

City of Garland, Texas  
Comprehensive Annual Financial Report  
*for the fiscal year ended September 30, 2015*



**TEXAS MADE HERE**



**GARLAND**  
TEXAS MADE HERE

**CITY OF GARLAND, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2015**

**CITY COUNCIL**

Douglas Athas, Mayor  
Tim Campbell, District 1  
Anita Goebel, District 2  
Stephen W. Stanley, District 3  
B. J. Williams, Mayor Pro Tem, District 4  
Billy Mack Williams, District 5  
Lori Barnett Dodson, District 6  
Scott LeMay, District 7  
Jim Cahill, District 8

**CITY MANAGER**

Bryan Bradford

**DIRECTOR OF FINANCIAL SERVICES**

David Schuler

**Prepared by**

Financial Services Department

**CITY OF GARLAND, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**Table of Contents**

<b>I. Introductory Section - Unaudited</b>	
Letter of Transmittal.....	v
Certificate of Achievement.....	xi
Organizational Chart.....	xii
<b>II. Financial Section</b>	
Independent Auditor's Report.....	1
<b>A. Management Discussion and Analysis - Unaudited</b> .....	5
<b>B. Basic Financial Statements</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position.....	26
Statement of Activities.....	27
<b>Fund Financial Statements</b>	
<b>Governmental Fund Financial Statements</b>	
Balance Sheet.....	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	29
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	31
<b>Proprietary Fund Financial Statements</b>	
Statement of Net Position.....	32
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	35
Statement of Cash Flows .....	36
<b>Fiduciary Fund Financial Statements</b>	
Statement of Net Position .....	38
Statement of Revenues, Expenses, and Changes in Fund Net Position .....	39
<b>Notes to the Financial Statements</b> .....	41

**C. Required Supplementary Information - Unaudited**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.	90
Schedule of Changes in Net Pension Liability and Related Ratios .....	91
Schedule of Contributions .....	92
Other Post Employment Benefits – Schedule of Funding Progress .....	93
Notes to Required Supplementary Information .....	94

**D. Combining Financial Statements**

**Nonmajor Governmental Funds**

Balance Sheet .....	96
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	97

**Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund.....	98
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hotel/Motel and Infrastructure Repair Funds.....	99

**Nonmajor Enterprise Funds**

Statement of Net Position.....	102
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	105
Statement of Cash Flows .....	106

**Internal Service Funds**

Statement of Net Position.....	110
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	111
Statement of Cash Flows .....	113

**III. Statistical Section - Unaudited**

Net Position by Component .....	117
Changes in Net Position .....	118
Governmental Activities Tax Revenues by Source .....	120
Fund Balances of Governmental Funds .....	121
Changes in Fund Balances of Governmental Funds .....	122
Assessed Value and Actual Value of Taxable Property .....	123
Property Tax Values Direct and Overlapping Governments .....	124
Principal Property Tax Payers .....	125
Property Tax Levies and Collections .....	126
Ratios of Outstanding Debt by Year .....	127
Ratios of General Bonded Debt Outstanding .....	128
Estimated Direct and Overlapping Governmental Activities Debt .....	129
Legal Debt Margin Information .....	130

Pledged Revenue Coverage .....	131
Demographic and Economic Statistics .....	132
Principal Employers .....	133
Full-time Equivalent City Government Employees by Function .....	134
Operating Indicators by Function .....	135
Capital Asset Statistics by Function .....	136
Texas Municipal Power Agency .....	137
Schedule of Insurance in Force .....	138



March 16, 2016

Citizens of the City of Garland  
Garland, Texas

Dear Citizens:

The Comprehensive Annual Financial Report (CAFR) of the City of Garland, Texas (the City), for the year ended September 30, 2015 is hereby submitted. The report is published to provide detailed information concerning the financial condition of the City to our citizens and the financial community, as well as other interested parties. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

#### GENERAL INFORMATION – CITY OF GARLAND

The City of Garland is located in Dallas County, approximately 15 miles northeast of downtown Dallas. The City's population of 234,533 (as estimated by the City's Planning Department as of January 1, 2015) makes it the twelfth largest city in the state of Texas, and places it among the top 100 largest municipalities in the United States.

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's home rule Charter. The City was incorporated in 1891 and first adopted its Home

Rule Charter in 1951. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Council members. The City Manager is the chief administrative officer for the City.

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

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Garland Housing Finance Corporation, the Garland Economic Development Authority, and the Garland Health Facilities Development Corporation are not included in the primary government. In accordance with GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34", the City determined that the Garland Health Facilities Development Corporation and the Garland Economic Development Authority, which were discretely presented as component units in the City's financial statements in prior years, are no longer necessary to be reported within the City's financial statements and have been excluded from the City's FY2015 Comprehensive Annual Financial Report. The Garland Independent School District is excluded from this report because it is a separate governmental entity with a separately elected board of trustees.

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

## ECONOMIC CONDITIONS AND OUTLOOK

During the 2015 fiscal year, the City experienced significant improvements in the local economy and a corresponding increase in General Fund revenues. The assessed value of Garland's property tax base increased 6.4% from last year's valuation, and places valuations at just under pre-recession levels. Sales tax revenue has increased an average of 4.1% for the past five years. Other revenues such as building permits, franchise fees, and landfill fees have also shown respectable growth. With the City's revenues improving, the focus of the fiscal year 2015-16 is to address critical needs that had to be deferred during the recession due to the lack of funding. In particular, these needs include Police staffing, street improvements, and employee compensation. Additional priorities included continuing and expanding the City's economic development efforts in both commercial and residential areas.

To address the 2016 economic forecast, the City implemented the following goals for the 2015-16 adopted budget:

- Address Police staffing needs.
- Continue to improve the condition of the City's street infrastructure.
- Continue emphasis on economic development.
- Provide funding for market-based salary increases.

## FINANCIAL INFORMATION

### Accounting and Budgetary Controls

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

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

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's revenue managers and the Budget Director. Expenditure budgets are then developed using a *target budgeting* approach. Departments base their initial budget submission on their allocated share of the projected resources, but they can make requests for additional items which the City Manager or City Council may choose to fund. This target budget methodology results in a balanced budget presented to Council. The Proposed Budget is reviewed extensively by the City Council, and the process includes a Charter-mandated public hearing and work sessions that are open to the public. The City Charter requires adoption of the City budget by no later than September 20.

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

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

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

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

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

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

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

## Long-Term Financial Planning

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

- A multi-year financial forecast is prepared projecting revenues and expenditures for all operating funds.
- A multi-year debt service forecast is prepared to project the impact of future debt service payments on the tax rate.
- Rates, fees and charges for services are reviewed and adjusted as necessary to respond to changing financial circumstances.
- Insurance coverage's are examined to ensure that policy limits are adequate and in compliance with revenue bond covenants.
- Debt is not used to fund current expenditures.
- Bonds are sold to finance long-term capital projects.
- Total tax-supported debt is maintained so as not to exceed five percent (5%) of the total assessed valuation of taxable property.
- An ending "fund balance" of 30 days of budget-based operating expenditures in the General Fund is maintained as a minimum.
- An ending "working capital balance" (current assets minus current liabilities) of 45 days is maintained in the Enterprise Fund as a minimum.
- Internal service funds are maintained to be fully self-supporting to the extent that any retained earnings deficit is recovered in the subsequent fiscal year through increased charges to benefiting departments.

## OTHER INFORMATION

### Independent Audit

According to Article IV, Section 7, of the City Charter, an annual audit to be performed by independent, certified public accountants, is required to be made of the financial records of the City. Weaver and Tidwell, LLP was selected in July 2014 by the City Council to perform the annual audits. In addition to meeting the requirements set forth in the Charter, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The independent auditors' report on the basic financial statements is included in the financial section of this report. The independent auditor's report related specifically to the single audit will be issued in a separate document.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garland for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2014. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

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

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

Acknowledgements

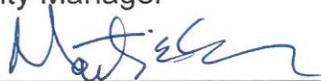
The preparation of this Comprehensive Annual Financial Report was accomplished with the professional and dedicated efforts of the staff of the Financial Services Department. Appreciation is also extended to those individuals in other departments who contributed, directly or indirectly, to the development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

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

Sincerely,



\_\_\_\_\_  
Bryan L. Bradford  
City Manager



\_\_\_\_\_  
Martin Glenn  
Deputy City Manager



\_\_\_\_\_  
David A. Schuler  
Director of Financial Services



\_\_\_\_\_  
Kathryn P. Ritchie  
Accounting Administrator



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

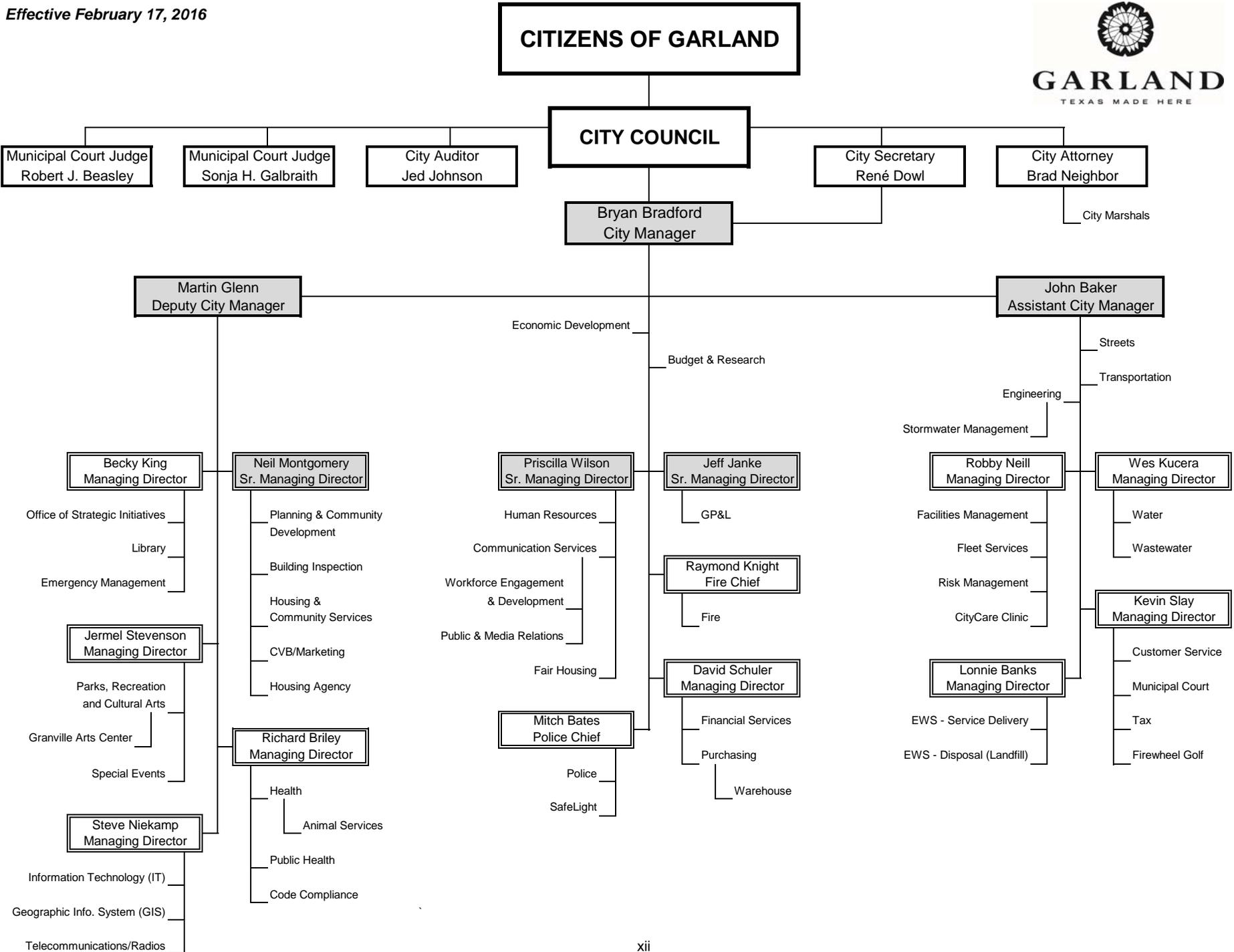
Presented to

**City of Garland  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO





## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Garland (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Garland Housing Finance Corporation (GHFC), the discretely presented component unit of the City of Garland as of and for the year ended December 31, 2014. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the GHFC is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1.D.11 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*, as of September 30, 2015. Our opinion is not modified with respect to this matter

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis; the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual; Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions; Schedule of Funding Progress, and the notes to the required supplementary information on pages 5 – 23 and 90 – 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

City of Garland, Texas

Page 3

*Other Information*

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

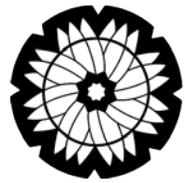
The accompanying combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has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

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

*Weaver and Tidwell LLP*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 16, 2016



**GARLAND**  
TEXAS MADE HERE

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

As management of the City of Garland, we offer readers of the City of Garland's financial statements this narrative overview and analysis of the financial activities of the City of Garland for the fiscal year ended September 30, 2015. All amounts, unless otherwise indicated, are expressed in dollars.

**Financial Highlights**

- The assets and deferred outflows of the City of Garland (the City) exceeded its liabilities and deferred inflows at the close of the fiscal year by \$843,792,876. Ending net position for governmental activities amount to \$159,969,197 and the ending net position for the business type activities amount to \$683,823,679.
- Net position for the governmental activities increased \$6,853,860 and the net position for the business type activities increased \$8,766,194 for a total increase in the City's net position of \$15,620,054. Contributing factors related to the increase in governmental activities and in business type activities are discussed in the governmental activities and business type activities sections of this overview and analysis.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$92,659,988. Of the combined ending fund balances, \$58,505,169 is restricted, \$9,230,614 is committed, \$3,980,000 is assigned, and \$20,944,205 is unassigned.

**Overview of the Financial Statements**

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

**Government-wide financial statements**

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

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

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

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

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

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

### **Fund financial statements**

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

## **Governmental funds**

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

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

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

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

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

## **Proprietary funds**

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The electric, water, and sewer operations are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds can be found on pages 101-107 and for the internal service funds on pages 109-113.

The proprietary fund financial statements can be found on pages 32-37 of this report.

### **Fiduciary funds**

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

The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-89 of this report.

### **Other information**

Required supplementary information concerning the General Fund schedule of revenues, expenditures, and changes in fund balances – budget and actual for the year ended September, 30, 2015, and the City's progress in funding its obligation to provide Texas Municipal Retirement System pension benefits and Other Postemployment Benefits (OPEB) to its employees, are presented on pages 90-94 of this report.

### **Government-wide Financial Analysis**

Total assets and deferred outflows at fiscal year-end amount to \$1,959,640,916. Current and other assets comprise 39.29% and capital assets comprise 60.71% of the total assets. Total assets and deferred outflows increased \$96,361,231 during the fiscal year primarily as a result of changes in other assets increasing as a result of recording the economic benefit related to the City issuing Combination Tax and Electric Utility Revenue Refunding Bonds, Series 2015. This economic benefit will be amortized over the economic life of 2 years for this asset. This transaction is discussed further in the debt section of this overview and analysis. Deferred outflow of resources increased as a result of the implementation of GASB68 and the deferred outflow of resources associated with the recording of pension asset and/or liability,

Total liabilities and deferred inflows at the end of the fiscal year amount to \$1,115,848,040. Long-term liabilities comprise 92.02% and other liabilities comprise 7.98% of the total liabilities. Total liabilities increased \$62,165,270 during the fiscal year.

As mentioned earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$843,792,576 for the fiscal year ended September 30, 2015. The largest portion of the City's net position (61.47%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and systems) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (22.39%) represents resources that are subject to external restrictions on how they may be used. These restrictions are detailed in revenue bond debt covenants, the City of Garland Charter, grant contracts, and state law. The remaining balance of unrestricted net assets (16.13%) may be used to meet the City's ongoing obligations to citizens and creditors.

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

City of Garland, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2015

**Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets and deferred outflows	\$ 193,946,799	\$ 154,999,101	\$ 576,075,176	\$ 518,325,894	\$ 770,021,975	\$ 673,324,995
Capital assets	372,034,929	376,341,121	817,584,012	813,613,569	1,189,618,941	1,189,954,690
Total assets and deferred outflows	565,981,728	531,340,222	1,393,659,188	1,331,939,463	1,959,640,916	1,863,279,685
Long-term liabilities outstanding	344,847,382	323,971,437	681,959,080	631,933,056	1,026,806,462	955,904,493
Other liabilities and deferred inflows	61,165,149	67,778,308	27,876,429	29,999,969	89,041,578	97,778,277
Total liabilities and deferred inflows	406,012,531	391,749,745	709,835,509	661,933,025	1,115,848,040	1,053,682,770
Net position:						
Net investment in capital assets	141,966,385	125,858,168	376,738,418	365,960,688	518,704,803	491,818,856
Restricted for:						
Debt Service	4,578,281	6,486,930	5,521,862	4,706,085	10,100,143	11,193,015
Construction	820,577	135,552	-	-	820,577	135,552
Rate Mitigation	-	-	177,452,404	176,149,687	177,452,404	176,149,687
Housing Assistance	886,112	952,365	-	-	886,112	952,365
Unrestricted	11,717,842	6,157,462	124,110,995	123,189,978	135,828,837	129,347,440
Total net position	\$ 159,969,197	\$ 139,590,477	\$ 683,823,679	\$ 670,006,438	\$ 843,792,876	\$ 809,596,915

City of Garland, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2015

The total net position increased \$15,620,054 in the 2015 fiscal year. Governmental activities contributed \$6,853,860 to this increase and the business-type activities contributed \$8,766,194 to the total. These increases are discussed in the governmental activities section and the business-type activities section of this overview and analysis.

**Schedule of Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 41,558,825	\$ 38,364,090	\$ 466,918,435	\$ 495,705,406	\$ 508,477,260	\$ 534,069,496
Operation grants and contributions	14,640,650	14,290,332	-	-	14,640,650	14,290,332
Capital grants and contributions	2,695,395	560,265	1,678,626	953,011	4,374,021	1,513,276
General Revenues:						
Property taxes	74,345,310	71,507,322	-	-	74,345,310	71,507,322
Sales taxes	26,497,069	24,667,765	-	-	26,497,069	24,667,765
Other taxes	10,360,759	10,421,218	-	-	10,360,759	10,421,218
Unrestricted interest earnings	821,107	679,278	1,823,835	1,481,986	2,644,942	2,161,264
Miscellaneous	2,788,292	132,933	1,701,956	2,074,837	4,490,248	2,207,770
Total Revenues	<u>173,707,407</u>	<u>160,623,203</u>	<u>472,122,852</u>	<u>500,215,240</u>	<u>645,830,259</u>	<u>660,838,443</u>
Expenses:						
General government	28,672,583	27,639,946	-	-	28,672,583	27,639,946
Public safety	93,438,294	91,105,170	-	-	93,438,294	91,105,170
Public works	42,473,055	41,893,889	-	-	42,473,055	41,893,889
Culture and recreation	21,780,835	20,820,273	-	-	21,780,835	20,820,273
Public health	4,401,399	4,105,273	-	-	4,401,399	4,105,273
Interest and fiscal charges	8,323,617	9,696,538	-	-	8,323,617	9,696,538
Electric	-	-	319,583,367	344,969,100	319,583,367	344,969,100
Water	-	-	48,965,136	46,952,415	48,965,136	46,952,415
Sewer	-	-	35,609,533	36,080,645	35,609,533	36,080,645
Golf	-	-	4,808,720	4,738,094	4,808,720	4,738,094
Heliport	-	-	5,351	5,329	5,351	5,329
Storm Water Management	-	-	3,949,180	3,996,717	3,949,180	3,996,717
Parks Performance	-	-	1,113,223	1,031,470	1,113,223	1,031,470
Sanitation	-	-	17,085,912	17,415,020	17,085,912	17,415,020
Total expenses	<u>199,089,783</u>	<u>195,261,089</u>	<u>431,120,422</u>	<u>455,188,790</u>	<u>630,210,205</u>	<u>650,449,879</u>
Change in net position before transfers	(25,382,376)	(34,637,886)	41,002,430	45,026,450	15,620,054	10,388,564
Transfers	<u>32,236,236</u>	<u>39,628,270</u>	<u>(32,236,236)</u>	<u>(39,628,270)</u>	-	-
Increase (decrease) in net position	6,853,860	4,990,384	8,766,194	5,398,180	15,620,054	10,388,564
Net position – beginning	139,590,477	136,938,557	670,006,438	670,478,481	809,596,915	807,417,038
Cumulative effect of change in acctg principle	<u>13,524,860</u>	<u>(2,338,464)</u>	<u>5,051,047</u>	<u>(5,870,223)</u>	<u>18,575,907</u>	<u>(8,208,687)</u>
Net position-beginning as restated	<u>153,115,337</u>	<u>134,600,093</u>	<u>675,057,485</u>	<u>664,608,258</u>	<u>828,172,822</u>	<u>799,208,351</u>
Net position - ending	<u>\$159,969,197</u>	<u>\$ 139,590,477</u>	<u>\$ 683,823,679</u>	<u>\$ 670,006,438</u>	<u>\$843,792,876</u>	<u>\$ 809,596,915</u>

**Governmental activities**

Governmental activities increased the City's net position by \$6,853,860 in fiscal year 2015. Key factors that contributed to this improvement are discussed below.

**Revenues by Source – Governmental Activities**

Revenues by Source

	2015		2014		Amount Change	Percentage Change
	Amount	Percentage	Amount	Percentage		
Charges for services	\$ 41,558,825	23.92%	\$ 38,364,090	23.88%	\$ 3,194,735	8.33%
Operating grants and contributions	14,640,650	8.43%	14,290,332	8.90%	350,318	2.45%
Capital grants and contributions	2,695,395	1.55%	560,265	0.35%	2,135,130	381.09%
Property taxes	74,345,310	42.80%	71,507,322	44.52%	2,837,988	3.97%
Sales taxes	26,497,069	15.25%	24,667,765	15.36%	1,829,304	7.42%
Other taxes	10,360,759	5.96%	10,421,218	6.49%	(60,459)	-0.58%
Unrestricted interest earnings	821,107	0.47%	679,278	0.42%	141,829	20.88%
Miscellaneous	2,788,292	1.61%	132,933	0.08%	2,655,359	1997.52%
Total Revenues	<u>\$ 173,707,407</u>		<u>\$ 160,623,203</u>		<u>\$13,084,204</u>	

Key changes in revenue by source included the following:

Charges for services increased \$3,194,735 as a result of the following:

- Sanitation services revenue increased due to increases in construction activity experienced in the Metroplex area, causing additional tonnage to be disposed by private waste haulers.
- Reimbursement of expenses related to street repairs.
- Building permit revenue increased due to increased inspection of structural, plumbing, electrical, and mechanical work performed on new and existing structures.
- Impact fees revenue increased due to increased construction during the current year.

Capital grants and contributions increased \$2,135,130 as a result of the following:

- Developers' contributions increased as a result of new construction within the City during FY15.

Property tax revenue increased due an increase in the value of the tax base of 6.4% which returned it to levels just under pre-recession levels.

Sales tax revenue increased in FY15 and has made a full recovery after declining 9% during the 2008-2009 recession.

Miscellaneous revenue increased in FY15 due to recovery of expenditures related to street projects.

**Expenses by Source - Governmental Activities**

	Expenses by Source		
	2015	2014	Change
General government	\$ 28,672,583	\$ 27,639,946	\$ 1,032,637
Public safety	93,438,294	91,105,170	2,333,124
Public works	42,473,055	41,893,889	579,166
Culture and recreation	21,780,835	20,820,273	960,562
Public health	4,401,399	4,105,273	296,126
Interest and fiscal charges	8,323,617	9,696,538	(1,372,921)
Total Expense	<u>\$ 199,089,783</u>	<u>\$ 195,261,089</u>	<u>\$ 3,828,694</u>

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

General government expenses increased \$1,032,637 as a result of the following:

- Internal service costs allocation associated with general government increased \$1,024,746.
- Expenses related to economic development increased \$342,365.

Public safety expenses increased \$2,333,124 as a result of the following:

- Internal service costs allocation associated with public safety increased \$1,119,321.
- Expenses related to public safety increased due to expenditures to replace aging equipment and training requirements.

## **Business-type Activities**

Business-type activities increased the City's net position by \$8,766,194. Key factors that contributed to the change are discussed below.

- The electric utility incurred a net loss of \$477,183. The net income for the electric utility decreased \$3,362,035 from the prior fiscal year as a result of the following:
  - Revenue decreased by \$38,204,215. This is a result of a decrease in the wholesale energy revenue combined with an increase in the wholesale transmission revenue.
  - Demand charges increased \$17,247,257 as a result of an increase in the Texas Municipal Power Agency (TMPA) demand charge during FY15 of \$14.8 million. In addition, the TMPA refund decreased by \$2.5 million in FY2015.
  - Fuel and energy purchases expense decreased \$47,368,325 as a result of decreased wholesale activity and a decrease in energy and natural gas prices.
- The water utility incurred a net income of \$4,344,980. Key elements to this change are as follows.
  - Charges for services increased \$7,598,700 due to increased usage as drought restrictions were lifted after the May rains and an average rate increase of 10.5%.
  - Water purchases increased \$1,835,030 as a result of a 11% rate increase by North Texas Municipal Water District.
- The sewer utility incurred a net income of \$3,018,176. The net income for the sewer utility increased \$455,597 from the prior fiscal year as a result of the following:
  - Interest expense decreased \$851,354 due to a one time true-up entry related to the amortization of premium on debt issues.
- The combined net income for non-major enterprise funds (golf, heliport, storm water management, parks performance, and sanitation) amounted to \$1,103,755. The City continues to monitor these funds and will implement programs and strategies to improve their financial condition.

**Revenues by Source – Business-type Activities**

	Charges for Service			Capital Grants and Contributions			Miscellaneous		
	2015	2014	Amount Change	2015	2014	Amount Change	2015	2014	Amount Change
Electric	\$ 338,473,487	\$ 376,657,906	\$ (38,184,419)	\$ -	\$ 252,307	\$ (252,307)	\$ 1,105,531	\$ 725,327	\$ 380,204
Water	57,135,679	49,536,979	7,598,700	1,167,304	562,104	605,200	324,398	331,689	(7,291)
Sewer	43,609,415	43,460,465	148,950	511,322	138,600	372,722	77,142	825,047	(747,905)
Non-major Enterprise	27,699,854	26,050,056	1,649,798	-	-	-	194,885	192,774	2,111
<b>Total</b>	<b>\$ 466,918,435</b>	<b>\$ 495,705,406</b>	<b>\$ (28,786,971)</b>	<b>\$ 1,678,626</b>	<b>\$ 953,011</b>	<b>\$ 725,615</b>	<b>\$ 1,701,956</b>	<b>\$ 2,074,837</b>	<b>\$ (372,881)</b>

**Expenses by Source – Business-type Activities**

	2015	2014	Amount Change	Percentage Change
Electric	\$319,583,367	\$ 344,969,100	\$ (25,385,733)	-7.36%
Water	48,965,136	46,952,415	2,012,721	4.29%
Sewer	35,609,533	36,080,645	(471,112)	-1.31%
Non-Major	26,962,386	27,186,630	(224,244)	-0.82%
	<b>\$431,120,422</b>	<b>\$ 455,188,790</b>	<b>\$ (24,068,368)</b>	<b>-5.29%</b>

**Fiduciary funds**

In the 2009 fiscal year, the City established an Other Post Employment Benefit Trust Fund which allows the City to capture long-term returns to make progress towards reducing the unfunded liability of post-employment health care. A \$750,000 contribution in excess of the pay-as-you-go costs was made to the trust fund during the 2015 fiscal year. The City will make future contributions to the trust fund as economic conditions permit.

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of the 2015 fiscal year, the City had \$1,189,618,941 invested in a broad range of capital assets including police and fire equipment, buildings, park facilities, roads, bridges, an electric system, a water system, and a sewer system. This amount represents a net decrease of \$335,749 or 0.03% decrease from the prior fiscal year. Key elements of this change are as follows:

	<b>Capital Assets at Fiscal Year-end (Net of Accumulated Depreciation)</b>					
	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 82,243,416	\$ 81,609,846	\$ 26,029,527	\$ 25,364,030	\$ 108,272,943	\$ 106,973,876
Construction in Progress	27,779,158	33,086,001	29,932,710	22,359,280	57,711,868	55,445,281
Building, Improvements, equipment and systems	262,012,355	261,645,274	761,621,775	765,890,259	1,023,634,130	1,027,535,533
Total capital assets	<u>\$ 372,034,929</u>	<u>\$ 376,341,121</u>	<u>\$ 817,584,012</u>	<u>\$ 813,613,569</u>	<u>\$1,189,618,941</u>	<u>\$1,189,954,690</u>

City of Garland, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2015

Major capital asset additions for the current fiscal year included:

Description	Amount (000's)
West Pressure Plane Improvements	\$ 7,381
GP&L Wynn Joyce Substation Rebuilding	5,141
Northwest Highway-Centerville to La Prada Street and Storm Drainage Improvements	4,100
Pleasant Valley Street Improvements	3,427
GP&L Distribution UG Line Construction	2,904
GP&L Distribution OH Line Construction	2,773
GP&L Distribution UG200 Amp Loop Replacement	2,426
Pleasant Valley Bridge Improvements	2,414
City Center Drainage Improvements	1,630
Garland Heritage Park	1,399
GP&L Transmission Line Construction	1,355
GP&L Commercial & Industrial Construction	1,326
Water Distribution Lines (up to 14 inch)	1,237
GP*L Street & Thoroughfare Lighting	1,042
GP&L Engineering Building	1,015

City of Garland, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2015

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

<u>Description</u>	<u>Amount</u> <u>(000's)</u>
GP&L Wynn Joyce Substation Rebuilding	\$ 3,873
West Pressure Plane Improvements	3,567
Northwest Highway - Centerville to La Prada	3,248
GP&L Distribution UG Line Construction	2,572
GP&L Distribution OH Line Construction	2,521
GP&L Limestone to Gibbons Creek Transmission Line	2,437
City Hall Renovation	2,335
GP&L Substation – Wylie Switch Yard	2,130
GP&L Distribution UG200 Amp Loop Replacement	1,873
Water Distribution Lines (up to 14 inch)	1,465
Rowlett Creek WWTP Process Improvements	1,407
Downtown Drainage Improvements	1,319
GP&L Commercial & Industrial Construction	1,280
GP&L Street & Thoroughfare Lighting	1,098
GP&L Relocation of Facilities	1,012

Additional information on the City's capital assets can be found in note IV.C. on pages 59-62 of this report.

