342	-	-	-	-	-	4,263,639	2,003,164

**GARLAND**

## Internal Service Funds

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

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

**Self Insurance Fund** - to account for proceeds from other funds for the payment of claims and to provide a loss reserve for potential future major unanticipated claims.

**LTD Insurance Fund** - to account for proceeds from other funds and employees for the payment of Long-term Disability claims and to provide a loss reserve for potential future claims.

**Print Shop Fund** - to account for the cost of operating a centralized print shop, which performs printing and copying services, as well as interoffice mail delivery and other services, for City departments. Monthly charges are billed to departments to cover costs, including depreciation of furniture and equipment necessary to provide services.

**Fleet Services Fund** - to account for the cost of operating a centralized fleet maintenance garage, which performs repair and maintenance services for City vehicles.

**Vehicle Replacement Fund** - to account for the proceeds from other funds for the systematic replacement of City vehicles.

**Information Technology Fund** - to account for activities related to administration, operation and maintenance of the City's electronic data processing and communication systems.

**Facilities Management Fund** - to account for activities related to maintenance and management of City buildings and facilities.

**Warehouse Fund** - to account for the activities related to operation of the City's warehouse center for storage and distribution of supplies.

**Customer Service Fund** - to account for activities related to establishing accounts, meter reading, billing and collection of revenue, and responding to customer inquiries resulting from the day to day operations of City utilities.

CITY OF GARLAND, TEXAS

Combining Balance Sheet  
 Internal Service Funds  
 September 30, 2001  
 With comparative totals as of September 30, 2000

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Assets	2001										2000	
	Group Health	Self Insurance	LTD Insurance	Print Shop	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total	Total
<b>Current Assets:</b>												
Cash and cash equivalents	\$ -	604,233	132,348	61,965	100	665,052	1,049,186	131,241	-	1,243,236	3,887,361	2,601,095
Investments	-	2,083,888	456,750	213,983	-	2,293,164	3,618,155	452,405	-	4,273,138	13,391,483	17,693,510
Accrued interest receivable	-	18,648	5,154	2,555	71	18,736	45,286	6,303	-	52,160	148,913	244,315
Other receivables	-	-	-	-	-	-	-	-	-	-	237,853	141,796
Inventories at cost	-	-	-	-	294,943	-	-	-	2,868,263	-	3,163,206	3,650,299
Due from other funds	-	-	-	-	415,000	-	177,878	-	-	4,579	597,457	697,878
Total current assets	-	2,706,769	594,252	278,503	710,114	2,976,952	4,890,505	589,949	2,868,263	5,810,966	21,426,273	25,028,893
<b>Restricted assets:</b>												
Cash and cash equivalents	-	-	-	-	6,735	-	463,983	-	16,848	-	487,566	6,504
Investments	-	-	-	-	22,992	-	1,599,621	-	57,750	-	1,680,363	44,317
Accrued interest receivable	-	-	-	-	502	-	18,552	-	671	-	19,725	567
Total restricted assets	-	-	-	-	30,229	-	2,082,156	-	75,269	-	2,187,654	51,388
<b>Property plant and equipment</b>												
System	-	47,631	-	288,187	2,018,838	15,738,042	14,371,575	345,969	107,484	476,052	33,393,778	28,587,113
Construction in progress	-	-	-	-	1,107	-	15,266	-	4,053	998	21,424	11,898
Less accumulated depreciation	-	(41,325)	-	(282,976)	(740,224)	(8,624,241)	(8,446,636)	(275,814)	(34,523)	(263,984)	(18,709,723)	(14,246,684)
Net property plant and equipment	-	6,306	-	5,211	1,279,721	7,113,801	5,940,205	70,155	77,014	213,066	14,705,479	14,352,327
Total assets	\$ -	2,713,075	594,252	283,714	2,020,064	10,090,753	12,912,866	660,104	3,020,546	6,024,032	38,319,406	39,432,608
<b>Liabilities and Equity</b>												
<b>Current liabilities:</b>												
Accounts payable	\$ 219,406	1,509,975	-	23,159	481,804	40,190	446,362	458,369	263,649	254,176	3,697,090	2,084,409
Accrued interest certificate of obligation	-	-	-	-	8,859	-	42,351	-	1,452	530	53,192	11,368
Customer deposits	-	-	-	-	-	-	-	-	-	5,359,439	5,359,439	4,880,977
Certificate of obligation - current	-	-	-	-	126,923	-	351,605	-	726	5,000	484,254	299,471
Due to other funds	2,347,208	-	-	-	316,678	-	-	-	-	-	2,663,886	-
Due to other government	-	-	-	-	1,107	-	7,804	-	-	998	9,909	9,909
Advances from other funds	-	-	-	-	-	-	539,000	-	2,082,422	-	2,621,422	3,592,048
Compensated absences	-	32,190	-	-	-	-	167,947	-	-	-	544,702	515,867
Insurance claims payable	2,691,433	4,357,069	2,386,411	12,691	98,856	-	-	82,895	12,713	137,410	9,434,913	8,638,844
Total current liabilities	5,258,047	5,899,234	2,386,411	35,850	1,034,227	40,190	1,555,069	541,264	2,360,962	5,757,553	24,868,807	20,032,893
<b>Noncurrent liabilities</b>												
Certificate of obligation	-	-	-	-	757,514	-	2,380,592	-	71,529	90,000	3,299,635	1,449,553
Total noncurrent liabilities	-	-	-	-	757,514	-	2,380,592	-	71,529	90,000	3,299,635	1,449,553
Total liabilities	5,258,047	5,899,234	2,386,411	35,850	1,791,741	40,190	3,935,661	541,264	2,432,491	5,847,553	28,168,442	21,482,446
<b>Contributed capital</b>												
Retained earnings (deficit)	(5,258,047)	(3,186,159)	(1,792,159)	247,864	(708,347)	10,050,563	8,977,205	118,840	588,055	176,479	9,214,294	17,013,492
Total liabilities and equity	\$ -	2,713,075	594,252	283,714	2,020,064	10,090,753	12,912,866	660,104	3,020,546	6,024,032	38,319,406	39,432,608

CITY OF GARLAND, TEXAS

Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficits)  
 Internal Service Funds  
 For the Year Ended September 30, 2001  
 With comparative totals for the year ended September 30, 2000

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	2001										2000	
	Group Health	Self Insurance	LTD Insurance	Print Shop	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total	Total
Operating revenues:												
Charges for services	\$ -	-	-	366,577	5,947,025	2,761,211	8,107,121	3,977,873	396,492	6,451,657	28,007,956	26,774,735
Premiums	9,040,889	7,692,393	402,444	-	-	-	-	-	-	-	17,135,726	15,329,320
Other	200,591	436,372	-	34,215	3,812	34,406	45,553	15	6	54,361	809,331	936,300
Total operating revenues	9,241,480	8,128,765	402,444	400,792	5,950,837	2,795,617	8,152,674	3,977,888	396,498	6,506,018	45,953,013	43,040,355
Operating expenses before depreciation:												
Operations:												
Salaries and wages	-	458,050	-	168,102	1,899,564	-	3,447,989	1,516,436	286,771	3,221,676	10,998,588	10,317,230
Maintenance, repairs and supplies	-	143,380	-	212,174	4,629,575	-	2,633,253	2,416,486	211,371	3,497,473	13,743,712	10,734,545
Premiums	1,220,636	674,294	-	-	-	-	-	-	-	-	1,894,930	1,837,020
Claims	10,765,730	8,086,609	368,595	-	-	-	-	-	-	-	19,220,934	11,809,178
Insurance claims payable - increase (decrease)	796,068	-	-	-	-	-	-	-	-	-	796,068	396,833
Administrative services	486,356	1,037	-	-	-	-	-	-	-	-	487,393	470,761
Bad debt expense	-	-	-	-	-	-	-	-	-	-	198,896	198,896
General and administrative	-	-	-	-	-	-	364,241	197,442	87,001	251,966	900,650	980,980
Total operating expenses before depreciation	13,268,790	9,363,370	368,595	380,276	6,529,139	-	6,445,483	4,130,364	585,143	7,170,011	48,241,171	36,546,547
Total operating income (loss) before depreciation	(4,027,310)	(1,234,605)	33,849	20,516	(578,302)	2,795,617	1,707,191	(152,476)	(188,645)	(663,993)	(2,288,158)	6,493,808
Depreciation expense	-	1,703	-	10,010	111,363	2,173,039	2,375,897	25,886	10,859	70,899	4,779,656	4,212,600
Operating income (loss)	(4,027,310)	(1,236,308)	33,849	10,506	(689,665)	622,578	(668,706)	(178,362)	(199,504)	(734,892)	(7,067,814)	2,281,208
Nonoperating revenues (expenses)												
Earnings on investments:												
Current operations	11,250	174,269	44,528	20,872	3,558	255,613	397,104	44,835	9,239	446,302	1,407,570	1,319,784
Construction fund	-	-	-	-	3,170	-	83,418	-	3,014	-	89,602	1,552
Interest expense	-	-	-	-	(41,660)	-	(124,620)	-	(1,602)	(4,304)	(172,186)	(166,693)
Total nonoperating revenues (expenses)	11,250	174,269	44,528	20,872	(34,932)	255,613	355,902	44,835	10,651	441,998	1,324,986	1,154,643
Income (loss) before operating transfers	(4,016,060)	(1,062,039)	78,377	31,378	(724,597)	878,191	(312,804)	(133,527)	(188,853)	(292,894)	(5,742,828)	3,435,851
Operating transfer in	229,987	-	-	-	-	135,873	-	-	-	-	365,860	1,018,057
Operating transfer out	-	(1,036,561)	-	(490)	(249,760)	(1,114,000)	(6,242)	(5,018)	(857)	(9,302)	(2,422,230)	(3,472,713)
Net income (loss)	(3,786,073)	(2,098,600)	78,377	30,888	(974,357)	(99,936)	(319,046)	(138,545)	(189,710)	(302,196)	(7,799,198)	981,195
Retained earnings (deficit), beginning of year	(1,471,974)	(1,087,559)	(1,870,536)	216,976	266,010	10,150,499	9,296,251	257,385	777,765	478,675	17,013,492	16,032,297
Retained earnings (deficit), end of year	\$ (5,258,047)	(3,186,159)	(1,792,159)	247,864	(708,347)	10,050,563	8,977,205	118,840	588,055	176,479	9,214,294	17,013,492

**GARLAND**

CITY OF GARLAND, TEXAS

Combining Statement of Cash Flows  
Internal Service Funds  
For The Year Ended September 30, 2001  
With comparative totals for the year ended September 30, 2000

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	2001										2000	
	Group Health	Self Insurance	LTD Insurance	Print Shop	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total	Total
Cash flows from operating activities:												
Cash received from customers	9,241,480	8,128,765	402,444	400,792	5,950,837	2,795,617	8,152,674	3,977,888	850,682	6,409,961	46,311,140	42,898,559
Cash received for customer deposits	-	-	-	-	-	-	-	-	-	478,462	478,462	507,697
Cash payments for goods and services	(12,566,774)	(7,567,861)	(368,595)	(209,721)	(4,419,077)	(85,683)	(2,871,535)	(2,275,425)	(84,333)	(4,351,720)	(34,800,924)	(25,779,604)
Cash payments to employees for services	-	(452,923)	-	(166,924)	(1,885,050)	-	(3,463,084)	(2,275,425)	(283,754)	(3,207,333)	(10,969,753)	(10,307,158)
Net cash provided (used) by operating activities:	(3,325,294)	107,981	33,849	24,147	(353,290)	2,709,934	1,818,055	191,778	482,395	(670,630)	1,018,925	7,319,494
Cash flows from noncapital financing activities:												
Due to other government - increases	-	-	-	-	-	-	-	-	-	-	-	9,909
Due to other government - decreases	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds - decreases	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds - increases	2,347,208	-	-	-	316,678	-	-	-	-	100,421	100,421	472,993
Due to other funds - increases (decrease)	-	-	-	-	-	-	-	-	-	-	-	2,663,886
Advances from other funds - decreases	-	-	-	-	-	-	-	-	-	-	-	(48,546)
Transfer from other funds	229,987	-	-	-	-	-	(508,500)	-	(462,126)	-	(970,626)	(1,118,071)
Transfer to other funds	-	(1,036,561)	-	(490)	(249,760)	(1,114,000)	(6,242)	(5,018)	(857)	(9,302)	365,860	1,018,057
Net cash provided (used) by noncapital financing activities:	2,577,195	(1,036,561)	-	(490)	66,918	(978,127)	(514,742)	(5,018)	(462,983)	91,119	(262,689)	(3,138,371)
Cash flows from capital and related financing activities:												
Proceeds from:												
Certificate of obligation issue	-	-	-	-	258,767	-	2,003,314	-	72,225	-	2,334,306	-
Acquisition of capital assets	-	-	-	-	(112,875)	(3,002,522)	(1,856,196)	-	(27,481)	(123,165)	(5,132,239)	-
Principal paid on certificates of obligation	-	-	-	-	(78,954)	-	(210,517)	-	(5,000)	(5,000)	(299,471)	(6,340,112)
Principal paid on advances from other funds	-	-	-	-	-	-	(508,500)	-	-	-	(234,592)	-
Interest paid on certificates of obligation	-	-	-	-	-	-	(37,225)	-	-	(4,326)	(41,551)	(55,796)
Interest paid on advances from other funds	-	-	-	-	(38,442)	-	(50,169)	-	(200)	-	(88,811)	(120,048)
Net cash provided (used) by capital and related financing activities:	\$ -	-	-	-	28,496	(3,002,522)	(669,293)	-	39,544	(132,491)	(3,736,266)	(7,235,798)
Cash flows from investment activities:												
Purchase of investment securities	\$ -	(1,779,357)	(467,141)	(225,523)	(19,678)	(1,958,145)	(5,798,570)	(595,592)	(98,873)	(3,648,710)	(14,591,589)	(10,406,201)
Proceeds from the sale and maturity of investment securities	638,158	2,688,249	455,421	213,323	240,205	3,091,495	5,548,045	451,816	36,427	4,401,721	17,764,860	7,922,857
Earnings on investments net of change in accrued interest	16,281	184,681	44,904	20,893	8,635	299,740	475,279	42,960	20,332	460,382	1,574,087	1,213,986
Net cash provided (used) by investment activities:	654,439	1,093,573	33,184	8,693	229,162	1,433,090	224,754	(100,816)	(42,114)	1,213,292	4,747,358	(1,269,358)
Net increase (decrease) in cash and cash equivalents	(93,660)	164,993	67,033	32,350	(28,714)	162,375	858,774	85,944	16,842	501,391	1,767,328	(4,324,033)
Cash and cash equivalents, beginning of year	93,660	439,240	65,315	29,615	35,540	502,677	654,395	45,297	6	741,845	2,607,599	6,931,632
Cash and cash equivalents, end of year	\$ -	604,233	132,348	61,965	6,835	665,052	1,513,169	131,241	16,848	1,243,236	4,374,927	2,607,599
Reconciliation of operating income (loss) to net cash provided by operating activities												
Operating income (loss)	\$ (4,027,310)	(1,236,308)	33,849	10,506	(689,665)	622,578	(668,706)	(178,362)	(199,504)	(734,892)	(7,067,814)	2,281,208
Adjustments:												
Depreciation	-	1,703	-	10,010	111,363	2,173,039	2,375,897	25,886	10,859	70,899	4,779,656	4,212,800
Provision for uncollectible accounts	-	-	-	-	-	-	-	-	-	198,896	198,896	-
Change in assets and liabilities:												
Decrease (increase) in inventory	-	-	-	-	32,909	-	-	-	454,184	-	487,093	885,806
Decrease (increase) in accounts receivable	-	-	-	-	-	-	-	-	-	(294,953)	(294,953)	(141,796)
Increase (decrease) in accounts payable	(94,053)	1,337,459	-	2,453	177,589	(85,683)	125,959	338,503	213,839	(403,385)	1,612,681	(832,926)
Increase in customer deposits	-	-	-	-	-	-	-	-	-	478,462	478,462	507,697
Increase (decrease) in compensated absences	-	5,127	-	1,178	14,514	-	(15,095)	5,751	3,017	14,343	28,835	10,072
Increase (decrease) in insurance claims payable	796,069	-	-	-	-	-	-	-	-	-	796,069	396,833
Total adjustments	702,016	1,344,289	-	13,641	336,375	2,087,356	2,486,761	370,140	681,899	64,262	8,086,739	5,038,286
Net cash provided (used) by operating activities	\$ (3,325,294)	107,981	33,849	24,147	(353,290)	2,709,934	1,818,055	191,778	482,395	(670,630)	1,018,925	7,319,494