City of Garland, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2015

**Debt**

Debt issues outstanding for the fiscal years 2015 and 2014 were as follows:

	Governmental Activities		Business-type Activities		Total		
	2015	2014	2015	2014	2015	2014	Change
Long-Term:							
General obligation bonds	\$195,530,000	\$190,456,259	\$ 46,335,000	\$ 58,195,000	\$241,865,000	\$248,651,259	\$ (6,786,259)
Certificates of obligation	79,960,000	69,865,000	187,630,000	134,010,000	267,590,000	203,875,000	63,715,000
Utility system revenue bonds	-	-	359,100,000	379,595,000	359,100,000	379,595,000	(20,495,000)
Commercial paper	-	-	35,000,000	15,000,000	35,000,000	15,000,000	20,000,000
Total Long-Term	<u>275,490,000</u>	<u>260,321,259</u>	<u>628,065,000</u>	<u>586,800,000</u>	<u>903,555,000</u>	<u>847,121,259</u>	<u>56,433,741</u>
Short-Term:							
Commercial Paper	10,000,000	20,000,000	-	-	10,000,000	20,000,000	(10,000,000)
Tax Note	4,000,000	5,500,000	-	-	4,000,000	5,500,000	(1,500,000)
Total Short-Term	<u>14,000,000</u>	<u>25,500,000</u>	<u>-</u>	<u>-</u>	<u>14,000,000</u>	<u>25,500,000</u>	<u>(11,500,000)</u>
Total outstanding debt	<u>\$289,490,000</u>	<u>\$285,821,259</u>	<u>\$628,065,000</u>	<u>\$586,800,000</u>	<u>\$917,555,000</u>	<u>\$872,621,259</u>	<u>\$ 44,933,741</u>

City of Garland, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2015

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

Issue	Principal	Bond Ratings	
		Standard & Poor's	Fitch IBCA
Long-term			
Certificates of Obligation Bonds, Series 2015	\$ 18,205,000	AA+	AAA
General Obligation Refunding Bonds, Series 2014A	34,215,000	AA+	AAA
General Obligation Refunding Bonds, Series 2015A	22,695,000	AA+	AAA
General Obligation Refunding Bonds, Series 2015B	22,490,000	AA+	AAA
Electric Utility System Revenue Refunding Bonds, New Series 2015	15,355,000	A+	AA-
Combination Tax and Electric Utility System Revenue Refunding Bonds, Series 2015	53,870,000	AA+	AAA
Electric Commercial Paper, Series 2014	25,000,000	A-1+	
Water & Sewer Commercial Paper, Series 2015	10,000,000	F1	F1
Short-term			
General Obligation Commercial Paper	10,000,000	A-1+	F1+
Tax Anticipation Note, Series 2015	4,000,000		
Total debt financing	<u>\$215,830,000</u>		

The proceeds of the Certificates of Obligation Bonds, Series 2015 will be used for the following:

- Constructing, equipping, and improving various facilities in the City,
- Acquiring equipment and vehicles for Firewheel golf course, the environmental waste services department, the solid waste department, the stormwater management department, and the municipal street department,
- Street improvements and infrastructure improvements.

The proceeds of the General Obligation Refunding Bonds, Series 2014A were used to refund General Obligation Bonds, Series 2005A at the call date. As a result of the refunding, the City decreased its total debt service payments.

The proceeds of the General Obligation Refunding Bonds, Series 2015A were used to take out \$25,000,000 of General Obligation Commercial Paper debt Series 2012.

The proceeds of the General Obligation Refunding Bonds, Series 2015B were used to refund General Obligation Bonds, Series 2007B at the call date. As a result of the refunding, the City decreased its total debt service payments.

The proceeds of the Electric Utility System Revenue Refunding Bonds, New Series 2015 were used to refund Electric Utility System Revenue Bonds, Series 2006. As a result of the refunding, the City decreased its total debt service payments.

The proceeds of the Combination Tax and Electric Utility System Revenue Refunding Bonds, Series 2015 were used for the purpose of refunding certain contractual obligations to the Texas Municipal Power Agency (TMPA).

The City continued the use of short term financing with general obligation commercial paper notes. This financing tool provides interest savings. During the year, the City issued general obligation commercial paper notes amounting to \$10,000,000 to fund various governmental construction projects.

In 2014, the City initiated a three year \$60 million tax-exempt commercial paper program for the Electric Fund. Proceeds from the sale of commercial paper notes will be used for improvements and extensions of the electric utility system. The Electric Fund had \$25,000,000 electric utility system commercial paper notes outstanding at fiscal year-end. Additional information related to the City's commercial paper programs can be found on page 69 of this report.

In fiscal year 2010, the City along with other TMPA member cities elected to issue bonds based on the percentage of their annual net energy load and placed the proceeds with TMPA. Since the proceeds from the issuance of this debt will benefit the City over future years the City has elected to record an other asset and a corresponding bonds payable liability, reoffering premium, interest and sinking fund deposit, underwriters discount and issuance cost to record this transaction. The other asset of \$138,252,850 is being amortized using a straight-line method over a period of 20 years based on the life of the economic benefit that the City is receiving from this transaction. During the current fiscal year, the City amortized \$6,912,643 of the asset resulting in a fiscal year-end balance in other assets of \$100,233,316. This other asset will be reviewed annually to determine if it has been impaired based on changes at TMPA and or changes in the electric industry.

In 2015, the City elected to issue Combination Tax & Electric Utility System Surplus Revenue Refunding Bonds for the purpose of prepaying certain contractual obligations to TMPA. Since the proceeds of this debt issuance were placed with an escrow agent and the City received an economic benefit over a period of years, an Other Assets was recorded in the Electric Fund Statement of Net Position in the amount of \$59,270,000. The City is amortizing the Other Asset over a period of 2 years.

In 2015, the City initiated a five year \$90 million tax-exempt commercial paper program for the Water and Sewer Funds. Proceeds from the sale of commercial paper notes will be used the ongoing capital improvement program of the water and waterwater system.

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

## **The City's Funds**

At the close of the City's fiscal year, the governmental funds of the City reported a combined fund balance of \$92,659,988, an increase of \$26,547,172 from the prior fiscal year. The increase in the net change in fund balance for the Capital Projects Fund of \$26,591,322 is attributable to the refunding of general obligation commercial paper of \$25,000,000. General obligation bond proceeds were recognized as revenue due to the issuance of general obligation refunding bonds to refund the outstanding commercial paper.

The General Fund ended the fiscal year with a fund balance of \$25,744,782 which was an increase of \$15,113 from the prior fiscal year. The original budget projected a decrease in fund balance of \$3,216,142 which was later revised to a decrease of \$8,035,034 in fund balance. Favorable budget variances were experienced for revenues as well as expenditures for the fiscal year. Actual revenues exceeded final budgeted revenues by \$2,055,547 and actual expenditures were under the final budget amount by \$5,085,153. This favorable budget variance was a result of better than anticipated property tax revenues, service charges, licenses and permits, and other operational expenditure savings across General Fund departments.

The Debt Service Fund ended the fiscal year with a fund balance of \$6,235,664 due to a net decrease in fund balance for the fiscal year of \$1,608,050. This decrease in fund balance was the result of debt service transfers out of \$5,500,000.

## **General Fund Budgetary Highlights**

During the fiscal year ended September 30, 2015, the City Council amended the budget for the General Fund on several occasions. The amendments were comprised of supplemental appropriations and adjusted budgets. Appropriations are adjusted annually for open purchase orders and various grant awards. Budgets are reviewed and adjusted during the fiscal year to address changing operational and/or economic situations. These amendments amounted to increased appropriations of \$3,814,397.

## **Economic Factors and Next Year's Budgets and Rates**

The City's unemployment rate at September 30, 2015 was 4.0% and the State of Texas unemployment rate was 5.1%. The City's estimated population of 234,533 (as estimated at January 1, 2015 by the City's Planning department) remained virtually unchanged from the prior year.

The primary focus of the FY 2014-15 Budget was to address needs that had to be deferred during the recession. In particular, these needs include street improvements, employee compensation, and capital equipment that are essential to providing quality services.

- Improve the condition of the City's street infrastructure.
- Address need for increases in employee compensation.
- Ensure that City service levels are maintained with the acquisition or replacement of critical capital items.

No rate increases were included in the FY 2014-15 Adopted Budget for Electric or Stormwater services.

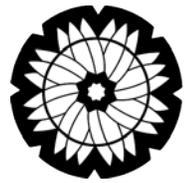
The primary focus of the FY 2015-16 Budget was to address critical needs that were deferred during the recession due to a lack of funding. Specifically, these needs included Police staffing, street improvements, and employee compensation. Additional priorities included continuing and expanding the City's economic development efforts in both commercial and residential areas.

- Address police staffing needs.
- Continue to improve the condition of the City's street infrastructure.
- Continue emphasis on economic development.
- Provide funding for market-based salary increases.

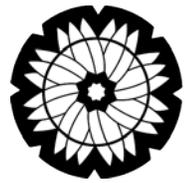
It is anticipated that in fiscal year 2015-16, the Electric Utility will draw from the Rate Mitigation Fund in order to offset debt service costs being passed on the member cities by the TMPA. Additional draws are anticipated through 2018.

### **Contacting the City's Financial Management**

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



**GARLAND**  
TEXAS MADE HERE



**GARLAND**  
TEXAS MADE HERE

**City of Garland, Texas**  
**Statement of Net Position**  
**September 30, 2015**

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		As of December 31, 2014
<b>ASSETS</b>				
Cash and cash equivalents	\$ 77,194,234	\$ 32,077,148	\$ 109,271,382	\$ 865,191
Investments	76,871,253	42,853,969	119,725,222	-
Accounts Receivable, net of allowance for uncollectibles	19,385,635	72,814,417	92,200,052	41,763
Due from other governments	439,585	-	439,585	-
Internal Balances	(14,947,847)	14,947,847	-	-
Inventories	5,331,144	4,141,209	9,472,353	-
Prepaid and other items	131,600	471,469	603,069	-
Restricted Assets:				
Cash and cash equivalents	6,030,695	52,322,336	58,353,031	-
Investments	5,102,630	179,267,082	184,369,712	-
Accrued interest	6,982	195,961	202,943	-
Assets held for resale	87,956	-	87,956	688,746
Capital Assets:				
Land	82,243,416	26,029,527	108,272,943	1,141,255
Construction in Progress	27,779,158	29,932,710	57,711,868	-
Buildings, Improvements, Equipment and System (net of accumulated depreciation)	262,012,355	761,621,775	1,023,634,130	-
Other Assets	-	159,503,316	159,503,316	-
Net pension assets	4,420,813	1,651,014	6,071,827	-
Total assets	<u>552,089,609</u>	<u>1,377,829,780</u>	<u>1,929,919,389</u>	<u>2,736,955</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Fair value of energy risk derivatives	-	9,277,727	9,277,727	-
Deferred charges on debt refunding	346,913	1,493,035	1,839,948	-
Deferred charges on pensions	13,545,206	5,058,646	18,603,852	-
Total deferred outflows of resources	<u>13,892,119</u>	<u>15,829,408</u>	<u>29,721,527</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	21,742,524	22,812,188	44,554,712	-
Escrow payable	216,844	-	216,844	-
Retainage payable	819,546	220,599	1,040,145	-
Accrued interest payable	1,956,370	3,411,872	5,368,242	-
Customer deposits	13,719,235	-	13,719,235	-
Tax Note Payable	4,000,000	-	4,000,000	-
Commercial Paper	10,000,000	-	10,000,000	-
Due to other governments	572,175	-	572,175	-
Unearned revenue	5,851,171	-	5,851,171	1,527,478
Noncurrent Liabilities:				
Due within one year	36,939,201	54,381,474	91,320,675	-
Due in more than one year	307,908,181	627,577,606	935,485,787	-
Total liabilities	<u>403,725,247</u>	<u>708,403,739</u>	<u>1,112,128,986</u>	<u>1,527,478</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred charges on debt refunding	411,423	731,205	1,142,628	-
Deferred charges on pensions	1,875,861	700,565	2,576,426	-
Total deferred inflows of resources	<u>2,287,284</u>	<u>1,431,770</u>	<u>3,719,054</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	141,966,385	376,738,418	518,704,803	1,141,255
Restricted for:				
Debt Service	4,578,281	5,521,862	10,100,143	-
Construction	820,577	-	820,577	-
Rate Mitigation	-	177,452,404	177,452,404	-
Housing	886,112	-	886,112	-
Unrestricted net position	11,717,842	124,110,995	135,828,837	68,222
Total net position	<u>\$ 159,969,197</u>	<u>\$ 683,823,679</u>	<u>\$ 843,792,876</u>	<u>\$ 1,209,477</u>

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

**City of Garland, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2015**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit as of 12/31/2014
	Expenses	Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
<b>Governmental activities:</b>								
General government	\$ 28,672,583	\$ 7,211,710	\$ 13,322,336	\$ -	\$ (8,138,537)	\$ -	\$ (8,138,537)	\$ -
Public safety	93,438,294	15,447,629	863,164	-	(77,127,501)	-	(77,127,501)	-
Public works	42,473,055	16,858,348	-	2,695,395	(22,919,312)	-	(22,919,312)	-
Culture and recreation	21,780,835	1,580,984	6,947	-	(20,192,904)	-	(20,192,904)	-
Public health	4,401,399	460,154	448,203	-	(3,493,042)	-	(3,493,042)	-
Interest and fiscal charges	8,323,617	-	-	-	(8,323,617)	-	(8,323,617)	-
Total governmental activities	199,089,783	41,558,825	14,640,650	2,695,395	(140,194,913)	-	(140,194,913)	-
<b>Business type activities:</b>								
Electric	319,583,367	338,473,487	-	-	-	18,890,120	18,890,120	-
Water	48,965,136	57,135,679	-	1,167,304	-	9,337,847	9,337,847	-
Sewer	35,609,533	43,609,415	-	511,322	-	8,511,204	8,511,204	-
Golf	4,808,720	3,528,120	-	-	-	(1,280,600)	(1,280,600)	-
Heliport	5,351	7,018	-	-	-	1,667	1,667	-
Storm Water Management	3,949,180	3,829,343	-	-	-	(119,837)	(119,837)	-
Parks Performance	1,113,223	1,091,961	-	-	-	(21,262)	(21,262)	-
Sanitation	17,085,912	19,243,412	-	-	-	2,157,500	2,157,500	-
Total business-type activities	431,120,422	466,918,435	-	1,678,626	-	37,476,639	37,476,639	-
Total primary government	\$ 630,210,205	\$ 508,477,260	\$ 14,640,650	\$ 4,374,021	(140,194,913)	37,476,639	(102,718,274)	-
<b>Component units</b>								
Garland Housing Finance Corp.	\$ 150,176	\$ 194,231	\$ -	-	-	-	-	44,055
	\$ 150,176	\$ 194,231	\$ -	\$ -				
General revenues:								
Sales taxes					26,497,069	-	26,497,069	-
Franchise fees					8,832,022	-	8,832,022	-
Property taxes					74,345,310	-	74,345,310	-
Hotel/Motel taxes					1,071,660	-	1,071,660	-
Mixed drink taxes					351,879	-	351,879	-
Bingo taxes					105,198	-	105,198	-
Unrestricted investment earnings					821,107	1,823,835	2,644,942	4,582
Miscellaneous					2,788,292	1,701,956	4,490,248	-
Transfers					32,236,236	(32,236,236)	-	-
Total general revenues and transfers					147,048,773	(28,710,445)	118,338,328	4,582
Change in net position					6,853,860	8,766,194	15,620,054	48,637
Net assets - beginning					139,590,477	670,006,438	809,596,915	1,160,840
Cumulative effect of change in accounting principle					13,524,860	5,051,047	18,575,907	-
Net position-beginning as restated					153,115,337	675,057,485	828,172,822	1,160,840
Net position-ending					\$ 159,969,197	\$ 683,823,679	\$ 843,792,876	\$ 1,209,477

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

**City of Garland, Texas  
Governmental Funds  
Balance Sheet  
September 30, 2015**

	General	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,266,020	\$ 5,519,359	\$ 33,227,808	\$ 5,246,329	\$ 58,259,516
Investments	16,328,499	699,541	32,630,494	5,861,899	55,520,433
Receivables:					
Accounts, net	10,091,973	-	-	4,042,232	14,134,205
Taxes, net	400,447	315,683	-	-	716,130
Accrued interest	32,533	1,076	48,420	8,518	90,547
Assessments	17,194	-	-	-	17,194
Other	-	-	3,304,868	-	3,304,868
Due from other funds	930,781	-	1,000,000	-	1,930,781
Due from other governments	134,995	-	-	304,590	439,585
Assets held for resale	-	-	-	87,956	87,956
Restricted assets:					
Cash and cash equivalents	-	-	-	1,591,096	1,591,096
<b>Total Assets</b>	<b><u>\$ 42,202,442</u></b>	<b><u>\$ 6,535,659</u></b>	<b><u>\$ 70,211,590</u></b>	<b><u>\$ 17,142,620</u></b>	<b><u>\$ 136,092,311</u></b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 11,899,569	\$ 1,008	\$ 2,660,144	\$ 505,306	\$ 15,066,027
Accrued interest-CO's	-	-	-	10,259	10,259
Escrow payable	-	-	-	216,844	216,844
Due to other funds	-	-	2,567	58,269	60,836
Unearned revenues	555,128	-	882,904	4,413,139	5,851,171
Due to other governments	-	-	-	572,175	572,175
Retainage payable	35,702	-	779,443	-	815,145
Tax note payable	-	-	4,000,000	-	4,000,000
Commercial paper	-	-	10,000,000	-	10,000,000
<b>Total Liabilities</b>	<b><u>12,490,399</u></b>	<b><u>1,008</u></b>	<b><u>18,325,058</u></b>	<b><u>5,775,992</u></b>	<b><u>36,592,457</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b><u>3,967,261</u></b>	<b><u>298,987</u></b>	<b><u>2,573,618</u></b>	<b><u>-</u></b>	<b><u>6,839,866</u></b>
<b>FUND BALANCES</b>					
Fund balances:					
Restricted	820,577	6,235,664	49,312,914	2,136,014	58,505,169
Committed	-	-	-	9,230,614	9,230,614
Assigned	3,980,000	-	-	-	3,980,000
Unassigned	20,944,205	-	-	-	20,944,205
<b>Total Fund Balances</b>	<b><u>25,744,782</u></b>	<b><u>6,235,664</u></b>	<b><u>49,312,914</u></b>	<b><u>11,366,628</u></b>	<b><u>92,659,988</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 42,202,442</u></b>	<b><u>\$ 6,535,659</u></b>	<b><u>\$ 70,211,590</u></b>	<b><u>\$ 17,142,620</u></b>	<b><u>\$ 136,092,311</u></b>

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

**City of Garland, Texas  
Governmental Funds  
Reconciliation of the Balance Sheet to the Statement of Net Position  
September 30, 2015**

<b>Total fund balances - governmental funds</b>	<b>\$ 92,659,988</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	319,957,374
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.	6,839,866
Net pension asset and deferred outflows related to pensions	15,611,212
Bond interest is not accrued at the fund level.	(1,788,929)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of:	
Bonds payable	(248,040,000)
Landfill closure costs	(10,792,323)
Compensated absences	(19,261,849)
Unamortized premium and loss on refunding	(10,057,768)
Other Post Employment Benefits liability payable	(13,360,967)
Deferred loss on debt refunding	290,654
Deferred gain on debt refunding	(404,803)
Net pension liability and deferred inflows related to pensions	(1,629,991)
Internal service funds net position adjustment excluding assets and liabilities included in the adjustments listed above. Internal service funds are used by management to charge the costs of various services to individual funds. Certain assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.	29,946,733
<b>Total net position - governmental activities</b>	<b>\$ 159,969,197</b>

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

**City of Garland, Texas**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended September 30, 2015**

	General	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 67,837,856	\$ 32,422,935	\$ -	\$ 1,896,315	\$ 102,157,106
Franchise fees	8,832,022	-	-	-	8,832,022
Service charges	22,040,585	-	-	-	22,040,585
Licenses and permits	3,860,441	-	-	-	3,860,441
Earnings on investments	289,176	19,350	248,232	50,433	607,191
Intergovernmental	722,230	-	-	12,970,337	13,692,567
Charges for services	8,576,934	-	-	-	8,576,934
Fines and forfeits	6,608,238	-	-	-	6,608,238
Rents and concessions	829,410	-	-	-	829,410
Assessments	-	-	195,043	-	195,043
Impact fees	-	-	-	1,405,625	1,405,625
Contributions	-	-	30,847	-	30,847
Program income	-	-	-	408,698	408,698
Court awarded seizures	-	-	-	334,576	334,576
Miscellaneous and other	-	33,120	710,590	615,044	1,358,754
Total revenues	<u>119,596,892</u>	<u>32,475,405</u>	<u>1,184,712</u>	<u>17,681,028</u>	<u>170,938,037</u>
<b>EXPENDITURES</b>					
Current:					
General government	10,196,396	-	138,687	-	10,335,083
Public safety	81,633,191	-	-	-	81,633,191
Public works	20,656,938	-	-	-	20,656,938
Culture and recreation	13,573,292	-	-	-	13,573,292
Public health	3,763,652	-	-	-	3,763,652
Nondepartmental	23,629,265	-	-	-	23,629,265
Operations	-	-	-	14,635,127	14,635,127
Capital outlay	-	-	17,615,172	744,296	18,359,468
Debt service:					
Principal	-	19,715,813	-	95,000	19,810,813
Interest	-	8,695,873	-	382,319	9,078,192
Issue costs on issuance of debt	-	278,973	35,000	-	313,973
Other and fiscal expenditures	-	196,574	209,644	-	406,218
Total expenditures	<u>153,452,734</u>	<u>28,887,233</u>	<u>17,998,503</u>	<u>15,856,742</u>	<u>216,195,212</u>
Excess (deficiency) of revenues over (under) expenditures	(33,855,842)	3,588,172	(16,813,791)	1,824,286	(45,257,175)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	167,619	-	-	-	167,619
Transfers in	35,746,086	92,944	13,285,093	25,500	49,149,623
Transfers out	(2,042,750)	(5,586,334)	(11,794,625)	(301,000)	(19,724,709)
Issuance of debt	-	-	40,370,000	-	40,370,000
Premium on issuance of debt	-	1,537,000	1,544,644	-	3,081,644
Issuance of refunding bonds	-	34,525,000	-	-	34,525,000
Payment to refunded bonds escrow agent	-	(35,764,832)	-	-	(35,764,832)
Total other financing sources (uses)	<u>33,870,955</u>	<u>(5,196,222)</u>	<u>43,405,112</u>	<u>(275,500)</u>	<u>71,804,345</u>
Net change in fund balance	15,113	(1,608,050)	26,591,321	1,548,786	26,547,170
Fund balances - beginning	25,729,669	7,843,714	22,721,593	9,817,842	66,112,818
Fund balances - ending	<u>\$ 25,744,782</u>	<u>\$ 6,235,664</u>	<u>\$ 49,312,914</u>	<u>\$ 11,366,628</u>	<u>\$ 92,659,988</u>

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

**City of Garland, Texas**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance to the Statement of Activities**  
**For the Year Ended September 30, 2015**

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

Net change in fund balances - total governmental funds	\$ 26,547,170
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(5,388,989)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,874,238
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(20,424,462)
Other long-term liabilities related to pension expense and contributions, are not due and payable in the current period and therefore, are not reported in governmental funds.	2,229,064
Other Post Employment Benefits liability is accrued in the government wide financial statements but not at the fund level.	(1,533,913)
Interest is accrued in the government wide financial statements but not at the fund level. This represents the change in the accrual during the period.	(598,708)
Internal service funds are used by management to charge the costs of vehicle services, building services, printing services, and insurance services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>3,149,460</u>
Net change in net position-total governmental activities	<u><u>\$ 6,853,860</u></u>

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

City of Garland, Texas  
Proprietary Funds  
Statement of Net Position  
September 30, 2015

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 20,244,290	\$ 1,969,508	\$ 8,843,308	\$ 1,020,042	\$ 32,077,148	\$ 18,934,718
Investments	30,851,297	1,960,133	8,860,393	1,182,146	42,853,969	21,350,820
Receivable, net of allowance	55,826,196	9,878,659	4,718,212	2,333,266	72,756,333	1,093,915
Accrued interest	32,538	5,600	17,919	2,027	58,084	28,776
Inventories	4,086,794	-	-	54,415	4,141,209	5,331,144
Prepaid expense	471,469	-	-	-	471,469	131,600
Total current assets	<u>111,512,584</u>	<u>13,813,900</u>	<u>22,439,832</u>	<u>4,591,896</u>	<u>152,358,212</u>	<u>46,870,973</u>
<b>Noncurrent Assets:</b>						
<b>Restricted assets</b>						
Revenue bond reserve fund:						
Cash and cash equivalents	-	887,162	1,111,411	-	1,998,573	-
Investments	-	1,384,511	2,138,778	-	3,523,289	-
Total revenue bond reserve fund	<u>-</u>	<u>2,271,673</u>	<u>3,250,189</u>	<u>-</u>	<u>5,521,862</u>	<u>-</u>
Rate mitigation:						
Cash and cash equivalents	19,323,091	-	-	-	19,323,091	-
Investments	157,957,065	-	-	-	157,957,065	-
Accrued interest	172,248	-	-	-	172,248	-
Total rate mitigation	<u>177,452,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,452,404</u>	<u>-</u>
Construction funds:						
Cash and cash equivalents	8,060,546	7,173,614	13,988,369	1,778,143	31,000,672	4,439,599
Investments	1,355,674	2,787,240	11,600,690	2,043,124	17,786,728	5,102,630
Accrued interest	2,021	4,251	14,999	2,442	23,713	6,982
Total construction funds	<u>9,418,241</u>	<u>9,965,105</u>	<u>25,604,058</u>	<u>3,823,709</u>	<u>48,811,113</u>	<u>9,549,211</u>
<b>Capital Assets:</b>						
Land	10,696,211	1,807,965	2,338,807	11,186,544	26,029,527	221,949
Buildings, improvements, equipment and systems	530,684,333	279,905,058	447,070,270	36,029,534	1,293,689,195	101,836,572
Construction in progress	18,035,063	5,101,954	6,638,472	157,221	29,932,710	2,727,060
Less accumulated depreciation	<u>(183,140,184)</u>	<u>(109,248,494)</u>	<u>(218,841,504)</u>	<u>(20,837,238)</u>	<u>(532,067,420)</u>	<u>(52,708,026)</u>
Net capital assets	376,275,423	177,566,483	237,206,045	26,536,061	817,584,012	52,077,555
Other Assets	159,503,316	-	-	-	159,503,316	-
Advance to other funds	3,896,269	-	-	-	3,896,269	-
Net pension assets	976,364	175,334	238,361	260,955	1,651,014	579,436
Total noncurrent assets	<u>727,522,017</u>	<u>189,978,595</u>	<u>266,298,653</u>	<u>30,620,725</u>	<u>1,214,419,990</u>	<u>62,206,202</u>
Total Assets	<u>839,034,601</u>	<u>203,792,495</u>	<u>288,738,485</u>	<u>35,212,621</u>	<u>1,366,778,202</u>	<u>109,077,175</u>
<b>Deferred Outflows of Resources</b>						
Deferred charges on debt refundings	713,074	233,460	546,501	-	1,493,035	56,259
Deferred charges on pensions	2,991,544	537,216	730,330	799,556	5,058,646	1,775,371
Deferred charges on derivatives	<u>9,277,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,277,727</u>	<u>-</u>
Total deferred outflows	<u>12,982,345</u>	<u>770,676</u>	<u>1,276,831</u>	<u>799,556</u>	<u>15,829,408</u>	<u>1,831,630</u>

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

City of Garland, Texas  
Proprietary Funds  
Statement of Net Position  
September 30, 2015