**GARLAND**

## **Expendable Trust Funds**

Expendable Trust Funds are utilized by the City in its role as trustee to account for assets held for other City funds, private organizations, and individuals. The City has three Trust Funds. They are Expendable Trust Funds, that is, both principal and income may be used to achieve the funds' objectives.

**Substandard Perimeter Road Fund** - to account for monies received pending the construction of substandard perimeter roads and streets.

**Narcotic Seizure Fund** - to account for monies received from the court to be used for law enforcement activities.

**Library Contribution Fund** - to account for monies donated to the library system for the purchase of books and equipment as designated by the donor.

## CITY OF GARLAND, TEXAS

Combining Balance Sheet  
 Trust Funds  
 September 30, 2001  
 with comparative totals as of September 30, 2000

	Expendable Trust Funds			Total	
	Substandard Perimeter Road	Narcotic Seizure	Library Contri- butions	2001	2000
<u>Assets</u>					
Cash and cash equivalents	\$ 698,711	371,581	10,930	1,081,222	662,177
Investments	2,409,208	156,413	38,017	2,603,638	2,764,975
Accrued interest receivable	28,842	1,953	453	31,248	36,444
Total assets	<u>3,136,761</u>	<u>529,947</u>	<u>49,400</u>	<u>3,716,108</u>	<u>3,463,596</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	3,372	22,491	-	25,863	6,547
Escrow payable	962,388	282,242	-	1,244,630	1,179,798
Total liabilities	<u>965,760</u>	<u>304,733</u>	<u>-</u>	<u>1,270,493</u>	<u>1,186,345</u>
Fund Balances:					
Unreserved - designated for trust purposes	<u>2,171,001</u>	<u>225,214</u>	<u>49,400</u>	<u>2,445,615</u>	<u>2,277,251</u>
Total liabilities and fund balances	<u>\$ 3,136,761</u>	<u>529,947</u>	<u>49,400</u>	<u>3,716,108</u>	<u>3,463,596</u>

## CITY OF GARLAND, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 All Expendable Trust Funds  
 Year ended September 30, 2001  
 with comparative totals for year ended September 30, 2000

	2001			Total	
	Substandard		Library	2001	2000
	Perimeter Road	Narcotic Seizure	Contri- bution		
Revenues:					
Earnings on investments	\$ 243,088	23,221	3,812	270,121	194,788
Contributions	-	-	1,336	1,336	1,705
Awards	-	123,901	-	123,901	150,295
Other	-	-	-	-	4,760
Total revenues	<u>243,088</u>	<u>147,122</u>	<u>5,148</u>	<u>395,358</u>	<u>351,548</u>
Expenditures:					
Operations	-	128,027	-	128,027	65,928
Capital outlay	-	98,764	203	98,967	93,844
Total expenditures	<u>-</u>	<u>226,791</u>	<u>203</u>	<u>226,994</u>	<u>159,772</u>
Excess (deficiency) of					
revenues over expenditures	243,088	(79,669)	4,945	168,364	191,776
Fund balances, beginning of year	<u>1,927,913</u>	<u>304,883</u>	<u>44,455</u>	<u>2,277,251</u>	<u>2,085,475</u>
Fund balances, end of year	\$ <u><u>2,171,001</u></u>	<u><u>225,214</u></u>	<u><u>49,400</u></u>	<u><u>2,445,615</u></u>	<u><u>2,277,251</u></u>

**GARLAND**

## **General Fixed Assets Account Group**

This account group is used to account for the City's investment in fixed assets other than those accounted for in proprietary fund operations.

The account group provides a vehicle for management control and accountability. General fixed assets are not subject to depreciation.

**City of Garland, Texas**

**G-1**

Schedule of General Fixed Assets by Source  
 General Fixed Assets Account Group  
 September 30, 2001  
 with comparative totals as of September 30, 2000

	<u>2001</u>	<u>2000</u>
General fixed assets		
Land	\$ 44,008,945	43,084,434
Buildings	47,076,430	37,893,932
Improvement other than buildings	330,877,050	315,786,662
Equipment	87,752,456	79,654,845
Construction in progress	<u>46,193,310</u>	<u>37,653,750</u>
Total general fixed assets	<u>555,908,191</u>	<u>514,073,623</u>
Investment in general fixed assets from:		
Capital Project Fund -		
General obligation bonds	338,907,104	306,750,523
General Operating Fund	29,754,596	29,278,394
Grants and Special Revenue Fund and other contributions	<u>187,246,491</u>	<u>178,044,706</u>
Total investment in general fixed assets	<u>555,908,191</u>	<u>514,073,623</u>

**City of Garland, Texas**

**G-2**

Schedule of General Fixed Assets by Function and Activity  
 General Fixed Assets Account Group  
 September 30, 2001

Function and Activity	Land	Buildings	Improvements other than Buildings	Equipment	Total
<b>General Government</b>					
Administration	\$ 119,013	-	-	1,226,794	1,345,807
City Attorney/City Secretary	-	6,934	-	670,595	677,529
Purchasing	64,093	602,954	-	127,624	794,671
Municipal Building	4,150,658	16,471,184	517,707	2,363,765	23,503,314
<b>Total General Government</b>	<b>4,333,764</b>	<b>17,081,072</b>	<b>517,707</b>	<b>4,388,778</b>	<b>26,321,321</b>
<b>Public Safety</b>					
Municipal Court	-	18,721	-	219,637	238,358
Fire	458,743	4,880,927	28,569	8,729,932	14,098,171
Police	153,805	5,623,260	1,055,879	13,266,341	20,099,285
Building Inspection	-	-	165,325	73,082	238,407
Civil Defense	-	-	-	248,056	248,056
<b>Total Public Safety</b>	<b>612,548</b>	<b>10,522,908</b>	<b>1,249,773</b>	<b>22,537,048</b>	<b>34,922,277</b>
<b>Public Works</b>					
Engineering	-	514	40,791,295	801,150	41,592,959
Planning	31,336	31,680	-	3,483,956	3,546,972
Streets	566,332	289,685	281,924,294	5,557,478	288,337,789
Sanitation	8,733,024	661,332	(21,297)	9,467,776	18,840,835
Traffic and Transportation	6,140	721,543	-	20,694,532	21,422,215
<b>Total Public Works</b>	<b>9,336,832</b>	<b>1,704,754</b>	<b>322,694,292</b>	<b>40,004,892</b>	<b>373,740,770</b>
<b>Culture &amp; Recreation</b>					
Performing Arts	6,849	3,919,654	81,568	168,834	4,176,905
Park	28,570,616	6,483,997	6,333,710	2,793,676	44,181,999
Library	1,030,201	6,633,596	-	17,560,536	25,224,333
<b>Total Culture &amp; Recreation</b>	<b>29,607,666</b>	<b>17,037,247</b>	<b>6,415,278</b>	<b>20,523,046</b>	<b>73,583,237</b>
<b>Public Health</b>					
Environmental Management	118,135	730,449	-	298,692	1,147,276
<b>Total Public Health</b>	<b>118,135</b>	<b>730,449</b>	<b>-</b>	<b>298,692</b>	<b>1,147,276</b>
<b>Total general assets allocated to functions</b>	<b>\$ 44,008,945</b>	<b>47,076,430</b>	<b>330,877,050</b>	<b>87,752,456</b>	
Construction in Progress					46,193,310
<b>Total general fixed assets</b>					<b>555,908,191</b>

**GARLAND**

City of Garland, Texas

G-3

Schedule of Changes in General Fixed Assets by Function and Activity  
 General Fixed Assets Account Group  
 Year Ended September 30, 2001

	General Fixed Assets October 1, 2000	Additions	Retirements	General Fixed Assets September 30, 2001
<b>General Government</b>				
Administration	1,250,360	95,447	-	1,345,807
City Attorney/City Secretary	634,118	43,411	-	677,529
Purchasing	793,396	1,275	-	794,671
Municipal Building	20,929,896	2,584,345	10,927	23,503,314
Total General Government	23,607,770	2,724,478	10,927	26,321,321
<b>Public Safety</b>				
Municipal Court	224,830	13,528	-	238,358
Fire	11,338,405	2,984,918	225,152	14,098,171
Police	19,541,422	739,237	181,374	20,099,285
Building Inspection	248,518	-	10,111	238,407
Civil Defense	234,676	13,380	-	248,056
Total Public Safety	31,587,851	3,751,063	416,637	34,922,277
<b>Public Works</b>				
Engineering	41,467,163	125,796	-	41,592,959
Planning	3,546,972	-	-	3,546,972
Street	273,896,274	14,480,974	39,459	288,337,789
Sanitation	18,372,250	517,045	48,460	18,840,835
Traffic & Transportation	19,996,645	1,435,481	9,911	21,422,215
Total Public Works	357,279,304	16,559,296	97,830	373,740,770
<b>Culture &amp; Recreation</b>				
Performing Arts	3,298,594	878,311	-	4,176,905
Park	39,091,166	5,280,285	189,452	44,181,999
Library	20,393,106	4,844,533	13,306	25,224,333
Total Culture & Recreation	62,782,866	11,003,129	202,758	73,583,237
<b>Public Health</b>				
Environmental Mgt	1,162,082	8,737	23,543	1,147,276
Total Public Health	1,162,082	8,737	23,543	1,147,276
<b>Construction in Progress</b>	37,653,750	32,789,199	24,249,639	46,193,310
<b>Total Fixed Assets</b>	514,073,623	66,835,902	25,001,334	555,908,191

**GARLAND**

## **Discretely Presented Component Units**

**Garland Housing Finance Corporation** – organized to finance the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at affordable prices.

**Garland Health Facilities Development Corporation** – organized to provide tax-exempt revenue bond financing for eligible health-related businesses in the City.

**Garland Economic Development Corporation** – organized to provide tax-exempt revenue bond financing for eligible business locating or expanding in the City.

**Component Units  
Combining Balance Sheet  
September 30, 2001**

**H-1**

**With comparative totals as of September 30, 2000**

	2001			2000	
	Garland Housing Finance Corporation	Garland Health Facilities Development Corporation	Garland Economic Development Corporation	Total	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 3,130,185	138,198	81,988	3,350,371	2,976,960
Accounts receivable	34,430	25,430	14,266	74,126	72,810
Accrued interest receivable	-	466	-	466	520
Prepays and other assets	346,700	-	-	346,700	120,958
Restricted cash and cash equivalents	2,998,260	-	-	2,998,260	2,152,417
Property, plant, and equipment- net of accumulated depreciation	9,199,448	141,100	-	9,340,548	10,140,171
<b>Total assets</b>	<u>15,709,023</u>	<u>305,194</u>	<u>96,254</u>	<u>16,110,471</u>	<u>15,463,836</u>
<b>Liabilities and Equity</b>					
Accounts payable	400,756	-	-	400,756	363,351
Due to primary government	51,619	-	-	51,619	67,099
Tenant security deposits	199,340	-	-	199,340	196,625
Deferred revenue	15,786	-	-	15,786	23,072
<b>Total liabilities</b>	<u>667,501</u>	<u>-</u>	<u>-</u>	<u>667,501</u>	<u>650,147</u>
<b>Equity</b>					
Contributed capital	8,990,083	99,000	-	9,089,083	9,319,083
Retained earnings :					
Unreserved	6,051,439	206,194	96,254	6,353,887	5,494,606
<b>Total equity</b>	<u>15,041,522</u>	<u>305,194</u>	<u>96,254</u>	<u>15,442,970</u>	<u>14,813,689</u>
<b>Total liabilities and Equity</b>	<u>\$ 15,709,023</u>	<u>305,194</u>	<u>96,254</u>	<u>16,110,471</u>	<u>15,463,836</u>

**Component Units**

**H-2**

**Combining Statement of Revenues, Expenses, and Changes in Retained Earnings  
For the fiscal year ended September 30, 2001  
With comparative totals for year ended September 30, 2000**