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
<i>Payable from current assets</i>						
Accounts payable and accrued liabilities	\$ 15,383,927	\$ 2,798,882	\$ 948,436	\$ 819,031	\$ 19,950,276	\$ 6,078,847
Due to other funds	1,000,000	-	-	374,483	1,374,483	495,462
Insurance claims payable	-	-	-	-	-	5,769,718
Accrued interest payable:						
General obligation bonds	170,788	27,198	83,089	-	281,075	7,102
Certificates of obligation	1,044,562	-	-	52,393	1,096,955	150,080
Revenue bonds	942,991	501,477	589,374	-	2,033,842	-
Customer deposits	-	-	-	-	-	13,719,235
General obligation bonds	5,350,000	1,170,000	3,155,000	-	9,675,000	260,000
Certificates of obligation	11,375,000	-	-	1,895,000	13,270,000	2,000,000
Revenue bonds	8,780,000	5,205,000	7,285,000	-	21,270,000	-
Compensated absences	1,201,690	227,527	332,398	324,641	2,086,256	726,889
Derivative instruments-energy risk management	8,080,218	-	-	-	8,080,218	-
Total current liabilities	<u>53,329,176</u>	<u>9,930,084</u>	<u>12,393,297</u>	<u>3,465,548</u>	<u>79,118,105</u>	<u>29,207,333</u>
<b>Long-term liabilities:</b>						
<i>Payable from restricted assets</i>						
Accounts payable	1,110,428	779,342	814,921	157,221	2,861,912	597,650
Retainage payable	53,698	29,203	137,698	-	220,599	4,401
Total payable from restricted assets	<u>1,164,126</u>	<u>808,545</u>	<u>952,619</u>	<u>157,221</u>	<u>3,082,511</u>	<u>602,051</u>
Advances from other funds	-	-	-	-	-	3,896,269
Revenue bonds payable (net of unamortized premium)	166,582,237	91,575,402	102,060,325	-	360,217,964	-
Certificates of obligation (net of unamortized premium)	180,210,219	-	-	7,015,385	187,225,604	24,167,129
General obligation bonds (net of unamortized premium and defeased bond costs)	24,584,272	3,483,422	11,002,934	-	39,070,628	1,301,225
Commercial paper	25,000,000	5,000,000	5,000,000	-	35,000,000	-
Insurance claims payable	-	-	-	-	-	6,467,656
OPEB liability	1,897,903	483,120	764,988	1,126,836	4,272,847	2,557,857
Compensated absences	500,847	-	36,623	55,584	593,054	84,001
Derivative instruments-energy risk management	1,197,509	-	-	-	1,197,509	-
Total other liabilities	<u>399,972,987</u>	<u>100,541,944</u>	<u>118,864,870</u>	<u>8,197,805</u>	<u>627,577,606</u>	<u>38,474,137</u>
<b>Total Liabilities</b>	<u>454,466,289</u>	<u>111,280,573</u>	<u>132,210,786</u>	<u>11,820,574</u>	<u>709,778,222</u>	<u>68,283,521</u>
<b>Deferred Inflows of Resources</b>						
Deferred charges on debt refundings	678,945	8,448	43,812	-	731,205	6,620
Deferred charges on pensions	414,295	74,398	101,143	110,729	700,565	245,870
Total deferred inflows of resources	<u>1,093,240</u>	<u>82,846</u>	<u>144,955</u>	<u>110,729</u>	<u>1,431,770</u>	<u>252,490</u>
<b>NET POSITION</b>						
Net investment in capital assets	141,802,810	80,289,219	133,354,225	21,292,164	376,738,418	33,296,361
Restricted for:						
Debt service	-	2,271,673	3,250,189	-	5,521,862	-
Rate mitigation	177,452,404	-	-	-	177,452,404	-
Unrestricted	<u>77,202,203</u>	<u>10,638,860</u>	<u>21,055,161</u>	<u>2,788,710</u>	<u>111,684,934</u>	<u>9,076,433</u>
<b>Total net position</b>	<u>\$ 396,457,417</u>	<u>\$ 93,199,752</u>	<u>\$ 157,659,575</u>	<u>\$ 24,080,874</u>	<u>671,397,618</u>	<u>\$ 42,372,794</u>
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.					<u>12,426,061</u>	
Net position of business type activities					<u>\$ 683,823,679</u>	

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



**GARLAND**  
TEXAS MADE HERE

City of Garland, Texas  
Proprietary Funds  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended September 30, 2015

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 338,473,487	\$ 57,135,679	\$ 43,609,415	\$ 27,699,854	\$ 466,918,435	\$ 48,713,329
Insurance premiums	-	-	-	-	-	32,361,789
Other	705,531	324,398	77,142	194,885	1,301,956	2,880,143
<b>Total Operating Revenues</b>	<b>339,179,018</b>	<b>57,460,077</b>	<b>43,686,557</b>	<b>27,894,739</b>	<b>468,220,391</b>	<b>83,955,261</b>
<b>OPERATING EXPENSES:</b>						
Salaries and benefits	22,150,223	4,651,435	7,069,799	9,410,620	43,282,077	17,368,619
Demand charges	66,456,406	-	-	-	66,456,406	-
Amortization of other assets	6,912,643	-	-	-	6,912,643	-
Energy and fuel purchases	167,388,110	-	-	-	167,388,110	-
Water purchases	-	25,901,319	-	-	25,901,319	-
Landfill fees	-	-	-	3,794,591	3,794,591	-
Maintenance, repairs, and other	10,978,668	4,767,209	8,476,150	8,095,700	32,317,727	19,111,577
Insurance and other expenses	3,280,124	357,965	541,356	672,500	4,851,945	-
General and administrative	12,157,156	4,424,244	4,249,759	2,182,993	23,014,152	6,312,945
Capitalized general and administrative	-	(547,245)	(116,914)	-	(664,159)	-
Premiums	-	-	-	-	-	6,909,862
Claims	302,682	77,178	119,385	153,151	652,396	23,150,526
Administrative services	-	-	-	-	-	1,619,275
Depreciation	14,055,561	7,136,956	12,845,818	2,791,909	36,830,244	8,302,565
<b>Total Operating Expenses</b>	<b>303,681,573</b>	<b>46,769,061</b>	<b>33,185,353</b>	<b>27,101,464</b>	<b>410,737,451</b>	<b>82,775,369</b>
<b>Total Operating Income (Loss)</b>	<b>\$ 35,497,445</b>	<b>\$ 10,691,016</b>	<b>\$ 10,501,204</b>	<b>\$ 793,275</b>	<b>\$ 57,482,940</b>	<b>\$ 1,179,892</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Gain (loss) on disposal of capital assets	\$ (6,597,673)	\$ -	\$ -	\$ 158,640	\$ (6,439,033)	\$ 592,053
Other	400,000	-	-	-	400,000	-
Investment income (loss)	1,531,555	70,007	203,445	18,828	1,823,835	213,916
Interest expense	(9,882,342)	(2,282,080)	(2,487,920)	(68,066)	(14,720,408)	(871,253)
<b>Income (loss) before transfers and contributions</b>	<b>20,948,985</b>	<b>8,478,943</b>	<b>8,216,729</b>	<b>902,677</b>	<b>38,547,334</b>	<b>1,114,608</b>
Capital contributions	-	1,167,304	511,322	-	1,678,626	-
<b>TRANSFERS</b>						
Transfers in	9,625	14,306	-	1,210,000	1,233,931	8,953,696
Transfers out	(21,435,793)	(5,315,573)	(5,709,875)	(1,008,922)	(33,470,163)	(6,142,378)
<b>Net transfers</b>	<b>(21,426,168)</b>	<b>(5,301,267)</b>	<b>(5,709,875)</b>	<b>201,078</b>	<b>(32,236,232)</b>	<b>2,811,318</b>
<b>NET INCOME (LOSS)</b>	<b>(477,183)</b>	<b>4,344,980</b>	<b>3,018,176</b>	<b>1,103,755</b>	<b>7,989,728</b>	<b>3,925,926</b>
Net position, beginning of year	393,947,550	88,318,363	153,912,166	22,178,764	658,356,843	36,674,165
Cumulative effect of change in accounting principle	2,987,050	536,409	729,233	798,355	5,051,047	1,772,703
Net position, beginning of year, restated	396,934,600	88,854,772	154,641,399	22,977,119	663,407,890	38,446,868
<b>Net position, end of year</b>	<b>\$ 396,457,417</b>	<b>\$ 93,199,752</b>	<b>\$ 157,659,575</b>	<b>\$ 24,080,874</b>	<b>671,397,618</b>	<b>\$ 42,372,794</b>

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

776,466

Change in net position of business-type activities

\$ 8,766,194

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

City of Garland, Texas  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended September 30, 2015

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 335,360,630	\$ 52,736,491	\$ 43,520,225	\$ 27,550,889	\$ 459,168,235	\$ 81,366,104
Cash received for customer deposit	-	-	-	-	-	592,192
Cash paid to suppliers	(322,650,835)	(34,777,952)	(12,961,345)	(14,790,311)	(385,180,443)	(53,726,432)
Cash paid to employees for services	(22,532,956)	(4,778,838)	(7,205,310)	(9,545,922)	(44,063,026)	(17,625,506)
Other operating revenues	705,531	324,398	77,142	194,885	1,301,956	2,880,143
<b>Net cash provided by (used for) operations</b>	<u>(9,117,630)</u>	<u>13,504,099</u>	<u>23,430,712</u>	<u>3,409,541</u>	<u>31,226,722</u>	<u>13,486,501</u>
<b>Cash flows from noncapital financing activities:</b>						
Retainage -increase	-	-	-	-	-	(756)
Due to other funds increases (decreases)	1,000,000	-	-	(494,483)	505,517	(806,451)
Transfers in	9,625	14,306	-	1,210,000	1,233,931	8,953,696
Transfers out	(21,435,793)	(5,315,573)	(5,709,875)	(1,008,922)	(33,470,163)	(6,142,378)
<b>Net cash used for noncapital financing activities</b>	<u>(20,426,168)</u>	<u>(5,301,267)</u>	<u>(5,709,875)</u>	<u>(293,405)</u>	<u>(31,730,715)</u>	<u>2,004,111</u>
<b>Cash flows from capital and related financing activities:</b>						
Proceeds from sales of:						
Certificates of obligation	-	-	-	2,835,000	2,835,000	-
Refunding bonds	87,385,000	595,000	3,425,000	-	91,405,000	-
Premium on issuance of debt	9,212,931	63,571	381,834	305,677	9,964,013	-
Commercial paper	10,000,000	5,000,000	5,000,000	-	20,000,000	-
Acquisition and construction of capital assets	(27,878,254)	(10,135,377)	(4,996,795)	(1,483,709)	(44,494,135)	(8,896,538)
Resolution of disputed claim	400,000	-	-	-	400,000	-
Principal paid on:						
Revenue bonds	(7,170,000)	(4,865,000)	(6,905,000)	-	(18,940,000)	-
Certificates of obligation	(1,450,000)	-	-	(1,635,000)	(3,085,000)	(1,925,000)
General obligation bonds	(5,280,000)	(1,210,000)	(3,130,000)	-	(9,620,000)	(265,000)
Payment to escrow agent	(37,344,114)	(662,119)	(3,839,266)	-	(41,845,499)	-
Capital lease	-	-	-	-	-	(33,343)
Interest paid on:						
Revenue bonds	(7,969,418)	(4,017,544)	(4,734,469)	-	(16,721,431)	-
Certificates of obligation	(6,220,238)	-	-	(167,422)	(6,387,660)	(1,208,559)
General obligation bonds	(1,550,110)	(237,660)	(732,709)	-	(2,520,479)	(58,280)
Commercial paper	(438,974)	-	-	-	(438,974)	-
Capital lease	-	-	-	-	-	(1,667)
Bond issue expense	326,938	9,837	61,446	-	398,221	-
Contributions	-	70,187	33,456	-	103,643	-
Proceeds from sales of assets	32,596	-	-	168,359	200,955	611,212
<b>Net cash provided by (used for) capital and related financing activities</b>	<u>12,056,357</u>	<u>(15,389,105)</u>	<u>(15,436,503)</u>	<u>22,905</u>	<u>(18,746,346)</u>	<u>(11,777,175)</u>

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

City of Garland, Texas  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended September 30, 2015

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Cash flows from investing activities:</b>						
Purchase of investment securities	(174,076,987)	(4,852,914)	(22,345,309)	(5,219,072)	(206,494,282)	(32,253,022)
Proceeds from sale and maturities of investment securities	173,692,441	10,606,923	22,113,845	3,385,897	209,799,106	28,069,834
Interest received on investments	1,585,629	75,250	200,612	16,731	1,878,222	206,583
<b>Net cash provided by (used for) investing activities</b>	<u>1,201,083</u>	<u>5,829,259</u>	<u>(30,852)</u>	<u>(1,816,444)</u>	<u>5,183,046</u>	<u>(3,976,605)</u>
<b>Net increase in cash and cash equivalents</b>	(16,286,358)	(1,357,014)	2,253,482	1,322,597	(14,067,293)	(263,168)
<b>Cash and cash equivalents at beginning of the year</b>	63,914,285	11,387,298	21,689,606	1,475,588	98,466,777	23,637,485
<b>Cash and cash equivalents at end of the year</b>	<u>\$ 47,627,927</u>	<u>\$ 10,030,284</u>	<u>\$ 23,943,088</u>	<u>\$ 2,798,185</u>	<u>\$ 84,399,484</u>	<u>\$ 23,374,317</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>						
<b>Operating income</b>	\$ 35,497,445	\$ 10,691,016	\$ 10,501,204	\$ 793,275	\$ 57,482,940	\$ 1,179,892
<b>Adjustments:</b>						
Depreciation expense	14,055,561	7,136,956	12,845,818	2,791,909	36,830,244	8,302,565
Change in allowance for uncollectible accounts	(454,619)	8,839	(8,560)	4,041	(450,299)	-
Change in assets and liabilities						
Increase in pension related deferred outflows	(1,304,674)	(234,291)	(318,512)	(348,703)	(2,206,180)	(774,276)
(Increase) decrease in accounts receivable	(2,658,238)	(4,408,027)	(80,630)	(153,006)	(7,299,901)	290,985
Increase (decrease) in inventory	314,486	-	-	(349)	314,137	235,339
Decrease in net pension assets	323,816	58,150	79,054	86,547	547,567	192,172
Increase in other assets	(52,357,357)	-	-	-	(52,357,357)	-
Decrease in other prepaid expense	59,260	-	-	-	59,260	56,400
Increase (decrease) in accounts payable	(3,135,546)	218,397	329,006	114,394	(2,473,749)	1,409,711
Increase (decrease) in compensated absences	183,830	(25,660)	2,804	16,125	177,099	79,347
Increase in customer deposits	-	-	-	-	-	592,192
Increase (decrease) in OPEB payable	(55,889)	(15,679)	(20,615)	(5,421)	(97,604)	303,888
Decrease in insurance claims payable	-	-	-	-	-	1,372,416
Increase in pension related deferred inflows	414,295	74,398	101,143	110,729	700,565	245,870
<b>Total adjustments</b>	<u>(44,615,075)</u>	<u>2,813,083</u>	<u>12,929,508</u>	<u>2,616,266</u>	<u>(26,256,218)</u>	<u>12,306,609</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (9,117,630)</u>	<u>\$ 13,504,099</u>	<u>\$ 23,430,712</u>	<u>\$ 3,409,541</u>	<u>\$ 31,226,722</u>	<u>\$ 13,486,501</u>
<b>Noncash investing, capital and financing activities:</b>						
Contributions from developers	-	1,167,304	511,322	-	1,678,626	-
Increase in fair market value of investments	122,383	16,573	56,315	8,258	203,529	67,451
Change in restricted accounts payable	446,053	(467,359)	(174,441)	(251,170)	(446,917)	597,650

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

**City of Garland, Texas**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**September 30, 2015**

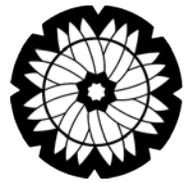
	Other Post Employment Benefits Trust Fund
<b>Assets</b>	
Investments:	
Equity mutual funds	\$ 1,015,514
Fixed income mutual funds	967,420
Money market fund	63,649
Total investments	2,046,583
Total assets	\$ 2,046,583
<b>Net Position</b>	
Held in trust for other post employment benefits and other purposes	2,046,583
	\$ 2,046,583

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

**City of Garland, Texas**  
**Fiduciary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended September 30, 2015**

	Other Post Employment Benefits Trust Fund
<b>Additions</b>	
Earnings from investments	\$ (24,862)
Employer contributions	4,568,137
Retiree contributions	2,503,600
Total additions	7,046,875
 <b>Deductions</b>	
Administrative expenses	10,076
Payments to beneficiaries	6,321,737
Total deductions	6,331,813
Change in net position	715,062
Net position, beginning of year	1,331,521
Net position, end of year	\$ 2,046,583

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



**GARLAND**  
TEXAS MADE HERE

**City of Garland, Texas**  
**Notes to the Financial Statements**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

**Discretely Presented Component Unit**

The Garland Housing Finance Corporation (GHFC) was organized to finance the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at affordable prices. GHFC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. GHFC is reported as a proprietary entity and maintains their accounts on an accrual basis of accounting. On October 1, 2012, GHFC hired an outside accounting firm to conduct their bookkeeping and accounting. The financial information for GHFC is included in the statements for the period of January 1, 2014 through December 31, 2014. Complete separate December 31, 2014 financial statements for GHFC may be obtained from the City.

**Blended Component Unit**

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

**B. Government-wide and fund financial statements**

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund categories:

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

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

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

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

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

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

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

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

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

**D. Assets, liabilities, and net position or equity**

**1. *Deposits and investments***

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

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

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

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

**2. *Receivables and payables***

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

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

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

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

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

**3. *Inventories and prepaid items***

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

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

**4. *Restricted assets***

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

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

**5. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the City as tangible or intangible assets used in operations with an initial useful life in excess of one year. Capital asset values are established on a department by department basis where the initial asset cost can range between \$1,000 and \$5,000.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value for buildings excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond 40 years. The reported value for infrastructure includes all upgrades and is depreciated over a useful life of 15-45 years. In the case of contributed assets, the City values these capital assets at the estimated fair value of the item at the date of its contribution.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capital value of the assets constructed. The total interest expense by the City during the current year was \$24,669,853. Of this amount, \$2,202,474 was included as part of the cost of capital assets under construction in connection with electric, water, and sewer construction projects.

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

<u>Assets</u>	<u>Years</u>
Buildings	15 – 40
Improvements other than buildings	5 – 15
Equipment	2 – 10
Systems and Infrastructure	15 – 45

**6. Compensated absences**

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

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

**7. Long-term obligations**

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

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

**8. Classifications of Fund balance**

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

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

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

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

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

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

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

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

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

Fund balances for governmental activities as of September 30, 2015 are:

<i>Fund Balance</i>	<i>General Fund</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Other Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Restricted:</b>					
General government	\$ 820,577	\$ -	\$ -	\$ 344,704	\$ 1,165,281
Debt service	-	6,235,664	-	-	6,235,664
Parks construction	-	-	115,016	-	115,016
Streets and drainage	-	-	68,129	-	68,129
Public facilities	-	-	42,207,841	-	42,207,841
Other capital projects	-	-	6,921,928	-	6,921,928
Housing assistance	-	-	-	1,005,267	1,005,267
Public safety	-	-	-	786,043	786,043
<b>Total Restricted</b>	<b>820,577</b>	<b>6,235,664</b>	<b>49,312,914</b>	<b>2,136,014</b>	<b>58,505,169</b>
<b>Committed:</b>					
Neighborhood services	-	-	-	426,644	426,644
Culture and recreation	-	-	-	1,963,149	1,963,149
Landfill closure	-	-	-	197,263	197,263
Public works and infrastructure	-	-	-	6,643,558	6,643,558
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,230,614</b>	<b>9,230,614</b>
<b>Assigned:</b>					
General government	3,980,000	-	-	-	3,980,000
<b>Total Assigned</b>	<b>3,980,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,980,000</b>
Unassigned	20,944,205	-	-	-	20,944,205
<b>Total fund balance</b>	<b>\$ 25,744,782</b>	<b>\$ 6,235,664</b>	<b>\$ 49,312,914</b>	<b>\$ 11,366,628</b>	<b>\$ 92,659,988</b>

**9. Fund net position**

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

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

**10. Deferred Inflows/Outflows of Resources**

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

- Fair value of energy risk derivatives – The deferred charge represents fuel swap hedging activity and is calculated as the difference between the closing futures price at the end of the reporting period, and the futures price at the time the positions were established.
- Deferred charges on refunding – The deferred charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or the refunded debt.
- Deferred charges on pensions – The deferred charges result from pension contributions made after the measurement date of the pension plan to the current fiscal year end. These charges will be recognized in the subsequent fiscal year end.
- Difference in projected and actual earnings on pension assets – The difference is deferred and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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

- Deferred charges on refunding – The deferred charge results from the difference in carry value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorted of the life of the refunding or the refunded debt.
- Deferred charges on pensions - The deferred charges result from pension contributions made after the measurement date of the pension plan to the current fiscal year end. These charges will be recognized in the subsequent fiscal year end.
- Difference in projected and actual earnings on pension assets – The difference is deferred and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**11. *New accounting principles***

The City implemented the following new GASB standards during the fiscal year ended September 30, 2015:

The GASB issued Statement No. 68, *“Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”* (“GASB 68”), was implemented as required by GASB during fiscal year 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement establishes standards for measuring and recognizing assets/liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about pensions are addressed. This statement requires the asset or liability of employer and nonemployer contributing entities to employees for defined-benefit pensions (net pension asset/liability) to be measured as the portion of

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

the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pensions plan's fiduciary net position.

The GASB has issued Statement No. 71, "*Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*" ("GASB 71"), was implemented in fiscal year 2015. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The implementation of these statements resulted in the restatement of beginning net position for the beginning net pension asset, as well as the beginning deferred outflow of resources for contributions made between the start of the measurement period of the pension system and the City's prior fiscal year end. The restatement to beginning net position is noted below and reflected on the government-wide statements.

	Government-wide Statement of Activities	
	Governmental Activities	Business-type Activities
Net position at 10/1/14	\$ 139,590,477	\$ 670,006,438
Change in reporting for pensions	13,524,860	5,051,047
Net position restated at 10/1/14	\$ 153,115,337	\$ 675,057,485

The GASB has issued Statement No. 69, "*Government Combinations and Disposals of Government Operations*" ("GASB 69"), which will be effective in fiscal year 2015. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. This statement requires the use of carrying values to measure the assets and liabilities in a government merger. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. The adoption of this statement had no impact on the financial statements.

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

The GASB has issued Statement No. 72, "*Fair Value Measurement and Application*" ("GASB 72"), which will be effective in fiscal year 2016. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City has not yet evaluated the impact of the implementation of this standard.

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

The GASB has issued Statement No. 73, *“Accounting and Financial Reporting for Pensions and related assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68”* (“GASB 73”), which will be effective in fiscal year 2016. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 74, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”* (“GASB 74”), which will be effective in fiscal year 2017. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose financial statements. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 75, *“Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension”* (“GASB 75”), which will be effective in fiscal year 2018. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 76, *“The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”* (“GASB 76”), which will be effective in fiscal year 2016. The objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 77, *“Tax Abatement Disclosures”* (“GASB 77”), which will be effective in fiscal year 2017. This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 78, *“Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans”* (“GASB 78”), which will be effective in fiscal year 2017. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 79, *“Certain External Investment Pools and Pool Participants”* (“GASB 79”), which will be effective in fiscal year 2017. The statement addresses accounting and financial reporting for certain external investment pools and pool participants. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 80, *“Blending Requirements for Certain Component Units”* (“GASB 80”), which will be effective in fiscal year 2017. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The City has not yet evaluated the impact of the implementation of this standard.

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

**II. Reconciliation of government-wide and fund financial statements**

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$248,040,000 difference is as follows:

General Obligation bonds – General Government portion	\$194,000,000
Certificates of Obligation – General Government portion	<u>54,040,000</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at net position – governmental activities	<u>\$248,040,000</u>

The portion of Certificates of Obligation amounting to \$25,920,000 and a portion of General Obligation amounting to \$1,530,000 was issued for Internal Service fund projects.

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between *net changes in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$20,424,462 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds - Governmental Funds	\$ (59,525,000)
Issuance of certificate of obligation – Governmental Funds	(15,370,000)
Net premium and issue costs on issuance of CO bonds	(1,544,644)
Net premium and issue costs on issuance of GO bonds	(1,537,000)
Principal repayments:	
General obligation debt	16,460,813
Certificates of obligation	3,350,000
Refunded debt on general obligation bonds	35,764,832
Amortization of bond premium	2,944,726
Change in landfill closure liability	(551,887)
Change in compensated absences liability	(416,302)
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (20,424,462)

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

Another element of that reconciliation states that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.” The details of this \$5,388,989 difference are as follows:

Capital outlays	\$ 18,359,468
Developers contributions	2,167,098
General Fund expense outlays	1,778,748
Depreciation expense	(27,495,357)
CIP expense outlays	(122,039)
Proceeds from disposal of assets	(167,619)
Gain on disposals of assets	90,712
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (5,388,989)

**III. Stewardship, compliance, and accountability**

**Deficit fund equity**

The Group Health Insurance Fund deficit of \$1,181,409 will be eliminated by increasing charges to other operating funds in future years.

The Self-Insurance Fund deficit of \$3,458,582 will be eliminated by increasing charges to other operating funds in future years.

The Long-Term Disability Insurance Fund deficit of \$1,465,174 is the result of an accrual of claims incurred but not reported of \$2,934,187. This accrual was made on the basis of an actuarial analysis completed in 2014. This fund is managed and funded on a cash basis. Therefore, this fund will continue to report a deficit.

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

**IV. Detailed notes on all funds**

**A. Deposits and investments**

As of September 30, 2015, the City had the following cash equivalents and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Federal Home Loan Bank	\$ 93,775,812	\$ 4,999,670	\$ 88,776,142
Federal National Mortgage Association	19,422,346	5,699,540	13,722,806
Federal Home Loan Mortgage Corp	59,523,601	20,485,130	39,038,471
Federal Farm Credit Bank	124,531,028	-	124,531,028
Federal Agriculture Mortgage Association	4,499,388	-	4,499,388
Municipal Bonds	2,342,755	-	2,342,755
Certificates of Deposit	61,115,999	61,115,999	-
Money Market Fund	27,271,421	27,271,421	-
Investment Pools	44,889,104	44,889,104	-
Total investment fair value	<u>\$ 437,371,454</u>	<u>\$ 164,460,864</u>	<u>\$ 272,910,590</u>

*Investment type.* The City invests in federal agency discount-amortizing notes, federal agency coupon securities, managed pool accounts and Certificates of Deposit.

*Interest rate risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less than five years and a weighted average maturity of three years or less.

*Credit risk.* The Texas State Legislature passed the Public Funds Investment Act in 1994. All state and local governments are bound by provisions dictated by the Public Funds Investment Act (Investment Act). The Investment Act governs items such as investment plans, training for investment officers, and the types of investments allowed. The City has developed an Investment Policy which is reviewed and approved through resolution by the City Council which is in compliance with the Investment Act.

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2015, the City held no direct investments in commercial paper. The City's investments in U. S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service as of September 30, 2015. Due to the economic collapse and credit crisis, it was announced in August 2008 that US Agency debt would be explicitly backed by the US Treasury. The City's investments in Texpool was rated AAAM by Standard & Poor's. The City's investments in Texstar was rated AAAM by Standard & Poor's.

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

The City participates in two Local Government Investment Pools: Texpool and Texstar. The State Comptroller oversees Texpool with Federated Investors managing the daily operations of the pools under a contract with the State Comptroller. Although there is no regulatory oversight with Texstar, an advisory board consisting of participants or their designees maintains oversight responsibility for Texstar. JP Morgan Chase and First Southwest Asset Management Inc. manage the daily operations of the pools under a contract with the advisory board.

The City invests in Texpool and Texstar to meet its daily liquidity needs. Texpool and Texstar are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Texpool and Texstar are funds that allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. Texpool and Texstar are all rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60 day limit. As of September 30, 2015, Texpool and Texstar had a weighted average maturity of 41 days and 46 days respectively. The City considers the holdings in these funds to have a weighted average maturity of one day, due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

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

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City follows the State regulations for collateralization of custodial credit risk. As of September 30, 2015, the carrying amount of the City's deposits was \$34,347,893 and the bank balance was \$35,010,301. These balances include the City's blended component unit (Garland Foundation for Development). On September 30, 2015, the City's bank balance and the balance for GFFD was fully collateralized. Bank balances for the City's discretely presented component unit (Garland Housing Finance Corporation) were fully collateralized and the carrying value of the component unit's deposits was \$865,191.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2015, the City's investments in U. S. agencies are categorized as insured or registered, or securities held by the City or its agent in the City's name.