	2001			2000	
	Garland Housing Finance Corporation	Garland Health Facilities Development Corporation	Garland Economic Development Corporation	Total	Total
Operating revenues:					
Charges for services	\$ -	25,430	14,266	39,696	39,696
Rental income	4,957,733	-	-	4,957,733	4,722,042
Intergovernmental	191,938	-	-	191,938	554,140
Other	510,966	-	-	510,966	370,246
Total operating revenues	<u>5,660,637</u>	<u>25,430</u>	<u>14,266</u>	<u>5,700,333</u>	<u>5,686,124</u>
Operating expenses before depreciation:					
Operations	4,270,472	3,447	2,250	4,276,169	4,300,765
Total operating expenses before depreciation	<u>4,270,472</u>	<u>3,447</u>	<u>2,250</u>	<u>4,276,169</u>	<u>4,300,765</u>
Operating income before depreciation	1,390,165	21,983	12,016	1,424,164	1,385,359
Depreciation expense	467,882	-	-	467,882	461,922
Operating income	<u>922,283</u>	<u>21,983</u>	<u>12,016</u>	<u>956,282</u>	<u>923,437</u>
Nonoperating revenues (expenses):					
Earnings on investments	29,571	4,969	-	34,540	48,699
Loss on impairment	-	(361,541)	-	(361,541)	-
Total nonoperating revenues (expenses)	<u>29,571</u>	<u>(356,572)</u>	<u>-</u>	<u>(327,001)</u>	<u>48,699</u>
Net income (loss)	951,854	(334,589)	12,016	629,281	972,136
Add back depreciation on contributed assets	230,000	-	-	230,000	230,000
Retained earnings, beginning of year	4,869,585	540,783	84,238	5,494,606	4,292,470
Retained earnings, end of year	<u>\$ 6,051,439</u>	<u>206,194</u>	<u>96,254</u>	<u>6,353,887</u>	<u>5,494,606</u>

**Component Units**

**H-3**

**Combining Statement of Cash Flows**

**September 30, 2001**

**With comparative totals for year ended September 30, 2000**

	2001			2000	
	Garland Housing Finance Corporation	Garland Health Facilities Development Corporation	Garland Economic Development Corporation	Total	Total
Cash flows from operating activities:					
Cash received from customers	\$ 5,235,671	25,430	7,800	5,268,901	4,760,919
Cash received from customer deposits	2,715	-	-	2,715	12,197
Cash payment to primary government	(15,456)	-	-	(15,456)	(30,912)
Cash payments to employees	(1,021,935)	-	-	(1,021,935)	(977,676)
Cash payments to suppliers for goods and services	(3,211,156)	(3,447)	(2,250)	(3,216,853)	(3,236,879)
Other operating revenues (payments)	197,088	-	-	197,088	947,361
Net cash provided by operating activities	<u>1,186,927</u>	<u>21,983</u>	<u>5,550</u>	<u>1,214,460</u>	<u>1,475,010</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(29,800)	-	-	(29,800)	(75,481)
Net cash provided for capital and related financing activities	<u>(29,800)</u>	<u>-</u>	<u>-</u>	<u>(29,800)</u>	<u>(75,481)</u>
Cash flows from investing activities:					
Earnings on investments	29,571	5,023	-	34,594	48,566
Net cash provided (used) by investing activities	<u>29,571</u>	<u>5,023</u>	<u>-</u>	<u>34,594</u>	<u>48,566</u>
Net increase (decrease) in cash and cash equivalents	1,186,698	27,006	5,550	1,219,254	1,448,095
Cash and cash equivalents at beginning of year	4,941,747	111,192	76,438	5,129,377	3,681,282
Cash and cash equivalents at end of year	<u>\$ 6,128,445</u>	<u>138,198</u>	<u>81,988</u>	<u>6,348,631</u>	<u>5,129,377</u>

**Component Units**  
**Combining Statement of Cash Flows (Continued)**  
**September 30, 2001**  
**With comparative totals for year ended September 30, 2000**

**H-3 Continued**

	2001			Total	2000
	Garland Housing Finance Corporation	Garland Health Facilities Development Corporation	Garland Economic Development Corporation		2000
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 922,283	21,983	12,016	956,282	927,607
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	467,882	-	-	467,882	461,922
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	5,150	-	(6,466)	(1,316)	25,137
Decrease (increase) in prepaid expenses	(225,742)	-	-	(225,742)	4,800
Decrease (increase) in accounts payable	37,381	-	-	37,381	81,410
Increase (decrease) in customer deposits	2,715	-	-	2,715	12,197
Increase (decrease) in deferred revenue	(7,286)	-	-	(7,286)	(7,285)
Decrease (increase) in due to primary government	(15,456)	-	-	(15,456)	(30,912)
Total adjustments	264,644	-	(6,466)	258,178	547,269
Net cash provided by operating activities	\$ 1,186,927	21,983	5,550	1,214,460	1,474,876
Noncash capital activities:					
Loss on impairment	-	361,541	-	361,541	-

**GARLAND**

CITY OF GARLAND, TEXAS

**Table 1**

**General Governmental Expenditures by Function (1)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total (1)</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Culture and Recreation</b>	<b>Public Health</b>	<b>Non-Departmental</b>	<b>Debt Service Principal</b>	<b>Debt Service Interest</b>
1992	\$70,328,166	6,812,239	27,846,666	10,803,440	7,945,105	1,040,250	2,406,658	8,142,145	5,331,663
1993	71,064,170	7,572,633	29,753,658	6,866,164	6,984,651	1,023,089	2,017,746	9,377,836	7,468,393
1994	69,027,925	6,441,556	32,387,780	4,312,829	6,540,327	1,193,716	1,424,958	9,846,412	6,880,347
1995	77,952,685	5,305,190	35,992,527	4,962,125	7,183,286	1,361,239	6,149,283	10,541,944	6,457,091
1996	82,001,278	5,548,582	38,234,754	5,254,675	7,596,174	1,406,283	6,812,160	10,583,736	6,564,914
1997	87,894,870	5,978,433	40,923,961	5,250,281	7,985,678	1,604,782	7,938,775	11,433,622	6,779,338
1998	91,262,311	6,131,216	42,356,996	5,512,871	8,254,917	1,664,745	8,142,153	12,027,874	7,171,539
1999	97,747,094	6,779,219	46,142,166	5,756,813	9,264,169	1,898,471	9,594,409	11,434,315	6,877,532
2000	103,859,914	7,011,395	48,246,794	5,848,079	9,619,379	2,076,463	10,741,459	11,983,282	8,333,063
2001	109,746,670	7,468,670	50,676,933	6,131,095	10,332,719	2,088,095	11,396,820	11,869,987	9,782,351

(1) Includes general fund and debt service fund expenditures on GAAP basis.

Unaudited

**Table 2****CITY OF GARLAND, TEXAS****General Revenues by Source (1)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total (1)</b>	<b>Taxes</b>	<b>Franchise Fees</b>	<b>Service Charges</b>	<b>Licenses and Permits</b>	<b>Earnings on Investments</b>	<b>Inter-governmental</b>	<b>Intra-governmental</b>	<b>Fines and Forfeits</b>	<b>Rents and Concessions</b>
1992	\$55,710,774	\$30,673,576	\$3,281,718	\$9,320,149	\$569,869	\$759,884	\$1,629,149	\$7,487,348	\$1,676,992	\$312,089
1993	56,037,824	31,054,592	4,583,506	5,039,463	975,353	809,214	39,159	11,149,170	1,850,090	537,277
1994	60,364,910	31,804,586	4,376,101	6,480,959	1,161,558	835,782	328,061	12,487,476	2,413,628	476,759
1995	68,876,794	33,824,383	5,103,763	7,930,670	1,073,560	744,543	427,014	16,352,918	2,893,538	526,405
1996	71,802,164	35,794,387	5,047,098	8,291,093	1,240,380	954,787	559,265	16,103,339	3,298,595	513,220
1997	75,203,911	38,338,894	5,891,237	8,340,283	1,491,530	1,054,250	546,108	15,564,843	3,475,742	501,024
1998	81,654,026	40,809,175	5,596,099	10,903,390	1,363,638	1,262,620	449,890	16,821,824	3,924,364	523,026
1999	86,070,579	43,406,301	6,150,311	11,961,917	1,603,990	1,164,771	327,382	17,190,353	3,765,551	500,003
2000	90,616,518	46,238,520	6,248,115	11,207,515	1,510,857	1,321,639	334,126	19,174,705	4,036,751	544,290
2001	95,965,457	48,064,858	7,671,616	11,494,440	1,769,018	1,793,299	364,992	20,012,800	4,168,074	626,360

(1) Includes only general fund revenues.

Unaudited

**CITY OF GARLAND, TEXAS**

**Table 3**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collection</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collection (1)</b>	<b>Total Tax Collection</b>	<b>Percent of Total Tax Collection to Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Delinquent Taxes to Tax Levy (2)</b>
1992	\$33,247,729	\$32,790,592	98.63%	\$387,458	\$33,178,050	99.79%	\$1,193,479	3.59%
1993	33,618,404	33,068,324	98.36%	321,249	33,389,573	99.32%	1,319,370	3.92%
1994	34,249,513	33,499,399	97.81%	123,877	33,623,276	98.17%	1,391,882	4.06%
1995	35,564,114	35,255,486	99.13%	288,431	35,543,917	99.94%	1,397,245	3.93%
1996	37,340,146	37,076,378	99.29%	286,996	37,363,374	100.06%	1,451,121	3.89%
1997	39,348,913	38,886,723	98.83%	124,085	39,010,808	99.14%	1,446,423	3.68%
1998	41,710,227	41,216,156	98.82%	483,752	41,699,908	99.98%	1,179,595	2.83%
1999	44,116,195	43,678,152	99.01%	260,829	43,938,981	99.60%	1,414,623	3.21%
2000	45,857,853	45,422,322	99.05%	470,672	45,892,994	100.08%	1,325,961	2.89%
2001	50,228,511	49,773,440	99.09%	57,586	49,831,025	99.21%	1,613,942	3.21%

(1) Excludes penalty and interest. Prior to write-off of uncollectible amounts in current year.

(2) Ratio of cumulative delinquent taxes to current year levy.

Source: City of Garland, Texas - Tax Office

Unaudited

**Table 4**

**CITY OF GARLAND, TEXAS**

**Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Real Property Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Total Assessed Value</b>
1992	\$4,798,949,488	\$901,964,250	\$5,700,913,738
1993	4,574,244,179	1,038,177,190	5,612,421,369
1994	4,554,581,390	977,564,104	5,532,145,494
1995	4,563,582,655	1,049,440,393	5,613,023,048
1996	4,737,117,530	1,164,177,640	5,901,295,170
1997	5,010,446,838	1,221,683,610	6,232,130,448
1998	5,332,452,428	1,250,601,090	6,583,053,518
1999	5,751,199,307	1,211,583,940	6,962,783,247
2000	6,149,931,191	1,323,643,287	7,473,574,478
2001	6,526,753,690	1,400,725,976	7,927,479,666

Note: Assessed values are established at 100% of estimated market value by the  
Dallas Central Appraisal District

Source: City of Garland, Texas - Tax Office

Unaudited

**Table 5**

**CITY OF GARLAND, TEXAS**

**Assessed Values, Levies and Tax Distribution  
Last Ten Fiscal Years**

Fiscal Year	Assessed Values			Tax Rate	Total Tax Levy	Tax Distribution		Percentage Assessed to Full Value
	Real Property	Personal Property	Total			General Fund	Debt Service Fund	
1992	\$4,798,949,488	\$901,964,250	\$5,700,913,738	.5832	\$33,247,729	.3421	.2411	100
1993	4,574,244,179	1,038,177,190	5,612,421,369	.5990	33,618,404	.3423	.2567	100
1994	4,554,581,390	977,564,104	5,532,145,494	.6191	34,249,513	.3473	.2718	100
1995	4,563,582,655	1,049,440,393	5,613,023,048	.6336	35,564,114	.3618	.2718	100
1996	4,737,117,530	1,164,177,640	5,901,295,170	.6336	37,340,146	.3628	.2708	100
1997	5,010,446,838	1,221,683,610	6,232,130,448	.6336	39,348,913	.3628	.2708	100
1998	5,332,452,428	1,250,601,090	6,583,053,518	.6336	41,710,227	.3628	.2708	100
1999	5,751,199,307	1,211,583,940	6,962,783,247	.6336	44,116,195	.3790	.2546	100
2000	6,149,931,191	1,323,643,287	7,473,574,478	.6136	45,857,853	.3690	.2446	100
2001	6,526,753,690	1,400,725,976	7,927,479,666	.6336	50,228,511	.3740	.2596	100

Source: City of Garland, Texas - Tax Office

Unaudited

CITY OF GARLAND, TEXAS

Table 6

Property Tax Rates and Percent of Assessed Valuations of Direct and Overlapping Debt  
Last Ten Fiscal Years

Fiscal Year	City of Garland		Garland Independent School District		Dallas County		Dallas County Hospital District		Dallas County Community College District		Dallas Independent School District		Richardson Independent School District		Mesquite Independent School District	
	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation
1992	.5832	100	1.2434	83.22	.17682	7.10	.1980	7.10	.0465	7.10	1.2934	0.18	1.3834	3.17	1.3634	2.61
1993	.5990	100	1.3936	83.22	.17682	7.10	.2070	7.10	.0494	7.10	1.3885	0.18	1.5096	3.17	1.4576	2.61
1994	.6191	100	1.3784	83.22	.20883	7.29	.20696	7.29	.05206	7.29	1.41813	0.18	1.5698	3.17	1.4600	2.61
1995	.6336	100	1.4428	83.22	.20883	7.29	.19959	7.29	.05206	7.29	1.41813	0.18	1.5698	3.17	1.5000	2.61
1996	.6336	100	1.4428	83.22	.21640	7.29	.194092	7.29	.05206	7.29	1.46053	0.18	1.5698	3.17	1.5000	2.61
1997	.6336	100	1.4872	83.22	.20100	7.29	.185800	7.29	.05000	7.29	1.46050	0.18	1.6000	3.17	1.5300	2.61
1998	.6336	100	1.5445	83.22	.20317	7.29	.179900	7.29	.05000	7.29	1.46053	0.18	1.6257	3.17	1.5800	2.61
1999	.6336	100	1.5445	83.22	.19720	7.29	.179900	7.29	.05000	7.29	1.4605	0.18	1.6257	3.17	1.5800	2.61
2000	.6136	100	1.4784	83.22	.19600	7.29	.19600	7.29	.05000	7.29	1.4605	0.18	1.6486	3.17	1.5800	2.61
2001	.6336	100	1.4053	83.22	.19600	7.29	.2540	7.29	.05000	7.29	1.5475	0.18	1.6683	3.17	1.5800	2.61

Tax rates are based on each \$100 of assessed value times 100 percent of assessed value.

Source: Tax Rates, City of Garland, Texas - Tax Office  
Percent of Assessed Valuations, First Southwest Co.