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

As of September 30, 2015, the City had the following cash equivalents and investments held by the trust agency Public Agency Retirement Services (PARS) for the OPEB trust fund:

<u>Investment Type</u>	<u>Fair Value</u>
Equity Mutual Funds	\$ 1,015,514
Fixed Income Mutual Funds	967,420
Money Market Fund	63,649
	\$ 2,046,583
Total investment fair value	\$ 2,046,583

**B. Receivables**

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Other Funds</u>	<u>Total</u>
Receivables:								
Interest	\$ 32,533	\$ 1,076	\$ 48,420	\$ 32,538	\$ 5,600	\$ 17,919	\$ 39,321	\$ 177,407
Taxes	954,493	752,451	-	-	-	-	-	1,706,944
Utility Accounts	180,767	-	-	22,376,662	7,422,745	3,381,778	3,421,030	36,782,982
Mowing Liens	924,117	-	-	-	-	-	-	924,117
EMS Accounts	4,731,177	-	-	-	-	-	-	4,731,177
Franchise Fee	1,763,924	-	-	-	-	-	-	1,763,924
Sales Tax	4,326,939	-	-	-	-	-	-	4,326,939
Wholesale & Other Accts	2,924,176	-	3,304,868	34,203,269	2,610,292	1,459,622	4,325,141	48,827,368
Assessments	17,194	-	-	-	-	-	-	17,194
Gross Receivables	15,855,320	753,527	3,353,288	56,612,469	10,038,637	4,859,319	7,785,492	99,258,052
Less: allowance for uncollectibles	(5,313,173)	(436,768)	-	(753,735)	(154,378)	(123,188)	(276,758)	(7,058,000)
Net total receivables	\$10,542,147	\$ 316,759	\$ 3,353,288	\$ 55,858,734	\$ 9,884,259	\$ 4,736,131	\$ 7,508,734	\$ 92,200,052

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

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

	Unearned
Parks service charges for future events	\$ 209,760
Faulkner receivable	345,367
Grant drawdowns prior to meeting all eligibility requirements	259,323
Homeowner assistance	4,153,816
Special assessments prior to meeting all eligibility requirements	882,905
	\$ 5,851,171

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

	Unavailable
Delinquent property taxes receivable (general fund)	\$ 379,269
Delinquent property taxes receivable (debt service fund)	298,987
Sales tax, mowing liens, EMS, & other receivables (general fund)	3,587,992
Other receivables related to capital projects	2,573,618
	\$ 6,839,866

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

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2015, was as follows:

**Primary government**

	Balance at Oct. 1, 2014	Increases	Decreases	Balance at Sept. 30, 2015
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 81,387,897	\$ 633,570	\$ -	\$ 82,021,467
Internal service land	221,949	-	-	221,949
Construction in progress	30,232,250	18,109,687	(23,289,839)	25,052,098
Internal service construction in progress	2,853,751	2,457,335	(2,584,026)	2,727,060
Total capital assets, not being depreciated	<u>114,695,847</u>	<u>21,200,592</u>	<u>(25,873,865)</u>	<u>110,022,574</u>
Capital assets, being depreciated:				
Buildings	104,500,959	642,496	(62,466)	105,080,989
Improvements other than buildings	453,185,302	20,210,072	(818,611)	472,576,763
Machinery and equipment	83,998,990	5,877,291	(4,246,863)	85,629,418
Internal service buildings, improvements, and equipment	96,484,562	9,531,209	(4,179,199)	101,836,572
Total capital assets being depreciated	<u>738,169,813</u>	<u>36,261,068</u>	<u>(9,307,139)</u>	<u>765,123,742</u>
Less accumulated depreciation for:				
Buildings	(40,419,767)	(2,677,006)	27,326	(43,069,447)
Improvements other than buildings	(330,794,791)	(18,379,632)	818,611	(348,355,812)
Machinery, furniture, and equipment	(56,744,477)	(6,438,719)	4,205,094	(58,978,102)
Internal service buildings, improvements, and equipment	(48,565,504)	(8,302,565)	4,160,043	(52,708,026)
Total accumulated depreciation	<u>(476,524,539)</u>	<u>(35,797,922)</u>	<u>9,211,074</u>	<u>(503,111,387)</u>
Total capital assets, being depreciated, net	<u>261,645,274</u>	<u>463,146</u>	<u>(96,065)</u>	<u>262,012,355</u>
Governmental activities capital assets, net	<u>\$ 376,341,121</u>	<u>\$ 21,663,738</u>	<u>\$ (25,969,930)</u>	<u>\$372,034,929</u>

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

	Balance at Oct. 1, 2014	Increases	Decreases	Balance at Sept. 30, 2015
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 25,364,030	\$ 665,497	\$ -	\$ 26,029,527
Construction in progress	22,359,280	45,822,565	(38,249,135)	29,932,710
Total capital assets, not being depreciated	47,723,310	46,488,062	(38,249,135)	55,962,237
Capital assets, being depreciated:				
Utility buildings, improvements, and equipment	1,270,853,257	39,456,026	(16,620,087)	1,293,689,196
Total capital assets being depreciated	1,270,853,257	39,456,026	(16,620,087)	1,293,689,196
Less accumulated depreciation for:				
Utility buildings, improvements, and equipment	(504,962,998)	(36,830,244)	9,725,821	(532,067,421)
Total accumulated depreciation	(504,962,998)	(36,830,244)	9,725,821	(532,067,421)
Total capital assets, being depreciated, net	765,890,259	2,625,782	(6,894,266)	761,621,775
Business-type activities capital assets, net	\$ 813,613,569	\$ 49,113,844	\$ (45,143,401)	\$ 817,584,012

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

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

Governmental activities:		
General government	\$	980,530
Public safety		3,699,164
Public works		19,344,641
Culture and recreation		3,369,241
Public health		101,781
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets		8,302,565
Total depreciation expense – governmental activities	\$	<u>35,797,922</u>
Business-type activities:		
Electric	\$	14,055,561
Water		7,136,956
Sewer		12,845,818
Other non-major business-type activities		2,791,909
Total depreciation expense – business-type activities	\$	<u>36,830,244</u>

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

**Construction commitments**

The City has active construction projects as of September 30, 2015. At year-end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Water System	499,999	269,272
Sewer System	2,531,245	236,936
Electric System	2,008,925	1,025,440
Streets and Drainage	9,071,307	1,927,806
Buildings	18,710,849	4,740,419
Total	<u>\$ 32,822,325</u>	<u>\$ 8,199,873</u>

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

**D. Capital Lease**

The following is a summary of capital leases of the City for the fiscal year ended September 30, 2015:

	Vehicle Replacement	Total Governmental
Balance at Oct 1, 2014	\$ 33,343	\$ 33,343
Payments	(33,343)	(33,343)
Balance at Sept 30, 2015	\$ -	\$ -

The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The leased equipment meets the City's capitalization threshold of \$5,000 and is included in the capital assets at September 30, 2015. The details of this lease are:

	Governmental activities	Total
Total Cost	\$ 151,576	\$ 151,576
Less: accumulated depreciation	(136,419)	(136,419)
	\$ 15,157	\$ 15,157

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

**E. Interfund receivables, payables, and transfers**

The composition of interfund balances as of September 30, 2015, is as follows:

Interfund Payable	General	Capital Projects	Total
Capital Projects	\$ 2,567	\$ -	\$ 2,567
Electric	-	1,000,000	1,000,000
Non-Major Business-type	374,483	-	374,483
Internal Service Funds	495,462	-	495,462
Non-Major Governmental	58,269	-	58,269
	<u>\$ 930,781</u>	<u>\$ 1,000,000</u>	<u>\$ 1,930,781</u>

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

The composition of advances to/from at September 30, 2015, is as follows:

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

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

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

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

	General Fund	Debt Service Fund	Capital Project Funds	Nonmajor Governmental Funds	Electric	Water	Nonmajor Business-Type Funds	Internal Service Funds	Total Transfers
General Fund	\$ -	\$ -	\$ 1,239,840	\$ 20,000	\$ -	\$ -	\$ 750,000	\$ 32,910	\$ 2,042,750
Debt Service Fund	-	-	5,500,000	-	-	-	-	86,334	5,586,334
Capital Project Funds	3,400,000	-	-	-	9,625	-	460,000	7,925,000	11,794,625
Non-major Governmental Funds	-	-	301,000	-	-	-	-	-	301,000
Electric Fund	20,453,636	49,565	49,408	-	-	-	-	883,184	21,435,793
Water Fund	5,302,027	13,546	-	-	-	-	-	-	5,315,573
Sewer Fund	5,657,157	12,144	-	-	-	14,306	-	26,268	5,709,875
Non-major Business-type Funds	933,266	16,912	58,744	-	-	-	-	-	1,008,922
Internal Service Funds	-	777	6,136,101	5,500	-	-	-	-	6,142,378
	<u>\$35,746,086</u>	<u>\$ 92,944</u>	<u>\$13,285,093</u>	<u>\$ 25,500</u>	<u>\$ 9,625</u>	<u>\$ 14,306</u>	<u>\$ 1,210,000</u>	<u>\$ 8,953,696</u>	<u>\$ 59,337,250</u>

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

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

**F. Long-term liabilities**

A summary of long-term liabilities, including current portion, for the year ended September 30, 2015, is as follows:

	Balance at Oct. 1, 2014	Increased	Retired	Balance at Sept. 30, 2015	Due within one year
<b><u>Governmental activities:</u></b>					
General obligation bonds	\$ 190,456,259	\$ 57,220,000	\$ (52,146,259)	\$ 195,530,000	\$ 16,760,000
Certificates of obligation	69,865,000	15,370,000	(5,275,000)	79,960,000	6,500,000
Unamortized premium and defeased debt costs	8,853,329	5,692,215	(4,209,422)	10,336,122	-
Landfill post closure cost	10,240,436	551,887	-	10,792,323	-
Compensated absences	19,577,092	2,388,023	(1,892,376)	20,072,739	7,909,483
Capital lease payable	33,343	-	(33,343)	-	-
Insurance claims payable	10,864,957	22,747,608	(21,375,191)	12,237,374	5,769,718
OPEB liability	14,081,021	4,655,644	(2,817,841)	15,918,824	-
Governmental activities Long-term debt	<u>\$ 323,971,437</u>	<u>\$ 108,625,377</u>	<u>\$ (87,749,432)</u>	<u>\$ 344,847,382</u>	<u>\$ 36,939,201</u>
<b><u>Business-type activities:</u></b>					
Utility System revenue bonds	\$ 379,595,000	\$ 15,355,000	\$ (35,850,000)	\$ 359,100,000	\$ 21,270,000
General obligation bonds	58,195,000	22,180,000	(34,040,000)	46,335,000	9,675,000
Certificates of obligation	134,010,000	56,705,000	(3,085,000)	187,630,000	13,270,000
Unamortized premium and defeased debt costs	38,260,393	12,552,810	(13,149,007)	37,664,196	-
Commercial Paper	15,000,000	35,000,000	(15,000,000)	35,000,000	-
Derivative instruments-energy risk management	-	9,277,727	-	9,277,727	8,080,218
Compensated absences	2,502,211	608,901	(431,802)	2,679,310	2,086,256
OPEB liability	4,370,452	1,652,691	(1,750,296)	4,272,847	-
Business-type activities Long-term debt	<u>\$ 631,933,056</u>	<u>\$ 153,332,129</u>	<u>\$ (103,306,105)</u>	<u>\$ 681,959,080</u>	<u>\$ 54,381,474</u>

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year-end \$1,530,000 of general obligation bond debt, \$25,920,000 of certificates of obligation, \$810,890 of compensated absences, \$278,354 of unamortized premium costs, and \$2,557,857 of OPEB liabilities from the Internal Service Funds are included in the governmental activities general obligation bonds, certificates of obligation, compensated absences and OPEB liabilities. Also, for the governmental activities, compensated absences and OPEB Claims Payable are generally liquidated by the General Fund.

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

The proceeds of \$15,370,000 from the sale of certificates of obligation and \$59,525,000 of general obligation bonds for governmental activities are reported as follows:

<b><u>Fund</u></b>	<b>Certificates of Obligation</b>	<b>General Obligation Bond</b>	<b>Total Bonded Debt</b>
Capital Project Fund – proceeds from issuance of debt	\$15,370,000	\$ 25,000,000	\$ 40,370,000
Debt Service Fund – issuance of refunding bonds	-	34,525,000	34,525,000
Total	<u>\$15,370,000</u>	<u>\$ 59,525,000</u>	<u>\$ 74,895,000</u>

A summary of short-term debt transactions for the year ended September 30, 2015, is as follows:

	Balance at October 1, 2014	Increased	Retired	Balance at September 30, 2015
<b><u>Governmental activities:</u></b>				
Commercial Paper	\$ <u>20,000,000</u>	\$ <u>15,000,000</u>	\$ <u>(25,000,000)</u>	\$ <u>10,000,000</u>
Governmental activities short-term debt	\$ <u>20,000,000</u>	\$ <u>15,000,000</u>	\$ <u>(25,000,000)</u>	\$ <u>10,000,000</u>

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

Long-term debt at September 30, 2015, includes the following individual issues (not including the unamortized premium costs of \$48,000,317):

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Cumulative Retirement	Outstanding
General obligation bonds:						
2005A Refunding	3.5 – 5.25	4/19/2005	2/15/2020	\$ 70,615,000	\$ 70,615,000	\$ -
2007A Refunding	4.00 – 5.00	2/15/2007	2/15/2025	67,385,000	17,515,000	49,870,000
2007B Refunding	Variable	3/27/2007	2/15/2025	23,745,000	23,745,000	-
2008A Refunding	4.00 – 5.00	6/15/2008	2/15/2025	57,760,000	17,310,000	40,450,000
2011 Refunding	2.00 -- 5.00	2/01/2011	2/15/2015	10,860,000	10,860,000	-
2011A Refunding	2.00 -- 4.00	11/01/2011	2/15/2024	17,995,000	7,380,000	10,615,000
2011B Refunding	2.00 -- 5.00	11/01/2011	2/15/2028	41,360,000	1,660,000	39,700,000
2013 Refunding	2.00 – 4.00	6/6/2013	2/15/2019	12,280,000	5,945,000	6,335,000
2014 Refunding	2.00 – 3.00	2/20/2014	2/15/2022	18,450,000	2,955,000	15,495,000
2014A Refunding	3.00 – 5.00	11/20/14	2/15/2020	34,215,000	-	34,215,000
2015A Refunding	2.00 – 5.00	2/19/2015	2/15/2035	22,695,000	-	22,695,000
2015B Refunding	2.00 – 2.55	2/19/2015	2/15/2025	22,490,000	-	22,490,000
				<u>\$ 399,850,000</u>	<u>\$ 157,985,000</u>	<u>\$ 241,865,000</u>
Certificates of Obligation:						
1997B Golf course	5.50 – 5.50	8/15/1997	8/15/2027	\$ 600,000	\$ -	\$ 600,000
2007 Various purpose	4.00 – 5.625	5/15/2007	2/15/2022	16,975,000	4,690,000	12,285,000
2008 Various purpose	.3.00 – 4.75	6/15/2008	2/15/2028	15,965,000	7,530,000	8,435,000
2009 Various purpose	.3.00 – 5.25	5/15/2009	2/15/2029	22,985,000	5,270,000	17,715,000
2010 Electric utility	.2.00 – 5.00	3/01/2010	2/15/2030	126,885,000	1,600,000	125,285,000
2010 Various purpose	.2.00 – 4.50	4/15/2010	2/15/2030	3,205,000	1,370,000	1,835,000
2011 Various purpose	2.00 – 4.25	6/15/2011	2/15/2031	4,260,000	1,610,000	2,650,000
2012 Various purpose	2.00 – 3.375	6/01/2012	2/15/2032	6,755,000	2,260,000	4,495,000
2013 Various purpose	2.00 – 4.00	6/06/2013	2/15/2033	12,725,000	2,425,000	10,300,000
2014 Various purpose	2.00 – 4.00	6/19/2014	2/15/2034	13,475,000	1,560,000	11,915,000
2015 Various purpose	2.50 – 5.00	6/30/2015	2/15/2035	18,205,000	-	18,205,000
2015 Electric utility	5.00 – 5.00	8/27/2015	2/15/2020	53,870,000	-	53,870,000
				<u>\$ 295,905,000</u>	<u>\$ 28,315,000</u>	<u>\$ 267,590,000</u>

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

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Cumulative Retirement	Outstanding
Utility system revenue bonds:						
2005 Electric Utility	2.75 – 5.25	4/19/2005	3/01/2025	18,935,000	18,935,000	-
2005 Water & Sewer	2.75 – 5.25	4/19/2005	3/01/2025	20,545,000	20,545,000	-
2006 Electric Utility	3.50 – 5.00	3/15/2006	3/01/2026	25,045,000	25,045,000	-
2006 Water & Sewer	4.00 – 4.50	3/15/2006	3/01/2026	16,180,000	16,180,000	-
2007 Electric Utility	4.00 – 5.625	5/15/2007	3/01/2027	21,050,000	5,725,000	15,325,000
2007 Water & Sewer	4.00 – 5.625	5/15/2007	3/01/2027	29,070,000	7,815,000	21,255,000
2008 Electric Utility	3.25 – 4.75	6/15/2008	3/01/2028	10,115,000	2,955,000	7,160,000
2008 Water & Sewer	3.00 – 5.00	6/15/2008	3/01/2028	39,900,000	10,120,000	29,780,000
2009 Electric Utility	3.25 – 5.25	5/15/2009	3/01/2029	11,760,000	6,310,000	5,450,000
2009 Water & Sewer	2.00 – 4.75	5/15/2009	3/01/2029	18,090,000	4,165,000	13,925,000
2010 Water & Sewer	2.00 – 4.75	4/15/2010	3/01/2030	21,270,000	3,605,000	17,665,000
2011 Electric Utility	2.00 – 5.00	6/15/2011	3/01/2031	7,185,000	130,000	7,055,000
2011 Water & Sewer	2.00 – 5.00	6/15/2011	3/01/2031	19,205,000	445,000	18,760,000
2011A Electric Utility	3.00 – 5.00	11/01/2011	3/01/2024	20,830,000	4,495,000	16,335,000
2011A Water & Sewer	3.00 – 5.00	11/01/2011	3/01/2024	30,150,000	6,470,000	23,680,000
2012 Water & Sewer	2.00 – 4.00	6/01/2012	3/01/2032	8,415,000	985,000	7,430,000
2013 Electric Utility	2.00 – 2.25	6/06/2013	3/01/2025	11,790,000	-	11,790,000
2013 Water & Sewer	3.00 – 3.375	6/06/2013	3/01/2033	29,925,000	1,050,000	28,875,000
2014 Electric Utility	2.00 – 5.00	6/30/2014	3/01/2034	85,305,000	1,880,000	83,425,000
2014 Water & Sewer	3.00 – 3.375	6/19/2014	3/01/2034	38,175,000	2,255,000	35,920,000
2015 Electric Utility	2.00 – 5.00	2/19/2015	3/1/2025	15,355,000	85,000	15,270,000
				<u>\$ 498,295,000</u>	<u>\$ 139,195,000</u>	<u>\$ 359,100,000</u>

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
Tax anticipation notes						
2014 Tax anticipation	0.64	9/30/2014	11/01/2015	5,500,000	5,500,000	-
2015 Tax anticipation	0.849	9/30/2015	3/1/2016*	4,000,000	-	4,000,000
				<u>\$ 9,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ 4,000,000</u>

\*The City considers this short-term. The notes were called and final payment was made on March 1, 2016.

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

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
Commercial Paper						
2014 Electric Commercial Paper Issue	0.09	9/29/2014	03/03/2015	15,000,000	15,000,000	-
2014 Electric Commercial Paper Issue	0.05	9/09/2015	12/08/2015	25,000,000	-	25,000,000
2015 Water/Sewer Commercial Paper Issue	0.07	9/30/2015	01/06/2016	10,000,000	-	10,000,000
				<u>\$ 50,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 35,000,000</u>

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

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

The annual requirements to amortize outstanding debt as of September 30, 2015, including interest payments of \$273,734,552 are summarized in the table below. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable, and are excluded from the summary:

Governmental Activities				
Years Ending September 30,	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2016	\$ 16,760,000	\$ 8,159,899	\$ 6,500,000	\$ 3,214,401
2017	16,325,000	7,078,485	6,420,000	2,890,843
2018	18,370,000	6,362,691	6,405,000	2,637,152
2019	18,555,000	5,557,947	5,945,000	2,394,723
2020	19,245,000	4,750,222	5,815,000	2,163,143
2021-2025	79,900,000	13,452,327	29,975,000	7,161,046
2026-2030	18,730,000	2,867,350	17,015,000	1,737,350
242031-2035	7,645,000	587,025	1,885,000	126,112
Total	\$195,530,000	\$ 48,815,946	\$ 79,960,000	\$ 22,324,770

Business-type Activities						
Years Ending September 30,	Revenue Bonds		General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 21,270,000	\$ 15,493,044	\$ 9,675,000	\$ 2,008,763	\$ 13,270,000	\$ 8,768,747
2017	22,625,000	14,629,529	8,885,000	1,596,813	13,600,000	8,227,517
2018	23,525,000	13,696,310	8,930,000	1,154,813	14,000,000	7,605,474
2019	24,535,000	12,703,663	7,875,000	738,138	15,510,000	6,912,499
2020	25,585,000	11,646,791	6,960,000	368,463	16,250,000	6,133,824
2021-2025	132,415,000	40,149,479	4,010,000	131,444	50,295,000	22,740,029
2026-2030	75,370,000	16,304,412	-	-	64,705,000	8,405,834
2031-2035	33,775,000	3,178,250	-	-	-	-
Total	\$359,100,000	\$127,801,478	\$ 46,335,000	\$ 5,998,434	\$187,630,000	\$ 68,793,924

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

At September 30, 2015, the City has authorized but unissued general obligation bonds and general obligation commercial paper in the amount of \$110,134,506 as follows:

	Balance at Oct.1, 2014	General Obligation Bonds Issued	GO Commercial Paper Issued	Balance at Sept.30, 2014
Streets Improvements	\$ 90,224,506	\$ 16,970,000	\$ 8,875,000	\$ 64,379,506
Park Improvements	20,240,000	1,555,000	445,000	18,240,000
Drainage Improvements	15,150,000	2,575,000	475,000	12,100,000
Municipal Facilities	10,640,000	1,470,000	150,000	9,020,000
Library Improvements	2,705,000	1,895,000	5,000	805,000
Public Safety	2,755,000	535,000	50,000	2,170,000
Economic Development	3,420,000	-	-	3,420,000
	<u>\$ 145,134,506</u>	<u>\$ 25,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 110,134,506</u>

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

The City has pledged future Electric, Water and Sewer utility revenues, net of specified operating expenses, to repay \$227,289,928 in outstanding Electric Utility System Revenue Bonds and \$259,611,550 in outstanding Water & Sewer Utility System Revenue Bonds. Proceeds from the revenue bonds provide financing for the acquisition and construction of various Electric, Water and Sewer assets. The bonds are payable solely from Electric, Water and Sewer net revenues and are payable through 2034. Principal paid and interest incurred for the current year was as follows:

Utility Revenue Bonds	Principal	Interest	Total	Pledged Revenue
Electric	\$ 7,170,000	\$ 7,969,418	\$ 15,139,418	\$ 50,365,130
Water & Sewer	11,770,000	8,752,013	20,522,013	40,880,383

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

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

Debt issues for the year are as follows:

Issue	Principal	Purpose
Certificates of Obligation, Series 2015	\$ 18,205,000	Constructing and improving various facilities in the City, acquiring equipment and vehicles for Firewheel golf course, the environmental waste services department, the solid waste department, the stormwater management department, and the municipal street department, street and infrastructure improvements
General Obligation Refunding Bond, Series 2014A	34,215,000	Bond refunding
General Obligation Refunding Bond, Series 2015A	22,695,000	Bond refunding
General Obligation Refunding Bond, Taxable Series 2015B	22,490,000	Bond refunding
Electric Utility System Revenue Refunding Bond, New Series 2015	15,355,000	Bond refunding
Combination tax and Electric Utility System Revenue Refunding Bonds, Series 2015	53,870,000	Refunding certain contractual obligations of the City to the Texas Municipal Power Agency (TMPA) under the GMPA Power Sales Agreement in order to restructure and lower the payment obligations in certain years
GO Commercial Paper	10,000,000	Short term debt
Electric Commercial Paper	25,000,000	Long term debt
Water and Sewer Commercial Paper	10,000,000	Long term debt
Tax Anticipation Note, Series 2015	4,000,000	Short term capital projects

On Nov 20, 2014, the City issued \$34,215,000 in General Obligation Refunding Bonds, Series 2014A to refund \$37,485,000 of outstanding General Obligation Bonds, Series 2005A at the call date. An amount of \$38,479,914 was placed with an escrow agent to provide for debt service payments on the refunded bonds at the call date. The refunded bonds are considered defeased and the liability for those bonds have been removed from the City's financial statements. As a result of the refunding, the City decreased its total debt service payments over the next five years by \$4,486,511, and obtained an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$4,341,687. The refunding resulted in a book gain (difference between amount placed in escrow and carrying amount of debt refunded) of \$416,799.

On Feb 19, 2015, the City issued \$22,695,000 in General Obligation Refunding Bond, Series 2015A, to take out \$25,000,000 of General Obligation Commercial Paper debt Series 2012.

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

On Feb 19, 2015, the City issued \$22,490,000 in General Obligation Refunding Bonds, Taxable Series 2015B to refund \$22,355,446 of outstanding General Obligation Bonds, Series 2007B at the call date. An amount of \$22,376,393 was placed with an escrow agent to provide for debt service payments on the refunded bonds at the call date. The refunded bonds are considered defeased and the liability for those bonds have been removed from the City's financial statements. As a result of the refunding, the City decreased its total debt service payments over the next ten years by \$16,358,890 and obtained an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$15,204,021.

**G. Retirement Plans**

**Plan Description**

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**Benefits Provided**

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

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

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

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

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

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

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,199
Inactive employees entitled to but not yet receiving benefits	465
Active employees	<u>1,949</u>
	3,613

**Contributions**

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

Employees of the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.40% and 11.04% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for fiscal year 2015, were \$14,703,510, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions:*

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

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

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

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5 %	4.80 %
International Equity	17.5	6.05
Core Fixed Income	30.0	1.50
Non-Core Fixed Income	10.0	3.50
Real Return	5.0	1.75
Real Estate	10.0	5.25
Absolute Return	5.0	4.25
Private Equity	5.0	8.50
Total	<u>100.0 %</u>	

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefits payments to current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balance at December 31, 2013	<u>\$787,353,277</u>	<u>\$795,438,855</u>	<u>\$ (8,085,578)</u>
Changes for the year:			
Service Cost	19,196,960		19,196,960
Interest (on the total pension liability)	54,497,988		54,497,988
Difference between expected and actual experience	(3,135,740)		(3,135,740)
Benefit payments, including refunds of employee contributions	(36,818,136)	(36,818,136)	-
Contributions-employer		14,502,416	(14,502,416)
Contributions – employee		9,056,479	(9,056,479)
Net investment income		45,500,705	(45,500,705)
Administrative expense		(475,082)	475,082
Other		(39,061)	39,061
Net changes	<u>33,741,072</u>	<u>31,727,321</u>	<u>2,013,751</u>
Balance at December 31, 2014	<u><u>\$821,094,349</u></u>	<u><u>\$827,166,176</u></u>	<u><u>\$ (6,071,827)</u></u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

1% Decrease 6.0%	Current Single Rate Assumption 7.0%	1 % Increase 8.0%
<u>\$ 95,921,972</u>	<u>\$ (6,071,827)</u>	<u>\$ (91,634,655)</u>

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

Pensions Plan Fiduciary Net Position

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

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

For the year ended September 30, 2015, the City recognized pension expense of \$10,948,580.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ (2,576,426)
Difference between projected and actual investment earnings on pension plan investments	8,144,014	-
Employer contributions subsequent to the measurement date	10,459,838	-
	18,603,852	(2,576,426)

Deferred outflows of resources of \$10,459,838 related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows or resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2016	\$ 1,476,689
2017	1,476,689
2018	1,476,689
2019	1,476,689
2020	(339,170)
Total	\$ 5,567,586

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

**H. Other postemployment benefits**

**Annual OPEB Cost and Net OPEB Obligation**

The City provides other postemployment benefits (OPEB) through a single-employer plan and does not issue a publicly available financial report. Retirees are eligible to participate in the City's retiree benefits program if they are a retired employee of the City, had employee medical coverage in the City's group plans for at least five years prior to retirement, and meet the Texas Municipal Retirement System (TMRS) criteria listed on page 74. Dependents are eligible to participate in the City's retiree benefits program if they are enrolled at the time of retirement.

As of September 30, 2015, the City has 199 retirees and 107 retirees and family participating in the health plan out of 2,120 employees eligible to participate upon retirement.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for the current year and the related information is listed below:

	2013	2014	2014
Annual Required Contribution	\$ 7,420,023	\$ 7,612,703	\$ 6,208,843
Interest on Net OPEB Obligation	582,464	757,252	876,445
Adjustment to Annual Required Contribution	<u>(613,259)</u>	<u>(751,885)</u>	<u>(776,955)</u>
Annual OPEB Cost	7,389,228	7,618,070	6,308,333
Employer contribution to trust fund	(100,000)	(500,000)	(750,000)
Employer Contributions with interest	<u>(3,609,475)</u>	<u>(4,608,747)</u>	<u>(3,818,135)</u>
Increase in Net OPEB Obligation	3,679,753	2,509,323	1,740,198
Net OPEB Obligation beginning of year	<u>12,262,397</u>	<u>15,942,150</u>	<u>18,451,473</u>
Net OPEB Obligation end of year	<u><u>\$15,942,150</u></u>	<u><u>\$18,451,473</u></u>	<u><u>\$20,191,671</u></u>

In addition to the employer contribution, the retirees paid \$2,503,600 in the form of premiums which funded current medical claims.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the prior three years (4% discount rate, and level percent of pay amortization)

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2013	\$ 7,389,228	\$ 3,709,475	50.2%	\$ 15,942,150
9/30/2014	\$ 7,618,070	\$ 5,108,747	67.1%	\$ 18,451,473
9/30/2015	\$ 6,308,333	\$ 4,568,137	72.4%	\$ 20,191,669

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

**Actuarial Assumptions**

Actuarial Valuation Date	10/01/2015
Actuarial Cost Method	- Projected Unit Credit
Amortization Method	- Level Percent of Payroll
Remaining Amortization Period	- 25 Years - Closed Period
Investment Rate of Return	- 4.75%
Projected Salary Increases	- Varies by age and service
Includes Healthcare cost trend at	- 9.0% (the City's portion of the annual increase is expected to be capped at 3%)
Inflation rate	- 3.5%
Cost-of-living Adjustments	- None

**Schedule of Funding Information**

Actuarial valuation date	10/01/2015
Actuarial value of assets	\$2,211,553
Actuarial accrued liability (AAL)	\$86,295,365
Unfunded actuarial accrued liability (UAAL)	\$84,083,812
Funded ratio	2.63%
Annual covered payroll (actuarial)	\$126,445,000
UAAL as % of covered payroll	66.5%

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**Supplemental Death Benefits Plan (SDBF)**

*Plan Description:* The City participates in the TMRS Supplemental Death Benefits Fund (SDBF), a cost-sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS); this is a separate trust administered by the TMRS Board of Trustees. TMRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial and supplementary information for the SDBF. That report may be obtained from the TMRS website at [www.TMRS.com](http://www.TMRS.com).

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

*Funding Requirements:* The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The City's contributions to SDBF for the years ended September 30, 2015, 2014, and 2013 were \$231,587, \$240,325, and \$224,113, respectively.

**I. Self Insurance**

Self-insurance for general and auto liability exposure and workers' compensation is maintained in the Self-Insurance Fund of the Internal Service Fund. A private insurance company administers workers' compensation claims and losses for the City. Self-insurance premiums of \$6,140,390 were collected from funds that participate in these. Claims settlement and loss expenses are accrued in the Self-Insurance Fund for the estimated settlement value of claims reported and incurred but not reported arising from incidents during the period. A liability, insurance claims payable, has been established. The reported liability includes actuarially determined present value projected losses for general, auto, and workers' compensation exposure. In determining projected losses, coverages with material incurred losses were compared to expected industry loss levels for prior periods. Based on this comparison, an experience modifier was selected and applied to current indicated industry premiums per exposure unit to obtain expected losses as of September 30, 2015, at the selected per occurrence limits. Based on a current independent actuarial analysis completed in December 2014 claims payable as of September 30, 2015 was estimated at \$7,123,929.

Long-Term Disability (LTD) claims are paid from the LTD Insurance Fund, which is funded with City and employee contributions. A private company administers the long-term disability claims and losses for the City. Based on a current independent actuarial analysis, an actuarially determined liability of \$2,934,187 has been established for projected future claims.

Group medical benefits are paid from the Group Health Fund, which has an annually negotiated stop loss provision. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage. At September 30, 2015 a short-term liability of \$2,179,258 was recognized for open claims and claims incurred but not reported. The claims incurred but not reported are calculated based on a monthly average for claims paid during the current fiscal year.

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

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

Changes in the self-insurance, long-term disability and group health insurance claims payable in fiscal years 2014 and 2015 were:

Internal Service Fund	Beginning of Fiscal Year Liability	Current Year Claims	Changes in Estimates	Claim Payments	Balance at Fiscal Year – End	Current Portion
Self Insurance – 2014	\$ 6,721,727	\$ 2,764,707	\$ 402,202	\$ 2,764,707	\$ 7,123,929	\$ 3,149,974
Self Insurance – 2015	7,123,929	2,350,755	-	2,350,755	7,123,929	3,149,974
Long-Term Disability – 2014	3,885,997	279,435	(951,810)	279,435	2,934,187	440,486
Long-Term Disability – 2015	2,934,187	285,886	-	285,886	2,934,187	440,486
Group Health – 2014	1,280,274	15,228,550	(473,432)	15,228,550	806,842	806,842
Group Health – 2015	806,842	20,129,931	1,372,416	20,129,931	2,179,258	2,179,258

**J. 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 (collectively “the Cities”) entered into identical Power Sales Contracts with TMPA. Under the Power Sales Contracts each member city is required to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at rates set to cover TMPA’s operating cost and retirement of debt. In the event that revenues are insufficient to cover all costs to retire the outstanding debt, each of the member cities has guaranteed a portion of the unpaid debt based on a percentage, 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.

The City pays TMPA a pro-rated monthly charge based on the City’s contractual portion of TMPA’s annual fixed operating costs and debt service payments which is currently 47%. During 2015, the City paid TMPA \$66,456,406 for these charges for the year. It is anticipated that the City will pay \$70,342,325 for these charges during FY2016, of which \$29,635,000 has been placed in escrow.

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

Total debt of TMPA at September 30, 2015, amounted to \$577,382,000 of which \$82,542,000 represented the current portion. TMPA's Revenue Bonds are payable from and secured by an irrevocable first lien on the TMPA's net revenues and certain other special funds created in the TMPA's Bond Resolution. The Cities are obligated to guarantee the payment of TMPA's Prior Lien Bonds (the "Debt Service Guarantee").

TMPA  
 Outstanding Debt Amounts  
 September 30, 2014  
 (reported in thousands)

	Long-Term	Current	Total
Revenue Bonds	\$ 348,407	\$ 23,251	\$ 371,658
Zero Coupon Interest Payable	60,048	59,291	119,339
Tax Exempt Commercial Paper	86,385	-	86,385
	\$ 494,840	\$ 82,542	\$ 577,382

On March 1, 2010, the City issued Combination Tax & Electric Utility System Revenue Refunding Bonds, Series 2010 with a maturity of 20 years for the purpose of prepaying certain contractual obligations to TMPA. The principal amount of the bonds was \$126,885,000 with a reoffering premium and other bond issuance costs of \$11,367,850 for a total of \$138,252,850. Since the proceeds of this debt issuance were placed with TMPA and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of \$138,252,850. The City is amortizing the Other Asset over a period of 20 years with a half year convention. The City has recorded a total of \$38,019,534 of accrued amortization, leaving a balance in the Other Assets account of \$100,233,316 at September 30, 2015.

On August 27, 2015, The City issued Combination Tax & Electric Utility System Surplus Revenue Refunding Bonds, Series 2015 with a maturity of 5 years for the purpose of prepaying certain contractual obligations to TMPA. The principal amount of the bonds was \$53,870,000 with a reoffering premium and other issuance costs of \$5,400,000 for a total of \$59,270,000. Since the proceeds of this debt issuance were placed with an escrow agent and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of \$59,270,000. The City is amortizing the Other Asset over a period of 2 years.

Financial statements for TMPA are available from the TMPA website [texasmpa.org](http://texasmpa.org) or through the City of Garland Financial Services Department.

**K. Deferred Compensation Plan**

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

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

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

**L. Conduit Debt Information**

The discrete component unit was created to issue revenue bonds to provide financial assistance to qualified homeowners. Even though the bonds are outstanding, there is no liability to the City or the component unit (no commitment debt), as all liability transfers to the trustee of the bond issue. A summary of outstanding conduit bonds at December 31, 2014, is as follows:

Series	Garland Housing Finance Corporation	Total
2005	\$ 12,322,894	\$ 12,322,894
	\$ 12,322,894	\$ 12,322,894

**M. Business-Type Blended Component Unit**

The Garland Foundation for Development (GFFD) was organized to promote economic development within the City of Garland. GFFD is reported as a blended component unit of the non-major enterprise golf fund. A summary of the condensed combining information at September 30, 2015 is as follows:

Golf Fund Condensed Statement of Net Position

	Golf	GFFD	Eliminating Entries	Total
Current Assets	\$ 56,595	\$ 73,443	\$ (54,302)	\$ 75,736
Other Assets	183,810	-	-	183,810
Capital Assets	16,850,758	-	-	16,850,758
Total Assets	17,091,163	73,443	(54,302)	17,110,304
Deferred outflow of resources-pensions	105,496	-	-	105,496
Current Liabilities	595,871	75,019	(54,302)	616,588
Other Liabilities	281,448	-	-	281,448
Total Liabilities	877,319	75,019	(54,302)	898,036
Deferred inflow of resources-pensions	14,610	-	-	14,610
Net Investment in Capital Assets	16,992,402	-	-	16,992,402
Unrestricted Net Position	(687,672)	(1,576)	-	(689,248)
Net Position	\$ 16,304,730	\$ (1,576)	-	\$ 16,303,154

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

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

	Golf	GFFD	Eliminating Entries	Total
Operating Revenues	\$ 3,017,971	\$ 554,357	\$ -	\$ 3,572,328
Operating expenses before depreciation	(3,287,623)	(1,426,907)	870,004	(3,844,526)
Depreciation	(966,207)	-	-	(966,207)
Total Operating Loss	(1,235,859)	(872,550)	870,004	(1,238,405)
Gain on disposal of capital assets	(6,546)	-	-	(6,546)
Earnings on investments	654	-	-	654
Net transfers	1,210,000	870,004	(870,004)	1,210,000
Change in Net Position	(31,751)	(2,546)	-	(34,297)
Net Position, beginning of year	16,231,143	970	-	16,232,113
Adjustment to net assets, BOY	105,338	-	-	105,338
Net Position, end of year	<u>\$ 16,304,730</u>	<u>\$ (1,576)</u>	<u>-</u>	<u>\$ 16,303,154</u>

Golf Fund Condensed Statement of Cash Flows

	Golf	GFFD	Eliminating Entries	Total
Net cash used for operations	\$ (255,787)	\$ (875,195)	870,004	\$ (260,978)
Net cash provided by noncapital financing activities	746,371	870,004	(870,004)	746,371
Net cash used for capital and related activities	(629,945)	-	-	(629,945)
Net cash provided by investing activities	62,962	-	-	62,962
Net decrease in cash and cash equivalents	(76,399)	(5,191)	-	(81,590)
Cash and cash equivalents at beginning of year	149,528	22,438	-	171,966
Cash and cash equivalents at end of year	<u>\$ 73,129</u>	<u>\$ 17,247</u>	<u>-</u>	<u>\$ 90,376</u>

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

**N. Landfill Closure and Postclosure Care Cost**

As of September 30, 2015, the total estimated landfill closure/postclosure cost for the City's Castle Drive landfill, Hinton landfill, and transfer station is \$2,432,538, \$36,494,030 and \$33,635 respectively. The \$10,792,323 reported as landfill closure and postclosure care liability represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Castle landfill, 23.21% use of the Hinton landfill, 100% of the closure cost for the transfer station, less post closure expenditures to date of \$145,796. The City will recognize the remaining estimated closure and postclosure care costs of \$28,022,084 as the percentage of capacity depletion increases. These amounts are based on an engineering study performed in 1996 and updated in 2015, which estimated cost to perform all closure and postclosure care. In addition, the closure and postclosure care cost were adjusted for inflation annually based on the most recent Implicit Price Deflator for Gross National Product published by the United States Department of Commerce. Actual cost may differ from the estimate due to inflation, changes in technology, or regulatory changes. The Hinton landfill has an estimated remaining useful life of 47 years.

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

**O. Commitments and Contingent Liabilities**

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

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

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

On July 9, 1996, the Department Housing and Urban Development (HUD) conveyed title of the Villages of Eastgate apartment complex to the City through a Special Warranty Deed. According to the Deed the City is required to setup and maintain an escrow account (HAPP account) for a period of 20 years from the date of the Deed to account for the sale proceeds of the apartment complex plus earned interest. The funds in the HAPP account are to be used by the City only in the event that HUD is not able to provide housing assistance in the form of Section 8 to the City for the 89 Walker Participants. The HAPP account began the fiscal year with a balance of \$571,879, earned interest in the amount of \$257, and ended the fiscal year with a balance of \$572,136. There were no withdraws from this account during the fiscal year. The fiscal year-end balance of the HAPP account is reported on page 96 of this report as restricted cash and cash equivalents and due to other governments in Nonmajor Governmental Funds Balance Sheet for the Other Housing Assistance Governmental Fund.

## **City of Garland, Texas**

### **Notes to the Financial Statements (Continued)**

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

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

On June 12, 2015, the City entered into a fourteen (14) year energy purchase power agreement with Salt Fork Wind, LLC. The agreement extends from the start of hour 1:00 (CPT) of the Commercial Operation Date and ends at the completion of hour 24:00 (CPT) of the day immediately preceding the fourteenth (14<sup>th</sup>) anniversary. The Commercial Operation Date is anticipated to be no later than December 1, 2016. The City will purchase 150MW from the facility. The City has contracts to sell 115MW of this energy downstream.

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

The ERCOT Board of Directors resolution approved April 8, 2014, identified what is generally known as the "Houston Import Project" as critical to the reliability of the ERCOT grid. Under its authority to administer certain protocols governing the ERCOT transmission grid in Texas, ERCOT designated CenterPoint Energy Houston Electric, LLC ("Centerpoint") and Cross Texas Transmission, LLC ("CTT") and the City of Garland ("City") as co-providers of the Houston Import Project. The Houston Import Project encompasses a number of interrelated transmission line and substation projects involving two new 345kV double-circuit transmission lines. In fiscal year 2014, the City entered into a Participation Agreement with CTT for the line segment terminating into the Limestone and Gibbons Creek substations and substation upgrades to the Gibbons Creek substation. Under this agreement, CTT will obtain a certificate of convenience and necessity (CCN") issued by the Public Utility Commission for construction of the lines that will be owned by the City and CTT and will require CTT to acquire and build the lines. 50% of the CCN and the lines, the "Garland Segment", will be wholly owned by the City by the transfer of ownership from CTT after the lines achieve commercial operation. The City will pay or reimburse CTT for the acquisition of the CCN and the acquisition and construction of the lines of the Garland Segment. On January 13, 2016, the Public Utility Commission approved the CCN for the line segment terminating into the Limestone and Gibbons Creek substations.

#### **P. Derivative Instruments**

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

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

At September 30, 2015, the City had a liability for the net fair market value of derivative instruments of \$9,277,727 for fuel swaps that will be settled in subsequent months extending up to December 31, 2019. The following information details the City Electric Fund's hedging derivative instruments as of September 30, 2015:

Type	Terms	Volume Hedged (MMBtu)	Maturity Dates	Referenced Index	Fair Value
Commodity Swaps	City pays prices of \$3.3970 - \$4.2325	8,926,759	Oct 2015-Dec 2019	NYMEX	\$(9,277,727)
		8,926,729			\$(9,277,727)

At September 30, 2015, the City had seven outstanding contracts with wholesale customers to provide power supply and/or qualified scheduling entity services. The contract terms extend up to December 2021. For the power supply customers, the City charges an energy charge which is based on the quantity of power supplied multiplied by a fixed price, or multiplied by a fixed heat rate and a fuel index price. In order to hedge the City's risk, the City has entered into corresponding power supply agreements with counterparties to hedge against energy price or heat rate fluctuation in the market.

Congestion Revenue Rights

Pre-assigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow the City to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. At September 30, 2015, the City held CRRs with a cost and fair market value of \$471,469, that the City expects to use in normal operations, which is recorded as prepaid expense in the Electric fund.

Risks

*Credit Risk.* The City's over-the-counter agreements for natural gas and energy expose the City to credit risk. In the event of default, the City's operations will not be materially affected. However, the City does not expect the counterparties to fail to meet their obligations. The City maintains contracts with contractual provisions under the ISDA, EEI (Edison Electric Institute), and NAESB (North American Energy Standards Board) agreements. As of September 30, 2015, the City had outstanding forward purchase contracts extending through December 31, 2021 that are expected to be settled through physical delivery.

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

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

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

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

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

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

### **Q. GHFC Primrose at Crist Project**

On January 17, 2005, GHFC entered into an agreement, to create a partnership to construct and operate a 204-unit rental residential development for seniors to be known as Primrose at Crist located in the City. The original partnership of TX Crist Housing LLP consisted of TX Crist GP LLC, Wachovia Affordable Housing Community Development Corporation a Limited Investment Partner, and TX Crist Development, SLP, L.L.C a Class B Limited Partner. On April 20, 2008 the original partnership agreement was amended to replace TX Crist Development with CAH-IDA Crist Housing as the Class B Limited Partner.

GHFC owns 100% of TX Crist GP LLC, and appoints the president and treasurer (officers) of this limited liability corporation. GHFC issued Conduit Debt amounting to \$13,800,000 of variable rate multifamily housing revenue bonds (Primrose at Crist Apartments Project) for the benefit of TX Crist Housing LLP (the bond borrower). GHFC receives an annual issuer fee of 0.01% of the outstanding variable rate multifamily housing revenue bonds that were issued by the bond borrower.

On the closing date of the GHFC Variable Rate Multifamily Housing Revenue Bonds, the land for the project was purchased and titled to GHFC. The land and future improvement have been mortgaged to secure repayment to the lender of the GHFC Multifamily notes. In addition, the land was leased over the next 40 years for \$900,000. The remaining unearned revenue as of December 31, 2014, related to this transaction of \$725,625 will be amortized over the next 31.5 years as rent revenue.

According to the Primrose at Crist Master Agreement TX Crist GP LLC will receive a developer fee that could amount to \$500,000. To date, GHFC has received \$332,409 of the \$500,000. After the developers' fee is paid, TX Crist GP LLC shall be entitled to receive from net operating cash flow after a \$10,000 asset management fee is paid, any tax credit shortfalls are paid, any operating deficit loans are paid, and any subordinated property management fees are paid, a cumulative fee equal to 2% of gross collected rent. The officers of TX Crist GP LLC are required to issue annual dividends to GHFC based on the net revenues and expenses of the limited liability corporation. In addition, TX Crist GP LLC owns 0.01% of TX Crist Housing LLP. This equity ownership amounts to less than \$10,000 and is not material to the financial operation of GHFC.

Wachovia Affordable Housing Community Development Corporation owns 99.99% of TX Crist Housing LLP. Neither GHFC nor TX Crist GP LLC exercises any control over TX Crist Housing LLP. TX Crist Housing LLP is the borrower of the \$13,800,000 variable rate multifamily housing revenue bonds issued by GHFC. In addition TX Crist Housing LLP is responsible for the apartment management. TX Crist Housing LLP is responsible for paying the developer fees, the 0.01% issuer fee, and the 2% gross collected rent.

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

The financial statements for TX Crist GP LLC are blended with the GHFC financial statements as a component unit since GHFC exercises significant financial control over TX Crist GP LLC. The financial statements for TX Crist Housing LLP are included with neither TX Crist GP LLC nor GHFC financial statements because neither entity exercises control over TX Crist Housing LLP.

**R. GHFC HomeTowne at Garland, LP project**

In August 2010, GHFC Garland GP, LLC, a Texas limited liability company, of which GHFC is the sole member entered into a Limited Partnership agreement for the formation of HomeTowne at Garland, LP (the "Partnership"). In August 2011, the Limited Partnership agreement was amended and restated whereby the Partnership would be formed to develop, construct, own, maintain, and operate a 144-unit multifamily residential apartment complex intended for rental to Senior Citizens of low and moderate income, to be known as HomeTowne at Garland, and to be located in Garland, Texas under the terms of the agreement. Under the term of the agreement, the Partnership continues until December 31, 2099 unless the Partnership is sooner dissolved by law.

In August 2011, GHFC entered into an Amended and Restated Ground Lease with the Partnership whereby GHFC leased land to the Partnership for the construction and development of HomeTowne at Garland. GHFC continues to own the land and leases the land to the Partnership over a 75 year period terminating on August 31, 2086.

As of December 31, 2014, GHFC received cash of \$900,000 in up front lease payments that GHFC has recorded as deferred revenue. For the year ended December 31, 2014, GHFC recognized revenue of \$22,248 according to the terms of the lease agreement with a deferred revenue balance of \$846,852.

**S. Subsequent Events**

On December 16, 2015, the City redeemed Certificate of Obligation, Series 1997. The Certificates were subject to mandatory redemption, in whole, upon the occurrence of certain events regarding the registered owner.

On October 27, 2015, the City entered into a twenty (20) year energy purchase power agreement with Albercas Wind Energy II, LLC. From the effective date, the agreement extends until 23:59:59 (CPT) on the day prior to the 20<sup>th</sup> anniversary of the Commercial Operation Date. The Commercial Operation Date is anticipated to be no later than December 31, 2016. The City will purchase 96MW from the facility. The City has contracts to sell 71MW of the energy downstream.

On December 28, 2015, the City entered into a fifteen (15) year energy purchase power agreement with BNB Lamesa Solar LLC. The agreement extends from the start of hour 1:00 (CPT) of the Commercial Operation Date and ends at the completion of hour 24:00 (CPT) of the day immediately preceding the fifteenth (15<sup>th</sup>) anniversary. The Commercial Operation Date is anticipated to be no later than March 31, 2017. The City will purchase 102MW from the facility. The City has contracts to sell 40MW of this energy downstream.

**City of Garland, Texas**  
**Required Supplementary Information**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**  
**(unaudited)**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 65,009,860	\$ 66,314,447	\$ 67,837,856	\$ 1,523,409
Franchise fees	8,845,668	9,140,226	8,832,022	(308,204)
Service charges	19,702,660	21,225,041	22,040,585	815,544
Licenses and permits	3,580,581	3,651,736	3,860,441	208,705
Earnings on investments	263,331	221,168	289,176	68,008
Intergovernmental	756,929	748,929	722,230	(26,699)
Charges for services	8,576,934	8,576,934	8,576,934	-
Fines and forfeits	6,731,969	6,842,320	6,608,238	(234,082)
Rents and concessions	781,837	820,544	829,410	8,866
Total revenues	<u>114,249,769</u>	<u>117,541,345</u>	<u>119,596,892</u>	<u>2,055,547</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	9,564,537	11,671,793	10,196,396	1,475,397
Public safety	79,618,724	79,813,593	81,633,191	(1,819,598)
Public works	22,401,017	23,905,928	20,656,938	3,248,990
Culture and recreation	13,722,453	14,051,061	13,573,292	477,769
Public health	3,414,839	3,728,559	3,763,652	(35,093)
Nondepartmental	22,987,127	25,366,953	23,629,265	1,737,688
Total expenditures	<u>151,708,697</u>	<u>158,537,887</u>	<u>153,452,734</u>	<u>5,085,153</u>
Excess of revenues over expenditures	<u>(37,458,928)</u>	<u>(40,996,542)</u>	<u>(33,855,842)</u>	<u>7,140,700</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	382,000	174,274	167,619	(6,655)
Transfer in	42,456,809	42,556,088	35,746,086	(6,810,002)
Transfers out	(8,596,023)	(9,768,854)	(2,042,750)	7,726,104
Total other financing sources (uses)	<u>34,242,786</u>	<u>32,961,508</u>	<u>33,870,955</u>	<u>909,447</u>
Net Change in fund balances	(3,216,142)	(8,035,034)	15,113	8,050,147
Fund balance, beginning of year	<u>25,729,669</u>	<u>25,729,669</u>	<u>25,729,669</u>	<u>-</u>
Fund balance, end of year	<u>\$ 22,513,527</u>	<u>\$ 17,694,635</u>	<u>\$ 25,744,782</u>	<u>\$ 8,050,147</u>

See notes to required supplementary information.

**City of Garland, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Fiscal Year (Previous years not available)**  
**(unaudited)**

	2014
<b>Total Pension Liability</b>	
Service Cost	\$ 19,196,960
Interest	54,497,988
Changes of benefit terms	-
Difference between expected and actual experience	(3,135,740)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(36,818,136)
Net Change in Total Pension Liability	33,741,072
Total Pension Liability - Beginning	787,353,277
Total Pension Liability - Ending	\$ 821,094,349

**Plan Fiduciary Net Position**

Contributions - Employer	\$ 14,502,416
Contributions - Employee	9,056,479
Net Investment Income	45,500,705
Benefit payments, including refunds of employee contributions	(36,818,136)
Administrative Expense	(475,082)
Other	(39,061)
Net Change in Plan Fiduciary Net Position	31,727,321
Plan Fiduciary Net Position - Beginning	795,438,855
Plan Fiduciary Net Position - Ending	\$ 827,166,176

Net Pension Liability	\$ (6,071,827)
-----------------------	----------------

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.74%
--	---------

Covered Employee Payroll	\$ 129,267,431
--------------------------	----------------

Net Pension Liability as a Percentage of Covered Employee Payroll	(4.70%)
---	---------

Measurement date December 31

**City of Garland, Texas  
Required Supplementary Information  
Schedule of Contributions  
Last Fiscal Year  
(unaudited)**

	2015
Actuarially Determined Contribution	14,703,510
Contributions in relation to the actuarially determined contribution	14,703,510
Contribution deficiency (excess)	-
Covered employee payroll	132,016,898
Contributions as a percentage of covered employee payroll	11.14%

**Notes to Schedule of Contributions**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	13 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to the experience3 study of the period 2005 - 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

Notes: There were no benefit changes during the year.

City of Garland, Texas  
 Required Supplementary Information  
 Schedules of Funding Progress  
 Last eight calendar years  
 (unaudited)

**Schedule of other postemployment benefits (OPEB) funding progress  
 Last eight fiscal years**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
10/1/2007	\$ -	\$ 79,187,130	0.00%	\$ 79,187,130	\$ 114,140,292	69.4%
10/1/2008	-	83,522,196	0.00%	83,522,196	119,081,305	70.1%
10/1/2009	260,541	69,463,991	0.40%	69,203,450	122,500,000	56.5%
10/1/2009	525,963	72,834,378	0.72%	72,308,415	127,400,000	56.8%
10/1/2011	516,134	82,778,660	0.62%	82,262,526	125,400,000	65.6%
10/1/2011 (1)	845,836	86,815,833	0.97%	85,969,997	129,200,000	66.5%
10/1/2013	762,697	86,226,002	0.88%	85,463,305	121,174,000	70.5%
10/1/2014	2,211,553	86,295,365	2.56%	84,083,812	126,445,000	66.5%

(1) Actuarial study performed 10-1-11 and amounts were projected by the actuary to October 1, 2012.

## **City of Garland, Texas**

### **Notes to Required Supplementary Information**

#### **Budgets and Budgetary Accounting**

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

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

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

## City of Garland, Texas Nonmajor Governmental Funds

### Special Revenue Funds

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

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

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

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

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

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

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

**NETLS Fund** – (Northeast Texas Library System) This fund is used 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 Fund** – This fund is used to account for grant funding of police training.

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

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

**Other Housing Assistance** – This fund is used to account for one-time housing assistance programs.

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

**ARRA Recovery Act Fund** – This fund is used to account for the for revenues and expenditures incurred in administering the ARRA Recovery Act programs.

City of Garland, Texas  
Nonmajor Governmental Funds  
Balance Sheet  
September 30, 2015

	CDBG	Housing Assistance	Neighborhood Services	Hotel/Motel Tax	Impact Fees	Landfill Closure	Police Training	Substandard Perimeter Road	Narcotic Seizure	Other Housing Assistance	TIF's	ARRA Recovery Act	Total Other Governmental Funds
<b>Assets</b>													
Cash and cash equivalents	\$ 78,084	\$ 39,125	\$ 179,191	\$ 981,432	\$ 2,405,175	\$ 91,775	\$ 128,148	\$ 684,393	\$ 491,712	\$ 945	\$ 166,349	\$ -	\$ 5,246,329
Investments	48,596	43,986	245,752	1,126,583	2,763,461	105,337	147,039	785,526	406,371	1,063	188,185	-	5,861,899
Receivables:													
Accrued interest	11	61	333	1,713	3,875	151	170	1,128	647	-	429	-	8,518
Other	1,074,904	-	2,967,328	-	-	-	-	-	-	-	-	-	4,042,232
Due from other governments	55,914	-	223,112	-	-	-	25,564	-	-	-	-	-	304,590
Assets held for resale	-	-	87,956	-	-	-	-	-	-	-	-	-	87,956
<b>Total Current Assets</b>	<b>1,257,509</b>	<b>83,172</b>	<b>3,703,672</b>	<b>2,109,728</b>	<b>5,172,511</b>	<b>197,263</b>	<b>300,921</b>	<b>1,471,047</b>	<b>898,730</b>	<b>2,008</b>	<b>354,963</b>	<b>-</b>	<b>15,551,524</b>
Restricted assets:													
Cash and cash equivalents	-	953,141	-	-	-	-	8,716	-	57,064	572,175	-	-	1,591,096
<b>Total Restricted Assets</b>	<b>-</b>	<b>953,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,716</b>	<b>-</b>	<b>57,064</b>	<b>572,175</b>	<b>-</b>	<b>-</b>	<b>1,591,096</b>
<b>Total Assets</b>	<b>\$ 1,257,509</b>	<b>\$ 1,036,313</b>	<b>\$ 3,703,672</b>	<b>\$ 2,109,728</b>	<b>\$ 5,172,511</b>	<b>\$ 197,263</b>	<b>\$ 309,637</b>	<b>\$ 1,471,047</b>	<b>\$ 955,794</b>	<b>\$ 574,183</b>	<b>\$ 354,963</b>	<b>\$ -</b>	<b>\$ 17,142,620</b>
<b>LIABILITIES</b>													
Current liabilities:													
Accounts payable and accrued liabilities	\$ 65,458	\$ 150,201	\$ 139,847	\$ 146,579	\$ -	\$ -	\$ 650	\$ -	\$ 2,571	\$ -	\$ -	\$ -	\$ 505,306
Accrued interest-Cos	-	-	-	-	-	-	-	-	-	-	10,259	-	10,259
Due to other funds	-	-	58,269	-	-	-	-	-	-	-	-	-	58,269
Escrow payable	-	-	-	-	-	-	-	-	216,844	-	-	-	216,844
Unearned revenues	1,074,904	-	3,078,912	-	-	-	259,323	-	-	-	-	-	4,413,139
Due to other governments	-	-	-	-	-	-	-	-	-	572,175	-	-	572,175
<b>Total Liabilities</b>	<b>1,140,362</b>	<b>150,201</b>	<b>3,277,028</b>	<b>146,579</b>	<b>-</b>	<b>-</b>	<b>259,973</b>	<b>-</b>	<b>219,415</b>	<b>572,175</b>	<b>10,259</b>	<b>-</b>	<b>5,775,992</b>
<b>FUND BALANCES (DEFICITS)</b>													
Fund balances:													
Restricted	117,147	886,112	-	-	-	-	49,664	-	736,379	2,008	344,704	-	2,136,014
Committed	-	-	426,644	1,963,149	5,172,511	197,263	-	1,471,047	-	-	-	-	9,230,614
<b>Total fund balances (deficits)</b>	<b>117,147</b>	<b>886,112</b>	<b>426,644</b>	<b>1,963,149</b>	<b>5,172,511</b>	<b>197,263</b>	<b>49,664</b>	<b>1,471,047</b>	<b>736,379</b>	<b>2,008</b>	<b>344,704</b>	<b>-</b>	<b>11,366,628</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,257,509</b>	<b>\$ 1,036,313</b>	<b>\$ 3,703,672</b>	<b>\$ 2,109,728</b>	<b>\$ 5,172,511</b>	<b>\$ 197,263</b>	<b>\$ 309,637</b>	<b>\$ 1,471,047</b>	<b>\$ 955,794</b>	<b>\$ 574,183</b>	<b>\$ 354,963</b>	<b>\$ -</b>	<b>\$ 17,142,620</b>

City of Garland, Texas  
**Nonmajor Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended September 30, 2015**