Unaudited

CITY OF GARLAND, TEXAS

Table 7

Ratio of Net General Obligation Debt to Assessed Valuation and Net General Obligation Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Assessed Valuation (a)	Total General Obligation Debt (b) (1)	Less Proprietary General Obligation and Certificates of Obligation	Less Amount Available in Debt Service Fund	Net General Obligation Debt	Ratio of Net General Obligation Debt to Assessed Valuation	Population (c)	Per Capita Net General Obligation
1992	\$5,700,913,738	\$132,156,628	\$18,893,357	\$8,138,574	\$105,124,697	1.84%	182,006	577.59
1993	5,612,421,369	133,756,628	18,551,943	6,392,391	108,812,294	1.94%	186,526	583.36
1994	5,532,145,494	133,806,629	18,268,355	5,004,653	110,533,621	2.00%	193,000	572.71
1995	5,613,023,048	141,111,627	29,183,882	3,728,462	108,199,283	1.93%	195,952	552.17
1996	5,901,295,170	156,641,628	40,937,619	3,394,749	112,309,260	1.90%	197,281	569.29
1997	6,232,130,448	161,521,627	44,911,240	3,408,382	113,202,005	1.82%	200,106	565.71
1998	6,583,053,518	192,741,628	63,820,750	3,076,198	125,844,680	1.91%	201,824	623.54
1999	6,962,783,247	218,016,628	76,185,065	2,787,011	139,044,552	2.00%	203,883	681.98
2000	7,473,574,478	276,528,188	130,784,159	1,205,296	144,538,733	1.93%	205,869	702.09
2001	7,927,479,666	319,435,000	161,882,889	299,996	157,252,115	1.98%	215,768	728.80

(1) Includes currently outstanding Certificates of Obligation

Sources:

(a) City of Garland, Texas - Tax Office

(b) City of Garland, Texas - Accounting Office

(c) City of Garland, Texas - Planning Department, except for 1994 estimate, which is from North Central Texas Council of Governments

Unaudited

**CITY OF GARLAND, TEXAS**

**Table 8**

**Principal Taxpayers  
Fiscal Year 2001**

<b>Name of Taxpayer</b>	<b>Nature of Property</b>	<b>2000 Assessed Valuation</b>	<b>Percent of Total Assessed Valuation (1)</b>
Sears Roebuck & Company	Warehouse, Service Center	\$ 127,777,540	1.61%
Eckerd Corporation	Warehouse, Retail	74,907,020	0.94%
Verizon	Public Utility	61,330,240	0.77%
Fleming Foods of Texas	Warehouse	60,984,620	0.77%
Kraft Corporation	Warehouse, Food Processing	51,760,600	0.65%
Walmart	Retail	49,900,890	0.63%
Valspar/Engineered Polymer	Paint Manufacturer	47,558,993	0.60%
Raytheon E-Systems	Electronics/Defense Contractor	38,729,440	0.49%
Ingersoll Rand Co	Drilling Equipment Manufacturer	34,254,750	0.43%
Tom Thumb/Randalls Food	Grocery Store/Warehouse	29,306,850	0.37%
		<u>\$ 576,510,943</u>	7.27%

(1) Total Taxable Value October 1, 2000 - \$7,927,479,666

Source: City of Garland, Texas - Tax Office

Unaudited

**CITY OF GARLAND, TEXAS**

**Table 9**

**Delinquent Taxes Receivable - by Fund  
Fiscal Year 2001**

	<u>Total</u>	<u>Funds</u>	
		<u>General</u>	<u>Debt Service</u>
<b>Taxes, by year of levy:</b>			
1995 and prior	\$ 405,896	\$ 239,591	\$ 166,305
1996	54,230	32,011	22,219
1997	106,215	62,696	43,519
1998	161,844	95,533	66,311
1999	198,102	116,935	81,167
2000	<u>687,655</u>	<u>405,908</u>	<u>281,747</u>
Total delinquent taxes	1,613,942	952,674	661,268
Less estimated uncollectible taxes	<u>(651,548)</u>	<u>(384,594)</u>	<u>(266,954)</u>
Net taxes receivable	<u>\$962,394</u>	<u>\$568,080</u>	<u>\$394,314</u>
Unaudited			

**CITY of GARLAND, TEXAS**

**Computation of Legal Debt Margin**

As a Home Rule city, the City of Garland is not limited by law in the amount of debt it may issue. The City's Charter (Section 46) states:

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

Article 11, Section 5 of the State of Texas Constitution states in part:

"...but no tax for any purpose shall ever be lawful for one year, which shall exceed two and one-half percent of the taxable property of such city."

The tax rate at September 30, 2001, is \$0.6336 per \$100 of assessed valuation with assessed valuation being 100% of appraised value.

Unaudited

**CITY OF GARLAND, TEXAS**

**Table 11**

**Computation of Direct and Overlapping Funded Debt Payable from Ad Valorem Taxes  
September 30, 2001**

<u>Taxing Jurisdiction</u>	<u>Total Funded Debt</u>	<u>Estimated Percent Applicable</u>	<u>Overlapping Funded Debt</u>
City of Garland	\$ 157,552,111	100.00%	\$ 157,552,111
Garland Independent School District	232,410,814	83.22%	193,412,279
Dallas County	259,170,938	7.29%	18,893,561
Dallas Independent School District	347,369,255	0.18%	625,265
Richardson Independent School District	194,663,179	3.17%	6,170,823
Mesquite Independent School District	316,954,561	2.61%	8,272,514
Total estimated overlapping bonded debt			<u>\$ 384,926,553</u>
Ratio overlapping debt to 100% assessed valuation			<u>4.84%</u>
Per capita overlapping bonded debt			<u>\$ 1,784</u>

Source: First Southwest Co.

Unaudited

**CITY OF GARLAND, TEXAS**

**Table 12**

**Ratio of General Obligation Debt Service to Total General Governmental Expenditures  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total General Obligation Debt Service (1)</b>	<b>Total General Fund Expenditures</b>	<b>Total Debt Service and General Fund Expenditures</b>	<b>Ratio of General Obligation Debt Service to Total General Governmental Expenditures</b>
1992	\$8,142,145	\$5,331,663	\$13,473,808	\$56,854,358	\$70,328,166	19.16%
1993	9,377,836	7,468,393	16,846,229	54,217,941	71,064,170	23.71%
1994	9,846,412	6,880,347	16,726,759	52,301,166	69,027,925	24.23%
1995	10,541,944	6,457,091	16,999,035	60,953,650	77,952,685	21.81%
1996	10,583,736	6,564,914	17,148,650	64,852,628	82,001,278	20.91%
1997	11,433,622	6,779,338	18,212,960	69,681,910	87,894,870	20.72%
1998	12,027,874	7,171,539	19,199,413	72,062,898	91,262,311	21.04%
1999	11,434,315	6,877,532	18,311,847	79,435,247	97,747,094	18.73%
2000	11,983,282	8,333,063	20,316,345	83,543,569	103,859,914	19.56%
2001	11,869,987	9,782,351	21,652,338	88,094,332	109,746,670	19.73%

(1) Does not include general obligation debt service for utility purposes but does include debt service for Certificates of Obligation.