	CDBG	Housing Assistance	Neighborhood Services	Hotel/Motel Tax	Impact Fees	Landfill Closure	Police Training	Substandard Perimeter Road	Narcotic Seizure	Other Housing Assistance	TIF's	ARRA Recovery Act	Total Other Governmental Funds
<b>REVENUES</b>													
Taxes	\$ -	\$ -	\$ -	\$ 1,071,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 824,655	\$ -	\$ 1,896,315
Earnings on investments	167	978	1,835	10,394	22,708	930	1,087	6,941	3,377	3	2,013	-	50,433
Intergovernmental	1,731,848	10,048,209	954,408	-	-	-	235,872	-	-	-	-	-	12,970,337
Impact Fees	-	-	-	-	1,405,625	-	-	-	-	-	-	-	1,405,625
Program income	163,736	-	244,962	-	-	-	-	-	-	-	-	-	408,698
Awards	-	-	-	-	-	-	-	-	334,576	-	-	-	334,576
Miscellaneous and other	-	587,771	99	-	-	-	25,637	-	1,537	-	-	-	615,044
<b>Total Revenues</b>	<b>1,895,751</b>	<b>10,636,958</b>	<b>1,201,304</b>	<b>1,082,054</b>	<b>1,428,333</b>	<b>930</b>	<b>262,596</b>	<b>6,941</b>	<b>339,490</b>	<b>3</b>	<b>826,668</b>	<b>-</b>	<b>17,681,028</b>
<b>EXPENDITURES</b>													
Current:													
Operations	1,154,909	10,703,211	1,248,509	1,018,085	-	-	174,349	-	121,569	-	214,495	-	14,635,127
Capital outlay	654,000	-	-	-	-	-	90,296	-	-	-	-	-	744,296
Debt service	-	-	-	-	-	-	-	-	-	-	95,000	-	95,000
Principal	-	-	-	-	-	-	-	-	-	-	382,319	-	382,319
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,808,909</b>	<b>10,703,211</b>	<b>1,248,509</b>	<b>1,018,085</b>	<b>-</b>	<b>-</b>	<b>264,645</b>	<b>-</b>	<b>121,569</b>	<b>-</b>	<b>691,814</b>	<b>-</b>	<b>15,379,423</b>
Excess (deficiency) of revenues over (under) expenditures	86,842	(66,253)	(47,205)	63,969	1,428,333	930	(2,049)	6,941	217,921	3	134,854	-	1,824,286
<b>OTHER FINANCING SOURCES (USES)</b>													
Transfers in	-	-	20,000	-	-	-	-	-	-	-	-	5,500	25,500
Transfers out	-	-	-	(250,000)	-	-	-	-	-	(51,000)	-	-	(301,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>(250,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,000)</b>	<b>-</b>	<b>5,500</b>	<b>(275,500)</b>
Net change in fund balances (deficits)	86,842	(66,253)	(27,205)	(186,031)	1,428,333	930	(2,049)	6,941	217,921	(50,997)	134,854	5,500	1,548,786
Fund balances (deficits) - beginning	30,305	952,365	453,849	2,149,180	3,744,178	196,333	51,713	1,464,106	518,458	53,005	209,850	(5,500)	9,817,842
<b>Fund balances (deficits) - ending</b>	<b>\$ 117,147</b>	<b>\$ 886,112</b>	<b>\$ 426,644</b>	<b>\$ 1,963,149</b>	<b>\$ 5,172,511</b>	<b>\$ 197,263</b>	<b>\$ 49,664</b>	<b>\$ 1,471,047</b>	<b>\$ 736,379</b>	<b>\$ 2,008</b>	<b>\$ 344,704</b>	<b>\$ -</b>	<b>\$ 11,366,628</b>

**City of Garland, Texas**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2015**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenues:				
General property taxes	\$ 32,232,776	\$ 32,229,116	\$ 32,422,935	\$ 193,819
Earnings on investments	18,467	20,304	19,350	(954)
Miscellaneous	-	-	33,120	33,120
Total Revenues	<u>32,251,243</u>	<u>32,249,420</u>	<u>32,475,405</u>	<u>225,985</u>
Expenditures:				
Principal retirement	19,715,813	19,715,813	19,715,813	-
Interest	9,107,737	8,552,007	8,695,873	(143,866)
Cost of issuance	-	-	278,973	(278,973)
Fiscal charges	525,000	525,000	196,574	328,426
Total Expenditures	<u>29,348,550</u>	<u>28,792,820</u>	<u>28,887,233</u>	<u>(94,413)</u>
Excess of revenues over expenditures	<u>2,902,693</u>	<u>3,456,600</u>	<u>3,588,172</u>	<u>131,572</u>
Other financing sources:				
Transfers in	92,944	92,944	92,944	-
Transfers out	(5,777,708)	(5,586,334)	(5,586,334)	-
Premium on issuance of debt	-	-	1,537,000	1,537,000
Issuance of refunding bonds	-	-	34,525,000	34,525,000
Payment to refunded bonds escrow agent	-	-	(35,764,832)	(35,764,832)
Total other financing sources	<u>(5,684,764)</u>	<u>(5,493,390)</u>	<u>(5,196,222)</u>	<u>297,168</u>
Net change in fund balances	(2,782,071)	(2,036,790)	(1,608,050)	428,740
Fund balance, beginning of year	<u>7,843,714</u>	<u>7,843,714</u>	<u>7,843,714</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,061,643</u>	<u>\$ 5,806,924</u>	<u>\$ 6,235,664</u>	<u>\$ 428,740</u>

**City of Garland, Texas**  
**Hotel/Motel and Narcotic Seizure Funds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2015**

	<u>Hotel/Motel Tax</u>				<u>Narcotic Seizure</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:								
Occupancy taxes	\$ 895,814	\$ 975,791	\$ 1,071,660	\$ 95,869	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	10,394	10,394	-	-	3,377	3,377
Awards	-	-	-	-	-	-	334,576	334,576
Special event income	18,000	7,000	-	(7,000)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	1,537	1,537
Total revenues	<u>913,814</u>	<u>982,791</u>	<u>1,082,054</u>	<u>99,263</u>	<u>-</u>	<u>-</u>	<u>339,490</u>	<u>339,490</u>
Expenditures:								
Current:								
Operations	<u>944,892</u>	<u>1,004,894</u>	<u>1,018,085</u>	<u>(13,191)</u>	<u>162,507</u>	<u>167,000</u>	<u>121,569</u>	<u>45,431</u>
Total expenditures	<u>944,892</u>	<u>1,004,894</u>	<u>1,018,085</u>	<u>(13,191)</u>	<u>162,507</u>	<u>167,000</u>	<u>121,569</u>	<u>45,431</u>
Excess (deficiency) of revenues over expenditures	<u>(31,078)</u>	<u>(22,103)</u>	<u>63,969</u>	<u>86,072</u>	<u>(162,507)</u>	<u>(167,000)</u>	<u>217,921</u>	<u>384,921</u>
Other financing sources:								
Transfers out	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(31,078)	(22,103)	(186,031)	86,072	(162,507)	(167,000)	217,921	384,921
Fund balances, beginning of year	<u>2,149,180</u>	<u>2,149,180</u>	<u>2,149,180</u>	<u>-</u>	<u>518,458</u>	<u>518,458</u>	<u>518,458</u>	<u>-</u>
Fund balances end of year	<u>\$ 2,118,102</u>	<u>\$ 2,127,077</u>	<u>\$ 1,963,149</u>	<u>\$ 86,072</u>	<u>\$ 355,951</u>	<u>\$ 351,458</u>	<u>\$ 736,379</u>	<u>\$ 384,921</u>



**GARLAND**  
TEXAS MADE HERE

## City of Garland, Texas Nonmajor Enterprise Funds

### Nonmajor Enterprise Funds

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

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

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

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

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

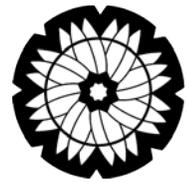
**Sanitation Fund** – This fund is used to account for the resources and expenses associated with the collection and recycling of residential and commercial waste.

City of Garland, Texas  
Nonmajor Enterprise Funds  
Statement of Net Position  
September 30, 2015

	Business-Type Activities - Enterprise Funds					Total Other Enterprise Funds
	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	
<b>ASSETS</b>						
<b>Current assets</b>						
<i>Unrestricted</i>						
Cash and cash equivalents	\$ 20,641	\$ 78,177	\$ 211,508	\$ 149,987	\$ 559,729	\$ 1,020,042
Investments	-	89,747	277,100	171,972	643,327	1,182,146
Receivable, net of allowance	680	-	340,824	264	1,991,498	2,333,266
Accrued interest	-	128	707	276	916	2,027
Inventories	54,415	-	-	-	-	54,415
<b>Total current assets</b>	<b>75,736</b>	<b>168,052</b>	<b>830,139</b>	<b>322,499</b>	<b>3,195,470</b>	<b>4,591,896</b>
<b>Noncurrent assets</b>						
<i>Restricted assets</i>						
Construction funds:						
Cash and cash equivalents	69,735	-	234,500	-	1,473,908	1,778,143
Investments	79,487	-	269,844	-	1,693,793	2,043,124
Accrued interest	157	-	-	-	2,285	2,442
<b>Total construction funds</b>	<b>149,379</b>	<b>-</b>	<b>504,344</b>	<b>-</b>	<b>3,169,986</b>	<b>3,823,709</b>
<b>Capital Assets</b>						
Land	9,111,400	1,776,208	-	-	298,936	11,186,544
System	16,898,143	746,069	3,530,750	252,838	14,601,734	36,029,534
Construction in progress	7,735	-	-	-	149,486	157,221
Less accumulated depreciation	( 9,166,520)	( 688,582)	( 2,236,934)	( 186,904)	( 8,558,298)	( 20,837,238)
<b>Net capital assets</b>	<b>16,850,758</b>	<b>1,833,695</b>	<b>1,293,816</b>	<b>65,934</b>	<b>6,491,858</b>	<b>26,536,061</b>
Net pension asset	34,431	-	52,762	-	173,762	260,955
<b>Total noncurrent assets</b>	<b>17,034,568</b>	<b>1,833,695</b>	<b>1,850,922</b>	<b>65,934</b>	<b>9,835,606</b>	<b>30,620,725</b>
<b>Total assets</b>	<b>\$ 17,110,304</b>	<b>\$ 2,001,747</b>	<b>\$ 2,681,061</b>	<b>\$ 388,433</b>	<b>\$ 13,031,076</b>	<b>\$ 35,212,621</b>
Deferred charges on pensions	105,496	-	161,660	-	532,400	799,556
<b>Total deferred outflows</b>	<b>\$ 105,496</b>	<b>\$ -</b>	<b>\$ 161,660</b>	<b>\$ -</b>	<b>\$ 532,400</b>	<b>\$ 799,556</b>

City of Garland, Texas  
Nonmajor Enterprise Funds  
Statement of Net Position  
September 30, 2015

	Business-Type Activities - Enterprise Funds					Total Other Enterprise Funds
	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
<i>Payable from current assets:</i>						
Accounts payable and accrued liabilities	\$ 200,450	\$ -	\$ 172,170	\$ 48,905	\$ 397,506	\$ 819,031
Accrued certificates of obligation interest	-	-	5,609	-	46,784	52,393
Certificates of obligation	-	-	50,000	-	1,845,000	1,895,000
Due to other funds	374,483	-	-	-	-	374,483
Compensated absences	33,920	-	73,882	-	216,839	324,641
<i>Total current liabilities</i>	<u>608,853</u>	<u>-</u>	<u>301,661</u>	<u>48,905</u>	<u>2,506,129</u>	<u>3,465,548</u>
<b>Long-term Liabilities</b>						
<i>Payable from restricted assets:</i>						
Accounts payable	7,735	-	-	-	149,486	157,221
<i>Total payable from restricted assets</i>	<u>7,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,486</u>	<u>157,221</u>
Certificates of obligation (net of unamortized premium)	-	-	556,661	-	6,458,724	7,015,385
OPEB payable	255,861	-	190,424	-	680,551	1,126,836
Compensated absences	25,587	-	-	-	29,997	55,584
<b>Total long-term liabilities</b>	<u>281,448</u>	<u>-</u>	<u>747,085</u>	<u>-</u>	<u>7,169,272</u>	<u>8,197,805</u>
<b>Total Liabilities</b>	<u>898,036</u>	<u>-</u>	<u>1,048,746</u>	<u>48,905</u>	<u>9,824,887</u>	<u>11,820,574</u>
Deferred inflow of resources-pensions	14,610	-	22,388	-	73,731	110,729
<b>Total deferred inflows</b>	<u>14,610</u>	<u>-</u>	<u>22,388</u>	<u>-</u>	<u>73,731</u>	<u>110,729</u>
<b>NET POSITION</b>						
Net investment in capital assets	16,992,402	1,833,695	1,191,499	65,934	1,208,634	21,292,164
Unrestricted (deficit)	( 689,248)	168,052	580,088	273,594	2,456,224	2,788,710
<b>Total net position</b>	<u>\$ 16,303,154</u>	<u>\$ 2,001,747</u>	<u>\$ 1,771,587</u>	<u>\$ 339,528</u>	<u>\$ 3,664,858</u>	<u>\$ 24,080,874</u>



**GARLAND**  
TEXAS MADE HERE

City of Garland  
Nonmajor Enterprise Funds  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended September 30, 2015

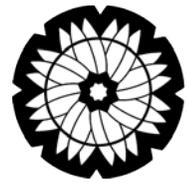
	Business-Type Activities - Enterprise Funds					Total Other Enterprise Funds
	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 3,528,120	\$ 7,018	\$ 3,829,343	\$ 1,091,961	\$ 19,243,412	\$ 27,699,854
Other	44,208	-	3,560	102,907	44,210	194,885
<b>Total Operating Revenues</b>	<u>3,572,328</u>	<u>7,018</u>	<u>3,832,903</u>	<u>1,194,868</u>	<u>19,287,622</u>	<u>27,894,739</u>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	1,937,600	-	1,945,370	187,652	5,339,998	9,410,620
Landfill fees	-	-	-	-	3,794,591	3,794,591
Maintenance, repairs, and supplies	1,761,999	-	1,333,790	881,881	4,118,030	8,095,700
Insurance and other expenses	96,985	-	91,280	-	484,235	672,500
General and administrative	28,647	-	357,351	15,340	1,781,655	2,182,993
Claims	19,295	-	28,942	-	104,914	153,151
Depreciation	966,207	5,361	217,789	30,280	1,572,272	2,791,909
<b>Total Operating Expenses</b>	<u>4,810,733</u>	<u>5,361</u>	<u>3,974,522</u>	<u>1,115,153</u>	<u>17,195,695</u>	<u>27,101,464</u>
<b>Total Operating Income (Loss)</b>	<u>(1,238,405)</u>	<u>1,657</u>	<u>(141,619)</u>	<u>79,715</u>	<u>2,091,927</u>	<u>793,275</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Gain (loss) on sale of capital assets	(6,546)	-	21,578	-	143,608	158,640
Investment income	654	783	3,160	1,539	12,692	18,828
Interest expense	-	-	(3,342)	-	(64,724)	(68,066)
<b>Income (loss) before transfers</b>	<u>(1,244,297)</u>	<u>2,440</u>	<u>(120,223)</u>	<u>81,254</u>	<u>2,183,503</u>	<u>902,677</u>
<b>TRANSFERS</b>						
Transfers in	1,210,000	-	-	-	-	1,210,000
Transfers out	-	-	(1,772)	(100,000)	(907,150)	(1,008,922)
<b>Total transfers</b>	<u>1,210,000</u>	<u>-</u>	<u>(1,772)</u>	<u>(100,000)</u>	<u>(907,150)</u>	<u>201,078</u>
<b>NET INCOME (LOSS)</b>	<u>(34,297)</u>	<u>2,440</u>	<u>(121,995)</u>	<u>(18,746)</u>	<u>1,276,353</u>	<u>1,103,755</u>
Net position, beginning of year	16,232,113	1,999,307	1,732,165	358,274	1,856,905	22,178,764
Cumulative effect of change in accounting principle	105,338	-	161,417	-	531,600	798,355
Net assets restated, beginning of year	16,337,451	1,999,307	1,893,582	358,274	2,388,505	22,977,119
<b>Net position, end of year</b>	<u>\$ 16,303,154</u>	<u>\$ 2,001,747</u>	<u>\$ 1,771,587</u>	<u>\$ 339,528</u>	<u>\$ 3,664,858</u>	<u>\$ 24,080,874</u>

**City of Garland, Texas**  
**Nonmajor Enterprise Funds**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2015**

	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total Other Enterprise Funds
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 3,527,440	\$ 7,018	\$ 3,835,112	\$ 1,092,033	\$ 19,089,286	\$ 27,550,889
Cash payments for goods and services	(1,876,077)	-	(1,779,507)	(874,560)	(10,260,167)	(14,790,311)
Cash payments to employees for services	(1,956,549)	-	(1,974,328)	(187,652)	(5,427,393)	(9,545,922)
Other operating revenues	44,208	-	3,560	102,907	44,210	194,885
<b>Net cash provided by (used for) operating activities</b>	<u>(260,978)</u>	<u>7,018</u>	<u>84,837</u>	<u>132,728</u>	<u>3,445,936</u>	<u>3,409,541</u>
<b>Cash flows from non-capital financing activities:</b>						
Due to other funds - (increase) decreases	(463,629)	-	(30,854)	-	-	(494,483)
Transfers in	1,210,000	-	-	-	-	1,210,000
Transfers out	-	-	(1,772)	(100,000)	(907,150)	(1,008,922)
<b>Net cash provided by (used for) non-capital financing activities</b>	<u>746,371</u>	<u>-</u>	<u>(32,626)</u>	<u>(100,000)</u>	<u>(907,150)</u>	<u>(293,405)</u>
<b>Cash flows from capital and related financing activities:</b>						
Certificate of obligation issues	-	-	445,000	-	2,390,000	2,835,000
Premium on issuance of debt	-	-	56,713	-	248,964	305,677
Acquisition of capital assets	(633,118)	-	-	-	(850,591)	(1,483,709)
Principal paid on certificates of obligation	-	-	(15,000)	-	(1,620,000)	(1,635,000)
Interest paid on certificates of obligation	-	-	(3,000)	-	(164,422)	(167,422)
Proceeds from sale of fixed assets	3,173	-	21,578	-	143,608	168,359
<b>Net cash provided by (used for) capital and related financing activities</b>	<u>(629,945)</u>	<u>-</u>	<u>505,291</u>	<u>-</u>	<u>147,559</u>	<u>22,905</u>
<b>Cash flows from investing activities:</b>						
Purchase of investment securities	(81,522)	(103,853)	(900,110)	(208,703)	(3,924,884)	(5,219,072)
Proceeds from the sale and maturity of investment securities	143,793	92,558	564,585	177,578	2,407,383	3,385,897
Interest received on investments	691	764	2,729	1,478	11,069	16,731
<b>Net cash provided by (used for) investing activities</b>	<u>62,962</u>	<u>(10,531)</u>	<u>(332,796)</u>	<u>(29,647)</u>	<u>(1,506,432)</u>	<u>(1,816,444)</u>

**City of Garland, Texas**  
**Nonmajor Enterprise Funds**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2015**

	<b>Golf</b>	<b>Heliport</b>	<b>Storm Water Management</b>	<b>Parks Performance</b>	<b>Sanitation</b>	<b>Total Other Enterprise Funds</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(81,590)	(3,513)	224,706	3,081	1,179,913	1,322,597
<b>Cash and cash equivalents at beginning of year</b>	171,966	81,690	221,302	146,906	853,724	1,475,588
<b>Cash and cash equivalents at end of year</b>	<u>\$ 90,376</u>	<u>\$ 78,177</u>	<u>\$ 446,008</u>	<u>\$ 149,987</u>	<u>\$ 2,033,637</u>	<u>\$ 2,798,185</u>
<b>Reconciliation of operating loss to net cash provided by (used for) operating activities:</b>						
<b>Operating income (loss)</b>	\$ (1,238,405)	\$ 1,657	\$ (141,619)	\$ 79,715	\$ 2,091,927	\$ 793,275
<b>Adjustments:</b>						
Depreciation	966,207	5,361	217,789	30,280	1,572,272	2,791,909
Provision for uncollectible accounts	-	-	(142)	-	4,183	4,041
Change in assets and liabilities:						
Increase in pension related deferred outflows	(46,008)	-	(70,504)	-	(232,191)	(348,703)
Increase in inventory	(349)	-	-	-	-	(349)
Decrease in net pension assets	11,419	-	17,499	-	57,629	86,547
(Increase) decrease in accounts receivable	(680)	-	5,911	72	(158,309)	(153,006)
Increase in accounts payable	11,903	-	37,200	22,661	42,630	114,394
Increase in compensated absences	1,030	-	1,659	-	13,436	16,125
Increase (decrease) in OPEB payable	19,295	-	(5,344)	-	(19,372)	(5,421)
Increase in pension related deferred inflows	14,610	-	22,388	-	73,731	110,729
Total adjustments	<u>977,427</u>	<u>5,361</u>	<u>226,456</u>	<u>53,013</u>	<u>1,354,009</u>	<u>2,616,266</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (260,978)</u>	<u>\$ 7,018</u>	<u>\$ 84,837</u>	<u>\$ 132,728</u>	<u>\$ 3,445,936</u>	<u>\$ 3,409,541</u>
<b>Non-cash transactions:</b>						
Change in restricted accounts payable	(84,036)	-	-	-	(167,134)	(251,170)
Increase in fair value of investments	205	230	1,402	441	5,980	8,258



**GARLAND**  
TEXAS MADE HERE

## City of Garland, Texas Internal Service Funds

### Internal Service Funds

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

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

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

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

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

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

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

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

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

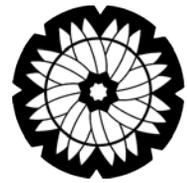
**Customer Service Fund** – This fund is used to account for activities related to establishing accounts, meter reading, billing and collection of revenue, and responding to customer inquiries from the day to day operations of City utilities.

City of Garland, Texas  
Internal Service Funds  
Statement of Net Position  
September 30, 2015

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total Internal Service Funds
<b>ASSETS</b>										
<b>Current assets:</b>										
<i>Unrestricted</i>										
Cash and cash equivalents	\$ 1,426,751	\$ 1,800,347	\$ 721,060	\$ 433,148	\$ 3,780,422	\$ 3,464,227	\$ 259,106	\$ -	\$ 7,049,657	\$ 18,934,718
Investments	1,640,760	2,066,944	828,090	499,034	4,340,943	3,975,452	297,572	-	7,702,025	21,350,820
Accrued interest	1,030	2,739	1,159	678	6,481	5,480	250	-	10,959	28,776
Other Receivables	-	-	-	-	-	281,965	-	-	811,950	1,093,915
Inventories	-	-	-	203,329	-	-	-	5,127,815	-	5,331,144
Prepaid expense	-	-	-	131,600	-	-	-	-	-	131,600
<b>Total current assets</b>	<b>3,068,541</b>	<b>3,870,030</b>	<b>1,550,309</b>	<b>1,267,789</b>	<b>8,127,846</b>	<b>7,727,124</b>	<b>556,928</b>	<b>5,127,815</b>	<b>15,574,591</b>	<b>46,870,973</b>
<b>Noncurrent assets:</b>										
<i>Restricted</i>										
Construction funds:										
Cash and cash equivalents	-	-	-	208,167	-	4,213,765	-	2,616	15,051	4,439,599
Investments	-	-	-	238,905	-	4,852,652	-	3,003	8,070	5,102,630
Accrued interest	-	-	-	349	-	6,586	-	-	4	6,982
<b>Total construction funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>447,421</b>	<b>-</b>	<b>9,073,003</b>	<b>-</b>	<b>5,623</b>	<b>23,164</b>	<b>9,549,211</b>
<b>Capital assets</b>										
Land	-	-	-	-	-	-	-	-	221,949	221,949
System	21,834	7,169	-	2,321,772	35,280,463	31,896,214	81,204	263,818	31,964,098	101,836,572
Construction in progress	-	-	-	87,221	-	2,639,839	-	-	-	2,727,060
Less accumulated depreciation	(21,834)	(7,169)	-	(1,778,875)	(23,998,735)	(19,018,436)	(81,204)	(184,328)	(7,617,445)	(52,708,026)
<b>Net capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>630,118</b>	<b>11,281,728</b>	<b>15,517,617</b>	<b>-</b>	<b>79,490</b>	<b>24,568,602</b>	<b>52,077,555</b>
Net pension assets	32,097	19,649	-	69,857	-	191,250	71,273	17,426	177,884	579,436
<b>Total noncurrent assets</b>	<b>32,097</b>	<b>19,649</b>	<b>-</b>	<b>1,147,396</b>	<b>11,281,728</b>	<b>24,781,870</b>	<b>71,273</b>	<b>102,539</b>	<b>24,769,650</b>	<b>62,206,202</b>
<b>Total assets</b>	<b>3,100,638</b>	<b>3,889,679</b>	<b>1,550,309</b>	<b>2,415,185</b>	<b>19,409,574</b>	<b>32,508,994</b>	<b>628,201</b>	<b>5,230,354</b>	<b>40,344,241</b>	<b>109,077,175</b>
<b>Deferred Outflows of Resources</b>										
Deferred charges on debt	-	-	-	542	-	12,565	-	59	43,093	56,259
Deferred charges on pensions	98,344	60,204	-	214,038	-	585,983	218,379	53,393	545,030	1,775,371
<b>Total deferred outflows</b>	<b>98,344</b>	<b>60,204</b>	<b>-</b>	<b>214,580</b>	<b>-</b>	<b>598,548</b>	<b>218,379</b>	<b>53,452</b>	<b>588,123</b>	<b>1,831,630</b>
<b>LIABILITIES</b>										
<b>Current Liabilities:</b>										
<i>Payable from current assets</i>										
Accounts payable and accrued liabilities	2,087,326	150,805	81,296	968,958	189,298	905,909	323,135	625,670	746,450	6,078,847
Accrued interest payable:										
General obligation bonds	-	-	-	262	-	455	-	192	6,193	7,102
Certificates of obligation	-	-	-	1,763	-	28,946	-	-	119,371	150,080
Customer deposits	-	-	-	-	-	-	-	-	13,719,235	13,719,235
Due to other funds	-	-	-	-	-	-	-	495,462	-	495,462
Compensated absences	25,506	31,772	-	98,971	-	241,675	115,339	19,181	194,445	726,889
Insurance claims payable	2,179,258	3,149,974	440,486	-	-	-	-	-	-	5,769,718
General obligation bonds	-	-	-	25,000	-	85,000	-	5,000	145,000	260,000
Certificates of obligation	-	-	-	90,000	-	830,000	-	-	1,080,000	2,000,000
<b>Total current liabilities</b>	<b>4,292,090</b>	<b>3,332,551</b>	<b>521,782</b>	<b>1,184,954</b>	<b>189,298</b>	<b>2,091,985</b>	<b>438,474</b>	<b>1,145,505</b>	<b>16,010,684</b>	<b>29,207,333</b>
<b>Long-term Liabilities:</b>										
<i>Payable from restricted assets</i>										
Accounts payable	-	-	-	15,583	-	582,067	-	-	-	597,650
Retainage payable	-	-	-	-	-	4,401	-	-	-	4,401
<b>Total payable from restricted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,583</b>	<b>-</b>	<b>586,468</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>602,051</b>
Advances from other funds	-	-	-	-	-	-	-	3,896,269	-	3,896,269
Certificates of obligation (net of amortized bond premium)	-	-	-	235,000	-	4,500,724	-	-	19,431,405	24,167,129
General obligation bonds (net of amortized bond premium and defeased debt cost)	-	-	-	29,517	-	40,913	-	25,561	1,205,234	1,301,225
Compensated absences	1,246	20,860	-	4,536	-	54,951	1,417	991	-	84,001
Insurance claims payable	-	3,973,955	2,493,701	-	-	-	-	-	-	6,467,656
OPEB payable	73,435	72,761	-	360,366	-	632,592	340,934	109,026	968,743	2,557,857
<b>Total Long-term Liabilities</b>	<b>74,681</b>	<b>4,067,576</b>	<b>2,493,701</b>	<b>629,419</b>	<b>-</b>	<b>5,229,180</b>	<b>342,351</b>	<b>4,031,847</b>	<b>21,605,382</b>	<b>38,474,137</b>
<b>Total Liabilities</b>	<b>4,366,771</b>	<b>7,400,127</b>	<b>3,015,483</b>	<b>1,829,956</b>	<b>189,298</b>	<b>7,907,633</b>	<b>780,825</b>	<b>5,177,352</b>	<b>37,616,076</b>	<b>68,283,521</b>
<b>Deferred Inflows of resources</b>										
Deferred charges on debt	-	-	-	-	-	124	-	-	6,496	6,620
Deferred charges on pensions'	13,620	8,338	-	29,642	-	81,152	30,243	7,394	75,481	245,870
<b>Total deferred inflows</b>	<b>13,620</b>	<b>8,338</b>	<b>-</b>	<b>29,642</b>	<b>-</b>	<b>81,276</b>	<b>30,243</b>	<b>7,394</b>	<b>81,977</b>	<b>252,490</b>
<b>NET POSITION</b>										
Net investment in capital assets	-	-	-	682,439	11,281,728	18,547,515	-	54,552	2,730,127	33,296,361
Unrestricted	( 1,181,409)	( 3,458,582)	( 1,465,174)	87,728	7,938,548	6,571,118	35,512	44,508	504,184	9,076,433
<b>Total net position</b>	<b>\$ (1,181,409)</b>	<b>\$ (3,458,582)</b>	<b>\$ (1,465,174)</b>	<b>\$ 770,167</b>	<b>\$ 19,220,276</b>	<b>\$ 25,118,633</b>	<b>\$ 35,512</b>	<b>\$ 99,060</b>	<b>\$ 3,234,311</b>	<b>\$ 42,372,794</b>

City of Garland, Texas  
Internal Service Funds  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended September 30, 2015