Source: City of Garland, Texas - Tax Office

Unaudited

CITY OF GARLAND, TEXAS

Table 13

Schedule of Revenue Bond Coverage  
Last Ten Fiscal Years

Fiscal Year	Total Revenue (1)	Operating and Administrative Expense (2)	Net Income Available for Debt Service	Average Annual Requirements	Times Coverage	Depreciation	Bond Interest Expense (3)	In Lieu-of-Tax Payments	Net Income (4)
1992	\$172,664,555	\$127,890,817	\$44,773,738	\$8,225,755	5.44	\$12,648,446	\$5,044,730	\$6,991,454	\$15,728,649
1993	194,360,289	144,840,533	49,519,756	6,892,392	7.18	13,212,739	4,695,129	9,018,272	20,297,675
1994	193,064,220	150,710,310	42,353,910	6,245,646	6.78	13,956,322	3,654,808	10,565,505	7,502,514
1995	179,460,267	137,941,116	41,519,151	5,304,549	7.83	14,736,258	2,703,112	11,611,164	3,339,283
1996	196,808,834	144,187,520	52,621,314	4,839,258	10.87	15,433,384	2,314,993	12,018,967	17,407,443
1997	194,473,068	144,350,698	50,122,370	3,641,250	13.77	16,101,044	2,669,442	11,538,215	17,656,399
1998	208,145,139	150,998,567	57,146,572	3,822,446	14.95	16,691,185	2,171,629	12,295,686	23,357,526
1999	207,921,142	155,594,897	52,326,245	3,253,739	16.08	17,375,627	1,761,690	12,041,092	18,141,481
2000	235,461,345	175,378,118	60,083,227	2,625,238	22.89	17,910,632	1,529,969	13,722,478	20,469,870
2001	244,900,896	198,512,513	46,388,383	1,914,904	24.22	18,719,164	1,088,074	14,523,694	13,696,789

(1) Includes operating revenues and interest income of the Utility Fund only.

(2) Does not include operating payments to General Fund for in lieu-of-taxes and does not include Golf Fund, Heliport Fund, Storm Water Management Fund, Business Ventures Fund, Parks Performance Fund, and Sanitation Fund expenses.

(3) Net of capitalized interest.

(4) Does not include residual equity transfer or net income (loss) of the Golf Fund, Heliport Fund, Storm Water Management Fund, Business Ventures Fund, Parks Performance Fund, and Sanitation Fund.

(5) Includes proceeds from litigation and legal expense.

Source: City of Garland, Texas - Accounting Office.

Unaudited

**CITY OF GARLAND, TEXAS**

**Table 14**

**Construction and Bank Deposits  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Property Value</b>	<b>Residential (a)</b>		<b>Commercial/Industrial (a)</b>		<b>Combined Bank Deposits (000's) (b)</b>
		<b>Number of Units</b>	<b>Value</b>	<b>Number of Units</b>	<b>Value</b>	
1992	\$5,700,913,738	360	\$38,695,738	16	\$5,910,453	(c)
1993	5,606,803,156	630	66,074,877	30	6,670,911	(c)
1994	5,532,145,494	627	70,543,457	44	18,564,593	(c)
1995	5,613,023,048	493	54,572,863	58	23,456,999	(c)
1996	5,901,295,170	699	88,612,630	56	32,316,639	(c)
1997	6,232,130,448	667	94,811,701	51	32,435,693	(c)
1998	6,583,053,518	541	77,618,326	48	23,935,359	(c)
1999	6,962,783,247	506	70,480,807	30	13,243,973	(c)
2000	7,473,574,478	501	75,801,514	27	22,180,700	(c)
2001	7,927,479,666	751	114,209,686	53	44,953,173	(c)

*Sources:*

*(a) City of Garland, Texas - Building Inspection Department*

*(b) Garland Chamber of Commerce, Garland, Texas*

*(c) Information not available*

Unaudited

**CITY OF GARLAND, TEXAS**

**Table 15**

**Demographic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (a)</b>	<b>Per Capita Income</b>	<b>Median Age (b)</b>	<b>Education (b)</b>	<b>School Enrollment (c)</b>	<b>Unemployment (e)</b>
1992	182,006	(d)	30.2	12.9	40,238	5.5%
1993	186,526	(d)	30.2	12.9	41,566	6.3%
1994	193,000	(d)	30.2	12.9	42,654	4.1%
1995	195,952	(d)	30.2	12.9	43,702	3.9%
1996	197,281	(d)	30.2	12.9	45,060	3.5%
1997	200,106	(d)	30.2	12.9	46,487	3.2%
1998	201,824	(d)	30.2	12.9	48,139	2.8%
1999	203,883	(d)	33.0	12.9	49,154	2.7%
2000	205,869	(d)	33.0	12.9	50,250	2.6%
2001	215,768	(d)	31.7	12.9	51,884	4.7%

Sources:

(a) City of Garland, Texas - Planning Department, except for 1994,  
North Central Texas Council of Governments

(b) U.S. Census

(c) Garland Independent School District, Garland, Texas

(d) Information not available

(e) Texas Employment Commission

Unaudited

**Table 16**

**CITY OF GARLAND, TEXAS**

**Miscellaneous Statistical Data  
September 30, 2000**

Date of incorporation	1891
Form of government	Council - Manager
Area	57 square miles
Miles of streets	662.91
Number of street lights	11228
Fire Protection:	
Number of stations	9
Number of firemen and officers (exclusive of volunteers)	244
Police Protection:	
Number of stations	1
Number of sworn police officers	300
Municipal water department:	
Number of accounts	64,639
Average daily consumption	33,015,029 gallons
Miles of water mains	1067
Municipal electric department:	
Number of accounts	67,391
Average daily usage	5,758,520 KWH
Miles of lines	799.38
Municipal wastewater department:	
Number of accounts	62,899
Miles of sewer mains	972
Building permits issued:	
Residential (single-family)	1139
Industrial/Commercial	275
Multi-family	24
Other	2253
Recreation and culture:	
Number of parks	68 parks comprising 2,698 Acres
Number of libraries	5
Number of volumes	380,604

**Unaudited**

**CITY OF GARLAND, TEXAS**

**Table 17**

**Schedule of Insurance in Force  
September 30, 2001**

<u>Insuring Company</u>	<u>Policy Number</u>	<u>From</u>	<u>To</u>	<u>Description</u>	<u>Type</u>	<u>Amount</u>
Allianz Insurance Co.	CLP1036229	10/1/00	10/1/01	Blanket Real/Personal Property	All Risk / \$100,000 ded. per occ	\$321,961,200
North River Insurance Co.	544000095	11/6/99	10/1/02	Excess Liability Package Policy (includes, GL, AL, Law Enforcement, Public Officials, Emp. Benefits, & Worker's Comp.	\$500,000 SIR	\$9,500,000
American Manufacturer	3SE727532	10/1/99	10/1/02	Public Officials/Tax Collector Bond	-0- Deductible	\$750,000
Kemper	3F78773703	10/1/99	10/1/02	Public Employees Dishonesty	\$10,000 Deductible	\$1,000,000
Travelers Insurance Co.	303D325-2	10/1/00	10/1/01	Boiler/Machinery/Transformers	Combined physical damage. Deductible varies by location and equipment	\$30,000,000
St.Paul	EMA6610467	3/1/99	3/1/02	Medical Professional Liability	-0- Deductible	\$3,000,000
TIG Insurance Co.	T7003751503403	10/1/00	10/1/01	Special Events Liability	\$250 Deductible prop. dmg	\$5,000,000
TIG Insurance Co.	KLBO003802632602	10/1/00	10/1/01	Special Events Excess Liability	Excess over underlying special events	\$1,000,000
Indemnity Insurance Co. of North America	S00520184	9/28/00	9/28/01	Non-Owned Aircraft Liability	-0- Deductible	\$1,000,000
Continental Casualty	SR-83091552	12/10/00	12/10/01	Travel Accident	n/a	\$100,000

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**GARLAND**