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total Internal Service Funds
<b>OPERATING REVENUES:</b>										
Charges for services	\$ -	\$ -	\$ -	\$ 8,184,963	\$ 3,863,817	\$ 16,578,309	\$ 7,613,044	\$ 804,430	\$ 11,668,766	\$ 48,713,329
Premiums	25,751,926	6,140,390	469,473	-	-	-	-	-	-	32,361,789
Other	2,318,987	128,267	-	2,755	-	280,437	1,210	21,512	126,975	2,880,143
<b>Total Operating Revenues</b>	<b>28,070,913</b>	<b>6,268,657</b>	<b>469,473</b>	<b>8,187,718</b>	<b>3,863,817</b>	<b>16,858,746</b>	<b>7,614,254</b>	<b>825,942</b>	<b>11,795,741</b>	<b>83,955,261</b>
<b>OPERATING EXPENSES:</b>										
Salaries and benefits	925,273	568,247	-	2,148,091	-	5,607,949	2,016,950	544,699	5,557,410	17,368,619
Maintenance, repairs, and other	187,451	486,507	-	5,091,118	2,980	6,504,404	5,048,895	89,668	1,700,554	19,111,577
Premiums	4,877,117	2,032,745	-	-	-	-	-	-	-	6,909,862
Claims	20,129,931	2,350,755	285,886	42,207	99,360	73,560	42,207	12,059	114,561	23,150,526
Administrative services	1,558,520	60,755	-	-	-	-	-	-	-	1,619,275
General and administrative	216,896	105,722	-	687,323	-	1,533,064	490,655	279,381	2,999,904	6,312,945
Depreciation	-	-	-	80,467	3,974,397	2,885,325	-	24,193	1,338,183	8,302,565
<b>Total Operating Expenses</b>	<b>27,895,188</b>	<b>5,604,731</b>	<b>285,886</b>	<b>8,049,206</b>	<b>4,076,737</b>	<b>16,604,302</b>	<b>7,598,707</b>	<b>950,000</b>	<b>11,710,612</b>	<b>82,775,369</b>
<b>Total Operating Income (Loss)</b>	<b>175,725</b>	<b>663,926</b>	<b>183,587</b>	<b>138,512</b>	<b>(212,920)</b>	<b>254,444</b>	<b>15,547</b>	<b>(124,058)</b>	<b>85,129</b>	<b>1,179,892</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>										
Investment income	6,138	14,494	6,923	5,709	44,091	65,732	2,409	27	68,393	213,916
Interest expense	-	-	-	570	(1,667)	(172,712)	-	(2,066)	(695,378)	(871,253)
Gain (loss) on sale of capital assets	-	-	-	-	600,931	(11,908)	643	-	2,387	592,053
<b>Total nonoperating revenues (expenses)</b>	<b>6,138</b>	<b>14,494</b>	<b>6,923</b>	<b>6,279</b>	<b>643,355</b>	<b>(118,888)</b>	<b>3,052</b>	<b>(2,039)</b>	<b>(624,598)</b>	<b>(65,284)</b>
<b>Income (loss) before transfers</b>	<b>181,863</b>	<b>678,420</b>	<b>190,510</b>	<b>144,791</b>	<b>430,435</b>	<b>135,556</b>	<b>18,599</b>	<b>(126,097)</b>	<b>(539,469)</b>	<b>1,114,608</b>
<b>TRANSFERS</b>										
Transfers in	-	-	-	47,400	325,155	7,925,000	-	-	656,141	8,953,696
Transfers out	271,101	(271,101)	-	-	(5,500)	(5,486,101)	-	-	(650,777)	(6,142,378)
<b>Net transfers</b>	<b>271,101</b>	<b>(271,101)</b>	<b>-</b>	<b>47,400</b>	<b>319,655</b>	<b>2,438,899</b>	<b>-</b>	<b>-</b>	<b>5,364</b>	<b>2,811,318</b>
<b>NET INCOME (LOSS)</b>	<b>452,964</b>	<b>407,319</b>	<b>190,510</b>	<b>192,191</b>	<b>750,090</b>	<b>2,574,455</b>	<b>18,599</b>	<b>(126,097)</b>	<b>(534,105)</b>	<b>3,925,926</b>
Net position, beginning of year	(1,732,569)	(3,926,014)	(1,655,684)	364,259	18,470,186	21,959,075	(201,138)	171,845	3,224,205	36,674,165
Cumulative effect of change in accounting principle	98,196	60,113	-	213,717	-	585,103	218,051	53,312	544,211	1,772,703
Net assets restated, beginning of year	(1,634,373)	(3,865,901)	(1,655,684)	577,976	18,470,186	22,544,178	16,913	225,157	3,768,416	38,446,868
<b>Net position, end of year</b>	<b>\$ (1,181,409)</b>	<b>\$ (3,458,582)</b>	<b>\$ (1,465,174)</b>	<b>\$ 770,167</b>	<b>\$ 19,220,276</b>	<b>\$ 25,118,633</b>	<b>\$ 35,512</b>	<b>\$ 99,060</b>	<b>\$ 3,234,311</b>	<b>\$ 42,372,794</b>



**GARLAND**  
TEXAS MADE HERE

**City of Garland, Texas  
Internal Service Funds  
Statement of Cash Flows  
For the Year Ended September 30, 2015**

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Internal Service Funds
<b>Cash flows from operating activities:</b>										
Cash received from customers	\$ 26,372,359	\$ 6,140,390	\$ 469,473	\$ 8,184,963	\$ 3,863,817	\$ 16,402,602	\$ 7,613,044	\$ 804,430	\$11,515,026	\$ 81,366,104
Cash received for customer deposits	-	-	-	-	-	-	-	-	592,192	592,192
Cash payments for goods and services	(24,447,688)	(5,335,607)	(204,923)	(5,534,300)	(184,056)	(7,914,539)	(5,544,622)	30,673	(4,591,370)	(53,726,432)
Cash payments to employees for services	(936,368)	(566,211)	-	(2,172,769)	-	(5,690,101)	(2,049,936)	(559,622)	(5,650,499)	(17,625,506)
Other operating revenues	2,318,987	128,267	-	2,755	-	280,437	1,210	21,512	126,975	2,880,143
<b>Net cash provided by operating activities</b>	<b>3,307,290</b>	<b>366,839</b>	<b>264,550</b>	<b>480,649</b>	<b>3,679,761</b>	<b>3,078,399</b>	<b>19,696</b>	<b>296,993</b>	<b>1,992,324</b>	<b>13,486,501</b>
<b>Cash flows from non-capital financing activities:</b>										
Retainage - decrease	-	-	-	-	-	-	(756)	-	-	(756)
Due to other funds - decrease	(516,056)	-	-	-	-	-	-	(290,395)	-	(806,451)
Transfers in	-	-	-	47,400	325,155	7,925,000	-	-	656,141	8,953,696
Transfers out	271,101	(271,101)	-	-	(5,500)	(5,486,101)	-	-	(650,777)	(6,142,378)
<b>Net cash provided by (used for) non-capital financing activities</b>	<b>(244,955)</b>	<b>(271,101)</b>	<b>-</b>	<b>47,400</b>	<b>319,655</b>	<b>2,438,899</b>	<b>(756)</b>	<b>(290,395)</b>	<b>5,364</b>	<b>2,004,111</b>
<b>Cash flows from capital and financing activities:</b>										
Acquisition of capital assets	-	-	-	(29,524)	(6,448,990)	(2,418,024)	-	-	-	(8,896,538)
Principal paid on certificates of obligation	-	-	-	(80,000)	-	(800,000)	-	-	(1,045,000)	(1,925,000)
Principal paid on general obligation bonds	-	-	-	(25,000)	-	(95,000)	-	(5,000)	(140,000)	(265,000)
Decrease in capital lease	-	-	-	-	(33,343)	-	-	-	-	(33,343)
Interest paid on certificates of obligation	-	-	-	(15,869)	-	(242,243)	-	-	(950,447)	(1,208,559)
Interest paid on general obligations	-	-	-	(2,300)	-	(4,512)	-	(1,600)	(49,868)	(58,280)
Interest paid on capital lease	-	-	-	-	(1,667)	-	-	-	-	(1,667)
Proceeds from sale of assets	-	-	-	-	605,886	2,296	643	-	2,387	611,212
<b>Net cash provided by (used for) financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(152,693)</b>	<b>(5,878,114)</b>	<b>(3,557,483)</b>	<b>643</b>	<b>(6,600)</b>	<b>(2,182,928)</b>	<b>(11,777,175)</b>
<b>Cash flows from investing activities:</b>										
Purchase of investment securities	(3,329,972)	(2,357,674)	(1,055,696)	(1,007,333)	(4,425,833)	(10,815,886)	(342,372)	(3,361)	(8,914,895)	(32,253,022)
Proceeds from the sale and maturity of investment securities	1,689,212	2,131,534	853,704	759,290	4,960,367	9,090,414	306,770	3,097	8,275,446	28,069,834
Interest received on investments	5,176	14,195	6,652	5,290	44,949	60,699	2,469	29	67,124	206,583
<b>Net cash provided by (used for) investing activities</b>	<b>(1,635,584)</b>	<b>(211,945)</b>	<b>(195,340)</b>	<b>(242,753)</b>	<b>579,483</b>	<b>(1,664,773)</b>	<b>(33,133)</b>	<b>(235)</b>	<b>(572,325)</b>	<b>(3,976,605)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,426,751</b>	<b>(116,207)</b>	<b>69,210</b>	<b>132,603</b>	<b>(1,299,215)</b>	<b>295,042</b>	<b>(13,550)</b>	<b>(237)</b>	<b>(757,565)</b>	<b>(263,168)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>-</b>	<b>1,916,554</b>	<b>651,850</b>	<b>508,712</b>	<b>5,079,637</b>	<b>7,382,950</b>	<b>272,656</b>	<b>2,853</b>	<b>7,822,273</b>	<b>23,637,485</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,426,751</b>	<b>\$ 1,800,347</b>	<b>\$ 721,060</b>	<b>\$ 641,315</b>	<b>\$ 3,780,422</b>	<b>\$ 7,677,992</b>	<b>\$ 259,106</b>	<b>\$ 2,616</b>	<b>\$ 7,064,708</b>	<b>\$ 23,374,317</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>										
<b>Operating income (loss)</b>	<b>\$ 175,725</b>	<b>\$ 663,926</b>	<b>\$ 183,587</b>	<b>\$ 138,512</b>	<b>\$ (212,920)</b>	<b>\$ 254,444</b>	<b>\$ 15,547</b>	<b>\$ (124,058)</b>	<b>\$ 85,129</b>	<b>\$ 1,179,892</b>
<b>Adjustments:</b>										
Depreciation	-	-	-	80,467	3,974,397	2,885,325	-	24,193	1,338,183	8,302,565
Change in assets and liabilities:										
Increase in pension related deferred outflows	(42,890)	(26,257)	-	(93,346)	-	(255,559)	(95,239)	(23,286)	(237,699)	(774,276)
Decrease in inventory	-	-	-	102,059	-	-	-	133,280	-	235,339
Decrease in net pension asset	10,645	6,517	-	23,168	-	63,429	23,638	5,779	58,996	192,172
(Increase) decrease in accounts receivable	620,433	-	-	-	-	(175,708)	-	-	(153,740)	290,985
Increase (decrease) in accounts payable	1,136,546	(305,153)	80,963	85,682	(81,716)	122,930	(5,071)	266,442	109,088	1,409,711
Increase in customer deposits	-	-	-	-	-	-	-	-	592,192	592,192
Increase (decrease) in compensated absences	7,530	13,438	-	15,858	-	28,826	8,372	(4,810)	10,133	79,347
Increase in prepaid expense	-	-	-	56,400	-	-	-	-	-	56,400
Increase in OPEB payable	13,265	6,030	-	42,207	-	73,560	42,206	12,059	114,561	303,888
Increase in insurance claims payable	1,372,416	-	-	-	-	-	-	-	-	1,372,416
Increase in pension related deferred inflows	13,620	8,338	-	29,642	-	81,152	30,243	7,394	75,481	245,870
Total adjustments	3,131,565	(297,087)	80,963	342,137	3,892,681	2,823,955	4,149	421,051	1,907,195	12,306,609
<b>Net cash provided by operating activities</b>	<b>\$ 3,307,290</b>	<b>\$ 366,839</b>	<b>\$ 264,550</b>	<b>\$ 480,649</b>	<b>\$ 3,679,761</b>	<b>\$ 3,078,399</b>	<b>\$ 19,696</b>	<b>\$ 296,993</b>	<b>\$ 1,992,324</b>	<b>\$ 13,486,501</b>

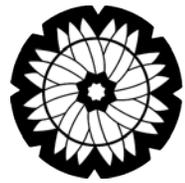


**GARLAND**  
TEXAS MADE HERE

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>117</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	<b>123</b>
<b>Debt Capacity</b> These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>127</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>132</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>134</b>

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



**GARLAND**  
TEXAS MADE HERE

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

Table 1

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 150,638,419	\$ 146,152,849	\$ 152,134,216	\$ 151,311,862	\$ 119,059,830	\$ 109,150,600	\$ 95,930,730	\$ 127,763,560	\$ 125,858,168	\$ 141,966,385
Restricted	11,148,268	16,539,955	24,872,761	18,134,847	13,646,512	12,875,368	9,106,322	7,859,043	7,574,847	6,284,970
Unrestricted	3,205,798	3,861,767	(8,120,300)	(6,063,639)	25,421,938	32,036,457	39,027,078	1,315,954	6,157,462	11,717,842
Total governmental activities net position	<u>\$ 164,992,485</u>	<u>\$ 166,554,571</u>	<u>\$ 168,886,677</u>	<u>\$ 163,383,070</u>	<u>\$ 158,128,280</u>	<u>\$ 154,062,425</u>	<u>\$ 144,064,130</u>	<u>\$ 136,938,557</u>	<u>\$ 139,590,477</u>	<u>\$ 159,969,197</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 321,262,146	\$ 357,951,642	\$ 355,663,983	\$ 337,930,445	\$ 334,698,641	\$ 343,566,237	\$ 346,557,013	\$ 438,249,356	\$ 365,960,688	\$ 376,738,418
Restricted	73,218,539	77,356,305	80,549,836	82,525,231	116,110,801	157,524,421	196,275,271	178,691,456	180,855,772	182,974,266
Unrestricted	85,484,980	64,523,017	71,341,607	121,136,206	115,801,273	118,212,758	118,547,358	53,537,669	123,189,978	124,110,995
Total business-type activities net position	<u>\$ 479,965,665</u>	<u>\$ 499,830,964</u>	<u>\$ 507,555,426</u>	<u>\$ 541,591,882</u>	<u>\$ 566,610,715</u>	<u>\$ 619,303,416</u>	<u>\$ 661,379,642</u>	<u>\$ 670,478,481</u>	<u>\$ 670,006,438</u>	<u>\$ 683,823,679</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 471,900,565	\$ 504,104,491	\$ 507,798,199	\$ 489,242,307	\$ 453,758,471	\$ 452,716,837	\$ 442,487,743	\$ 566,012,916	\$ 491,818,856	\$ 518,704,803
Restricted	84,366,807	93,896,260	105,422,597	100,660,078	129,757,313	170,399,789	205,381,593	186,550,499	188,430,619	189,259,236
Unrestricted	88,690,778	68,384,784	63,221,307	115,072,567	141,223,211	150,249,215	157,574,436	54,853,623	129,347,440	135,828,837
Total primary government activities net position	<u>\$ 644,958,150</u>	<u>\$ 666,385,535</u>	<u>\$ 676,442,103</u>	<u>\$ 704,974,952</u>	<u>\$ 724,738,995</u>	<u>\$ 773,365,841</u>	<u>\$ 805,443,772</u>	<u>\$ 807,417,038</u>	<u>\$ 809,596,915</u>	<u>\$ 843,792,876</u>

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

Table 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 30,790,105	\$ 37,623,390	\$ 31,821,475	\$ 31,153,948	\$ 32,846,193	\$ 29,640,148	\$ 29,569,285	\$ 29,243,108	\$ 27,639,946	\$ 28,672,583
Public safety	80,537,648	82,379,317	85,948,538	88,837,476	86,168,466	90,653,595	90,755,164	92,128,110	91,105,170	93,438,294
Public works	35,936,678	39,645,423	41,491,649	40,530,087	41,358,430	42,540,513	41,666,670	40,870,496	41,893,889	42,473,055
Culture and recreation	19,160,660	19,159,881	19,925,775	19,849,963	19,505,793	21,566,920	20,805,012	21,442,173	20,820,273	21,780,835
Public health	2,771,112	3,085,931	3,346,806	3,455,498	3,604,317	3,881,311	4,018,652	4,322,827	4,105,273	4,401,399
Interest and fiscal charges	10,348,493	10,686,236	10,476,757	12,888,091	12,713,773	11,968,097	12,038,048	11,094,537	9,696,538	8,323,617
Total governmental activities expenses	<u>179,544,696</u>	<u>192,580,178</u>	<u>193,011,000</u>	<u>196,715,063</u>	<u>196,196,972</u>	<u>200,250,584</u>	<u>198,852,831</u>	<u>199,101,251</u>	<u>195,261,089</u>	<u>199,089,783</u>
Business-type activities:										
Electric	222,703,702	212,231,176	255,025,955	183,527,066	191,187,490	164,547,930	166,360,005	271,815,312	344,969,100	319,583,367
Water	25,540,630	28,221,876	29,979,447	33,000,743	34,274,026	38,602,207	40,702,500	43,758,542	46,952,415	48,965,136
Sewer	24,768,707	26,661,625	29,021,769	30,838,009	33,643,084	34,307,982	36,348,765	36,288,797	36,080,645	35,609,533
Golf	2,953,267	2,844,792	2,827,100	2,801,539	3,636,869	4,766,551	4,922,780	4,889,818	4,738,094	4,808,720
Heliport	76,842	28,007	27,335	27,482	39,590	30,292	85,480	5,365	5,329	5,351
Storm water management	3,535,492	3,227,420	3,192,094	3,176,002	3,598,351	3,669,785	3,519,113	3,926,814	3,996,717	3,949,180
Parks performance	773,516	718,131	702,176	818,781	778,409	965,305	1,022,947	964,590	1,031,470	1,113,223
Sanitation	13,399,591	14,741,829	15,618,088	15,558,875	15,943,590	16,045,778	16,972,881	16,965,951	17,415,020	17,085,912
Total business-type activities expenses	<u>293,751,747</u>	<u>288,674,856</u>	<u>336,393,964</u>	<u>269,748,497</u>	<u>283,101,409</u>	<u>262,935,830</u>	<u>269,934,471</u>	<u>378,615,189</u>	<u>455,188,790</u>	<u>431,120,422</u>
Total primary government expenses	<u>\$ 473,296,443</u>	<u>\$ 481,255,034</u>	<u>\$ 529,404,964</u>	<u>\$ 466,463,560</u>	<u>\$ 479,298,381</u>	<u>\$ 463,186,414</u>	<u>\$ 468,787,302</u>	<u>\$ 577,716,440</u>	<u>\$ 650,449,879</u>	<u>\$ 630,210,205</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 6,858,486	\$ 6,611,850	\$ 6,687,922	\$ 6,010,639	\$ 6,086,998	\$ 6,403,716	\$ 6,761,126	\$ 6,792,917	\$ 6,771,546	\$ 7,211,710
Public safety	10,803,372	10,568,258	9,335,039	12,015,983	11,904,259	12,685,675	14,130,333	15,467,011	14,845,171	15,447,629
Public works	12,990,004	13,651,673	12,565,983	13,317,251	12,326,162	18,311,836	14,710,176	14,626,584	14,690,728	16,858,348
Culture and recreation	1,615,310	1,530,098	1,655,630	1,871,402	1,701,121	1,673,984	1,523,989	1,726,202	1,562,302	1,580,984
Public health	177,835	331,128	321,296	314,819	501,507	283,433	409,920	534,179	494,343	460,154
Operating grants and contributions	21,863,489	22,852,488	21,055,526	17,351,640	21,420,963	21,723,466	16,885,088	17,203,324	14,290,332	14,640,650
Capital grants and contributions	8,445,411	3,811,318	6,398,010	2,082,015	974,984	649,244	815,387	1,785,232	560,265	2,695,395
Total governmental activities program revenues	<u>62,753,907</u>	<u>59,356,813</u>	<u>58,019,406</u>	<u>52,963,749</u>	<u>54,915,994</u>	<u>61,731,354</u>	<u>55,236,019</u>	<u>58,135,449</u>	<u>53,214,687</u>	<u>58,894,870</u>
Business-type activities:										
Charges for services:										
Electric	271,751,654	233,626,927	270,716,085	229,710,285	231,758,075	222,638,789	222,228,397	296,866,570	376,657,906	338,473,487
Water	35,641,398	26,528,327	30,974,200	34,236,560	40,688,647	50,472,770	46,525,981	50,176,879	49,536,979	57,135,679
Sewer	34,668,202	33,628,914	35,436,808	38,396,280	40,316,535	41,809,811	42,172,904	41,831,894	43,460,465	43,609,415
Golf	2,224,318	2,070,839	2,069,842	1,996,599	2,163,761	3,596,869	3,724,490	3,677,689	3,630,768	3,528,120
Heliport	5,556	6,098	6,299	6,451	6,528	6,523	6,713	6,865	6,956	7,018
Storm water management	3,140,224	3,116,627	3,160,313	3,137,707	3,455,484	3,775,995	3,840,350	3,824,990	3,820,130	3,829,343
Parks performance	745,186	666,131	744,918	831,481	694,108	1,004,106	1,052,256	1,124,046	1,005,702	1,091,961
Sanitation	13,331,142	15,054,605	15,574,619	16,191,391	15,750,835	16,406,642	16,898,137	17,469,768	17,586,500	19,243,412
Capital grants and contributions	3,103,011	2,853,227	4,226,700	3,679,673	878,483	3,213,159	1,249,457	1,787,937	953,011	1,678,626
Total business-type activities program revenues	<u>364,610,691</u>	<u>317,551,695</u>	<u>362,909,784</u>	<u>328,186,427</u>	<u>335,712,456</u>	<u>342,924,664</u>	<u>337,698,685</u>	<u>416,766,638</u>	<u>496,658,417</u>	<u>468,597,061</u>
Total primary government program revenues	<u>\$ 427,364,598</u>	<u>\$ 376,908,508</u>	<u>\$ 420,929,190</u>	<u>\$ 381,150,176</u>	<u>\$ 390,628,450</u>	<u>\$ 404,656,018</u>	<u>\$ 392,934,704</u>	<u>\$ 474,902,087</u>	<u>\$ 549,873,104</u>	<u>\$ 527,491,931</u>

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

Table 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense)/revenue										
Governmental activities	\$ (116,790,789)	\$ (133,223,365)	\$ (134,991,594)	\$ (143,751,314)	\$ (141,280,978)	\$ (138,519,230)	\$ (143,616,812)	\$ (140,965,802)	\$ (142,046,402)	\$ (140,194,913)
Business-type activities	70,858,944	28,876,839	26,515,820	58,437,930	52,611,047	79,988,834	67,764,214	38,151,449	41,469,627	37,476,639
Total primary government net expense	<u>\$ (45,931,845)</u>	<u>\$ (104,346,526)</u>	<u>\$ (108,475,774)</u>	<u>\$ (85,313,384)</u>	<u>\$ (88,669,931)</u>	<u>\$ (58,530,396)</u>	<u>\$ (75,852,598)</u>	<u>\$ (102,814,353)</u>	<u>\$ (100,576,775)</u>	<u>\$ (102,718,274)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 66,825,355	\$ 70,205,635	\$ 74,677,018	\$ 77,869,371	\$ 75,675,105	72,960,307	71,712,486	71,160,273	71,507,322	74,345,310
Sales taxes	22,517,489	23,278,730	23,694,596	22,041,066	21,648,693	21,609,756	22,684,164	23,537,389	24,667,765	26,497,069
Franchise taxes	7,883,149	8,028,128	8,372,409	7,935,599	8,352,056	8,255,818	7,887,388	8,646,942	9,091,491	8,832,022
Hotel/motel taxes	464,905	488,123	469,185	483,639	562,590	687,233	773,753	825,003	896,702	1,071,660
Mixed drink taxes	135,586	167,372	216,527	233,290	263,272	262,941	238,486	255,607	327,324	351,879
Bingo taxes	101,189	97,866	87,133	105,488	99,634	100,691	104,178	106,252	105,701	105,198
Unrestricted investment earnings	3,883,272	5,061,009	3,486,049	2,771,407	730,796	512,142	648,009	266,319	679,278	821,107
Miscellaneous	140,242	850,982	46,672	(58,601)	28,089	89,257	85,561	59,186	132,933	2,788,292
Transfers	23,368,856	26,607,606	26,274,111	26,866,448	28,665,953	29,975,230	29,484,492	30,796,507	39,628,270	32,236,236
Total governmental activities	<u>125,320,043</u>	<u>134,785,451</u>	<u>137,323,700</u>	<u>138,247,707</u>	<u>136,026,188</u>	<u>134,453,375</u>	<u>133,618,517</u>	<u>135,653,478</u>	<u>147,036,786</u>	<u>147,048,773</u>
Business-type activities:										
Unrestricted investment earnings	8,932,791	13,001,111	7,794,879	5,031,184	1,426,960	1,045,332	1,703,509	42,619	1,481,986	1,823,835
Miscellaneous	3,595,093	4,594,955	3,235,856	(2,566,210)	1,176,711	1,633,765	2,092,995	1,701,278	2,074,837	1,701,956
Loss on sale of capital assets	-	-	-	-	(1,529,932)	-	-	-	-	-
Special item-impairment of electric assets	-	-	(3,547,982)	-	-	-	-	-	-	-
Transfers	(23,368,856)	(26,607,606)	(26,274,111)	(26,866,448)	(28,665,953)	(29,975,230)	(29,484,492)	(30,796,507)	(39,628,270)	(32,236,236)
Total business-type activities	<u>(10,840,972)</u>	<u>(9,011,540)</u>	<u>(18,791,358)</u>	<u>(24,401,474)</u>	<u>(27,592,214)</u>	<u>(27,296,133)</u>	<u>(25,687,988)</u>	<u>(29,052,610)</u>	<u>(36,071,447)</u>	<u>(28,710,445)</u>
Total primary government	<u>\$ 114,479,071</u>	<u>\$ 125,773,911</u>	<u>\$ 118,532,342</u>	<u>\$ 113,846,233</u>	<u>\$ 108,433,974</u>	<u>\$ 107,157,242</u>	<u>\$ 107,930,529</u>	<u>\$ 106,600,868</u>	<u>\$ 110,965,339</u>	<u>\$ 118,338,328</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 8,529,254	\$ 1,562,086	\$ 2,332,106	\$ (5,503,607)	\$ (5,254,790)	(4,065,855)	(9,998,295)	(5,312,324)	4,990,384	6,853,860
Business-type activities	60,017,972	19,865,299	7,724,462	34,036,456	25,018,833	52,692,701	42,076,226	9,098,839	5,398,180	8,766,194
Cumulative effect of change in acctg principle	(4,318,943)	-	-	-	-	-	-	-	(8,208,687)	18,575,907
Total primary government	<u>\$ 64,228,283</u>	<u>\$ 21,427,385</u>	<u>\$ 10,056,568</u>	<u>\$ 28,532,849</u>	<u>\$ 19,764,043</u>	<u>\$ 48,626,846</u>	<u>\$ 32,077,931</u>	<u>\$ 3,786,515</u>	<u>\$ 2,179,877</u>	<u>\$ 34,195,961</u>

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

Table 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel/Motel Tax	Mixed Drink Tax	Bingo Tax	Total
2006	\$ 66,825,355	\$ 22,517,489	\$ 7,883,149	\$ 464,905	\$ 135,586	\$ 101,189	\$ 97,927,673
2007	70,205,635	23,278,730	8,028,128	488,123	167,372	97,866	102,265,854
2008	74,677,018	23,694,596	8,598,552	469,185	216,527	87,133	107,743,011
2009	77,869,371	22,041,066	7,935,599	483,639	233,290	105,488	108,668,453
2010	75,591,153	21,573,549	8,352,056	562,590	263,272	99,634	106,442,254
2011	72,960,307	21,609,756	8,255,818	687,233	262,941	100,691	103,876,746
2012	71,712,486	22,684,164	7,887,388	773,753	238,486	104,178	103,400,455
2013	71,160,273	23,537,389	8,646,942	825,003	255,607	106,252	104,531,466
2014	71,507,322	24,667,765	9,091,491	896,702	327,324	105,701	106,596,305
2015	74,345,310	26,497,069	8,832,022	1,071,660	351,879	105,198	111,203,138

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

Table 4

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved for other	\$ -	\$ -	\$ 231,850	\$ 394,642	\$ 564,849	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for construction						762,541	758,444	1,531,005	135,552	820,577
Assigned						4,730,000	4,730,000	4,480,000	4,230,000	3,980,000
Unreserved	20,888,141	17,308,504	17,050,423	18,480,293	19,639,675	-	-	-	-	-
Unassigned						13,881,953	16,575,077	18,252,865	21,364,117	20,944,205
Total general fund	<u>\$ 20,888,141</u>	<u>\$ 17,308,504</u>	<u>\$ 17,282,273</u>	<u>\$ 18,874,935</u>	<u>\$ 20,204,524</u>	<u>\$ 19,374,494</u>	<u>\$ 22,063,521</u>	<u>\$ 24,263,870</u>	<u>\$ 25,729,669</u>	<u>\$ 25,744,782</u>
All other government funds										
Reserved for:										
Debt service	\$ 3,210,136	\$ 3,643,875	\$ 5,285,612	\$ 6,140,162	\$ 6,051,447	\$ -	\$ -	\$ -	\$ -	\$ -
Capital project funds	(10,079,482)	-	5,166,823	-	-	-	-	-	-	-
Special revenue funds	7,938,132	12,896,080	14,188,476	14,329,972	9,411,927	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	4,596,233	7,293,957	8,678,081	3,721,683	4,624,832	-	-	-	-	-
Capital project funds	-	(26,178,715)	5,649,541	1,727,367	(3,467,032)	-	-	-	-	-
Non spendable:										
Prepaid	-	-	-	-	-	902,142	-	-	-	-
Restricted for:										
General government	-	-	-	-	-	1,122,223	39,730,596	33,393,625	22,931,442	344,704
Debt service	-	-	-	-	-	6,265,763	5,241,033	6,314,007	7,843,714	6,235,664
Parks construction	-	-	-	-	-	-	-	-	-	115,016
Streets and drainage	-	-	-	-	-	-	-	-	-	68,129
Public facilities	-	-	-	-	-	-	-	-	-	42,207,841
Other capital projects	-	-	-	-	-	3,577,680	1,774,748	1,727,296	1,035,676	6,921,928
Housing assistance	-	-	-	-	-	1,305,371	984,567	935,202	570,169	1,005,267
Public safety	-	-	-	-	-	-	53,785	-	-	786,043
Committed for:										
Neighborhood services	-	-	-	-	-	303,531	332,670	444,858	453,849	426,644
Culture & recreation	-	-	-	-	-	-	-	-	-	1,963,149
Landfill closure	-	-	-	-	-	1,429,229	1,615,772	1,934,063	2,149,180	197,263
Public works and infrastructure	-	-	-	-	-	4,240,615	4,626,022	5,006,527	5,404,617	6,643,558
Unassigned										
Capital project funds	-	-	-	-	-	(5,016,257)	-	-	-	-
Nonmajor governmental funds	-	-	-	-	-	-	-	-	(5,500)	-
Total all other governmental funds	<u>\$ 5,665,019</u>	<u>\$ (2,344,803)</u>	<u>\$ 38,968,533</u>	<u>\$ 25,919,184</u>	<u>\$ 16,621,174</u>	<u>\$ 14,130,297</u>	<u>\$ 54,359,193</u>	<u>\$ 49,755,578</u>	<u>\$ 40,383,147</u>	<u>\$ 66,915,206</u>

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 89,864,990	\$ 94,277,497	\$ 99,567,491	\$ 100,620,433	\$ 98,370,888	\$ 95,523,675	\$ 95,535,319	\$ 95,793,994	\$ 97,585,254	\$ 102,157,106
Franchise fees	7,883,149	8,028,128	8,372,409	7,935,599	8,352,056	8,255,818	7,887,388	8,646,942	9,091,491	8,832,022
Service charges	16,382,249	17,224,499	17,268,733	17,537,722	16,929,426	18,102,510	20,411,968	20,239,605	20,791,739	22,040,585
Licenses and permits	3,104,974	3,056,687	2,632,116	2,566,182	3,085,185	2,893,000	3,751,589	3,393,137	3,781,703	3,860,441
Investment earnings	3,883,271	5,061,009	3,486,049	1,739,575	501,419	384,119	482,567	243,088	529,912	607,191
Intergovernmental	19,092,728	20,938,438	19,709,837	16,786,683	19,995,862	20,304,725	15,573,047	16,079,825	13,450,076	13,692,567
Intragovernmental	5,803,231	6,068,356	6,727,768	7,324,102	7,430,975	7,871,534	8,010,474	7,973,376	8,002,858	8,576,934
Fines and forfeits	5,915,617	5,324,440	5,195,729	6,064,644	5,627,058	5,097,867	6,110,138	6,955,299	6,730,988	6,608,238
Rents and concessions	946,539	959,214	1,066,932	1,089,898	947,961	762,914	788,504	804,298	833,456	829,410
Assessments	43,908	54,207	37,546	32,609	49,455	34,223	61,182	61,779	77,710	195,043
Impact fees	1,043,145	1,215,941	728,946	140,278	252,767	289,553	368,620	377,520	380,120	1,405,625
Contributions	1,789,346	378,732	8,173	418,424	619,197	5,219,595	31,881	-	-	30,847
Program income	580,242	197,794	251,679	135,695	163,681	193,209	376,059	365,103	292,533	408,698
Special event income	79,439	1,623	-	-	-	174,578	-	216,026	-	-
Miscellaneous	2,727,545	1,737,656	1,174,425	1,998,868	1,124,216	2,248,086	998,201	2,342,106	815,199	1,358,754
Awards	498,287	445,701	347,993	374,145	665,163	467,831	573,187	192,737	230,571	334,576
<b>Total Revenues</b>	<b>159,638,660</b>	<b>164,969,922</b>	<b>166,575,826</b>	<b>164,764,857</b>	<b>164,115,309</b>	<b>167,823,237</b>	<b>160,960,124</b>	<b>163,684,835</b>	<b>162,593,610</b>	<b>170,938,037</b>
<b>Expenditures</b>										
General government	8,399,455	16,162,770	9,035,894	10,183,430	9,817,583	9,415,810	9,339,438	9,820,852	10,066,773	10,335,083
Public safety	67,979,184	71,923,692	75,115,520	75,268,367	74,890,153	77,463,425	77,639,802	78,338,393	79,341,146	81,633,191
Public works	8,087,824	9,765,312	9,659,895	8,931,181	8,709,794	19,151,977	18,457,911	17,391,246	19,617,640	20,656,938
Culture and recreation	11,487,982	12,401,080	13,209,936	12,550,200	12,641,150	13,245,845	12,794,896	13,218,113	13,371,187	13,573,292
Public health	2,275,483	2,721,376	2,965,945	2,893,506	3,189,738	3,174,073	3,364,592	3,579,737	3,606,072	3,763,652
Nondepartmental	14,498,714	16,258,263	17,075,180	16,941,189	17,315,649	18,695,922	19,086,070	21,243,401	20,992,758	23,629,265
Operations	26,199,922	25,113,864	29,652,263	28,925,801	28,602,430	17,392,687	16,978,956	15,974,313	15,229,201	14,635,127
Capital Outlay	55,132,525	31,349,700	28,377,230	16,664,598	18,721,222	19,475,793	12,977,724	18,460,127	30,798,802	18,359,468
Debt service										
Principal	12,973,186	14,015,396	15,317,098	16,637,994	17,476,637	16,165,582	17,922,725	17,370,398	20,108,094	19,810,813
Interest	12,418,459	12,282,296	11,353,053	12,767,629	10,879,254	10,215,634	8,991,405	11,900,025	9,949,833	9,078,192
Issue costs on issuance of debt	-	133,969	720,789	35,000	70,000	107,306	1,038,554	307,935	311,537	313,973
Other charges	146,905	120,590	162,728	475,849	617,619	758,265	454,846	339,837	72,285	406,218
<b>Total expenditures</b>	<b>219,599,639</b>	<b>212,248,308</b>	<b>212,645,531</b>	<b>202,274,744</b>	<b>202,931,229</b>	<b>205,262,319</b>	<b>199,046,919</b>	<b>207,944,377</b>	<b>223,465,328</b>	<b>216,195,212</b>
Excess of revenues over (under) expenditures	(59,960,979)	(47,278,386)	(46,069,705)	(37,509,887)	(38,815,920)	(37,439,082)	(38,086,795)	(44,259,542)	(60,871,718)	(45,257,175)
<b>Other financing sources (uses)</b>										
Sale of capital assets	-	417,045	2,204,592	363,244	112,389	25,747	117,097	528,187	1,232,275	167,619
Transfers in	32,423,803	38,353,344	40,925,950	40,823,290	49,485,628	47,439,233	42,083,177	37,847,598	50,731,130	49,149,623
Transfers out	(9,550,022)	(17,040,435)	(17,903,902)	(15,483,332)	(20,970,518)	(16,395,360)	(12,675,653)	(7,209,853)	(8,541,923)	(19,724,709)
Issuance of debt	4,115,000	13,825,000	59,830,000	350,000	2,220,000	2,545,000	46,245,000	10,835,000	9,110,000	40,370,000
Premium on issuance of debt	-	1,493,762	2,761,825	-	-	280,745	4,905,097	1,165,344	1,447,424	3,081,644
Refunding proceeds	-	39,200,000	26,940,000	-	-	4,655,000	17,365,000	6,650,000	17,515,000	34,525,000
Payment to bond refunding agent	-	(40,559,793)	(27,401,656)	-	-	(4,432,030)	(17,035,000)	(7,960,000)	(18,528,820)	(35,764,832)
<b>Total other financing sources (uses)</b>	<b>26,988,781</b>	<b>35,688,923</b>	<b>87,356,809</b>	<b>26,053,202</b>	<b>30,847,499</b>	<b>34,118,335</b>	<b>81,004,718</b>	<b>41,856,276</b>	<b>52,965,086</b>	<b>71,804,345</b>
<b>Net change in fund balances</b>	<b>\$ (32,972,198)</b>	<b>\$ (11,589,463)</b>	<b>\$ 41,287,104</b>	<b>\$ (11,456,685)</b>	<b>\$ (7,968,421)</b>	<b>\$ (3,320,747)</b>	<b>\$ 42,917,923</b>	<b>\$ (2,403,266)</b>	<b>\$ (7,906,632)</b>	<b>\$ 26,547,170</b>
Debt service as a percentage of noncapital expenditures	15.44%	14.54%	14.47%	15.84%	15.39%	14.20%	14.46%	15.45%	15.60%	14.60%

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

Table 6

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2006	\$ 7,229,465,100	\$ 3,500,737,880	\$ 664,641,720	\$ 1,578,751,415	\$ 9,816,093,285	0.6661
2007	8,397,628,690	3,017,766,630	838,155,930	1,836,648,950	10,416,902,300	0.6786
2008	8,523,853,140	3,517,203,860	775,413,890	1,933,972,589	10,882,498,301	0.6886
2009	8,663,790,930	3,721,257,230	864,829,660	2,128,083,759	11,121,794,061	0.6996
2010	8,409,174,740	3,617,980,940	889,829,860	2,198,702,169	10,718,283,371	0.7046
2011	8,182,727,940	3,466,044,330	865,690,790	2,162,392,225	10,352,070,835	0.7046
2012	8,131,575,400	3,427,051,790	854,385,970	2,292,980,261	10,120,032,899	0.7046
2013	7,926,183,720	3,467,149,980	923,512,680	2,347,404,371	9,969,442,009	0.7046
2014	7,935,395,970	3,646,074,980	876,966,220	2,425,139,035	10,033,298,135	0.7046
2015	8,204,509,320	3,839,721,080	838,674,490	2,456,451,404	10,426,453,486	0.7046

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

**Source:** City of Garland, Texas - Tax Office

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

Table 7

Fiscal Year	City Direct Rates			Overlapping Rates*										
	General Fund	Debt Service Fund	Total Direct	Garland Independent School District	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas Independent School District	Richardson Independent School District	Mesquite Independent School District	Collin County	Collin County Community College District	Plano Independent School District	
2006	\$ 0.3890	\$ 0.2771	\$ 0.6661	\$ 1.6701	\$ 0.2139	\$ 0.2540	\$ 0.0816	\$ 1.6884	\$ 1.8200	\$ 1.7624	\$ -	\$ -	\$ -	
2007	0.3890	0.2896	0.6786	1.6701	0.2139	0.2540	0.0816	1.6884	1.6301	1.6680	-	-	-	
2008	0.3890	0.2996	0.6886	1.2533	0.2281	0.2540	0.0804	1.5026	1.3401	1.3767	-	-	-	
2009	0.3890	0.3106	0.6996	1.2533	0.2281	0.2540	0.0894	1.1834	1.3401	1.4000	-	-	-	
2010	0.3890	0.3156	0.7046	1.2533	0.2281	0.2740	0.0949	1.2713	1.3401	1.4200	0.2425	0.0863	1.3284	
2011	0.3940	0.3106	0.7046	1.2533	0.2431	0.2710	0.0992	1.2378	1.3401	1.4200	0.2400	0.0863	1.3534	
2012	0.3940	0.3106	0.7046	1.2533	0.2531	0.2710	0.0997	1.2903	1.3401	1.4200	0.2400	0.0863	1.3734	
2013	0.3940	0.3106	0.7046	1.2533	0.2431	0.2710	0.1194	1.2903	1.3401	1.4200	0.2400	0.0863	1.3734	
2014	0.3940	0.3106	0.7046	1.2533	0.2431	0.2760	0.1247	1.2821	1.3401	1.4200	0.2375	0.0836	1.4530	
2015	0.3940	0.3106	0.7046	1.2533	0.2431	0.2860	0.1247	1.2821	1.3400	1.4100	0.2350	0.0820	1.4480	

**Source:** City of Garland, Texas - Tax Office

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

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

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

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>
Walmart/Sam's Club	\$ 125,014,200	1	1.20%	\$ 91,558,480	1	0.93%
Simon Property Group	102,138,280	2	0.98%	43,948,530	7	0.45%
Plastipak Packaging	68,368,153	3	0.65%	60,543,018	2	0.62%
Verizon	51,972,530	4	0.50%	44,503,370	6	0.45%
Valspar Engineered Polymer	47,831,927	5	0.46%	36,362,087	10	0.37%
Kraft Foods, Inc	46,497,245	6	0.44%	47,453,615	5	0.48%
Sears Roebuck and Co.	44,163,664	7	0.42%	53,193,987	3	0.54%
BMEF Stoneleigh LP	43,500,000	8	0.42%	-	-	-
US Food Service Inc.	41,190,562	9	0.39%	-	-	-
Omninet Town Center LP	40,386,830	10	0.39%	-	-	-
Advenir @ Town Center	-		0.00%	-		-
CVS Corporation	-		-	49,993,212	4	0.51%
Simpson Financing	-		-	41,020,130	8	0.42%
Worthing at Spring Creek	-		-	37,500,000	9	0.38%
	<u>\$ 611,063,391</u>		<u>5.85%</u>	<u>\$ 506,076,429</u>		<u>5.16%</u>

Source: City of Garland, Texas - Tax Office

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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collections within Fiscal Year of the Levy		Collections & Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 65,446,028	\$ 64,291,109	98.24%	\$ 1,107,941	\$ 65,399,050	99.93%
2007	69,481,794	68,346,908	98.37%	1,079,801	69,426,709	99.92%
2008	74,759,668	73,764,627	98.67%	939,151	74,703,779	99.93%
2009	77,977,700	76,842,208	98.54%	1,068,978	77,911,185	99.91%
2010	75,678,090	74,800,032	98.84%	805,342	75,605,374	99.90%
2011	73,103,186	72,238,056	98.82%	790,048	73,028,104	99.90%
2012	71,301,935	70,589,967	99.00%	556,941	71,146,908	99.78%
2013	70,801,851	70,130,748	99.05%	505,872	70,636,620	99.77%
2014	71,071,583	70,536,234	99.25%	317,253	70,853,487	99.69%
2015	73,798,105	73,250,492	99.26%	-	73,250,492	99.26%

**Source:** City of Garland, Texas - Tax Office and Office of Finance

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

Table 10

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Other Obligations	Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Other Obligations			
2006	\$ 140,958,212	\$ 88,835,115	\$ -	\$ 191,935,000	\$ 53,411,788	\$ 67,864,920	\$ -	\$ 543,005,035	12.58%	2,441
2007	152,557,291	76,814,236	-	235,485,000	75,067,709	38,550,764	-	578,475,000	10.79%	2,571
2008	205,520,000	80,360,204	-	277,435,000	84,685,000	22,789,796	-	670,790,000	12.45%	2,966
2009	194,650,000	95,934,063	-	296,575,000	82,285,000	17,920,937	-	687,365,000	10.58%	3,043
2010	183,442,550	89,971,568	-	304,765,000	79,785,000	140,758,432	-	798,722,550	12.24%	3,520
2011	173,692,475	83,830,000	124,145	316,815,000	81,170,000	131,930,000	-	787,561,620	12.02%	3,458
2012	226,568,739	66,999,488	95,342	316,972,656	76,992,004	141,434,684	179,335	829,242,248	16.54%	3,636
2013	209,337,945	74,124,910	65,098	307,357,705	68,356,211	140,813,081	-	800,054,950	15.73%	3,454
2014	197,231,048	71,943,539	33,343	406,859,556	59,942,513	143,258,324	-	879,268,323	17.17%	3,770
2015	203,325,804	82,228,702	-	381,487,963	48,745,628	200,060,219	-	915,848,316	18.03%	3,905

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

See the Schedule of Demographic and Economic Statistics on page 132 for personal income and population data.

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

Fiscal Year	General Obligation Debt	Certificates of Obligation	Total	Less: Amount Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita**
2006	\$ 194,370,000	\$ 156,700,035	\$ 351,070,035	\$ 3,210,136	\$ 347,859,899	3.54%	1,564
2007	227,625,000	115,365,000	342,990,000	3,643,875	339,346,125	3.26%	1,508
2008	290,205,000	103,150,000	393,355,000	5,285,612	388,069,388	3.57%	1,716
2009	276,935,000	113,855,000	390,790,000	6,140,162	384,649,838	3.46%	1,703
2010	263,227,550	230,730,000	493,957,550	6,051,447	487,906,103	4.55%	2,150
2011	254,862,475	215,760,000	470,622,475	6,265,763	464,356,712	4.49%	2,039
2012	303,560,743	208,434,172	511,994,915	5,241,033	506,753,882	5.01%	2,222
2013	277,694,156	214,937,991	492,632,147	6,314,007	486,318,140	4.88%	2,100
2014	257,173,561	215,201,863	472,375,424	7,843,714	464,531,710	4.63%	1,992
2015	252,071,432	282,288,921	534,360,353	6,235,664	528,124,689	5.07%	2,252

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

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

\* See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 123 for property value data.

\*\* Population data can be found in the Schedule of Demographic and Economic Statistics on page 132.

**City of Garland**  
**Estimated Direct and Overlapping Governmental Activities Debt**  
**September 30, 2015**  
**(unaudited)**

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Garland Independent School District	\$ 346,746,128	71.72%	\$ 230,207,658
Collin County	391,410,000	0.03%	108,576
Collin County Community College District	37,460,000	0.03%	10,379
Dallas County	126,255,000	5.62%	5,656,530
Dallas County Community College District	339,035,000	5.62%	18,068,862
Dallas County Hospital District	743,250,000	5.62%	41,376,407
Dallas County Schools	67,265,000	5.62%	3,589,775
Dallas Independent School District	2,570,750,000	22.00%	5,531,350
Richardson Independent School District	430,134,988	3.40%	13,624,650
Plano Independent School District	922,505,466	0.06%	511,581
Mesquite Independent School District	390,058,643	1.84%	<u>7,169,213</u>
Subtotal, overlapping debt			325,854,981
<b>City direct debt</b>			<u>285,554,506</u>
<b>Total estimated direct and overlapping debt</b>			<u><u>\$ 611,409,487</u></u>

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

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

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

**City of Garland**  
**Legal Debt Margin Information**  
**September 30, 2015**  
**(unaudited)**

Table 13

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

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

The City tax rate limitation is \$2.50 per \$100 assessed value. The tax rate for FY15 is \$.7046 per \$100.00 assessed value.

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

Table 14

Fiscal Year	Electric Utility System Revenue Bonds						Water & Sewer Utility System Revenue Bonds					
	Charges for Services	Less: Operating Expenses	Net Available Revenue	Average Annual Debt Service		Times Coverage	Charges for Services	Less: Operating Expenses	Net Available Revenue	Average Annual Debt Service		Times Coverage
				Principal	Interest					Principal	Interest	
2006	\$ 278,495,241	\$ 207,677,043	\$ 70,818,198	\$ 3,610,238	\$ 1,937,279	12.77	\$ 70,938,017	\$ 36,061,645	\$ 34,876,372	\$ 5,728,810	\$ 2,747,140	4.11
2007	244,179,434	195,648,649	48,530,785	4,523,333	2,411,386	7.00	61,219,697	38,218,281	23,001,416	7,003,095	3,362,221	2.22
2008	278,688,019	238,988,738	39,699,281	4,756,190	2,240,833	5.67	67,608,735	40,565,444	27,043,291	8,877,750	4,052,695	2.09
2009	234,046,619	167,009,741	67,036,878	5,385,500	2,351,999	8.66	73,238,821	43,211,675	30,027,146	9,443,250	4,067,502	2.22
2010	232,689,990	169,922,518	62,767,472	5,399,211	2,207,117	8.25	81,075,657	46,002,329	35,073,328	10,109,000	4,243,081	2.44
2011	223,439,359	138,663,012	84,776,347	5,212,750	2,082,419	11.62	92,330,704	49,155,966	43,174,738	10,628,000	4,374,209	2.88
2012	223,567,545	140,852,028	82,715,517	5,095,000	1,887,700	11.85	88,795,586	52,500,437	36,295,149	10,441,750	3,965,662	2.52
2013	296,802,209	248,084,572	48,717,637	5,076,111	1,607,330	7.29	96,736,703	68,166,340	28,570,363	10,313,500	3,458,475	2.07
2014	378,040,063	319,867,376	58,172,687	8,526,750	3,792,817	4.72	93,084,946	58,667,658	34,417,288	10,453,000	3,553,678	2.46
2015	339,991,142	289,626,012	50,365,130	8,516,316	3,446,312	4.21	100,852,023	59,971,640	40,880,383	10,383,684	3,280,082	2.99

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Charges for services includes investment earnings from current operations. Operating expenses do not include interest or depreciation.

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

Table 15

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (000's)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level in Years of Formal Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2006	222,432	\$ 5,300,332	\$ 23,829	32.0	12.9	56,593	4.7%
2007	224,988	5,361,239	23,829	32.7	12.9	56,579	4.2%
2008	226,144	5,388,785	23,829	32.7	12.9	56,579	5.8%
2009	225,865	6,497,458	28,767	32.7	12.9	56,579	8.3%
2010	226,915	6,527,664	28,767	34.6	12.9	57,405	8.6%
2011	227,726	6,550,994	28,767	33.2	12.9	57,833	7.8%
2012	228,060	5,012,075	21,977	33.7	12.9	58,151	6.3%
2013	231,618	5,085,868	21,958	33.7	12.9	58,059	6.4%
2014	233,206	5,120,737	21,958	33.4	12.9	58,059	5.1%
2015	234,533	5,080,219	21,661	33.4	12.9	58,000	4.0%

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

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

Table 16

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Raytheon E-Systems	2,200	1	1.89%	2,450	1	2.22%
Walmart Super Centers	1,250	2	1.07%	-		0.00%
Atlas Copco	727	3	0.62%	-		-
US Food Service	500	4	0.43%	-		-
APEX Tool Group	467	5	0.40%	-		-
KARLEE, Inc	451	6	0.39%	-		-
Hatco (Risistol)	372	7	0.32%	-		-
Home Depot	339	8	0.29%	-		-
Prestige Ford	310	9	0.27%	-		-
Plastipak Packaging	269	10	0.23%	-		-
Sears Industrial Park	-		-	1,200	2	1.09%
International/SST Truck	-		-	700	3	0.63%
General Dynamics	-		-	550	4	0.50%
Kraft Foods	-		-	500	5	0.45%
Northrup Grumman	-		-	450	6	0.41%
Kingsley Tools (Danaher)	-		-	400	7	0.36%
Quick-To-Fix (Smithfield Foods)	-		-	280	8	0.25%
Valspar	-		-	250	9	0.23%
Sherwin Williams	-		-	200	10	0.18%
	<u>6,885</u>		<u>5.90%</u>	<u>6,980</u>		<u>6.32%</u>

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

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

Table 17

	<b>Full-time Equivalent Employees as of December 31</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Function</b>										
General Government	291	290	297	284	282	350	344	348	351	356
Police										
Sworn (civil service)	326	327	328	324	323	323	323	323	323	323
Non-Sworn (non-civil service)	133	138	135	134	133	133	132	133	133	133
Fire										
Sworn (civil service)	254	255	255	251	249	249	255	255	255	254
Non-Sworn (non-civil service)	9	7	7	7	7	7	7	7	7	7
Culture and Recreation	162	162	162	152	151	157	158	159	159	160
Internal Services	197	201	255	252	251	254	252	252	252	252
Electric	236	247	256	252	252	238	238	249	251	251
Water	54	57	61	61	62	62	64	63	64	64
Sewer	102	102	101	100	99	99	97	97	97	99
Solid Waste	88	88	88	88	88	90	87	87	87	87
Stormwater Management	25	25	25	25	25	25	24	24	24	24
Golf	36	36	29	28	28	28	28	17	16	16
Special Revenue	162	169	117	113	115	44	44	42	41	39
<b>Total FTE Employees</b>	<b>2,075</b>	<b>2,104</b>	<b>2,116</b>	<b>2,071</b>	<b>2,065</b>	<b>2,059</b>	<b>2,053</b>	<b>2,056</b>	<b>2,060</b>	<b>2,065</b>

Source: City of Garland Budget Office

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

Table 18

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police</b>										
Physical arrests	16,166	15,440	14,019	13,902	11,803	11,431	11,284	11,168	10,587	9,741
Citations issued	61,143	60,226	60,298	56,982	53,666	53,613	61,591	62,737	57,341	51,924
<b>Fire</b>										
Number of calls answered	20,024	19,085	20,464	19,770	20,047	20,670	21,146	21,924	21,349	22,036
Business Inspections	7,785	7,964	5,354	5,575	5,188	4,116	2,506	2,029	2,354	3,821
<b>Highways and streets</b>										
Street resurfacing (miles)	20	14	19	17	14	15	23	15	16	21
Service maintenance requests	1,396	1,607	1,538	1,463	1,794	1,550	1,719	2,099	1,963	2,573
<b>Parks and recreation</b>										
Performing arts center attendance	152,508	180,000	170,000	158,103	153,450	150,496	158,500	134,637	136,255	161,346
Recreation center attendance	856,663	820,000	813,000	970,966	722,462	1,004,064	1,104,143	1,199,720	1,307,212	1,367,403
<b>Library</b>										
Volumes, items, or physical units	491,220	460,774	433,938	436,783	409,378	409,378	337,728	346,108	342,826	363,784
Number of Library circulation transactions	1,178,165	1,383,490	1,438,442	1,736,304	1,857,317	1,783,536	1,549,358	1,569,059	1,524,365	1,516,250
<b>Electric</b>										
Number of accounts	68,048	68,671	67,899	67,956	68,001	68,034	68,396	69,126	69,262	69,491
Average daily usage (KWH)	5,712,121	5,413,698	5,640,434	5,381,022	5,614,012	5,707,569	5,370,791	5,270,163	5,450,915	5,470,273
<b>Water</b>										
New connections	337	467	519	188	9	20	103	196	36	177
Water main breaks	507	398	247	303	393	479	400	438	449	344
Average daily consumption (thousands of gallons)	33,882	25,792	28,537	32,716	32,041	34,812	29,498	30,058	26,503	26,624
<b>Wastewater</b>										
Average daily sewage treatment (millions of gallons)	31	36	34	35	41	34	34	34	32	39

Sources: Various City departments

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

Table 19

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Function</b>										
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	65	66	78	78	81	81	81	81	123	123
Fire Stations	10	11	11	11	11	11	11	11	11	11
Highways and streets										
Streets (miles)	687.60	690.77	690.77	690.77	697.05	697.00	697.00	700.00	700.00	700.00
Streetlights	11,228	11,228	11,376	15,107	13,662	14,068	14,062	14,104	14,060	13,798
Traffic signals	182	182	181	181	182	185	185	185	190	192
Parks and recreation										
Parks acreage	2,865	2,428	2,428	2,428	2,880	2,880	2,880	2,880	2,880	2,880
Parks	68	68	68	68	63	63	63	63	63	63
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	35	35	35	35	35	35	35	35	35	35
Recreation centers	6	6	6	6	6	6	6	6	6	6
Electric										
Substations	22	22	23	23	23	23	23	23	28	28
Miles of service lines	2,140	2,142	2,140	2,140	1,012	1,073	1,082	1,090	1,174	1,179
Maximum resource capacity (MW)	576.8	576.8	576.8	574.1	408.0	408.0	408.0	528.0	530.0	530.0
Water										
Water mains (miles)	1,085	1,097	1,107	1,111	1,111	1,113	1,114	1,117	1,118	1,122
Fire Hydrants	7,160	7,270	7,391	7,442	7,456	8,244	8,271	8,305	8,325	8,365
Maximum daily capacity (millions of gallons)	230	230	230	227	221	221	221	221	225	225
Sewer										
Sanitary sewers (miles)	990	995	999	1,000	1,001	1,001	1,001	1,003	1,004	1,006
Maximum daily treatment capacity (millions of gallons)	64	64	64	64	64	64	110	68	59	45

Sources: Various City departments

**Texas Municipal Power Agency  
Condensed Financial Information  
September 30, 2015**

	Amount in (000's)
Total assets	\$ <u>835,699</u>
Total liabilities	801,623
Total net assets	<u>34,076</u>
Total liabilities and net assets	\$ <u>835,699</u>
Total operating revenues	\$ 274,578
Total operating expenses	<u>132,171</u>
Income from operations	142,407
Total other income(expenses)	1,615
Total interest charges	(33,642)
Deferred revenue	34,949
Deferred cost	(113,872)
Refunds to member Cities	<u>(38,324)</u>
Change in net assets	(6,867)
Net assets - beginning balance	40,943
Net assets - ending balance	\$ <u>34,076</u>

*Source: TMPA Comprehensive Annual Financial Report*

City of Garland  
Schedule of Insurance in Force  
September 30, 2015  
(unaudited)

<u>Insurance Company</u>	<u>Policy Number</u>	<u>From</u>	<u>To</u>	<u>Description</u>	<u>Deductible</u>	<u>Limits</u>
Evanston Insurance Company	SM906390	4/2/15	4/2/16	Medical ProfessionalLiability	\$2,500	\$3,000,000
Great American Insurance Company	GVT4027613	12/3/14	12/3/15	Crime Coverage	\$100,000	\$1,000,000
Great American Insurance Company	IMP523230107	10/15/14	10/15/15	Contractors Equip &Fleet Catastrophe	\$100,000	\$25,000,000
Lexington Insurance Company	21469073	10/1/14	10/1/15	Property Coverage	\$100,000	\$500,000,000
Nationwide Mutual Insurance Company	FWC263574-00	10/15/14	10/15/15	General Liability-Special Events	\$0	\$5,000,000
Genesis Insurance Company	YXB301166A	10/1/14	10/1/15	Excess LiabilityPackage Policy	\$500,000	\$20,000,000
Travelers Property and Casualty	M5EEBME1303D3D3252TIL14	10/1/14	10/1/15	Boiler/Machinery/Transformers	\$250,000	\$50,000,000
Colony Insurance Company	PXL14101801	10/1/14	10/1/15	Excess Workers Compensation	\$650,000	Statutory

*Sources: City of Garland Risk Management Department*